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USD	EUR	GBP	JPY
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INTERNATIONAL NEWS

Unlocking domestic demand key to reviving China's growth: World Bank

The World Bank's latest China Economic Update has called for enhancing economic mobility in the country as it can help bridge rural-urban divides, reduce income inequality and unlock greater domestic consumption—a key pillar for rebalancing the economy toward more sustainable, domestic demand-driven growth.

While the size of China's middle class has expanded significantly since the 2010s, reaching 32 per cent of the population in 2021, World Bank estimates suggest that nearly 55 per cent of the population remains economically insecure, underscoring the need to address disparities in opportunity.

Despite multiple challenges, China's economic growth has remained robust at 4.8 per cent in the first three quarters of the year. But growth has moderated since the second quarter of 2024, weighed down by subdued domestic demand and a prolonged downturn in the property sector, the Update noted.

The government has provided policy stimulus aimed at balancing short-term support for domestic demand with longer-term financial stability objectives. To complement these stimulus measures, the Update, titled 'Reviving Demand, Regaining Momentum', suggested structural reforms to revitalise growth. China's growth is estimated at 4.9 per cent in 2024 and projected at 4.5 per cent in 2025, the Update said.

While recent policy easing measures are expected to provide moderate support, subdued household and business confidence, along with headwinds in the property sector will continue weighing on growth in 2025, it noted. Structural constraints to growth include low consumption, high debt levels among property developers and local governments, and an ageing population.

Source: fibre2fashion.com– Dec 27, 2024

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USA: What Will It Take to Diversify Sourcing in 2025?

Since the pandemic, the apparel sourcing landscape has been mired in uncertainty.

Supply chain and logistics issues persisted throughout 2024, tariff threats loomed large and geopolitical tensions simmered, leading many sourcing executives to conclude that they need to be ready for anything, from hurricanes to Houthi attacks in the Red Sea.

Diversification has been a major part of that strategy in recent seasons. There's been talk of nearshoring as a means of bringing production closer to the end market; some enthusiasm about Africa, and much concrete growth across East and South Asia, according to Dr. Sheng Lu, professor of apparel studies at the University of Delaware.

Lu spoke on a U.S. Fashion Industry Association (USFIA) webinar about his recent research.

"I found that most of the winners—the countries that enjoyed the fastest growth of their apparel exports to the U.S. market… from January to October, almost all of them are Asian countries," he added.

India has been a major recipient of new business in 2024. Lu authored a study on India's rise that was released earlier this fall, showing that the country is now being regarded as a "rising star" in the sourcing world due to several key factors.

"India makes more apparel than even Vietnam—and actually… it makes more textiles than Bangladesh," he explained. While its output is still just a fraction of China's, the country boasts a "more balanced textile to apparel production ratio, which means that India has a more vertically integrated regional supply chain."

Countries like Bangladesh and Vietnam are still heavily reliant on China and other Asian markets for inputs, whereas India has the raw materials and upstream operations to facilitate more self-sufficiency. "And because of that, India has some very unique advantages," Lu said.

Now the third most utilized clothing production base for U.S. companies, India exported about $15 billion worth of apparel in 2023.

While gains were modest, 2024 has also seen a 2.7-percent improvement in the utilization rate for the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), meaning that 73.2 percent of apparel and textile imports from the region enter the U.S. under the program.

“In the past, companies who have sourced from the region didn’t use the agreement often enough,” Lu said, meaning that they were not taking advantage of duty-free entry into the U.S. “But somehow, this year, the situation has changed; you can see the utilization rate improved.”

The problem? “The sourcing volume and sourcing value didn’t follow,” the professor said. In fact, CAFTA-DR members lost apparel market share in the U.S. even though more importers made use of the trade agreement.

While there’s been a wealth of investment in verticalizing operations in the region, in Lu’s estimation, the breadth of products that can be sourced from Central America is still limited by the inputs producers have access to. There’s a supply chain for cotton fabrics, but when it comes to synthetics and performance materials, yarns are still largely brought in from Asia.

According to Lu’s research, 26.9 percent of fabrics manufactured in the region were made with yarns imported from Asia in 2023, and 38.8 were made with yarns from the United States. Roughly 26 percent of yarns were sourced from within the region—an improvement of nearly 10 points from 2019, but still not a big enough acceleration to propel the region’s verticalization.

Sub-Saharan African nations that are a part of the Africa Growth and Opportunity Act (AGOA) have experienced similar constraints when it comes to the variety of their offerings.

“They may struggle with a shortage of different kinds of textile raw materials,” Lu said, noting that AGOA countries largely export basics to the U.S. market, like tops and bottoms, but few dresses or outerwear options, which can be more fashion-forward, complex or require more performance fabrics and inputs.

“Theoretically, AGOA members should not have to worry too much about access to different kinds of fabrics,” he added. “Why? Because AGOA allows countries to use a very liberal third-country fabric [rule], which means they can import yarn and fabrics from anywhere in the world, and still the finished garments will be qualified for duty-free benefits under AGOA."

However, an examination of the fiber content of apparel imports making their way into the U.S. from AGOA nations shows that members are largely sticking to the basics.

Lu looked at a sampling of thousands of garments at retail and found that many contained cotton (38.2 percent), polyester (31 percent) and spandex (15.8 percent). Specialized materials like wool, viscose, linen and recycled or organic textiles were found in much smaller quantities, suggesting that African producers aren't taking advantage of the trade benefits offered to them.

Liberal rules of origin, while beneficial to manufacturers that don't have regional supply chains, "cannot replace" the need for localization, according to Lu. "If you want to diversify your sourcing base, I think still, the most effective way is to build a strong local textile industry."

The winners in 2025 are likely to be the sourcing regions that work to establish holistic, efficient supply chains for apparel production, he added.

Source: sourcingjournal.com– Dec 26, 2024

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EU Garment Imports Shift: Consolidation gives way to diversification

A new analysis of EU garment import data from the International Trade Commission reveals a shift in sourcing patterns. While overall imports have stabilized, with a minor 2 per cent dip year-to-date (YTD) September 2024 compared to the same period in 2023, a notable trend is the reversal of consolidation.

In 2019, top garment exporting countries held a commanding 98.1 per cent share of the EU market. However, this dominance has weakened, with the figure dropping to 93.9 per cent YTD September 2024. This suggests a growing diversification in the EU's sourcing strategy, potentially driven by factors such as rising costs in traditional production hubs, geopolitical considerations, and a desire for greater supply chain resilience.

Analysis reveals winners and losers

David Birnbaum, a leading expert in textile and apparel trade, has categorized the key exporting countries into four tiers to better understand the evolving dynamics:

Tier 1: EU and China

This tier, representing the largest suppliers, has seen internal shifts. While the combined market share of the EU and China remained relatively stable between 2019 and YTD September 2024 (55.4 per cent to 56.1 per cent), the EU's internal sourcing has surged from 33.3 per cent to 40 per cent. Conversely, China's share has declined from 22.1 per cent to 16.1 per cent. This could indicate a 'nearshoring' trend, with EU manufacturers favoring production closer to home.

Tier 2: Bangladesh, Türkiye, Vietnam, India

This tier shows mixed results. Bangladesh, Vietnam, and India have all registered gains in the most recent data, signalling their growing competitiveness in the EU market. However, Türkiye appears to be facing headwinds.

Tier 3: Cambodia, Morocco, Pakistan

All three countries in this tier are emerging as 'winners', with their market share increasing according to the latest data. This suggests that they are successfully capitalizing on the diversification trend and offering competitive advantages to EU buyers.

Tier 4: Myanmar, Tunisia, Indonesia, UK

These countries seem to be experiencing a long-term decline in their EU market share. This could be attributed to various factors, including political instability, rising labor costs, or challenges in meeting sustainability standards.

Table: EU garment imports market share (%)

Country/Region	2019	2020	2021	2022	YTD 09-23	YTD 09-24
EU	33.3	32.9	33.5	29.9	35.3	40
China	22.1	22.2	21	21.5	18.7	16.1
Bangladesh	13.6	13.6	14.7	16.7	14.8	13.1
Türkiye	7.7	8.3	8.8	8.5	8.3	6.6
Vietnam	3.2	3.3	3.2	3.7	3.7	3.1
India	3.7	3.3	3.3	3.5	3.3	3.2
Cambodia	3.2	3	2.8	3.1	3.1	2.9
Morocco	2.4	2.2	2.5	2.3	2.4	2.1
Pakistan	2.3	2.4	2.7	2.4	2.7	2.4
Myanmar	2	2.3	1.9	2.4	2.1	1.4
Tunisia	1.7	1.6	1.5	1.5	1.8	1.4
Indonesia	1.1	1.1	1.1	1.2	0.9	0.8
UK	2	2	1.3	0.9	0.9	0.7

Looking ahead

This early analysis of EU garment import data reveals a market in flux. The ongoing diversification trend presents both challenges and opportunities for garment-exporting countries. As the EU continues to re-evaluate its sourcing strategies, agility and adaptability will be key for suppliers to maintain and grow their market share. Factors such as sustainability, speed-to-market, and cost-efficiency will likely play a crucial role in shaping the future landscape of EU garment imports.

Source: fashionatingworld.com– Dec 24, 2024

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China's cotton production soars to 6.164 mn tonnes in 2024

During the ongoing calendar year, cotton production in China increased by 9.7 per cent year-on-year to 6.164 million tonnes, according to the data released by the National Bureau of Statistics (NBS). Cotton production particularly increased in Xinjiang, the main cotton growing region in China.

Both the area under cotton cultivation and yield per hectare increased during the year. While the total cotton planting area rose by 1.8 per cent compared to the last year, the yield per unit area saw a sharp jump of 7.8 per cent to touch 2,172 kg per hectare, as per the NBS data.

Cotton plantation area expanded by 3.3 per cent to 2.45 million hectares in the Xinjiang Uygur Autonomous Region, in the northwest of China. On the other hand, area under cotton cultivation in the Yellow River and Yangtze River basins declined by 13.6 per cent and 1.6 per cent, respectively.

Source: fibre2fashion.com– Dec 26, 2024

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UK's apparel imports from Cambodia hit $675 mn, unisex dominates

The United Kingdom imported garments worth $675.455 million from Cambodia during the first nine months of the current year. Among these, unisex garments dominated with a significant share of over 40 per cent, reflecting their versatility for wear by any gender.

According to Fibre2Fashion's market insight tool TexPro, imports of unisex garments from Cambodia were valued at $272.241 million in the first three quarters of the year, accounting for 40.30 per cent of the total garment imports from the country. Women's garments followed with imports worth $254.538 million (37.68 per cent), while men's garments amounted to $142.284 million (21.07 per cent). Baby garments comprised $6.381 million, representing 0.94 per cent of total imports.

The latest trade data revealed that the UK imported knitwear worth $500.491 million from Cambodia during this period, constituting 74.10 per cent of total apparel imports from the country. Woven garments accounted for the remaining $174.964 million, making up 25.90 per cent of total imports.

From January to September 2024, the UK imported $333.767 million worth of garments made from man-made fibres, representing 49.41 per cent of total imports. Cotton garments followed at $216.421 million (32.04 per cent), while garments made from wool or animal hair were valued at $12.669 million (1.88 per cent). Garments made from other fibres contributed $112.580 million (16.67 per cent), as per TexPro.

An analysis of trade data by product type shows that the UK's imports of trousers and shorts from Cambodia totalled $212.134 million, representing 31.41 per cent of the total during January-September 2024. Jerseys accounted for $161.402 million (23.90 per cent), T-shirts $62.597 million (9.27 per cent), shirts $42.084 million (6.23 per cent), and coats $27.732 million (4.11 per cent). In 2023, the UK imported garments worth $939.500 million from Cambodia. Of these, trousers and shorts contributed $273.574 million (29.12 per cent), jerseys $238.134 million (25.35 per cent), T-shirts $74.047 million (7.88 per cent), shirts $54.086 million (5.76 per cent), and coats $50.857 million (5.41 per cent).

Source: fibre2fashion.com– Dec 26, 2024

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Egypt maintains its position in US apparel market with 1.46% share

The African continent is emerging as a new garment manufacturing and exporting hub. Within the continent, Egypt has achieved a milestone of $2 billion in exports to the world during the first ten months of the current year. The United States remained the largest market for Egypt's apparel exports. US apparel import data reveals that Egypt has maintained its position in the US apparel market over the previous years. During January–October 2024, the US imported 1.46 per cent of its apparel, in terms of value, from Egypt.

Recently, the Apparel Export Council of Egypt announced that readymade garment exports from the country touched $2.27 billion for January–October 2024, marking an impressive growth of 17 per cent compared to $1.94 billion during the same period last year. The United States remained the largest market for Egypt's apparel exports.

According to Fibre2Fashion's market insight tool TexPro, the US imported apparel worth $1.031 billion from Egypt, accounting for 1.46 per cent of its total imports of $70.792 billion in the first ten months of the current year. Egypt ranked as the sixteenth-largest supplier to the US. Its market share increased from 1.38 per cent during the same period last year, when imports were valued at $970.817 million out of the US's total imports of $70.353 billion.

US apparel imports from Egypt were valued at $1.126 billion in 2023, when the US imported apparel worth $81.523 billion, giving Egypt a 1.38 per cent share of the total. Egypt's share was 1.42 per cent in 2022 and 1.38 per cent in 2021, with import values of $1.491 billion and $1.202 billion, respectively. Meanwhile, US total apparel imports stood at $105.234 billion in 2022 and $87.145 billion in 2021, according to TexPro.

Interestingly, Egypt has consistently ranked as the sixteenth-largest supplier of apparel to the US over the past several years. In 2019, US apparel imports from Egypt were valued at $1.015 billion, accounting for 1.16 per cent of the total apparel imports of $87.327 billion.

Source: fibre2fashion.com– Dec 27, 2024

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What's Next for Quick-Commerce in Fashion? Predictions for 2025 and Beyond

In 2024, convenience was not just about getting your food in 30 minutes—it is about getting that perfect outfit or accessory on the same timeline. Quick-commerce, or Q-commerce, is changing the way we shop, and it is growing fast. In India, where convenience is a huge driver for shoppers, Q-commerce platforms are expanding their offerings to include fashion items. Redseer Strategy Consultants has indicated that the Q-commerce market will grow by 75-85 per cent in FY 2025, reaching $6 billion in Gross Merchandise Value (GMV). And as more platforms offer fashion items, everything from clothes to accessories can now be delivered within 60 minutes, right to your door.

As consumers increasingly look for speed and convenience, there is a growing demand for platforms that can deliver fashion items quickly. The future of fashion retail will be shaped by the ability of Q-commerce platforms to get people their purchases fast – think everything from a pair of shoes you have been eyeing for days to a new jacket for a last-minute evening out.

The trend towards quick-delivery platforms in the fashion world is not just about speed; it is also about catering to a new, younger generation of shoppers. This generation is technology-savvy, expects more from their online shopping experience, and is not willing to compromise on convenience. With smartphones in hand and 60- to 90-minute delivery windows possible, shoppers can expect an instant solution to their fashion needs.

The trends and predictions for 2025 indicate that convenience, speed, and personalisation will only become more integral to how we shop, creating new opportunities for both consumers and retailers and brands alike.

Diversifying Beyond Groceries

As fashion becomes a larger part of the Q-commerce ecosystem, the opportunity for growth is enormous. In fact, clothing and footwear are already two of the most popular categories for online shoppers in India. According to a 2024 Statista survey, 61 per cent of consumers chose clothing and 44 per cent chose shoes as their preferred online purchases. These statistics suggest that fashion has the potential to be a key player in the Q-commerce sector, particularly as platforms begin offering not just basic items but also premium, high-value products.

In addition to speed, platforms will differentiate themselves through the variety of products they offer. With a 30 km radius of delivery possible, these platforms will enable customers to shop from a broad range of options, including premium and niche brands, not limited to basic essentials but high-quality fashion items as well.

Impulse Purchases and Seasonal Shopping

One of the interesting aspects of Q-commerce in fashion is how well it aligns with impulse shopping. Many consumers, especially when it comes to fashion, are likely to buy on a whim. Whether it is a new pair of shoes during the festive season or a trendy jacket for a night out, Q-commerce allows consumers to make those impulse buys and have them delivered instantly.

In the future, Q-commerce platforms will likely ramp up their efforts to capitalise on seasonal and impulse-driven purchasing. Imagine browsing through your Q-commerce app during Diwali and seeing exclusive, limited-edition fashion collections or seeing that perfect accessory that you had not even realised you needed but now cannot live without. Platforms that tap into this emotional and time-sensitive buying behaviour are going to drive a lot of sales, especially as seasonal trends become more embedded in the online shopping experience.

By integrating artificial intelligence (AI)-driven technology, platforms will offer highly personalised shopping experiences, making it easier for shoppers to make impulse purchases based on their preferences and browsing history, further enhancing the consumer experience.

Expanding Into Tier 2 and Tier 3 Cities

One of the major advantages of Q-commerce is its ability to reach people in areas beyond the metropolitan cities. As smartphone penetration grows and the internet becomes more accessible, even people in tier 2 and tier 3 cities are beginning to demand convenience in their shopping experiences. This is a significant opportunity for Q-commerce platforms, as they can now tap into a largely underserved market.

The Q-commerce model is particularly well-suited for these areas, where consumers may not have easy access to high-end fashion stores. With the ability to deliver within an hour, Q-commerce can provide these consumers with access to products that they might otherwise have to wait for or travel long distances to find. Fashion, in particular, stands to benefit from this shift, as people in these regions will be able to shop for the same trendy and high-quality products as those in the cities, without the wait.

Hyper-Personalised Shopping

One of the key trends shaping Q-commerce, especially in fashion, is personalisation. Shopping today is all about the customer experience, and consumers are increasingly expecting online retailers to understand their preferences and deliver products that fit their needs. By 2025, platforms will likely use AI to create highly personalised shopping experiences. This could include tailored product recommendations based on past purchases, browsing behaviour, and even location.

For example, a fashion shopper could receive a tailored list of items that are trending in their region or even discounts on products they have shown interest in before. The ability to create these personalised experiences in real time will allow Q-commerce platforms to not only engage consumers but also build trust, encouraging repeat purchases. For fashion brands, this could be a major opportunity to boost customer loyalty, especially when combined with instant delivery options.

As we look towards 2025 and beyond, it is clear that Q-commerce will continue to disrupt the fashion industry. As more platforms start offering quick deliveries of fashion and lifestyle products, the convenience factor will continue to attract consumers who expect speed and quality. The ability to make impulse buys, shop seasonally, and discover new products, all delivered almost instantly, is changing the way people shop. Additionally, by using real-time data, they will offer highly relevant products to customers, creating a seamless shopping experience that taps into the desires and needs of the consumer.

New-age marketplaces, especially those focused on Q-commerce, are built for this very shift. Their quick delivery models, personalised shopping experiences, and ease of access provide a unique opportunity for brands to reach a broader, more diverse audience. Partnering with these platforms opens doors to new growth potential, offering not just faster service but better visibility and access to a tech-savvy consumer base.

For brands looking to stay ahead in an increasingly competitive market, collaborating with these Q-commerce platforms is an effective way to leverage the growing demand for speed, convenience, and personalisation in fashion. With Q-commerce, the future of fashion retail is here, and the time to embrace it is now.

Source: fibre2fashion.com– Dec 26, 2024

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Tough time for UK retailers this Christmas; retail footfall drops YoY

UK retailers seemingly had a tough time this Christmas as households battle cost-of-living pressures. Retail footfall was 11.4 per cent down year on year (YoY) during the final full week before Christmas, according to Rendle Intelligence and Insights.

Even on Super Saturday—the final Saturday before Christmas Day and typically the peak shopping day of the year—footfall was just 4.1 per cent higher than the previous Saturday's figure, and only 0.9 per cent higher YoY.

Black Friday footfall was 5.5 per cent higher YoY, indicating consumers grabbed the opportunity to buy discounted gifts.

"The disappointing results, which come on the same day that we have learnt that the economy failed to grow between July and September, clearly reflect the ongoing cost pressures faced by households following a prolonged period of very high inflation," Diane Wehrle, chief executive of Rendle Intelligence and Insights, was quoted as saying by domestic media reports.

The British Retail Consortium (BRC), meanwhile, foresees a spending squeeze in January. Public confidence in the state of the economy dropped in December, falling eight points to minus 27, BRC-Opinium figures show.

Source: fibre2fashion.com– Dec 26, 2024

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SMEs struggling with post-Brexit EU trade: BCC

A new survey underscores the growing urgency for the UK Government to address trade challenges with the European Union. Conducted by the British Chambers of Commerce (BCC) with 1,111 businesses, 92 per cent of which are small and medium-sized enterprises (SMEs), the survey reveals new difficulties caused by diverging regulations, further complicating trade for businesses on both sides of the Channel.

The BCC report sheds light on the growing complexities stemming from the Trade and Cooperation Agreement (TCA), which was signed in late 2020 to allow tariff-free trade post-Brexit. However, limited services access and stringent rules on business mobility have hindered growth, with only 15 per cent of exporters stating the TCA has boosted their sales with Europe, while 41 per cent disagree.

Key barriers reported by businesses include customs procedures and documentation accounting for 45 per cent, export documentation at 39 per cent, regulations and standards at 36 per cent, and tariffs at 34 per cent.

In addition, awareness of upcoming legislative changes, such as the Carbon Border Adjustment Mechanism (CBAM) and Border Target Operating Model (BTOM), remains alarmingly low, with over three-quarters of firms unfamiliar with these updates, as per the report.

To address these issues, the BCC's TCA Four Years On report outlines major problems caused by the TCA, coupled with actionable solutions. Among the priorities for 2025 discussions are developing a balanced Youth Mobility scheme for educational and work exchanges and ensuring smoother regulatory adjustments with greater business awareness. Additional proposals include adopting Norway-like exemptions for smaller firms from having fiscal representatives for EU VAT and securing mutual recognition of professional qualifications to enhance workforce mobility.

"The Government has said economic growth is its number one priority but if that is going to happen then we need to export more, and the EU is still our biggest market. Our modelling indicates that if exports had grown 1.0 per cent in 2024, compared to our forecast of a 2.0 per cent contraction, then the economy could have grown up to 1.7 per cent instead of 0.8 per cent. That is a big difference," said Shevaun Haviland, director general of the British Chambers of Commerce.

"We need to see a smart and flexible approach to these negotiations. Our businesses are clear on what they want to see, less paperwork and bureaucracy, greater flexibility on business travel and a balanced Youth Mobility Scheme between the UK and EU. There is no time to lose in driving forward the changes we need to see. Firms are suffocating under a blanket of rising costs and improving our trading relationship with the EU could provide the growth needed to transform the dour outlook many are facing," added Haviland.

Source: fibre2fashion.com– Dec 25, 2024

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Cambodia year-end review 2024: Making its presence felt

In June, the World Bank admired Cambodia's economic activity picking up in the first quarter of 2024, driven by a revival of services and goods exports despite subdued domestic demand. The economic growth of the country has been 5.6 per cent in 2023 which is expected to improve marginally to 5.8 per cent in 2024, strengthen to 6.1 per cent in 2025 and reach 6.4 per cent in 2026. The projections are based on revival in garment, travel goods and footwear exports and tourism that are expected to propel the ongoing recovery.

While the international tourist arrivals improved in the first quarter to 84 per cent of pre-pandemic levels, the exports of garments, travel goods, and footwear rebounded with ASEAN (Association of Southeast Asian Nations) region emerging as Cambodia's second largest export market after the US. Rising foreign investment in manufacturing and agriculture also contributed to the recovery. Inflation also declined to zero in March with deceleration in food prices.

Later in October, IMF (International Monetary Fund) projected economic growth in 2024 at 5.5 per cent. However, the growth drivers – strong rebound in garment and tourism as also observed by the World Bank, remained common in both projections. The inflation projection is around 1.5 per cent prior to an expected convergence to the long-term trend of 3 per cent. In the first half, the inflation moderated to an average of 1.6 per cent, y-o-y. IMF recommended structural reforms to diversify growth drivers and improve productivity.

January-September trade

The international sales (exports) of various articles of apparel and clothing accessories – both knitted and non-knitted, footwear gaiters, leather and fur goods, as well as some processed textiles reached $966.98 million in the month of January, accounting for 49.16 per cent of Cambodia's total export value of $1,967 million. This was 21.64 per cent up from January 2023, and attributed to the global recovery towards the end of 2023, a decrease in the stock levels of textile products at overseas companies, and revitalisation of global tourism which boosted the demand for GFT products in key markets of the US, EU, Japan, Canada and the UK.

By February-end, Cambodia cumulatively exported more than $1.6 billion worth of textile products to international markets, surging by nearly a quarter compared to the same period in 2023. The increase in exports was also due to an increase in the shipments to member countries of the Regional Comprehensive Economic Partnership (RCEP).

Between January and May 2024, Cambodia exported $4.969 billion worth of garments, footwear and travel goods (GFT) growing by 20 per cent y-o-y. In this, combined exports of apparel and textiles accounted for $3.628 billion rising 22 per cent y-o-y. The positive trend marked a turnaround after 18 months of continuous decline. The GFT sector comprises around 1,680 factories and branches, employing nearly 918,000 workers, mostly female. Export of footwear was worth $615 million—up by 10 per cent YoY, while the figure for travel goods was $726 million—up by 18.8 per cent y-o-y. During the five-month period, the country's total trade volume increased 12.5 per cent over $19.2 billion during the same period last year.

Combining all three quarters from January to September, Cambodia exported textile products, encompassing knitted articles of apparel and clothing accessories (HS Code 61), non-knitted articles (Code 62), other textiles (Code 63), and footwear and gaiters (Code 64), worth $8.758 billion which reflected a 24.51 per cent increase over $7.034 billion (2023). This represented 44.16 per cent of the country's total export revenue of $19.833 billion. Code 61 products generated revenue of $5.034 billion (up 21.5 per cent), Code 62 amounted $2.353 billion (up 31.9 per cent), Code 63 accounted for $155.69 million (up 37.7 per cent) and Code 64 brought in $1.214 billion (up 22.4 per cent).

The growth in exports over 2023 was attributed largely to Cambodia's political stability within ASEAN, especially in comparison to Bangladesh and Myanmar. The favourable investment laws, the efficiency of its workers and availability of skilled labour force, the quality and quantity of production, improved transportation infrastructure and a growing number of international buyers were other major growth drivers. The country also attracted many foreign financiers who are currently investing in textile manufacturing.

Canada – A key export market

In terms of country (not region), Canada remained the fourth largest market, after top three of the US, Japan and Spain, for Cambodian apparel exports during the first six months of 2024. In Cambodia's total apparel exports of $5.548 billion, Canada accounted for 8.29 per cent of the total. Canada was supplied with apparel worth $452.916 million during the period, with trousers and shorts having the largest share of 36.06 per cent in it and valued at $163.392 million. Among other apparel categories, jersey valued at $74.217 million had 16.39 per cent share in total apparel exports; T-shirts amounted to $38.560 million contributing 8.51 per cent; shirts were worth $31.012 million having 6.85 per cent share; and, coats, valued at $20.969 million, contributed 4.63 per cent share.

EU-switch garment project

The four-year tenure of EU-Switch Garment Project, that promoted sustainable energy practices in the Cambodian garment sector, ended in May. The project was funded by the European Union SWITCH-Asia Grants Programme and jointly implemented by the Global Green Growth Institute (GGGI), TAFTAC (Textile, Apparel, Footwear & Travel Goods Association), and Geres in partnership with the MoE (Ministry of Environment) and MISTI (Ministry of Industry, Science, Technology & Innovation). The event was attended by over 100 participants and featured the project's detailed achievements, and networking opportunities to discuss the future of sustainable garment production in Cambodia.

The EU-Switch Garment project aimed to improve the environmental sustainability of the garment industries in the country by offering technical assistance in the form of energy audits, capacity building, technical guidelines, and improved financing access. During the tenure, the Model Green Factory Program – a voluntary tool to become a greener factory, was developed, acknowledged by MoE and MISTI, and adopted by TAFTAC for implementation. The project also contributed to bringing sector stakeholders together to enhance better access to finance.

Work streams for 2024-2025

The National Steering Committee held its first meeting on June 20, 2024 in Phnom Penh, chaired by the Permanent Secretary of State, MoE. At the meeting, the Committee members listed work streams for 2024-2025, and decided to focus on two priority work streams that are expected to have a significant impact on Cambodia's green economic transaction efforts:

Enhancing the Government's technical capacity in economic foresight and fiscal policy: This work stream would support policymakers in using data to make informed decisions and in systematically assessing the economic, social, and environmental impacts of fiscal and economic decisions. Additionally, integrated planning, modelling, and sustainable budgeting would help the Cambodian Government optimise resources, attract new financing, and align with development priorities.

Promoting a circular economy with a focus on reducing single-use plastics and implementing the 4R principles within the garment industry: This work stream would aim to decarbonise the garment sector by reducing carbon emissions through technological innovation, aligning with the UNFCCC Fashion Charter principles. It focuses on reducing fabric waste, promoting circular fashion, and supporting the government's target to reduce plastic use and promote the 4R principles as part of the Circular Strategy on Environment 2023-2028.

On the occasion, PAGE (Partnership for Action on Green Economy) also presented a summary brief, developed based on the last year's policy scoping study conducted in collaboration with the Cambodian Development Resource Institute, outlining five priorities that serve as a roadmap for policymakers and stakeholders to identify the obstacles and opportunities for fostering a green economic transition in Cambodia.

Workshop on green initiatives

A workshop 'Reporting on Human Rights Due Diligence (HREDD) and Sustainability Requirements for International Buyers' was organised on September 19, 2024, by GOPA Consulting Group's team leading the GIZ-funded project "Services to strengthen capacities for sustainable management in the textile sector" in association with TAFTAC. The workshop marked the end of the project. Held in the headquarters of TAFTAC, the workshop lauded the efforts of 45 TAFTAC member factories for the successful completion of the Model Green Factory Program. The training at workshop had three main objectives – environmental data management, energy efficiency, and job and data management, that are integral for international sustainability standards.

Minimum wages revised

The National Council on Minimum Wage (NCMW) – a tripartite body comprising equal representation of labour unions, employer's associations, and the government, increased the minimum wage for the textile, garment, footwear and travel product industries for 2025, through

Prakas 211 which will come into force with effect from January 1, 2025. The new minimum wages will be $208 pm (per month) and $206 pm for regular and probationary workers, respectively. Earlier wages were $204 pm and $202 pm.

Prakas 211 also outlined the minimum wage provisions for piece rate workers, who are compensated based on their level of output. These workers have the potential to earn more than the minimum wage if their production yields a higher pay rate. However, if their production results in earnings lower than the minimum wage, their pay is adjusted to meet the minimum wage threshold of $208 pm for regular workers or $206 pm for probationary workers. In addition to the minimum wage, workers will also receive the attendance bonus of $10 pm; travel and accommodation expenses of $7 pm; meal allowances of $0.50 per day; and, overtime and seniority bonus of $2 to $11 pm for those between their second to the eleventh year of work.

Source: fibre2fashion.com– Dec 27, 2024

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The future of fashion, a $2.97 trillion opportunity

The global apparel market is on a growth path and projected to reach a $2.97 trillion by 2033, says a report by Straits Research. The sector is moving ahead at CAGR of 8.02 per cent, with several factors like rising affluence in developing economies, expanding influence of e-commerce, and a growing demand for sustainable and ethical fashion catalyzing growth.

Market drivers

One major factor boosting growth in this sector is rising affluence. Increasing disposable incomes, particularly in emerging markets, are driving greater consumer spending on apparel. This trend is particularly noticeable in countries like China and India, where a burgeoning middle class is eager to embrace fashion as a means of self-expression and status.

The rise of online retail too has revolutionized the apparel industry, offering consumers unparalleled convenience and access to a wider range of brands and styles.

Digital innovations, such as augmented reality (AR) and virtual fitting rooms, are further enhancing the online shopping experience, making it more interactive and personalized. And consumers are increasingly prioritizing environmental and social responsibility in their purchasing decisions. This has led to an increase in demand for sustainable and ethical fashion, with brands responding by incorporating eco-friendly materials, reducing carbon emissions, and promoting fair labor practices.

Regional insights

Asia-Pacific: This region is expected to maintain its dominance in the global apparel market, driven by its large population, growing disposable incomes, and significant manufacturing capacity.

Europe: The second-largest regional player, Europe is renowned for its high-quality apparel production, luxury fashion houses, and strong consumer demand for sustainable and eco-friendly fashion.

Metric	Value
Market Size in 2024	$1.67 trillion
Projected Market Size in 2033	$2.97 trillion
CAGR (2025-2033)	8.02%
Largest Market	Asia-Pacific
Fastest Growing Market	Europe

Growth opportunities

Even as the market grows there are several areas of growth. For example, sustainability, the growing demand for sustainable and eco-friendly practices presents a significant opportunity for apparel brands to differentiate themselves and capture market share. However, continued investment in digital technologies, such as AI-driven personalization and enhanced online shopping experiences, will be crucial for brands to engage consumers and drive sales.

The sector also faces several bug bears on its growth path. Rising of raw materials, labor, and compliance with environmental regulations are putting pressure on apparel brands' profitability. Supply chain disruption is another issue; global supply chain disruptions, due to COVID-19 pandemic, can impact the timely delivery of products and increase costs.

The Straits Research report aligns with similar industry analyses in highlighting the significant growth potential of the global apparel market, particularly in emerging economies and the e-commerce sector. However, it differentiates itself by providing a more detailed analysis of the factors driving growth, including a look into the rising demand for sustainable and ethical fashion. Additionally, this report offers a more detailed examination of the regional dynamics of the apparel market, highlighting the unique opportunities and challenges present in different parts of the world.

Source: fashionatingworld.com– Dec 23, 2024

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Turkish manufacturing capacity utilisation rate stable at 75.6% in Dec

Turkish manufacturing industry's capacity utilisation rate remained steady at 75.6 per cent in December compared to the previous month, according to data from the country's central bank.

However, the seasonally adjusted capacity utilisation rate dropped by 0.3 percentage points to 75.8 per cent in December, said the Central Bank of the Republic of Turkiye (CBRT).

The country's durable consumer goods recorded the lowest in December at 73.6 per cent, while intermediate goods manufacturing achieved the highest capacity utilisation rate at 75.5 per cent.

The data is based on responses from 1,754 companies participating in a business tendency survey, a Turkish news agency reported.

The capacity utilisation rate of Turkiye's manufacturing industry had reached 76.1 per cent in November, an improvement of 1.2 percentage points over the previous month.

Source: sourcingjournal.com– Dec 26, 2024

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Vietnam: Surpassing "competitors," Vietnam's textile and garment exports rise to second place in the world

In 2004, with an export turnover of about 43.5 billion USD and an 11% growth compared to the previous year, Vietnam ranked second in the world, just behind China in total textile and garment export turnover.

The above information was given by the leaders of Vietnam Textile and Garment Group (Vinatex) at a press meeting held on December 25, 2024, in Hanoi.

Accelerate exports

Citing statistics, Mr. Hoang Manh Cam, Deputy Chief of Office and Spokesperson of Vinatex, said that Vietnam is having the best textile export growth rate among the world's textile exporting powers.

Specifically, by the end of 2024, textile and garment exports could reach 43.4-43.5 billion USD, a double-digit growth. This is also an outstanding result of the Vietnamese textile and garment industry when placed in the context of exports of many countries showing signs of slowing down, even decreasing.

Vinatex representative cited that right after Vietnam is India, whose textile and garment exports only grew by 6.9-7%, although it is a country with product lines and geographical advantages very close to Bangladesh, so it will be the country that benefits the most from the trend of shifting orders from Bangladesh in the past year.

As for China, after 11 months, textile and garment exports earned about 273.4 billion USD, up 0.2% over the same period last year. However, for garments, China only exported 144 billion USD (down 2.8%), while textiles (China's strength) exported 129 billion USD, up 3.7%.

According to Mr. Cam, Vietnam's strongest "competitor" is Bangladesh (according to data compiled by the Central Bank of Bangladesh). After 10 months, the country's textile and garment exports decreased by 3.7% compared to the same period last year, and the country's exports only earned 27.7 billion USD. Thus, each month the country exports from 2.8 to 3 billion USD, a sharp decrease compared to the peak in 2022 (exports of over 4 billion USD each month).

However, the representative of Vinatex also emphasized that the above results may only last for a period of time, because through monitoring in the US and EU, Bangladesh's exports are recovering in market share in September and October, so it is possible that Bangladesh will soon recover textile exports (if following the normal scenario, it will recover after the second quarter of 2025), at which time fierce competition will return.

“With preferential tariffs for underdeveloped countries, Vietnam is at a disadvantage due to labor costs in the textile industry being nearly three times higher than in Bangladesh, so it is necessary to closely monitor to come up with more solutions,” Mr. Hoang Manh Cam recommended.

Meanwhile, for other countries such as Sri Lanka and Türkiye, although they have benefited from the shift of orders from Bangladesh in recent times, especially Turkey whose main market is Europe and Bangladesh whose main export is to Europe, the textile exports of these two countries are not large and the export scale as well as competitive advantages are not equal to Vietnam.

“It is forecasted that in the first half of 2025, the garment industry will continue with the momentum of the end of 2024 and will have some better growth signals when some major markets such as the US and EU have positive economic recovery, as well as people's income and consumer spending improve after the interest rate cut roadmap continues,” Mr. Hoang Manh Cam forecasted.

Invest in new, differentiated products

Looking back at 2024, Mr. Cao Huu Hieu, General Director of Vietnam Textile and Garment Group (Vinatex) further assessed that in the context of the world situation continuing to fluctuate unpredictably, conflicts escalating in many regions; gasoline prices, transportation costs fluctuate strongly, economic and trade recover slowly, natural disasters, climate change, energy security are complicated; labor shortage and competition in production centers and large industrial parks cause many difficulties for businesses in organizing production, but the Vietnamese Textile and Garment industry still maintains a good growth rate.

“With the experience gained through the storms of 2022 and 2023, the Vietnamese Textile and Garment industry is expected to achieve approximately 44 billion USD in exports, an increase of nearly 11% compared to 2023,” said Mr. Cao Huu Hieu.

Vinatex CEO also commented that in general, the world textile and garment market will begin to show signs of recovery from mid-2024 when major central banks such as the FED and ECB have cut operating interest rates and employment and people's income have improved.

Meanwhile, it is estimated that in 2024, the total global textile and garment demand will reach about 794 billion USD, an increase of nearly 3% compared to 2023, but still 8% lower than in 2022. For the Vietnamese textile and garment industry, although the market has improved in the first 6 months of 2024, it is still the difficult and quiet streak of 2023. In the last 6 months of the year, orders to Vietnam increased dramatically due to unexpected political fluctuations in competing countries.

Faced with new market developments, Mr. Cao Huu Hieu said that the Vietnam Textile and Garment Group has promoted many solutions to maintain and promote production and business activities, and welcome the return of orders, in which the garment industry has maintained its growth momentum with production and business efficiency clearly improved from the third quarter of 2024, with no unit suffering losses in 2024. The fiber industry has reduced losses by 90% compared to 2023, but still faces prolonged difficulties leading to ineffective production and business.

“With determination and many positive innovations in operations, improving competitiveness and labor productivity in the entire system, Vinatex has preserved its core resources of labor and customers, overcoming difficulties in 2024 with consolidated revenue estimated at VND 18,100 billion, equal to 102.8% compared to 2023; Consolidated profit estimated at VND 740 billion, equal to 137.5% compared to 2023; Average income reached VND 10.3 million/person/month, equal to 108.9% compared to 2023,” Mr. Cao Huu Hieu informed.

In particular, in 2024, Vinatex will continue to promote the implementation of the supply chain development strategy to become a complete destination, putting the Vinatex Product Development and Fashion Business Center into operation on the basis of consolidating the Vinatex Fashion Business Center; Exploiting new markets and niche markets with special, high-tech products such as fire-resistant fabrics and clothing (Business cooperation with COATS Group, UK), researching and developing new types of Filament core yarns and blended yarns; Thoroughly deploying the enterprise resource planning system on a digital platform (ERP).

In addition, the group also continues to implement sustainable development activities in textile enterprises to meet greening requirements such as: directing investment in additional wastewater treatment plant No. 2 with a capacity of 8,000 m3/day and night next to wastewater treatment plant No. 1 with a capacity of 10,000 m3/day and night for the textile dyeing industry at Pho Noi Textile Industrial Park, Hung Yen, aiming to build a model green textile industrial park in the Northern region...

In order to prepare for the new era, Mr. Cao Huu Hieu informed that Vinatex will focus on a number of pillars, including rebuilding the overall competitiveness of the entire system, focusing on training and fostering, and using high-level human resources to lead other units.

“The Group will continue with the one-stop strategy, greening the Group’s products; investing in automatic, high-tech equipment but associated with green economic and circular economic factors and researching and investing in new products with a distinctive character in the spirit of innovation. In particular, an indispensable factor leading the Vietnamese textile and garment industry is solidarity and mutual support,” Mr. Cao Huu Hieu emphasized.

Source: vietnam.vn– Dec 26, 2024

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Vietnam's T&A exports to rise to $44 billion in 2024: Vinatex

Consolidating its position as the world's second-largest exporter, Vietnam's textile and apparel (T&A) exports are projected to rise to $44 billion in 2024, says Cao Huu Hieu, General Director, Vietnam National Textile and Garment Group (Vinatex).

To achieve these goals, Vinatex aims to enhance its management processes through digital transformation, integrate automation technology, and adopt artificial intelligence to reduce reliance on labor. These initiatives are a part of the group's broader commitment to modernise operations and promote sustainability.

Noting encouraging signs form key markets such as the US and the EU, Hoang Manh Cam, Deputy Chief, Vinatex, says, economic recovery from these two markets and rising consumer demand are boosting opportunities for Vietnam's textile exporters. A shift in orders from Bangladesh due to political instability further strengthens Vietnam's prospects.

Despite a slow start in the first half of 2024, Vinatex's consolidated revenues increased by 2.8 per cent Y-o-Y to 18.1 trillion VND ($724 million) in H2, FY24. The group's consolidated profit increased by 37.5 per cent to 740 billion VND during the period. Vinatex's success stems from its focus on niche markets and high-tech products like fire-resistant fabrics developed with the UK's Coats Group, along with innovations in filament core yarns and blended fibers. The group has also adopted an enterprise resource planning (ERP) system to streamline operations.

In its push for sustainability, Vinatex is expanding its wastewater treatment facilities at Pho Noi Textile and Garment Industrial Park, Hung Yen province, aiming to create a model green industrial park. With these initiatives, Vietnam's textile and garment sector is poised for continued growth, supported by a strategic focus on innovation and environmental stewardship.

Source: fashionatingworld.com– Dec 26, 2024

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Bangladesh: Charting a path ahead for the RMG sector

Bangladesh has emerged as an economic success story, primarily through its booming ready-made garments (RMG) sector. The country's exports in this industry surged from $23.5 billion to $47.38 billion between 2013 and 2023, lifting millions out of poverty and gaining international recognition. Key factors driving this growth include a cost-effective workforce, dedicated entrepreneurs, strong financial systems, and political stability, resulting in a remarkable seven percent annual growth rate. Bangladesh is now the world's second-largest apparel exporter, solidifying its status in the global fashion market.

The Covid pandemic, global supply chain disruptions, and the Russia-Ukraine conflict have revealed the vulnerability of Bangladesh's economy, which relies heavily on a single industry. This dependence has resulted in insufficient revenue from other sectors to meet financial obligations. The country is facing high inflation and unemployment, largely due to poor policy decisions and a lack of economic diversification. Overall, Bangladesh is grappling with significant economic challenges.

Despite significant growth in the RMG industry, Bangladesh faces numerous challenges, particularly its impending transition from Least Developed Country (LDC) status by 2026. Following this graduation and a subsequent three-year grace period ending in 2029, Bangladesh will lose its duty-free, quota-free, and preferential Rules of Origin benefits for apparel exports to the European Union, a crucial market that represents nearly half of its RMG exports.

The loss of LDC-specific trade preferences will raise Bangladesh's effective tariffs by approximately 5.7 percent, potentially causing a 14.3 percent drop in apparel exports, equating to a loss of $5.37 billion annually. In response, Bangladesh has launched an ambitious plan to reach a $100 billion annual export target by 2030. This optimism is supported by the country's strong historical growth, policies to enhance backward linkages, product diversification, and a stable political environment, which collectively suggest a promising future for its export sector.

To achieve its policy goals, the nation must strategically enhance value addition, particularly in the RMG sector. Currently, value addition has stagnated at 50-65 percent over the past decade. By increasing the use of domestic fabrics and yarns, Bangladesh could elevate this figure to 70-75 percent, which would significantly boost net export earnings.

Bangladesh produces 85 percent of the yarn needed for knitted cotton fabrics, but only meets 35 percent of the demand for woven garments and man-made fibre (MMF) based apparel domestically. The country faces challenges with limited domestic production of MMF materials. Enhancing the production of woven and non-cotton yarns and fabrics could significantly increase Bangladesh's export earnings.

Bangladesh can boost its apparel manufacturing sector by leveraging MMF, such as polyester, to meet the growing global demand for non-cotton textiles. Currently, MMF constitutes 77.6 percent of global fibre production, while natural fibres, including cotton, account for 22.4 percent.

This trend is driven by consumer preferences for functional and stylish clothing, which MMF-based garments can provide. Additionally, MMF products typically command higher prices and can yield greater export revenue compared to cotton-based apparel.

Bangladesh currently holds a modest 16.9 percent share of MMF apparel exports, significantly less than China (42.8 percent) and Vietnam (46.9 percent).

To enhance its position in the growing MMF market, Bangladesh needs to improve its MMF manufacturing capabilities. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) aims to increase MMF-based garment production to 40 percent by 2030. By expanding MMF production, Bangladesh can better meet global demand, diversify its ready-made garment sector, and enhance domestic value addition in the supply chain.

The rapid scaling of MMF production by 2030 faces three main challenges: the need for significant foreign capital investment, a shortage of specialised knowledge and skills in Bangladesh to operate the required capital-intensive machinery, and a lack of incentive programmes to attract investors to MMF manufacturing facilities.

The remarkable growth in MMF apparel exports of countries like China and Vietnam was significantly driven by foreign investment. Foreign investment brings in foreign currency, machinery, technology, and expertise to develop high-value industries like the MMF. In Bangladesh, the Bangladesh Investment Development Authority (BIDA) is responsible for attracting investment and should serve as the central coordinating body to streamline bureaucratic processes and instil confidence in foreign investors. BIDA should analyse successful markets and devise a comprehensive and best-in-class strategy.

A major challenge for foreign investors in Bangladesh is the absence of downstream liquidity in the capital markets, which hinders their ability to exit or diversify their investments. BIDA should spearhead collaboration between government agencies and the private sector to address this issue.

Saleudh Zaman Khan, managing director of NZ Textile and a vice president of the Bangladesh Textile Mills Association, shared in an interview how Bangladesh can rapidly gain a foothold in the highly competitive MMF apparel market, which is currently dominated by China and Vietnam. "Bangladesh government must adopt a fast-track strategic approach and offer substantial incentives to encourage the manufacturing of MMF and MMF-based garments," he said.

"The incentive programmes must ensure the long-term sustainability of MMF manufacturing facilities by providing additional incentives to compete against foreign competitors, especially China and Vietnam," added Saleudh.

He also emphasised that these incentives should be extended to both local and foreign investors in the MMF production sector, in-order-to promote and reinforce the domestic supply chain.

Bangladesh's dependence on imported cotton and MMF poses risks such as price fluctuations, supply chain issues, and geopolitical tensions. To mitigate these challenges, establishing a strategic reserve for cotton and MMF is recommended, allowing for a reliable raw material source during disruptions.

This reserve would require specific storage facilities for at least a six-month supply and could be developed without direct investment by incentivising suppliers to store their inventory within the country. This approach would help spinning mills access materials quickly and cost-effectively, saving on inventory costs while ensuring prompt delivery.

Finally, Bangladesh needs to broaden its economic base, and the government should enhance research funding in science and technology to reduce dependence on the garment sector. Bangladesh's graduation from LDC status will allow the country to diversify its product offerings and strengthen its supply chain for higher-value goods.

This transition encourages the use of advanced technology and automation to boost productivity and profitability. To comply with stricter origin requirements, particularly the "double transformation" criterion for the EU market, establishing strong backward linkages will be essential once preferential trade access ends.

Source: thedailystar.net– Dec 26, 2024

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Pakistan: Slow business activity on cotton market

The local cotton market on Thursday remained steady and the trading volume remained low.

Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is in between Rs 16,000 to Rs 17,800 per maund. The rate of Phutti in Sindh is in between Rs 6,500 to Rs 7,600 per 40 kg.

The rate of cotton in Punjab is in between Rs 16,500 to Rs 17,700 per maund. The rate of Phutti in Punjab is in between Rs 7,500 to Rs 8,800 per 40 kg.

The rate of cotton in Balochistan is in between Rs 16,500 to Rs 17,300 per maund. The rate of Phutti in Balochistan is in between Rs 7,400 to Rs 9,200 per 40 kg. The rate of Balochi Cotton is in between Rs 18,500 to Rs 18,800 per maund. The rate of Primark cotton is Rs 18,800 to Rs 18,900 per maund.

Around, 200 bales of Burewala were sold at Rs 17,600 per maund and 200 bales of Mianwali were sold at Rs 17,500 per maund. 200 bales of Fort Abbas were sold at Rs 18,000 per maund.

The Spot Rate remained unchanged at Rs 17,500 per maund. Polyester Fiber was available at Rs 357 per kg.

Source: brecorder.com– Dec 26, 2024

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NATIONAL NEWS

2024 Year End Review for Department of Commerce

Following are the important achievements and milestones of the Department of Commerce in the year 2024:

Free Trade Agreement (FTA) negotiations

India and the European Free Trade Association (EFTA) signed the Trade and Economic Partnership Agreement (TEPA) on 10th March 2024. EFTA countries comprise of Switzerland, Iceland, Norway & Liechtenstein. The TEPA is under the ratification process in the national parliament or legislature of each EFTA country. TEPA marks India's first FTA with an important economic bloc in Europe. Under TEPA, EFTA has committed to promote foreign direct investments by USD 100 billion in India in the next 15 years, and to facilitate the generation of 1 million direct employment in India, through such investments. TEPA is expected to give impetus to "Make in India" and Atmanirbhar Bharat by encouraging domestic manufacturing.

India-European Union (EU) Free Trade Agreement (FTA) negotiations were formally re-launched on 17th June 2022 as follow up of India-EU Leaders announcement in Porto on 8th May 2021. Negotiations cover 23 policy areas/chapters. Nine Rounds of negotiations have been held till September, 2024.

India-UK FTA negotiations were launched on 13th January 2022. Thirteen Rounds of negotiations have been held till December 2023. The 14th Round of Negotiations, which began on 10th January 2024, was underway when negotiations were paused by UK side in May 2024 due to their elections.

Consequent to the meeting of Prime Minister Shri Narendra Modi and the Prime Minister of the United Kingdom H.E. Sir Keir Starmer on the sidelines of the G-20 Summit in Rio de Janeiro, Brazil, the UK announced the relaunch of the India-UK Free Trade talks early next year. The UK and India will continue to negotiate towards a comprehensive and ambitious Free Trade Agreement.

The India-Australia Comprehensive Economic Cooperation Agreement (CECA) builds on the foundation laid by the India-Australia Economic Cooperation and Trade Agreement (ECTA), which came into force on 29th December, 2022. The CECA envisage a deeper and comprehensive agreement and it initiates negotiations on the 5 ECTA agreed themes, namely Trade in Goods, Trade in Services, Rules of Origin (ROO)-Product Specific Rules Schedule, Digital Trade and Government Procurement.

In addition to the 5 ECTA agreed tracks, exploratory discussions are being held on 14 new areas in which either party has shown interest for inclusion in CECA such as Competition & Consumer Protection, MSME, Trade and Gender Equality, Labour, Environment, Space Co-operation, Innovation, Agriculture & Animal Husbandry Technology, Legal & Institutional, State Own Enterprises, Sports Co-operation, Traditional Knowledge, Intellectual Property and Critical Minerals. Total 10 formal rounds along with inter-sessional discussions have been held so far.

India - Sri Lanka Economic and Technology Cooperation Agreement (ETCA) negotiations are ongoing with the 14th round of negotiations concluded in July 2024. Except the track on goods dealing with specific lines pertaining to garments, negotiations on almost all chapters including services and Rules of Origin have been concluded.

India is negotiating a Trade Agreement with Peru covering trade in goods & services. The 6th and the 7th rounds of negotiations were held this year during 12th - 14th February, 2024 and 8th - 11th April, 2024 respectively. Both sides aimed at understanding priorities and concerns of each other, ensuring that the negotiations were rooted in mutual respect and benefit.

India-Dominican Republic Joint Economic and Trade Committee (JETCO): India and Dominican Republic signed a Protocol for establishment of Joint Economic and Trade Committee on 12th March, 2024. The establishment of JETCO will strengthen bilateral economic ties and shall provide a platform for discussions to facilitate trade and industry, mitigating challenges, exchange of information, knowledge and ideas.

India-ASEAN: The 21st ASEAN-India Economic Ministers' meeting was held on 20th September 2024 in Vientiane, Lao PDR. The Economic Ministers or their representatives from all the 10 ASEAN countries viz. Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam participated in the meeting. Discussions were held on the issue of substantial conclusion of the ASEAN India Trade in Goods Agreement (AITIGA) Review negotiations by 2025.

During the year 2024, four rounds of AITIGA negotiations were held. 3rd & 6th AITIGA Joint Committee (JC) and related meetings have been held in India in February 2024 and November 2024 respectively. The 4th & 5th AITIGA JC was held in Putrajaya, Malaysia in May 2024 and in Jakarta, Indonesia during July-August 2024 respectively. AITIGA JC was co-chaired by Shri Rajesh Agrawal, Additional Secretary, Department of Commerce, India and Ms. Mastura Ahmad Mustafa, Deputy Secretary General (Trade), Ministry of Investment, Trade & Industry, Malaysia. JC is working towards making AITIGA more effective, user-friendly, simple, and trade facilitative for businesses.

The review will target addressing injury to industries from the existing AITIGA and the inequitable tariff liberalization by all the partner countries. The review is targeted to conclude in 2025. During all these rounds of discussions, the Sub-Committees working under JC have made good progress in textual discussions.

Click here for more details

Source: pib.gov.in– Dec 26, 2024

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Rupee impact: Labour-intensive exports: Gains likely to be tenuous, short-lived

On the face of it, the rupee's ongoing depreciation – it fell 9 paise to close at a new record low of 85.2 against the dollar on Tuesday — should have come as a shot in the arm for India's labour-intensive exports. The local currency's decline came at an opportune moment, as some of these sectors like textiles-and-clothing were on the cusp of a gradual revival after a prolonged slump.

But the reality is much more nuanced: many sectors, including textiles and leather, have significant import content, which somewhat balances out the gains for onward shipments from a weaker local currency. Moreover, since many competing countries, including China, already have an edge over India in terms of economies of scale and costs, with their currencies also falling as much or more than the rupee against the greenback, the gains for India are either tenuous or non-existent in most markets.

K Venkatachalam, chief adviser at the Tamil Nadu Spinning Mills Association, pointed out that while India exports yarn and readymade garments, it also imports significant amounts of cotton and other raw materials in dollar terms. This offsets the benefits of exports, rendering the revenue situation (export realisation) neutral even amid the latest bout of rupee depreciation.

"If we start exporting finished goods with Indian raw materials alone, it will be beneficial for exporters, but the current situation is not that," he says, adding that a major part of the raw materials used in export of yarns, including contamination-free and extra long-staple cotton predominantly comes from the US, Brazil and west Africa. According to industry estimates, around 30-40% of the raw materials used in cotton yarn intended for exports from India typically depend on imports.

The rupee's fall is the lowest when compared to the currencies of competing countries in Asia such as Korea, China, Indonesia, Philippines and Indonesia. In 2024, the Indian rupee has fallen a little over 2%, while the Chinese yuan has been down 2.7%, Indonesian rupiah 4.5%, Philippine peso 6.5%, and Korean won 12%. "Exporters are not gaining much," Ajay Sahai, CEO and director-general at the Federation of Indian Export Organisations (FIEO), says.

Prabhu Damodaran, convener of the Coimbatore-based Indian Texpreneurs Federation (ITF), however, says the rupee's depreciation may have provided a modest advantage, but adds that this may not be a significant growth driver for textile exports. ITF, which has 500 companies as members, represents the entire textile manufacturing value chain, including standalone spinning firms, weaving units, and apparel and home-textile exporters. Damodaran says while buyers from Europe and America are already seeking long-term industrial partnerships with India, the country lacks the manufacturing scale of China to fully meet even the existing demand.

For instance, India's monthly readymade garment exports average at just $1.1 billion compared to China's $13 billion. Even neighbouring Bangladesh, despite facing domestic unrest, manages to export three times more than India. In October 2024 alone, it exported $3.3 billion worth of readymade knitwear and woven garments, marking a 22% increase against the same month in 2023.

Bangladesh's domestic challenges have prompted some global buyers to diversify production, presenting India with an opportunity. "This is a directional change, and our task is to turn it into a structural opportunity," Damodaran says, adding that Indian companies should utilise the PM Mitra Parks being set up in seven states and focus on greenfield investments to meet global demand.

In April-November this fiscal, India's textile exports reached $23.33 billion, a modest 6% growth over the same period in the previous fiscal. This contrasted with the decline in shipments in FY24. Readymade garments accounted for 42% of exports, followed by cotton yarn and fabric (34%) and manmade yarn (14%) in the first eight months of the current fiscal.

For Gujarat's textile companies, a volatile and weakened rupee could spell opportunity or crisis, depending on which end of the spectrum they are at. Speaking to FE, Ashish P Gujarati, former president of the Southern Gujarat Chamber of Commerce and Industry (SGCCI), states: "With a weak rupee, it is natural that import prices for raw materials such as MMFs and polyester will increase. Importers across Gujarat and the rest of the country may have to grapple with a 2% to 5% increase in raw material imports."

He notes how high import duties, such as a 20% duty for polyester and other MMFs, already burden importers across the state. “Falling rupee rates have further exacerbated the troubles of importers, who may already be burdened with high import duties and non-tariff barriers. While there is hope of the currency stabilising within the next two months, textile companies importing raw materials will have to face the brunt.”

Damodaran notes that Bangladesh imports 40 million kg of cotton yarn from India every month. While this volume is expected to continue, he does not foresee a significant windfall in cotton yarn exports due to the rupee’s depreciation. Chandrima Chatterjee, secretary-general at the Confederation of Indian Textile Industry, says: “Depreciation of rupee has helped exports in the past, too, but adjusted for inflation, the gains don’t not amount to much.” She underscores that for long-term gains, developing competitiveness and widening the product mix would be crucial for Indian exporters.

Bharat Patel, MD at Ahmedabad-based Ultra Denims, however, says that “for textile exporters like us, it is the perfect opportunity to boost exports to other countries”. He says exports could increase as much as 10%, given the current geopolitical circumstances. Political unrest in Bangladesh could result in approximately 20% growth for textile players, especially ready-to-wear garment producers based in Surat. “If the orders are materialised, Indian textile exporters can benefit immensely in comparison to competitors, especially China, Pakistan and Bangladesh.”

Other sectors of labour-intensive exports, too, have a mixed outlook on short-term gains from the weaker rupee. “The gains will be for orders already booked, and will last three months at the most. For new orders, the buyers will take into account the depreciation and drive down prices,” Pankaj Chadha, chairman of of Engineering Export Promotion Council, says.

As for the leather sector, India’s competitiveness in overseas markets largely depends on exchange rates, and pricing by competing countries like China, Vietnam, Bangladesh, and Cambodia.

Israr Ahmed, director at Chennai-based leather manufacturer Farida Group, says: “Since the dollar is strengthening against all currencies, our competitors are likely to offer similar benefits and pricing.” Nearly 40% value of India’s footwear exports depends on imports, with bovine leather, sole materials, and PU linings being the key items procured from abroad.

Within leather exports, the garments segment–with its lesser reliance on imports–stands to benefit the most, followed by the footwear sector. In contrast, the leather goods segment, which heavily depends on imported components like synthetic materials and metal hardware, is likely to gain the least.

Besides exchange rate benefits, India could also gain from shifts in global trade dynamics, and shifting supply chains. "The incoming Donald Trump administration in the US is signalling higher tariffs on China, leading to more inquiries and even businesses moving from China to India," Ahmed says. Additionally, he notes that efforts by the new US president to end the Ukraine war could bring stability to the region, further benefiting exporters. "We expect 2025 to be a remarkable year for Indian leather exporters, driven by the Trump factor and anticipated stability in Europe," he adds.

A cog in the wheels for exporters in general is indeed the (rising) cost of imports, which will likely go up. For crude petroleum, the hit will be the biggest. Other imports like electronics, machinery, parts, intermediate goods, which typically come from China and Southeast Asia, will however be cheaper on net basis because their currencies have depreciated more, according to analysts. "Exports like petroleum products, electronics, gems and jewellery which are dependent on large-scale imports have a natural hedge," Sahai reckons.

Source: financialexpress.com– Dec 25, 2024

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Exporters seek ₹750-cr dedicated fund in Budget to tap US market post tariff hike on Chinese goods

In order to capitalise on the opportunities likely to arise from the anticipated tariff hike on Chinese goods by the Trump administration, exporter bodies have sought a three-year dedicated fund with an annual outlay of ₹250 crore in the Budget of FY2025-26. They have also urged the government to extend the Interest Equalisation Scheme (IES).

These demands were made during a pre-Budget consultation chaired by Finance Minister Nirmala Sitharaman here on Thursday. She is scheduled to present the Union Budget on February 1.

"A marketing scheme to focus on the US with a corpus of ₹250 crore per year (₹750 crore overall) for three years may be launched to generate additional exports of $25 billion," Ashwini Kumar, President of the Federation of Indian Export Organisations (FIEO) said.

Trump tariff

Trump is taking over as new US President on January 20. He said that China will face higher tariffs on its goods – by 10 per cent above any existing tariffs – until it prevents the flow of illegal drugs into the United States.

Sensing an opportunity, Kumar felt that higher tariffs on China can create a significant opportunity for Indian exports, particularly in sectors where China has previously been a dominant supplier. Based on a study undertaken by FIEO, India can replace China in sectors such as electronics and electrical equipment ($10 billion additional export potential), textiles and garments, toys, chemicals, auto components, footwear, furniture and home decor.

On interest rates, Kumar said the IES is currently available only till December 31, 2024, and that too to manufacturers in MSME (micro, small and medium enterprise) with an annual cap of ₹50 lakh per IEC (import-export code) holder, which is insufficient for many MSMEs.

"If the IES is extended, it would help level the playing field by reducing the cost of credit for Indian exporters, improving their price competitiveness in the global market," he said, adding that for MSMEs, government should look for restoring 5 per cent subvention as it was reduced to 3 per cent when the repo rate got reduced to 4.4 per cent.

Gem & Jewellery

The exporters also sought tax benefits on R&D and infusing more equity to encourage large private sector shipping lines so that international trade happens through domestic shipping lines. Further, the gems and jewellery sector exporters urged budgetary support for the diamond industry for consumer education as the sector is witnessing a constant fall in exports.

They proposed that the government extends infrastructure status for jewellery parks so that the developers can get easy access to bank credit. The Gems and Jewellery Export Promotion Council (GJEPC) is developing the world's largest jewellery park in Mumbai. "Similar parks are coming up at Meerut and Bengaluru. I propose to include jewellery parks in the harmonised list of infrastructure," GJPEC Chairman Vipul Shah said. The council has also asked for duty drawback benefits for platinum.

Source: thehindubusinessline.com– Dec 26, 2024

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India eyes $25 billion export opportunity in US amid China tariff dispute

Ahead of the Union Budget 2025-26, exporters urged the finance ministry to approve a US-focused marketing scheme worth Rs 750 crore to generate an additional $25 billion in exports to the US over the next three years.

According to the Federation of Indian Export Organisations (FIEO), the US' plan to impose higher tariffs on China presents a "significant opportunity" for Indian exports, particularly in sectors where China has been a dominant supplier.

These sectors include electronics, electrical equipment, footwear, textile, garment, furniture, automotive parts, toy, and chemical. The largest gains are expected in consumer electronics, such as mobile phones, televisions, and electrical components, with an estimated $10 billion in additional exports.

"For that, we need to increase our presence in the US by showcasing in numerous exhibitions, holding buyer-seller meetings, and partnering large local retailer associations. A marketing scheme focusing on the US, with a corpus of Rs 250 crore per year (Rs 750 crore overall) for three years, maybe launched to generate additional exports of $25 billion by the end of three years," FIEO President Ashwani Kumar said.

In addition, FIEO has requested a tax deduction of 200-250 per cent for research and development spending under Section 35(2AB) of the Income-Tax Act to foster product innovation.

At a pre-Budget meeting with the finance minister and top officials from the finance ministry in North Block, exporters also called for the continuation of the interest equalisation scheme, which ends on December 31, along with additional funds for marketing and trade promotion of specific export items, and income-tax relief for micro, small and medium enterprise (MSME) manufacturing units.

The interest equalisation scheme (IES) provides interest rate benefits for pre- and post-shipment rupee export credits, with the government compensating lenders. This initiative aims to ease the financial burden on exporters, particularly those in labour-intensive sectors and MSMEs.

Engineering Exports Promotion Council of India Chairman Pankaj Chadha proposed increasing the annual benefit cap for MSME manufacturers from Rs 50 lakh to Rs 10 crore. This change would offer substantial financial support to MSME exporters.

FIEO noted that a long-term IES would enable exporters to secure orders more effectively, especially in sectors with wafer-thin profit margins, as a 3 per cent interest subvention could make the difference between winning or losing an order.

Gem & Jewellery Export Promotion Council Chairman Vipul Shah underscored the need for separate funding for marketing, particularly for diamonds.

Exporters also called for government support for energy audits and compliance with the carbon border tax. Chadha recommended reimbursing 50 per cent of these costs under the market access initiative scheme and providing targeted support for compliance with the carbon border adjustment mechanism to help MSMEs adopt sustainable practices and remain globally competitive.

Key steps to boost US exports

Launch a US-focused marketing scheme with a corpus of Rs 250 crore per year for three years

Generate an additional $25 billion in exports by the end of three years due to the US-China tariff war

Create opportunities for Indian exports in sectors where China has been a dominant supplier

Extension of the interest equalisation scheme, with additional funds for marketing, trade promotion, and income-tax relief for MSME manufacturers

Source: business-standard.com– Dec 27, 2024

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CAI urges Govt to provide ₹500 cr budgetary support to help cotton growers adopt drip irrigation to boost yields

The Cotton Association of India (CAI), the apex trade body for the sector, has urged the Government to provide budgetary support of at least ₹500 crore to help farmers adopt drip irrigation systems in their fields to boost yields. The trade body has also sought introduction of new seed varieties to improve yields.

Approximately, 67 per cent of India's cotton is produced in rain-fed areas. Since cotton is totally dependent on rains in these areas, it does not get adequate water during critical flowering and fruiting stages, when the requirement of water is more than 80% of the total water requirement of cotton crop, said Atul. S. Ganatra, President, CAI.

Due to this, cotton yield in rain-fed areas is substantially lower compared to irrigated belts, especially in Maharashtra where about 95 per cent area is rain-fed and in scanty-water availability areas of states like Madhya Pradesh, Andhra Pradesh, Tamil Nadu, Karnataka and Gujarat.

"In order to overcome this, we have suggested to the Government to provide budgetary support to our farmers in rain-fed and scanty-water availability areas and encourage them to introduce drip irrigation technology. Since the cost of installing drip irrigation in India is very high, we have requested the Government to provide for the farmers' benefit a budgetary support of at least ₹500 crores for setting up drip irrigation system in farmers' fields." Ganatra said at the 102nd Annual General Meeting of the CAI on Saturday.

Also, carrying out demonstrations through private public partnership is another step that can help in creating awareness among farmers about the benefits of using drip irrigation technology. This will not only ensure efficient water resource management but also boost our cotton yields manifold, Ganatra said. "Apart from substantially increasing our cotton yield, drip irrigation will also prove to be an effective tool to save 40-60 per cent of total water required for irrigation through flood," he added.

India's per hectare cotton yields is among the lowest in the world and far below the world average cotton yield of over 800 kgs. per hectare. "One of the main reasons for our low cotton productivity is the use of obsolete GM cotton technology by about 95% of our cotton farmers. Over the years and in the absence of any advancement in GM technology in India, Pink Bollworms have developed resistance to GM cotton seeds," he said.

According to Indian researchers, the long duration crop cycle with long flowering and fruiting window of Indian cotton is unsuitable to the most of our rain-fed areas and is susceptible to Pink Bollworm infestation. "Introduction of new seeds of high yielding varieties with good fibre quality which are best suited to local conditions and are tolerant to locally prevalent biotic (insects and pathogens) and abiotic (specific window of temperature, drought, etc.) factors is the need of hour for increasing our productivity atleast to the world average productivity mark. I am happy to report that our Government fully recognises this and is providing necessary policy support to meet this requirement in a time bound manner." he said.

CAI Office Bearers for 2024-25

Meanwhile, Atul. S. Ganatra has been re-appointed as the President of Cotton Association of India (CAI) for the year 2024-25. CAI is the country's apex cotton trade body.

At the meeting of the CAI's Board of Directors held on 24th December, the following office bearers have been appointed for the year 2024-25. Atul S. Ganatra – President, Bhupendrasingh Rajpal -- Vice-President and Vinay N. Kotak, Addl. Vice-President. Shyamsunder M. Makharia has been appointed as Executive. Addl. Vice-President, Rintu K. Pandya, Hon. Treasurer and Sudhirkumar Mantri, Hon. Addl. Treasurer, a CAI statement said.

Source: thehindubusinessline.com– Dec 25, 2024

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India must consider CPTPP membership amid global trade uncertainties

The recent statements by President-elect Donald Trump about imposing higher tariffs on imports from Mexico and Canada cast a shadow over two important aspects of global trade — friend-shoring and the United States-Mexico-Canada Agreement (USMCA). The former has clear implications for all US allies that may have assumed they would get an easier pass through the transactional bilateralism characteristic of Mr Trump's tariff hikes. The latter reveals a review and perhaps even an unravelling of institutions and legislation under Trump 2.0, even if they have been crafted to serve US interests in the past.

Higher tariffs on US and Mexico would violate the USMCA, which is a preferential trade agreement among the three North American economies that substituted the North American Free Trade Agreement in 2020. The Inflation Reduction Act of 2022, which offered preferential rules of origin to Mexico and Canada to promote regional supply chains, particularly in the electric vehicles (EVs) sector, too would stand challenged with this tariff hike.

Clearly, therefore, under Trump 2.0, uncertainty will loom large over the global trade environment. From an Indian trade policy perspective, this necessitates a risk-diversification trade strategy through participation in stable, alternative institutional arrangements and/or agreements.

In the present context, India's options are from among the three mega-regional trade arrangements—that is, the Indo-Pacific Economic Framework for Prosperity (IPEF), the Regional Comprehensive Economic Partnership (RCEP), and the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). Participation in all three would, of course, be the most optimal path for risk diversification and ensuring access to greater possibilities of trade and global value chain (GVC) integration.

In the case of the IPEF, India is a member of three pillars of the IPEF — supply chain, clean energy, and tax and anti-corruption — while opting out of the fourth pillar on trade. Although, given the trade-investment nexus underlying GVCs, there is sufficient economic ground to push for India's participation in the trade pillar, this may not be the most appropriate time to do so.

The absence of specific tangible outcomes and the non-binding and recommendatory nature of the IPEF agreements make it a potentially weaker instrument of economic integration compared to an FTA or a mega regional trade agreement. More importantly, the IPEF is an executive agreement and Mr Trump, in the course of his campaign, has indicated his dislike for the Indo-Pacific arrangement, declaring that he would "knock out" the IPEF when elected. The survivability of the IPEF itself, therefore, remains uncertain.

As for the RCEP and the CPTPP, India has been rather emphatic about not joining the former after withdrawing from the agreement in 2019. This is notwithstanding the RCEP being open for India's accession and the potential advantages emanating from its cumulative and common rules of origin, fostering deeper GVC integration. The CPTPP, on the other hand, has thus far received little, if any, policy attention in India.

The CPTPP was established in 2018 as an Asia-Pacific trade bloc with 11 member economies, including Japan, Singapore, Vietnam and Australia. The UK, having acceded earlier this year, is its 12th member. Seven members of the agreement overlap with the RCEP. China is not a member at present, though it applied for membership in 2020. There is a long queue of formal applicants and several other economies, including South Korea, Thailand and Indonesia, have informally expressed their interest to join the agreement. The constituent provisions are World Trade Organization (WTO)-plus, and apart from providing a tariff-free market for almost all goods and services and investment liberalisation among member economies, they ensure high standards and enforcement of, inter alia, investor protection rules, intellectual property rights, broad e-commerce commitments and a dispute settlement mechanism.

While membership is open to all, formal applications are considered only after existing members arrive at a consensus to form a working group for the initiation of the accession process. Furthermore, the applicant nation has to be willing and prepared to abide by the higher standards of the agreement as well as demonstrated success in upholding commitments of past trade agreements.

The fact that in the last six years there has been only one new member while many other interested economies have been left waiting has led many to question the long-drawn out entry process. Given the increasingly uncertain global context, there are already suggestions for a review of the entry process, and proposals for a "one-time" collective entry for all applicants are in the air.

It would be worthwhile, therefore, for India to put in its application at this time. In case of a change in process, India will not be left out of the potentially largest, open, rules-based trade bloc. In case of no change in the entry process, the present geopolitical circumstances may actually favour India's early entry as against some other regional economies.

A formal expression of interest in joining the CPTPP would, in addition, be a signal of India's intent and commitment to undertake necessary reforms and upgrade its domestic regulations in alignment with the highest global standards. An expression of interest to join the CPTPP would be a positive factor in India's pursuit of attracting relocating multinational company investments away from China. This has been evident in the case of Vietnam, which, being a member of the CPTPP and having an FTA with the EU, is a lead beneficiary in the China+1 MNC strategy of GVC diversification.

Finally, while it is true that the trade rules under the CPTPP are already set and India will not be a rule-maker in the agreement, it is worth pointing out that the CPTPP provides sufficient flexibility for each country to negotiate its path and time period for attaining the necessary standards in different trade-related domains.

So, there is flexibility, as well as scope for domestic reforms for new members of the agreement. In the case of the UK, for example, where there was internal diversity of opinion on the consequences of accepting certain investment-related provisions, side letters have been signed with some existing members, keeping in view the provisions of their existing bilateral FTAs and investment relations. A careful study of the UK's negotiations for CPTPP membership will be helpful in this context.

Overall, in the increasingly uncertain global trade context of Trump 2.0, a formal application for CPTPP membership by India at this point has the potential to offer access to a stable, rules-based trade order and opportunities for increased economic integration with a trade and GVC dynamic trade bloc.

Source: business-standard.com– Dec 25, 2024

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India's share in global trade doubled since 2005, comparatively moderated in last 10 years: Report

India's contribution to global trade has seen significant growth over the last two decades, with its share in both exports and imports doubling during this period, according to a report by the National Stock Exchange (NSE).

The report revealed that India's share in global merchandise exports rose from 0.9 per cent in 2005 to 1.8 per cent in 2023, while its share in services exports more than doubled from 2 per cent to 4.3 per cent.

Overall, India's export share grew from 1.2 per cent in 2005 to 2.4 per cent in 2023. This growth has been driven by factors such as robust trade agreements, a diversified export portfolio, improved logistics infrastructure, and government initiatives like the Make in India campaign and the Production-Linked Incentive (PLI) scheme.

It also said "India's performance in services exports better than goods: India ranks 16th globally in merchandise exports and the seventh in services exports

Similarly, India's share in global imports also witnessed an increase. Merchandise imports rose from 1.3 per cent in 2005 to 2.8 per cent in 2023, while services imports increased from 2.4 per cent to 3.4 per cent. Overall, India's share in global imports grew from 1.5 per cent to 2.9 per cent during this period.

India's performance in services exports stands out. Services account for 43.8 per cent of India's total exports, the highest share among major global economies, compared to the global average of 24.7 per cent.

The report says that India's export growth was robust in the first two decades post-liberalization, with a CAGR of 11.1 per cent during FY 94 to FY04 and 17.3 per cent during FY04 to FY14.

However, the last decade (FY14-FY24) saw a significant moderation in export growth. Export growth slowed to a CAGR of 3.3 per cent due to subdued global demand, trade protectionism, and disruptions like the COVID-19 pandemic and geopolitical tensions.

Services exports too moderated but sustained a higher CAGR of 8.4 per cent in the last decade, reflecting India's comparative advantage in sectors like IT, financial and consulting services.

This growth has been driven mainly by factors like multilateral and bilateral trade agreements, initiatives like Make in India and Production Linked Incentive (PLI) schemes, diversification of export baskets, and development of logistics infrastructure.

The report also stated that India holds a Relative Comparative Advantage (RCA) in key sectors such as agriculture, textiles, chemicals, and pharmaceuticals. However, the country lags in machinery, transport equipment, and electronics, indicating areas for further development.

The report highlighted global trade dynamics over the past two decades. China's share in global merchandise exports increased significantly, largely at the expense of traditional export leaders like Japan, Germany, France, the UK, and the USA. In services, India and Singapore improved their shares, while the USA experienced a decline.

It said, "global merchandise exports have shifted towards China, largely at the expense of Japan, Germany, France, UK and USA".

Source: economictimes.com– Dec 26, 2024

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Traders demand cut in cotton MSP

Amidst declining cotton exports and rising imports, the clamour for reducing the Minimum Support Price of the crop is growing among cotton traders and associations in Gujarat.

According to Ajay Shah, Secretary of Gujcot Trade Association, if the MSP remains the same, it may signal another nationwide dry spell for the cotton sector, and the textile value chain.

"Implement a free market mechanism for cotton while giving farmers more subsidies," he said. The MSP mechanism is implemented by the government to support farmers by purchasing their crops at a pre-determined remunerative price.

The 2024-2025 MSP for cotton stands at Rs 7121 per quintal and Rs 7521 per quintal for medium and long-staple cotton varieties respectively. This has exacerbated the challenges faced by cotton traders and mills, which are already struggling to remain competitive in the global market. Speaking to FE, Shah said, "As of December 2024, we estimate that the government has bought almost 60% of the cotton stock from farmers.

Private players are buying lesser stock due to the high MSP." Instead, many companies are importing cotton from countries such as Brazil, Australia, Western African regions and the USA – which offer a lower price compared to India's MSP. Brazil, for instance, lowered its cotton export prices to USD 0.7060 per pound in October 2024 – marking a 15.9% lower price than that of the international market average.

This spells trouble for India's cotton exports, which are not competitive despite a depreciating rupee. "Our exports are not competitive either," Shah stated. "A weakening currency can boost export parity. However, our traders must set higher export prices to make some gains. Why would countries buy from us when there are more affordable prices available from the likes of USA and Brazil?"

Source: financialexpress.com– Dec 27, 2024

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