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85.76	88.58	107.48	0.54

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INTERNATIONAL NEWS

European Union year-end review 2024: Gearing up for tomorrow

Reported in October, the euro area (countries with Euro as currency) economy had expanded at a modest rate of 0.2-0.3 per cent q-o-q in 2024, primarily driven by a recovery in external demand and exports. Despite rising real incomes, consumer spending increased sluggishly, while firms became more reluctant to invest amid decreasing profit margins and capacity utilisation, elevated real interest rates, and negative business sentiment. The European economy also failed to pick up pace in the second half of 2024, but a moderate acceleration in activity remained on the horizon, driven by a step-up in consumption growth and a recovery in investment.

International trade

Euro area exports of goods to the rest of the world in June 2024 amounted to €236.7 billion ($250.09 billion), marking a 6.3 per cent decrease compared to June 2023, when exports were €252.5 billion. Imports, meanwhile, fell by 8.6 per cent to €214.3 billion ($226.42 billion), down from €234.5 billion in June 2023. This decrease in both exports and imports widened euro area's trade surplus to €22.3 billion (approximately $24.7 billion), up from €18 billion in June 2023. For the first half (H1) of 2024 (January to June), the euro area recorded a substantial trade surplus of €107.5 billion, a sharp contrast to the €3 billion deficit recorded during the same period in 2023.

Similarly, the EU posted a trade surplus of €20.9 billion (approximately $23.15 billion) in June 2024, compared to a surplus of €18.6 billion in June 2023. From May to June 2024, the EU also experienced an improvement in its trade balance, with the surplus increasing from €10.2 billion to €20.9 billion.

Retail trade

EU retail trade saw a modest growth in July 2024. The seasonally adjusted retail trade volume rose 0.1 per cent in the euro area and 0.2 per cent in the EU, when compared to June 2024 in which trade declined 0.4 per cent. On annual basis, the euro area decreased 0.1 per cent in retail sales while

EU increased 0.4 per cent, compared to July 2023. Among members, monthly retail trade volumes grew in Croatia (up 2.9 per cent), Austria (up 1.8 per cent) and Slovakia (also up 1.8 per cent). Meanwhile, retail activity in Luxembourg fell 2.1 per cent, and in Romania and Cyprus it decreased 1.8 per cent and 1.1 per cent, respectively. On yearly comparison, Luxembourg recorded the highest growth in retail trade volume at 10.3 per cent and was followed by Croatia (up 7.9 per cent) and Bulgaria (up 6.8 per cent). On same comparison, Belgium was down by 4.4 per cent, Estonia dropped 3.1 per cent and Finland declined 2.1 per cent.

Used textile crisis

Reports indicate that Europe's textile sorting and recycling industry grappled with a severe crisis that stemmed from the war in Ukraine, logistical challenges in Africa and the rise of ultra-fast fashion. As a result, there is now an oversupply of used textiles with a sharp decline in demand from traditional export markets. Notably, the volume of used textiles traded between the EU and non-EU countries decreased from 464,993 tonnes in 2022 to 430,185 tonnes in 2023.

This oversupply has reportedly caused a significant drop in prices for second-hand textiles, while the costs associated with collection, sorting, and recycling have surged. Since spring 2024 the prices for sorted garments are no longer covering processing costs, leading to financial strain for sorting operators who now face major cash flow problems. This has called for VAT reductions on textile repair, reuse, and recycling activities within the existing VAT Directive framework, and the introduction of a tax on new petroleum-based materials to "incentivise" the use of recycled textiles and reduce reliance on virgin materials.

CIRFS recommendations

The European Man-made Fibres Association (CIRFS) made several recommendations to the EU Parliament and Commission as well as member states for promoting sustainable textiles in Europe, while enhancing the competitiveness of the value chain and safeguarding the remaining industrial base. The industry body urged them to take swift action to reduce energy and electricity costs, use revenues from the EU Emissions Trading Systems (ETS) to assist the transition to carbon-neutral industries and establish a single market for waste and recycling in Europe. CIRFS emphasised on the urgency regarding the investment and government spending to safeguard the EU's competitiveness and promote innovation. Addressing the concerns about the negative impact of rising energy costs, CIRFS urged the incoming Parliament and Commission to create a unified EU market not only for pricing but for grid infrastructure too. It recommended fast-track implementation of Carbon Contracts for Difference (CCfD).

Furthermore, it recommended to delay the reduction of free ETS allowances if the implementation of the EU Carbon Border Adjustment Mechanism (CBAM) is found ineffective, and to prioritise the addressing of downstream carbon leakage risks and developing an effective export support solution to protect European value chains. Additionally, the bureaucratic barriers must be systematically removed, and responsibilities among all stakeholders in the value chain must be clearly defined.

The EU must also ensure that environmental regulations be applied equally to imported products. To ensure circularity within the EU, effective ex-ante controls to verify compliance must be in place, and to encourage greater recyclability, the unification of end-of-life disposal costs across different regions and EU member states must be actioned. CIRFS also recommended using TDIs to address economically irrational and non-market excess capacities, abolishing the outdated lesser-duty rule, and better integrating social and environmental standards into trade defence rules. The EU was reminded of implementing border measures, similar to those employed by the United States and Canada, to ensure a level-playing field and safeguard the interests of European industry.

FRANCE

IMF projected France’s growth of 1.3 per cent in 2025, following 0.9 per cent in 2024. The headline inflation in L’Hexagone nation is also expected to descend and reach 2.3 per cent, and return to target in the first half of 2025. At the same time, UN’s financial agency cautioned that political fragmentation and policy uncertainty domestically could delay fiscal consolidation and reform efforts, weighing on confidence and public finances.

The escalating geopolitical tensions and an abrupt global slowdown in key trading partners could be the major external factors to impact the IMF projection. However, faster reform momentum in France and at the EU level could mitigate these risks.

In June, the Consumer Price Index in France rose marginally at 0.1 per cent month-on-month, following a period of no change in May 2024. The prices of clothing and footwear, however, increased 0.4 per cent, m-o-m. Almost flat growth in overall prices was primarily driven by a 0.1 per cent rise in manufactured product prices, which was offset by a 0.8 per cent fall in energy prices following a 1.2 per cent decrease in May. From June 2023, the consumer prices were up by 2.2 per cent, slightly down from the 2.3 per cent increase in May.

Meanwhile, the prices of clothing and footwear maintained their growth rate of 0.6 per cent y-o-y, remaining unchanged from May. Core inflation, excluding volatile items such as energy and food, saw a slight increase and reached 1.8 per cent in June 2024, up from 1.7 per cent in May. Meanwhile, the harmonised index of consumer prices (HICP), used for European comparisons, increased 0.2 per cent m-o-m in June, following a 0.1 per cent increase in May. On a y-o-y basis, the HICP went up 2.5 per cent in June, slightly lower than the 2.6 per cent rise recorded in May.

Between January and April, France imported apparel worth $280.5 million from Cambodia, which accounted for 3.71 per cent of country's total garment imports ($7.555 billion). This figure, however, remained lower than $290.609 million during the same period last year. Like last year, Cambodia ranked as the France's 9th largest apparel supplier during the 4-month period in 2024 too. Last year, Cambodia's import, valued at $8.008 billion, contributed 3.63 per cent of France's total apparel imports. Except in 2022, when Cambodia ranked as the 8th largest supplier to France, the Asian country has consistently maintained its 9th rank since 2019.

GERMANY

Germany's trade growth remained almost flat amidst shortage of orders in 2024. At the same time, domestic fashion market flourished, and the government introduced new guidelines for sustainable textile procurement.

H1, 2024 trade

Germany exported industrial textiles worth $1,397.648 million in the first half (January to June) of 2024. This was lower than the exports during the corresponding period of the previous year ($1,424.278 million) but higher than the shipments in the second half of last year ($1,279.046 million).

Germany’s imports of industrial textiles were recorded at $642.967 million in the first half of 2024, which was lower than the imports of $718.788 million in H1 2023 but higher than the imports of $613.831 million in H2 2023.

The US was the top destination for Germany’s exports of industrial textiles during the period, with exports to the US, valued at $107.575 million, accounting for a 7.70 per cent share in Germany’s total industrial textile exports. Following the US, top four export destinations were Poland at $97.599 million (6.99 per cent), Italy $80.398 million (5.76 per cent), China $72.474 million (5.19 per cent), and France $71.341 million (5.11 per cent).

China remained the biggest supplier for Germany’s industrial textiles, with imports from China, valued at $72.678 million, representing 11.30 per cent of total imports over six-month period. Imports from Poland were recorded at $60.258 million (9.37 per cent), Switzerland at $59.791 million (9.30 per cent), Italy at $57.985 million (9.02 per cent), and Luxembourg at $51.301 million (7.98 per cent).

Dwindling orders

Germany's economic landscape was under significant pressure, as the shortage of orders continued to escalate. In October, 41.5 per cent of German companies reported experiencing a lack of orders, an increase from the 39.4 per cent which was recorded in the month of July – the most severe level since the 2009 financial crisis. In manufacturing sector, 47.7 per cent of all companies reported a lack of orders. This number for textile manufacturers stood even higher at 57.7 per cent. Less affected sectors included manufacturing of wearing apparel at 26.2 per cent.

New guidelines

The Federal Ministry for Economic Cooperation and Development (BMZ) introduced updated guidelines for sustainable textile procurement on May 21, 2024. The new guidelines emphasised ecological and social criteria for public textile purchases. They aim to set a global standard for responsible procurement across various public sectors and also to enhance responsible purchasing practices. In addition, they are also meant to ensure production of textiles without child labour or environmental damage. The guidelines are intended for use by all federal authorities and administrations. The updated guidelines offer practical advice on embedding human rights due diligence in public procurement, mirroring requirements in the private sector under Germany's Supply Chain Act. The guidelines also have stricter ecological requirements which will benefit predominantly the female workforce in the textile industry. The German government is committed to procure at least 50 per cent of all textiles according to these guidelines by 2026.

ITALY

In 2024, the country experienced low orders for its textile machinery from the foreign markets, as well as a vulnerable trend in exports of textile and apparel.

Weak textile machinery orders

The order index for Italian textile machinery in the first quarter (January to March) remained stationary compared to the same period of the previous year. In value terms, the index came in at 61.2 points compared to base year 2021, with index score being 100. While domestic orders were up 15 per cent compared to the Q1, 2023, the foreign orders fell 4 per cent. In value terms, the index on foreign markets came in at 59.4 points, in comparison to a 73.9 points in Italy. During this quarter, the order backlog reached 4 months of assured production.

It was the second quarter (April-June) of 2024 which saw a 17 per cent drop in the order index of Italian textile machinery, that meant 49.8 points on index. This was caused by a 22 per cent decrease in demand in foreign markets, excluding China and Egypt, which represent 86 per cent of total orders. During the period, the order backlog reached 4.3 months of assured production. Additionally, ACIMIT's (Association of Italian Textile Machinery Manufacturers) survey showed that in the first six months of 2024 the utilisation rate of production capacity by Italian manufacturers was 61 per cent, which was expected to rise to 64 per cent in the second half of 2024.

Further, the order index for Italian textile machinery continued showing a decline at 19 per cent in Q3, 2024 (July to September) too, compared to the same period last year, standing at 50.6 points on index. This time the drop was attributed to a 23 per cent decrease in foreign markets. Investments in machinery remained stalled in some of the major markets such as India, Türkiye, and Bangladesh. Facing the weak demand in several key markets, Italian manufacturers began working to seek new opportunities in countries like Turkmenistan and Kyrgyzstan, where the textile industry is still technologically underdeveloped.

Textile & apparel downturn

Starting in late 2023, the Italian textile and apparel industry had a persistent and worsening downturn as reflected by nearly 75 per cent of businesses reporting lower revenues by the mid of 2024, with a quarter seeing drops of at least 20 per cent. A survey (by SMI) found that economic uncertainty, high interest rates, inflation, and increasing energy costs diminished the consumer purchasing power, with situation further compounded by geopolitical tensions, causing major concern for the Italian fashion industry. SMI predicted an average sales decline of 5.8 per cent in H1, 2024 compared to the same period in 2023, with no foreseeable improvement in H2, 2024 either. The survey was conducted in early July among small and medium-sized enterprises (SMEs) across various regions. SMI further forecasts a 6.2 per cent decrease in revenue for the textile and clothing sector in the first nine months of 2024.

Textile export in July

In July 2024, Italian textile exports declined marginally at 0.5 per cent compared to the previous month, totalling to €1.95 billion ($2.06 billion). Despite this short-term dip, the sector saw a significant y-o-y increase of 6.8 per cent from July 2023, when exports were valued at €1.83 billion ($1.93 billion). The slower demand in key international markets and seasonal fluctuations in export activity were said to have caused this drop. Key markets for Italian exports include the EU, the largest destination, accounting for approximately 60 per cent of total exports; while the US, with a significant portion, witnessed a notable increase in the demand for luxury and designer textiles.

THE NETHERLANDS

Talking of its textile industry, the Netherlands imported apparel worth $7.087 billion and exported apparel worth $5.569 billion between January and May 2024. Mainly importing apparel from the non-European countries and exporting to European countries, the Netherlands stood as the third-largest apparel exporter in Europe. However, both exports and imports during the period saw a decline compared to same five-month period of 2023. While the apparel exports fell by 13.6 per cent from $6.446 billion (2023), the decline in imports was 5.72 per cent (2023: $7.517

billion). Germany, accounting for 29.91 per cent share, was the leading destination for Dutch apparel exports during the period, followed by France (13.03 per cent share at $725.629 million), Italy (9.37 per cent at $522.027 million), Spain (7.25 per cent at $403.536 million) and Poland (7.2 per cent at $400.785 million). During the same five-month period, China remained the top apparel supplier to the Netherlands with a share of 17.98 per cent, valued at $1.274 billion, out of total apparel imports. Other major suppliers were Germany ($1.043 billion with 14.72 per cent share), Bangladesh ($945.476 million, 13.34 per cent share), Türkiye ($677.325 million, 9.56 per cent share), and Vietnam ($374.239 million, 5.28 per cent share).

Compared to July 2023, the total volume of exports of Dutch goods saw an increase of 2.2 per cent in July 2024, reported Statistics Netherlands (CBS) in September. The imports nevertheless encountered a slight drop of 0.7 per cent in the volume of imported goods compared to same month last year. CBS Exports Radar further pointed to a more challenging outlook for exports in September. Conditions began worsening from July, primarily due to declining optimism among European manufacturers about foreign orders. In particular, confidence among German manufacturers took a downturn, contributing to the increasingly negative export environment, as per the CBS.

SPAIN

The Spanish Association for the Management of Textile Waste, Spanish Federation of Municipalities and Provinces (FEMP) and few of the biggest fashion brands, such as Zara owner Inditex, H&M, Mango, Decathlon, IKEA and Primark, will participate in a trial that will separate textiles and shoes from other waste collection so that they can be reused or recycled, under the project named Re-viste. The collection of discarded clothes will start from April 2025, as part of a voluntary pilot scheme to manage textile waste that anticipates implementation of the EU's Collective System of Extended Producer Responsibility (EPR) for textiles and footwear (SCRAP) regulation expected to come into force in 2026. Six Spanish towns with a combined population of over 300,000 people, encompassing urban, semi-urban, and rural areas, will evaluate various gathering techniques that will include street containers, public cleaning stations, and private areas like stores and educational institutions. The trial will run for a year as authorities will give companies at least a year to adapt before EU regulation comes into force. The rules will mean that companies that sell more clothes and shoes are likely to have to pay more for managing the waste. The official data says that 88 per cent of used clothes end up in landfill in Spain, with each resident discarding 20 kg of clothes per year – 5 kg more that the Europe's average. Once the legislation comes into force, fashion companies estimate that Spain will need one textile waste container for every 1,200 residents. As of 2024, Spain is waiting for the final approval of new EU regulation before it issues rules to fashion companies. The purpose of sorting non-reusable clothing by material for recycling is to turn it into new textiles. The FEMP Textile Waste Working Group and Re-viste will form the monitoring committee, which will keep an eye on the system's proper implementation.

Spain's textile industry contributes 3 per cent to the country's GDP.

Source: fibre2fashion.com– Jan 02, 2025

HOME

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Türkiye year-end review 2024: Tremors not over as yet

Continuing its struggle with the long-lasting effects of last year's earthquake, Türkiye stayed cautiously optimistic in 2024. Maintaining its May forecast, the European Bank for Reconstruction and Development (EBRD) reaffirmed Türkiye's economic growth in 2024 at 2.7 per cent, which is expected to rise to 3 per cent in 2025, driven by a rebalancing of economic drivers and increased investor confidence. This positive outlook is attributed to the economic reforms, including the country's removal from the Financial Action Task Force (FATF) grey list in June 2024. The removal helped in boosting the investor confidence. Also, with Türkiye's credit default swap premium seeing a significant decline over the past year, the positive development improved market sentiment.

On other estimates, Türkiye's medium-term economic programme targets a higher GDP (at current prices) growth of 3.5 per cent in 2025, 4.5 per cent in 2026 and 5 per cent in 2027 to Tl 83.1 trillion or $1.77 trillion, on the back of same economic reforms and structural adjustments. The programme also targets a per capita GDP of $20,420 in 2027. The 2024 GDP at current prices is expected to rise to Tl 44.2 trillion or $1.33 trillion – up from Tl 26.5 trillion ($1.13 trillion) in 2023.

Ties with Europe

The country continued to be the second-largest textile and third-largest clothing supplier to the European Union, with Germany, the Netherlands and Spain being the top three European buyers of Türkiye-made textiles and apparel. On the bilateral trade side, Türkiye agreed to start talks, paused during the elections, with the UK to revise their FTA (Free Trade Agreement) as both sides want to strengthen economic ties. The talks are expected to extend the FTA's scope to include services and investments. Both sides discussed ways to surpass $20 billion in bilateral trade in 2024.

January-April trade

In January to April period of 2024, Türkiye's apparel exports, totalling to $5.638 billion, declined 11.2 per cent, compared to $6.344 billion in the corresponding period of 2023. During this period, exports of knitted and crocheted clothing and accessories (HS Chapter 61) amounted $3,098.316 million, decreasing 8.9 per cent against $3,400.237 million in the previous year. For the non-knitted apparel and accessories (HS Chapter 62), the decline was even higher at 13.7 per cent from $2,944.030 million to $2,540.350 million. Exports in April alone was of $1,200.974 million that registered a drop of 16.08 per cent, inclusive of a 11.2 per cent fall in exports of knitted and crocheted clothing and accessories which totalled to $689.624 million compared to $776.663 million in April 2023. During the same month, the shipments of non-knitted apparel and accessories also declined by 21.8 per cent, from $654.030 million to $511.350 million. In 2023, the country's total apparel exports had eased by 5.86 per cent to $18.321 billion from $19.463 billion in 2022, while country's apparel exports in 2021 were recorded at $18.294 billion.

On the import side, the imports of cotton, cotton yarn and cotton textiles (HS Chapter 65) dropped 14.4 per cent to $813.214 million from $950.032 million in first four months of the last year. However, the imports in the month of April increased 5.5 per cent to $267.945 million from $253.446 million in April 2023. Cotton is the only textile product that featured in imports of Türkiye's top 20 chapters in the month of April.

Half-yearly exports

Between January and June, while Turkish textile & raw materials export declined by 5 per cent compared to the same period of 2023, decreasing from $5.8 billion to $5.6 billion, the export of apparel & garments, worth $8.8 billion in 2023, decreased by 13.6 per cent to $7.6 billion. In Türkiye's general export that reached a value of $125.4 billion, up 2 per cent, the share of textile & raw materials and the apparel & garments were 4.4 per cent and 6.1 per cent, respectively.

Country wise, Türkiye exported the most textiles to Italy, Germany and the US. However, export of $436 million to Italy and $363 million to Germany respectively declined 6.5 per cent and 11.1 per cent from $467 million and $408 million in 2023. Only the export to the US increased by 7.6 per cent, from $336 million to $361 million.

In terms of the first 3 most exported product groups in the January-June period, the woven fabric export decreased by 7.3 per cent compared to the previous year, decreasing from $1,242 billion to $1,152 billion; technical textile exports decreased by 2.5 per cent from $1,126 billion to $1,098 billion; and yarn exports decreased by 0.7 per cent from $1,058 billion to $1,051 billion. Among the product groups, the highest declines of 12 per cent and 13.6 per cent were observed in the knitted fabrics and home textiles, respectively. Only product group of fibre increased by 4.7 per cent.

During the same period, the capacity utilisation rate improved from 69.5 per cent in January to 73.3 per cent in June.

Exports in August

In August, RTW (ready-to-wear) and garments export accounted for 7.6 per cent of Türkiye's total exports in the month, maintaining its third position after the automotive industry and chemicals sector. Cumulatively for the period from January to August, the sector's export decreased by 8.9 per cent, amounting to ~$12 billion compared to the same period last year. The decrease was the result of overall negative export trend caused by high costs, global recession, political uncertainties in target countries, and the ongoing war environment.

Among the product groups, women's outerwear products ranked first (50 per cent share), followed by men's outerwear (23 per cent share) and clothing accessories (8 per cent share) in the month of August. For the seven-month (January to August) period, women's outerwear products contributed 47 per cent share, men's outerwear contributed 20 per cent share, and clothing accessories contributed 7 per cent share.

Germany, with market share of 17 per cent, remained Türkiye's largest export market; followed by the Netherlands and Spain with respective market shares of 12 per cent and 10 per cent. During August, Istanbul ranked first among all provinces with $1.2 billion worth of exports; followed by Izmir with $121 million and Denizli with $100 million exports. From January to August, Istanbul's total exports reached $8.1 billion, Izmir had $924 million and Denizli had $708 million.

Manufacturing struggled in September

The Turkish manufacturing sector signalled a marked slowdown amid challenging demand conditions, with headline manufacturing PMI (Purchasing Managers' Index) dropping to 44.3 in September from 47.8 in August. This slowdown in the sector was the most pronounced one since May 2020. Business conditions moderated in six successive months amidst softened output, new orders, employment and purchasing when compared to previous (PMI) survey period. Rates of inflation of both input costs and output prices eased marginally, but still remained remarkable. The weakened demand in September caused the sharpest slowdown in new orders in almost four and a half years, while the subdued demand in international markets also signalled a renewed moderation in new export orders, as reported by S&P Global compiled PMI data. Consequently, production also eased and output scaled back to the largest extent since May 2020. This, in turn, made manufacturers to scale back their employment and purchasing activity in the month of September. As the stocks of both inputs and finished goods reduced and low demand for inputs relieved pressure on supply chains, the lead times got shortened for the first time in nine months. During September, currency weakness and higher raw material prices led to a further increase in input costs. The inflation rate remained another concern, despite easing to a three-month low, inflating output prices.

Employment remained a concern

The Turkish textile sector suffered from loss of employment in 2024. As of June 2024, RTW sector saw a decrease of 77,835 people with total employment also falling below 1 million. This was caused by the company closures and layoffs in the sector. According to Turkish Statistical Institute (TUIK) data, there was an employment decrease of 12 per cent in the RTW manufacturing.

While Türkiye's overall employment index increased by 4.2 per cent y-o-y, and 0.7 per cent q-o-q in the second quarter of 2024, the index for industrial sector increased by 0.6 per cent y-o-y and 0.3 per cent q-o-q. The hours worked index increased by 0.3 per cent y-o-y but decreased by 0.2 per cent q-o-q. This index decreased by 3.4 per cent y-o-y and 1.5 per cent q-o-q for the industrial sector. The gross wages-salaries index for industrial sector increased by 113.9 per cent y-o-y and 14.9 per cent q-o-q, and the hourly earnings index for the sector increased by 121.6 per cent y-o-y and 16.7 per cent q-o-q.

The number of unemployed in the country, aged 15 and above, decreased by 112,000 to 3.167 million in July compared to same month of 2023, as per the Household Labour Force Survey. The youth unemployment rate in the 15-24 age group was 16.6 per cent – a decrease of 1 pp compared to the June. The seasonally-adjusted unemployment rate of 8.8 per cent in July was a marginal decrease of 0.4 percentage point (pp) over July 2023. It was an estimated 7 per cent for men and 12.4 per cent for women. The number of persons in the labour force was 35.879 million in the month – an increase of 123,000 compared to the previous month. The labour force participation rate of 54.4 per cent was a rise of 0.1 pp, including 72.4 per cent for men and 36.8 per cent for women.

Industry events

The ITM 2024 Exhibition was held at the Tüyap Fair and Congress Center from June 4 to 8, 2024, in partnership with Tüyap Tüm Fuarcilik Yapim Inc. and Teknik Fairs Inc., and in cooperation with the Textile Machinery and Accessories Industrialists Association (TEMSAD). One of the most important meeting points for leaders in textile technology, ITM 2024 concluded with great success despite getting organised after the pause experienced all over the world since September 2022. The event provided vital support to the textile industry over the five day-period by attracting 66,200 professional visitors and investors from 99 countries. It revitalised the industry through machine sales and generated a business volume of billions of euros.

Simultaneously, Türkiye began marketing activities and exhibitor registrations for the Carpet and Flooring Expo 2025 (CFE), scheduled for January 7-10, 2025, at the Istanbul Expo Centre, building on the success of its inaugural event in December 2023 which attracted over 21,000 visitors from 103 countries. The 2025 event will feature three additional halls. Carpet exports from Türkiye, already exceeding $2.8 billion, are expected to grow further through connections made at the global event.

Started in 2017, Viptex Fashion B2B meetings between the largest Turkish factories producing fabrics and accessories and global brands, were held from October 21 to 24, 2024 at Antalya. The participation included representation of 15 factories visited by 90 companies. While the first meetings were focused on the CIS countries, the one in 2024 were attended by representatives of more than 15 countries, including France, Morocco, the UK, Poland, Germany, Denmark, Spain, Kazakhstan, among many others.

Key initiative

On August 3, 2024, the ILO (International Labour Organisation) office for Türkiye in partnership with EkoDoku Women Sustainable Living Cooperative kicked off an initiative to promote eco-friendly textiles and raise awareness about the detrimental effects of fast fashion in the country, by launching ‘Eco Dyeing and Printing Workshop’. The workshop offered training to co-operative members in natural dyeing techniques using pigments from various plants. Participants also learned woodblock printing, natural patterning and batik dyeing on linen and hemp fabrics. Funded by the US government, the initiative promotes sustainable textiles, and aims to create formal job opportunities. The ILO is expanding the implementation of Nature-Based Solutions (NbS) at EkoDoku to tackle issues related to decent work like informal employment, low wages and low productivity. The pilot project aimed to stimulate green job creation and inclusiveness for all, including Syrians under temporary protection, international protection applicants and status holders and host communities.

Source: fibre2fashion.com– Jan 01, 2025

HOME

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Phase-I of project to revive Egypt's textile industry over: PM

Egyptian Prime Minister Mostafa Madbouly recently announced that the first phase of the project to modernise and revitalise the textile industry has been completed.

This includes the operationalisation of key facilities like Ghazl 4 and Ghazl 1, as well as additional textile preparation factories and the construction of power generation infrastructure to support operations.

The next phases include expansion of the modernisation efforts to facilities in El-Mahalla, Kafr El-Dawar, Damietta, Mansoura, Minya and Helwan, domestic media outlets reported.

The second phase is scheduled to be completed by mid-2025, with the entire project anticipated to conclude by early 2026, the prime minister said.

The total cost of the project exceeds EGP 56 billion (~$1.1 billion). Of this, EGP 22 billion (~$0.432 billion) has been allocated for infrastructure development, with an additional EGP 640 million (~$12.6 million) invested in cutting-edge machinery and equipment.

The country’s textile industry once contributed nearly 40 per cent of the gross domestic product, but that share had fallen to just 2.5-3 per cent before the current revitalisation efforts began, the prime minister noted.

The revival plan aims at addressing every stage of the production process—from cotton ginning to fabric finishing—ensuring optimal utilisation of domestic cotton and reducing dependency on raw cotton exports.

Ghazl 4, the largest textile manufacturing facility in the world under one roof, hosts 188,000 spindles. Alongside Ghazl 1, it represents a significant leap in production capacity, with the latter alone producing 30-35 tonnes of textiles daily.

Source: fibre2fashion.com– Jan 01, 2025

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Global fiber market to reach $66.52 billion by 2030

The demand for stylish and high-performance fabrics is surging as consumers increasingly prioritize both aesthetics and functionality. At the heart of this demand lies the importance of yarn variety and quality, which play a pivotal role in determining texture, durability, and visual appeal. Reflecting this trend, the global blended fiber market, valued at $43.37 billion in 2023, is projected to reach $66.52 billion by 2030, growing at a CAGR of 6.3 per cent.

As per a report by Textile Today, blended fibers such as cotton-polyester, wool-polyester, and cotton-viscose are tailored with varying fiber percentages to achieve the perfect balance of properties like softness, durability, and breathability, serving diverse applications from clothing to home textiles.

Recent advancements highlight the potential of cotton-nylon blends, which offer a compelling mix of durability and cost efficiency. Nylon complements cotton by enhancing its strength, stretchability, and moisture management, countering cotton's natural tendency to stretch and lose shape over time. Research supports the benefits of blending synthetic fibers with cotton, noting improvements in strength and moisture-wicking capabilities. However, this innovation does not come without challenges.

Blending cotton with nylon introduces spinning complexities. Issues such as uneven fiber distribution can lead to yarn imperfections, while nylon's inherent stretch complicates processing. These challenges demand innovative solutions to optimise production and maximize the potential of cotton-nylon blends.

This study seeks to address the spinning challenges associated with cotton-nylon blended yarn production. By optimising fiber selection and spinning parameters, the research aims to enhance yarn quality and performance. The findings could pave the way for a new standard in blended yarns, offering a high-performance alternative for the textile industry while meeting the growing demand for durable, stylish fabrics.

Source: fashionatingworld.com– Jan 01, 2025

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Fashion Goes Dark: The rise of dark stores in apparel e-commerce

The rise of dark stores is transforming the e-commerce landscape, and the fashion and apparel sector is no exception. This analysis looks into the participation of this sector in the dark store model, its impact on e-commerce and traditional retail, and the potential for existing small apparel stores to become dark stores.

Fashion's growing presence in dark stores

While groceries remain the dominant category in quick commerce, fashion and apparel is emerging as a significant player. And it's a growing trend as platforms like Zepto are expanding their dark stores to include apparel alongside electronics, beauty products, and other categories.

While precise figures for fashion's share of the quick commerce market are scarce, anecdotal evidence and company statements suggest steady growth. Zepto, for instance, reports "steady growth and gaining momentum" in categories beyond groceries, including fashion.
Impact on e-commerce and small businesses

Dark stores are boosting e-commerce by enabling faster delivery times, a key factor in customer satisfaction and purchase decisions. This is particularly relevant for fashion, where immediacy and impulse purchases are common.

The impact on small apparel stores is twofold. First, dark stores pose a competitive threat by offering greater convenience and speed. Second small stores can potentially leverage the dark store model to expand their reach and compete more effectively.

Indeed, the prospect of converting existing small apparel stores into dark stores has many opportunities for brands. It helps to leverage existing locations for faster delivery in their immediate vicinity. It potentially reduces costs associated with in-store displays and customer service. It integrates offline and online operations, offering customers multiple touchpoints.

However, there are challenges as well as it requires investment in inventory management systems, order fulfilment processes, and delivery networks. Also, many small stores may lack the space for efficient order completion and storage. Moreover competing with established players with extensive networks and resources can be difficult for small stores.

Table: Data and projections

Aspect	**Current situation**	**Potential impact**
Dark Store Growth	Rapid expansion, with companies like Swiggy aiming to double their dark store area.	Increased density of dark stores will bring faster delivery times to more customers.
Fashion & Apparel Share	Growing steadily, driven by demand for quick delivery of apparel and accessories.	Could become a significant segment within the quick commerce market.
Impact on Small Businesses	Mixed; competition but also opportunities for collaboration and adaptation.	Potential for revitalization if small businesses can integrate into the dark store ecosystem.

Success story

US-based quick commerce platform GoPuff provides a relevant case study. Initially, focused on snacks and convenience items, GoPuff expanded into fashion and apparel through partnerships with brands like Champion, Lacoste, and Psycho Bunny. This move illustrates the potential for quick commerce to cater to fashion consumers' desire for speed and convenience.

However, the integration of fashion & apparel into the dark store model is still in its early stages but holds significant potential. While challenges remain, particularly for small businesses, the opportunities for growth and innovation are undeniable. The future of this sector lies in a hybrid model, where traditional retail coexists with dark stores, offering customers a seamless omnichannel experience.

Source: fashionatingworld.com– Jan 01, 2025

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Vietnam's trade with ASEAN up 13.9% YoY to over $76.3 bn over Jan-Nov

Vietnam's trade with other member states of the Association of Southeast Asian nations (ASEAN) reached over $76.3 billion over the first 11 months this year—up by 13.9 per cent year on year (YoY). The figure is behind those of China, the United States and South Korea.

Exports and imports were worth $33.8 billion and $42.4 billion respectively during the period, according to the General Department of Vietnam Customs.

Thailand was the biggest trade partner of Vietnam in the bloc, with trade worth $18 billion during the period, according to a domestic media outlet.

ASEAN nations invested $9.52 billion in the country in the period—up by 51.1 per cent YoY.

Singapore was the top investor, with a total registered capital of $9.13 billion, followed by Thailand with $178.52 million and Malaysia with $159.98 million.

Source: fibre2fashion.com– Dec 31, 2024

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Automation Causes 31 Percent Decline in Bangladesh's Garment Industry Workforce

The garment industry in Bangladesh faced a slew of problems in 2024. But one of its focuses for 2025 might be figuring out how to retain workers whose jobs have been negatively impacted by automation.

Joint research from the Bangladesh Labor Foundation (BLF), BRAC University and Solidaridad Network Asia shows that automation has started to slash garment worker jobs in Bangladesh's factories. The organizations said automation caused a 31 percent decline in Bangladesh's total ready-made garment (RMG) sector workforce. The majority of those workers, the organizations said, were helpers. Helpers typically take on tasks requiring lower skill levels in factories.

The BLF said automation could continue to place negative pressure on jobs in the RMG sector.

"While automation has boosted economic growth and productivity in the sector, it has simultaneously created significant challenges for RMG workers—especially women, older employees, less literate individuals and those lacking skills or confidence," the organization wrote in a Facebook post.

BLF highlighted that the study's findings only exacerbate the "urgent need" to work on what it calls "Just Transition" issues. Through that program, the BLF works to help guide workers vulnerable to climate change, automation, economic inequality and other social issues through an economic transition.

According to LightCastle Partners, women are much more likely to be employed as helpers in Bangladeshi factories than their male counterparts. So far, the hardest-hit subsectors of the industry have been sweater factories, which saw a 37 percent decline per production line, and woven factories which saw a 27 percent drop in their respective workforces.

Workers entrenched in the cutting stage of the garment manufacturing process were more likely to lose their jobs than those engaged in the sewing process.

While the cutting function saw a 48 percent decrease in the number of workers employed, sewing's decline came in at nearly 27 percent. The insistence on automation in Bangladesh's RMG sector doesn't seem to be letting up soon.

Earlier this year, LightCastle Partners research showed that eight in 10 Bangladeshi factory owners have plans to invest in automation within the next two years.

The research further noted that, on average, factories like these employ about 2,250 workers, but only 500 of those workers will be directly involved in automation implementation processes.

Because factory owners have shown a keen interest in automated systems, helping workers avert job loss may require upskilling or reorganization of roles. Experts say that, when implemented thoughtfully, automation can enrich workers' lives and foster business growth.

Figuring out to meld factories' interest in automation with garment workers' longstanding expertise could be a boon to Bangladesh in 2025. Vietnam's garment manufacturing star has only continued to rise; projections show it may soon overtake Bangladesh's spot as the No. 2 apparel exporter in the world, coming in right behind China.

According to The Daily Star, a Bangladeshi media outlet, Syed Sultan Uddin Ahmed, the chairman of the Labor Reform Commission, said that, unless owners help workers to adapt to automation's impacts, Bangladesh could become less competitive, as compared with peer countries competing for market share in garment exportation.

"It won't be fair to say that our workers would not be able to cope with the arrival of the machines. Rather, we have to take preparations on how to utilize the existing workforce," he said at an event highlighting the findings of the joint research.

The Daily Star reported that the government plans to launch an Employment Department, which may be able to help mitigate issues onslaught by hasty implementation of automation.

Source: sourcingjournal.com– Dec 31, 2024

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Pakistan's trade deficit swells to $2.44bn in December

Pakistan's merchandise trade deficit widened to $2.44 billion in December 2024, a 35 percent year-on-year increase and the highest level since April, according to data released Wednesday by the Pakistan Bureau of Statistics (PBS).

The rise in the deficit was largely driven by a sharp increase in imports, which reached a 27-month high.

Exports for December stood at $2.84 billion, reflecting a modest 0.67 percent YoY increase, while imports soared to $5.285 billion, registering a 14 percent YoY rise. Month-on-month (MoM) comparisons showed a 47 percent spike in the trade deficit compared to November's $1.667 billion, as imports grew by 17.4 percent while exports remained almost stagnant with a marginal 0.28 percent rise.

Exports showed little momentum, inching up from $2.833 billion in November 2024 to $2.841 billion in December. Analysts cite subdued global demand for Pakistan's key export items, such as textiles, as a key factor limiting growth. In contrast, imports skyrocketed, fueled by rising demand for essential commodities and raw materials, with the December figure of $5.28 billion being the highest since September 2022.

For the first half of the fiscal year 2024-25 (July-December), the trade deficit stood at $11.17 billion, up by a marginal 0.18 percent YoY compared to the same period last year. Exports during this period rose by 11 percent to $16.56 billion, while imports increased by 6.1 percent, reaching $27.7 billion.

While the first-half trade figures suggest stability, December's steep import bill threatens to unravel the tenuous balance. "The rising import trajectory is concerning, especially when paired with sluggish export growth," warned a senior economist.

The widening trade gap poses challenges for Pakistan's policymakers, who are grappling with multiple economic pressures.

Experts suggest targeted measures to boost exports, such as diversifying export products and exploring new markets. "Without a strategic focus on improving export competitiveness, the trade imbalance will continue to exert pressure on the economy," said an industry analyst.

Policymakers must find ways to strike a balance between sustaining essential imports and curbing the trade deficit, which remains a key driver of external account vulnerabilities.

The PBS also reported on trade in services for July-November of the current fiscal. The services sector, which includes information technology, financial services and professional consultancy, presents significant potential for growth, particularly in global markets.

Pakistan's services trade deficit showed signs of improvement during the first five months of fiscal year 2024-25 (July-November), shrinking to $1.15 billion, a 8.5 percent year-on-year (YoY) reduction compared to the $1.257 billion deficit recorded in the same period last year.

The improvement was driven by $3.27 billion in services exports, up by 7.6pc from $3.04 billion in the corresponding period of the previous fiscal year. Services imports, meanwhile, stood at $4.425 billion, increasing 2.9 percent than the $4.3 billion recorded last year.

In November 2024, the services trade deficit declined significantly to $152.9 million, a 42.4 percent reduction from October's $265.4 million. The decline was fueled by a 13.1 percent month-on-month (MoM) drop in services imports, which stood at $828.6 million in November compared to $953 million in October.

On the export side, November services exports dipped slightly by 1.76 percent to $675.7 million, down from $687.8 million in October. However, on a YoY basis, November exports rose 6.5 percent from $634.4 million in November 2023, reflecting a positive trend in Pakistan's services sector performance.

The YoY comparison for November 2024 shows a 4.6 percent increase in services imports, which rose to $828.6 million from $792 million in November 2023. Despite this rise, the concurrent growth in exports underscores improving efficiency in the services sector, which is critical for diversifying Pakistan's economic portfolio beyond traditional goods exports.

"The consistent improvement in services exports is encouraging, but there is a need for strategic investment to expand this sector further," said a senior trade analyst.

Source: thenews.com.pk– Jan 02, 2025

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NATIONAL NEWS

YEAR END REVIEW 2024 OF MINISTRY OF TEXTILES

The Indian Textile and Apparel Industry plays a crucial role in India's economic growth, boosting exports, creating jobs, empowering women and showcasing India's rich heritage and culture.

The industry contributes nearly 2% to the country's GDP, 10% to industrial production, and 8.21 %to India's overall exports. In terms of Global trade, India is the sixth largest exporter of textiles, with a 3.91% share in World Textile exports.

The domestic textile and apparel production is approximately US$175.7 billion. Exports accounted for US $ 35.87 bn to the sector (2023-24).

The textile sector is highly labour intensive. Overall the sector provides direct employment to over 45 million people, including a large number of women and the rural population.

This makes it the second largest employment generator in the country, next only to agriculture. The sector also has perfect alignment with the Government's overall objectives of Make in India, Skill India, Women's Empowerment, Rural Youth Employment and inclusive growth

COTTON SECTOR:

During the calendar year 2024, the average prices of kapas are hovering at MSP level due to subdued market condition. To support cotton farmers, Cotton corporation of India (CCI) has commenced MSP procurement operations from October 2024 and have already procured around 42.11 lakh bales, valuing Rs. 16,215 crore under MSP Operations upto 22.12.2024.

The total production under Cotton is at 1st Position globally. CCI has immensely supported the cotton farmers and with the above procurement under MSP operations have benefitted about 7.75 lakh cotton farmers in all cotton growing States. CCI has taken following initiatives for the benefits of cotton and textile sector:

- On spot Aadhar authentication (through OTP/biometric device) based farmer's registration made mandatory.
- Launched SMS service for payment to farmers from Cotton Season 2024-25. Once bill generated and payment confirmed, farmers receive notification on their mobile number linked to their Aadhaar.
- 100% payment directly in aadhar linked Bank Accounts of cotton farmers through National Automated Clearing House (NACH) to ensure MSP benefits goes to real cotton farmers.

Branding of Cotton: Kasturi Cotton India

Kasturi Cotton India's brand has been registered as a trademark to give a unique identity to Premium Quality Indian Cotton. Further, traceability of Kasturi Cotton would promote responsible sourcing and offer supply chain visibility of Indian cotton to international brands. A separate HSN code for ELS Cotton has also been introduced.

Kasturi Cotton Bharat programme of Ministry of Textiles is a pioneering effort in traceability, certification and branding of Indian cotton. This initiative, collaboration between the Government of India, trade bodies, and industry, was formalized with a budgetary support of Rs. 30 Crore including Rs.15 crores from Trade & Industry Bodies through a MoU signed on 15.12.2022 between CCI on behalf of Govt. of India, Ministry of Textiles and TEXPROCIL.

WOOL SECTOR:

For the holistic growth of the Wool Sector, the Ministry of Textiles has formulated a new integrated programme, i.e. Integrated Wool Development Programme, (IWDP) for implementation during the period of 15th Finance Commission i.e., from FY 2021-22 to 2025-26 with total financial allocation of Rs. 126 Crore through approval of its SFC meeting held on 15thJune 2021. IWDP scheme of MOT is Central Sector Scheme for Development of Wool Sector.

Click here for more details

Source: pib.gov.in– Jan 01, 2025

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'YEAR END REVIEW – 2024'- MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

Micro, Small and Medium Enterprises (MSME) sector, with more than 6.30 crore enterprises, has emerged as a highly vibrant and dynamic sector of the Indian economy, fostering entrepreneurship and generating employment opportunities at comparatively lower capital cost, next only to agriculture.

The Ministry of MSME, Government of India, in collaboration with various organizations & institutes has pioneered initiatives that promotes growth and development of the MSME sector, including Khadi, Village and Coir industries. These initiatives and programmes provide comprehensive support by focusing on key areas such as credit support, technological assistance, infrastructure development, skill development and training, enhancing competitiveness and market assistance.

The year 2024 has been marked by various milestone achievements by the Ministry of MSME, including the launch of new campaigns and initiatives, as well as collaborative MoUs with other countries for bilateral cooperation. It has been a remarkable year for the Ministry introducing several new programmes. Some of the key initiatives and achievements of the Ministry in the year 2024 are as under:

1. MAJOR INITIATIVES AND ACHIEVEMENTS DURING 2024:

1.1 PM VISHWAKARMA (National Event on 20.9.2024)

Hon'ble Prime Minister launched the PM Vishwakarma scheme on 17.09.2023, to prov ide end-to-end support to artisans and craftspeople of 18 trades who work with their hands and tools. Key Milestones (from 1st January 2024 to 30th December 2024) under the PM Vishwakarma scheme are as under:-

- Registrations: 24.77 lakh applications were successfully registered under the scheme.
- Skill Upgradation: 15.05 lakh beneficiaries have completed basic skill training.
- Credit Support: Rs. 2197.72 crore sanctioned to 2.54 lakh beneficiaries in the form of collateral-free loans at concessional rate of interest.

- Digital Incentive: 6.58 lakh beneficiaries are digitally enabled.
- Marketing support: 75 trade fairs and exhibitions organized across the country to promote artisans and their crafts & skills.

To commemorate the successful completion of one year of the PM Vishwakarma Scheme, a national event was held on 20.09.2024 at Wardha, Maharashtra. Hon'ble Prime Minister addressed the event and 18 selected PM Vishwakarma beneficiaries, from the 18 traditional trades, were awarded loans, a reflection of the tangible support provided by the Scheme to help artisans expand their businesses and upgrade their tools. The event was broadcast live across 550 locations attended by a sizable gathering of PM Vishwakarma beneficiaries.

1.2 Formalization of MSMEs:

A major thrust of the Government has been on formalization of enterprises. Formalization is an important enabler for providing an identity to the MSME enterprises and ease of doing business. As on 26.12.2024, as many as 5.70 crore MSMEs, with an employment of 24.14 crore are registered on Udyam Registration Portal and Udyam Assist Platform (UAP).

The Ministry of MSME, through its Development and Facilitation Offices (DFOs) and in coordination with the State Governments and other stakeholders has promoted special registration drives across the country. This effort has yielded significant results, which is evident from the accelerated growth in the number of registered enterprises.

Click here for more details

Source: pib.gov.in– Jan 01, 2025

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Manufacturing PMI dips to 12-month low at 56.4 in December

With the end of festive demand, the manufacturing sector slowed down as the Purchasing Managers' Index (PMI) dropped to a 12-month low at 56.4 in December, an S&P Global survey result showed on Thursday. However, the good news is that the job creation rate was the fastest in four months.

"The headline figure was down from 56.5 in November, but remained above its long-run average of 54.1, thereby, signalling a robust rate of growth," S&P Global said in a statement. The index is based on responses from purchasing executives of 400 companies in the manufacturing sector. Index above 50 means expansion, while a figure below 50 indicates contraction.

The survey statement said that not only did manufacturing employment increase for the tenth month in a row during December, but the rate of job creation also quickened to the fastest in four months. "Around one-in-ten companies recruited extra staff, while fewer than 2 per cent of firms shed jobs," the statement said. It may be noted that manufacturing is considered the biggest job multiplier.

Further, it said that with the sole exception of finished goods stocks, all final index readings for the manufacturing PMI survey came in below their 'flash' estimates. December data showed the sector improving to the least extent in 2024, amid softer increases in output, new orders and stocks of purchases.

Rates of growth remained substantial, however, underpinning further expansions in buying levels and employment. Meanwhile, cost pressures receded and were mild, but charge inflation remained historically high. At 56.4 in December, the seasonally adjusted PMI was at a 12-month low and indicated a weaker improvement in operating conditions, the statement said.

"India's manufacturing activity ended a strong 2024 on a soft note amidst more signs of a slowing trend, albeit moderate. The rate of expansion in new orders was the slowest in the year, suggesting weaker growth in future production.

That said, there was some uplift in the growth of new export orders, which rose at the fastest pace since July. The rise in input prices eased slightly, wrapping up a year when Indian manufacturers felt the strain of sharp cost pressures," Ines Lam, Economist at HSBC, said.

Meanwhile, the statement noted a renewed decline is post-production inventories. Moreover, the rate of contraction was the quickest seen in seven months. According to panel members, stocks were depleted due to high sales volumes. Capacity pressures among Indian manufacturers remained mild, as seen by another marginal increase in work, either pending completion or not-yet-started.

"Looking to 2025, Indian manufacturers were confident of a rise in output. Optimism reflected advertising, investment and expectation of favourable demand. Sentiment was nevertheless curbed by concerns around inflation and competitive pressures," the statement said.

Source: thehindubusinessline.com– Jan 02, 2025

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GST collection jumps 7.3% to ₹1.77 lakh crore in December

The gross GST collection rose 7.3 per cent year-on-year to ₹1.77 lakh crore in December.

The Central GST collection stood at ₹32,836 crore, State GST at ₹40,499 crore, Integrated IGST at ₹47,783 crore and Cess at ₹11,471 crore, according to government data released on Wednesday.

The total gross Goods and Services Tax (GST) revenue grew 7.3 per cent to ₹1.77 lakh crore in December as compared to ₹1.65 lakh crore in the same month a year ago, it said.

During the month under review, GST from domestic transactions grew 8.4 per cent to ₹1.32 lakh crore, while revenues from tax on imports rose about 4 per cent to ₹44,268 crore.

In November, GST mop-up was ₹1.82 lakh crore with 8.5 per cent annual growth. The highest-ever collection was in April 2024 at over ₹2.10 lakh crore.

During the month, refunds worth ₹22,490 crore were issued, registering 31 per cent increase over the year-ago period. After adjusting refunds, net GST collection increased by 3.3 per cent to ₹1.54 lakh crore.

Source: thehindubusinessline.com– Jan 01, 2025

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Shooting itself in the foot - again: This trade barrier hurts India more

President-elect Donald Trump has renewed his threat to impose a tariff wall on Indian imports to the US. One of the few recognisable threads knitting together the tangle that is Trump's long tenure in public life is a disdain for "unfair" tariffs. India is often singled out for failing to reciprocate America's generally low import taxes. If India charges us 100 per cent tariffs, Trump asked, do we charge them nothing for the same goods?

Trump was, however, barking up the wrong tree. The real problem with India's trade policy lies in a seemingly innocent administrative procedure that doesn't sound half as dangerous as tariffs. Most people operating in India today don't complain about import taxes so much as they do about non-tariff barriers to trade. In particular, companies are flummoxed by a new weapon in the bureaucrats' arsenal they call "Quality Control Orders."

QCOs are apparently innocuous demands that imports into India satisfy quality standards. In practice, however, they have become over the past two years an instrument to restrict imports and minimise competition. India's commerce minister said in October that more than 700 have already been issued; he's aiming for 2,500. They cover multiple goods — shoes, toys, steel, honey, chemicals. In private, officials say that something of the sort is vital to protect consumers from low-quality Chinese imports.

In practice, however, the QCOs actually target imports from everyone else as well. And they are completely unpredictable: Companies complain that new varieties and specifications are often arbitrarily added to the list. Nor are the certifying authorities — usually the sleepy Bureau of Indian Standards — in any way ready to deal with a deluge of applications from domestic and foreign companies. They simply don't have the capacity to keep up.

If India actually wanted to protect consumers, then it would — like many other nations — simply exempt goods from this requirement that had cleared regulatory and quality barriers in tightly monitored markets such as the European Union. It would be hard for any official to claim with a straight face that India has higher and more rigorously applied standards than the EU. The absence of exemptions of this sort reveals that the real aim of QCOs is to control imports without doing anything as provocative (to Trump and others) as raising tariffs.

Indian officials should know better. This country has had decades of experience with such import restrictions before liberalisation took hold three decades ago. The inevitable consequences include inflation, the growth of monopolies, failing small businesses, and a collapse in productivity and competitiveness.

Domestic industries are already beginning to point this out. Garment makers, for example, may be forced to use only local sources for their raw yarn or the chemicals with which they treat it. In effect, that would give some companies a monopoly and allow them to raise input prices limitlessly. The costs of complying with a QCO are so high, other sectors worry, that only the largest companies will be able to use imported goods in their value chain.

And yet others point out that their supply chain has now been fragmented — engineering goods exporters, for example, no longer know whether the specialty steels they might need will be imported or held at the border for failing to comply with QCOs. “Thousands of containers” of imported steel, some from China, are stuck at Indian ports — each one representing a contract that a local manufacturer has failed to fulfil.

QCOs are a classic example of an Indian specialty: self-harming policy, often produced with the best of intentions. The government knows that creating new jobs, particularly in manufacturing, must be its priority. That means nurturing small companies in the sectors that create a lot of jobs for every rupee spent. But the policies it chooses instead hurt labor-intensive sectors like garment and leather to protect big, capital-intensive firms such as steelmakers. Officials state that they know most new Indian jobs are created in petite firms; but they put into place policy that hurt them in order to protect larger ones.

And finally, they wind up causing companies to limit their ambitions, and thus the size of their factories, to match the Indian market and not the entire world — after all, who can risk signing an export deal when the imports you need to fulfil that contract might get held up by some officious port administrator?

Donald Trump needn’t worry that India’s trade policies are designed to benefit New Delhi at the expense of others. In fact, they’re set up to hurt us most of all.

Source: business-standard.com– Jan 02, 2025

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High interest rates declining export finance impacting exporters' competitiveness CII's Budhia

Indian exporters are grappling with significant liquidity challenges due to high interest rates and a decline in export finance, which are undermining their competitiveness, according to Sanjay Budhia, Chairman of the CII National Committee on EXIM.

To address these issues, he said, the government and banks must work together to provide effective solutions.

Budhia suggested the government extend the interest equalisation scheme, which ended on December 31, 2024, for three years for all manufacturing exporters, including MSMEs (micro, small and medium enterprises).

The longer period extension of the scheme would be a crucial step, as its limited extension leaves Indian manufacturers at a disadvantage, he added.

"Exporters are indeed facing significant challenges on the liquidity front, with high interest rates and declining export finance impacting their competitiveness," he told PTI.

MSME exporters, who form the backbone of India's export ecosystem, would benefit greatly from increasing the interest subsidy for pre- and post-shipment credit from 3 per cent to 5 per cent, particularly in key sectors such as leather, engineering, apparel, and gems and jewellery.

Apex exporters body Federation of Indian Export Organisations (FIEO) too has demanded that the government extend the scheme for five years in the forthcoming Budget, which is scheduled to be presented by Finance Minister Nirmala Sitharaman on February 1.

Further, he said that expanding Letter of Credit facilities for large overseas projects could provide much-needed support to exporters.

"Banks and financial institutions should work towards broadening the coverage under export credit guarantee programmes," Budhia, who is also MD of PATTON Group, said.

He noted that the Export Credit Guarantee Corporation of India (ECGC) currently provides 90 per cent insurance cover for exporters with a credit limit of up to Rs 50 crore.

"This coverage could be extended to Rs 100 crore, and more banks could be brought into the fold to ensure better access to credit, he said.

According to FIEO, there is a decline of 5 per cent in export credit between March 2022 (Rs 2,27,452 crore) and March 2024 (Rs 2,17,406 crore).

Export credit under PSL (priority sector lending) on July 1, 2022, was Rs 19,861 crore and it declined to Rs 11,721 crore on June 28 this year, which is a dip of over 40 per cent, FIEO has said.

Budhia also asked the government to streamline the implementation of the Remission of Duties and Taxes on Export Products (RoDTEP) scheme by transferring benefits directly to exporters' bank accounts, rather than through credit scrips, as it can reduce administrative delays and enhance efficiency.

"Government should validate the RoDTEP scheme for 3 years to provide long-term visibility to exporters to secure business," he said, adding that easy access to affordable credit remains crucial.

When asked about the impact of US President-elect Donald Trump's threat to impose reciprocal tariffs on Indian goods, Budhia said it could provide both challenges and opportunities for domestic exporters.

While such measures could disrupt specific trade flows, they also offer a unique chance for India to position itself strategically in the global supply chain, he said, adding that these reciprocal tariffs could lead to higher costs for Indian goods in the US market, particularly in price-sensitive sectors such as engineering, textiles, garments, and automotive components.

"This might reduce competitiveness, especially when compared to lower-cost producers or nations with preferential trade agreements. Additionally, any escalation in trade tensions could slow down overall demand, particularly in developed markets, further complicating growth prospects for Indian exporters," he said.

However, he said that these challenges also come with potential opportunities as well.

Tariffs imposed on competitors like China could create space for Indian exporters to gain market share in the US market, he said, adding that sectors such as consumer electronics, mobile phones, televisions and electrical equipment are well-positioned to fill supply chain gaps.

India's goods and services exports stood at USD 778 billion in 2023-24 and it is expected to cross USD 800 billion in 2024-25. The country is aiming to take the shipments to USD 2 trillion by 2030.

Commenting on the country's exports prospects this year, Hi-Tech Gears Chairman Deep Kapuria said that with the new administration assuming power under Trump in the US, the trade outlook in 2025 would be clouded by potential US policy shifts, including threat to increase tariffs that could disrupt global value chains and impact key trading partners.

According to UNCTAD's latest monthly trade update, countries with trade surpluses and higher tariffs could be more exposed to US trade policy shifts and India ticks both the boxes as per Trump, he said.

"Such unilateral measures are bound to invite retaliatory action and trigger ripple effects, impacting global trade adversely. Indian industry will have to factor this likely emerging scenario on the global trading landscape while making its trade strategy as prolonged geopolitical turbulence is already taking a toll on global trade," Kapuria said.

Source: theweek.in– Jan 02, 2025

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India's goods, services exports likely to cross USD 800 bn in 2024: GTRI

New Delhi: India's overall exports of goods and services in 2024 has estimated to cross USD 814 billion, an increase of 5.58 per cent, according to a report by economic think tank Global Trade Research Initiative (GTRI). In 2023, the country's merchandise and services exports stood at USD 768.5 billion.

This year, the report estimated that in 2024, merchandise exports are expected to reach USD 441.5 billion, showing a modest 2.34 per cent increase over USD 431.4 billion in the previous year.

In contrast, the services exports are estimated to grow by 10.31 per cent to USD 372.3 billion, up from USD 337.5 billion in 2023.

"India's total exports, encompassing merchandise and services, are projected to exceed USD 814 billion in 2024, reflecting a 5.58 per cent growth compared to USD 768.5 billion in 2023," it said.

GTRI Founder Ajay Srivastava said India's export landscape is undergoing a transformation that highlights both opportunities and vulnerabilities.

Sectors such as machinery and electronics are gaining prominence, with machinery's share in the export basket rising to 6.9 per cent in 2024 from 3.8 per cent in 2014 and electronics climbing to 7.9 per cent in 2024 from 3.3 per cent in 2014, he added.

"These trends underscore India's growing capabilities in higher-value sectors, a necessary shift for long-term export resilience," Srivastava said. Traditional sectors of exports, however, are witnessing a decline.

Textiles and garments, which accounted for 21.1 per cent of exports in 2004, now represent just 8 per cent, while gems and jewellery have dropped from 16.9 per cent in 2004 to 7.5 per cent in 2024.

"These declines not only reflect changing global demand but also point to India's struggle to remain competitive in labour-intensive industries," he said.

The coming year poses significant challenges for Indian exports, he cautioned, adding that the global trade growth remains sluggish, hampered by slow economic recovery in developed markets and geopolitical tensions like the Russia-Ukraine war and the Israel-Hamas conflict.

Disruptions in Red Sea shipping routes further exacerbate supply chain vulnerabilities.

Source: economictimes.com– Dec 31, 2024

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Indian retail sector sees 7% growth during festive season: RAI

Retailers Association of India (RAI) has announced a 7 per cent growth in the retail sector from October 7, 2024, to December 1, 2024, as per the findings of the 56th Retail Business Survey. This growth is compared to the festive period from October 2, 2023, to November 26, 2023.

The survey identifies key trends impacting different retail segments throughout various regions of the country.

"RAI's survey indicates a moderate growth of 7 per cent during the October-November festive season, falling short of the anticipated 10 per cent. Consumption growth has been subdued throughout the year, prompting retailers to boost business through promotional offers and encouraging festive purchases.

We are hopeful for stronger growth in 2025, as rising operational costs require a sustained growth trajectory to maintain profitability. Inflation, intensified competition, and limited spending, particularly by the lower middle-class population, remain significant challenges," Kumar Rajagopalan, CEO of RAI, said in a press release.

The survey further reveals that west India experienced the highest sales growth at 8 per cent, while north, south, and east India each recorded a 7 per cent increase.

Source: fibre2fashion.com– Jan 01, 2025

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Indian financial system showing resilience & stability: RBI's report

Indian economy and the domestic financial system are underpinned by strong macroeconomic fundamentals, healthy balance sheets of banks and non-banks, the Reserve Bank of India (RBI) said in its latest issue of the Financial Stability Report (FSR).

The report reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on the resilience of the Indian financial system and risks to financial stability.

The global economy and the financial system remain resilient. While near-term risks have receded, vulnerabilities such as stretched asset valuations, high public debt, prolonged geopolitical conflicts and risks from emerging technologies pose medium term risks to financial stability, said RBI in a press release.

The soundness of scheduled commercial banks (SCBs) has been bolstered by strong profitability, declining non-performing assets and adequate capital and liquidity buffers. Return on assets (RoA) and return on equity (RoE) are at decadal highs while the gross non-performing asset (GNPA) ratio has fallen to a multi-year low.

Macro stress tests demonstrate that most SCBs have adequate capital buffers relative to the regulatory minimum even under adverse stress scenarios. Stress tests also validate the resilience of mutual funds and clearing corporations.

Non-banking financial companies (NBFCs) remain healthy with sizable capital buffers, robust interest margins and earnings and improving asset quality. The consolidated solvency ratio of the insurance sector also remains above the minimum threshold limit, the release added.

Source: fibre2fashion.com– Dec 31, 2024

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Tiruppur garment units call for measures to control imports

The garment industry related industrial associations in Tiruppur have urged all the textile and garment industrial associations in the country to suggest to their members to stop importing goods from Bangladesh.

This was one of the resolutions passed at the all association meeting held in Tiruppur on December 28.

The Central government should protect the domestic fabric and garment manufacturers and exporters by imposing countervailing duties or anti-dumping duty on import of fabrics and garments from Bangladesh.

The manufacturers in Bangladesh get subsidies and these goods are imported by India without any duty. “The aim is to ensure fair competition and safeguard the interests of Indian manufacturers,” the resolution said.

Till these duties are imposed, the government should take interim measures. The textile and garment manufacturing associations across India should adopt a moral stance and voluntarily stop importing goods from Bangladesh.

The Indian textile and garment industry should support and encourage self reliance by stopping imports from Bangladesh, another resolution passed at the meeting said.

Source: thehindu.com– Dec 31, 2024

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MoUs worth Rs 18,500 cr investment potential inked in 7 mega textile parks: Govt

New Delhi: Investment MoUs with expected investment potential of over Rs 18,500 crore have been signed in the seven PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks, the textiles ministry said Wednesday. In its year end review, it said that the selected states and special purpose vehicles (SPV) have started activities to provide infrastructural facilities like water, power and road till the park gate.

“100% land acquired and handed over to SPV…Environment Clearance is available to PM MITRA sites in Gujarat, Uttar Pradesh, Tamil Nadu, Karnataka and Telangana,” the ministry said in a statement. The government has approved setting up of seven PM MITRA parks in greenfield/brownfield sites with world class infrastructure including plug and play facility with an outlay of Rs 4445 crore for a period of seven years upto 2027-28.

The textile industry contributes nearly 2% to the country’s GDP, 10% to industrial production, 8.21% to India’s overall exports and provides direct employment to over 45 million people. India is the sixth largest exporter of textiles, with a 3.91% share in world textile exports. The domestic textile and apparel production is approximately $175.7 billion. Exports accounted for $35.87 billion in 2023-24.

Cotton, silk

As per the statement, Cotton Corporation of India (CCI) has commenced MSP procurement operations from October 2024 and already procured around 42.11 lakh bales, valuing Rs 16,215 crore under MSP Operations upto December 22, 2024.

“The total production under cotton is at first position globally…and with the above procurement under MSP operations have benefitted about 7.75 lakh cotton farmers in all cotton growing states,” it said. Estimated employment generation in India’s silk sector increased to 94.8 lakh persons during 2023-24 from 78.50 lakh persons during 2013-14, according to the statement.

Source: economictimes.com– Jan 01, 2025

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MP textile mills association proposes zero waste, green PM Mitra park

Indore: In a bid to bolster industrial investment and development at the upcoming PM MITRA Park in Dhar district, Madhya Pradesh Textile Mills Association has called on the govt to establish the park as a zero waste generation hub, integrating renewable energy sources into its framework.

The association highlighted that creating a green environment in the PM MITRA Park may be pivotal in attracting foreign investments. They proposed implementing a single window mechanism to streamline the investment process for businesses looking to set up in the park in a memorandum to the Union Textile Minister Giriraj Singh.

The association advocates for the designation of the park as a green zone and emphasised the need for a single point of contact for all approvals, allowing investors to concentrate on their core operations without the burden of navigating bureaucratic hurdles.

"Basic amenities, including residential areas, educational institutions, shopping facilities, recreational areas and healthcare services, are deemed essential for the region surrounding the park to foster a conducive environment for investors and their employees. To stimulate the production of cotton garments and their exports, the govt should introduce a new Production Linked Incentive Scheme with a lower investment threshold and broader product coverage," said Shreyaskar Chaudhary, chairman of the association.

The association of textile mills also suggested planning a plug and play concept paired with skill development, infrastructure and dormitory facilities on-site to promote the textile sector and encourage small-scale investors. Industries said the technology upgradation scheme, which was in effect since 1998 with multiple amendments, expired in March 2022. Since the existing scheme expired on March 31, 2022, the modernization/technical upgradation of the textile industry was held up, and therefore, it is crucial that the new scheme is notified at the earliest.

Source: timesofindia.com– Jan 02, 2025

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