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Currency Watch			
USD	**EUR**	**GBP**	**JPY**
85.78	**88.42**	**106.56**	**0.55**

INTERNATIONAL NEWS

The United States year-end review 2024: Embracing the political change

The US Department of Commerce said in October that the US economy remained strong with an increase in real gross domestic product (GDP) and a rise in wages and consumer spending.

Earlier in September, S&P Global Ratings had predicted a 2.7 per cent expansion in US economy in 2024, and 1.8 per cent in 2025 on an annual average basis. These forecasts were 0.2 and 0.1 percentage point higher respectively, compared with the rating agency's June forecasts. Agency forecasts Q4, FY25 growth at 2 per cent, down from 3.1 per cent in same quarter last fiscal.

Additionally, the agency expected softening of real income growth, and observed the signs of slowdown in discretionary consumption. It saw inflation to stay slow in the coming months, and industrial production to remain flat quarter-on-quarter. It further estimated, at around 25 per cent, the probability of a recession starting within the next 12 months. In 2024, US businesses continued to face higher costs of capital and policy uncertainty, which limited capital expenditure and hiring.

Employment overview

The unemployment rate is likely to rise in the next several quarters to 4.5 per cent by the end of 2025, from the current 4.2 per cent, forecasts S&P Global in the same report. Analysing the employment situation in the country, S&P Global observed that the expansion of the labour force, rather than a fall in employment, caused a rise in the unemployment rate. This marked the key difference from the previous cycles at the start of recession.

According to the Bureau of Labour Statistics (BLS), the US economy added 254,000 jobs in the month of September. With the rate of unemployment at 4.1 per cent – the lowest average unemployment in 50 years, the number of unemployed stood at 6.8 million. The Department of Commerce found these figures exceeding the expectations.

It is reported that 16 million jobs were created under the outgoing government. The Department further said that over 700,000 new manufacturing jobs were created and over $910 billion in private manufacturing investments were announced nationwide in the industries of the future. Wages also continued to rise. The latest BLS estimates showed real average hourly earnings for all workers increased 0.2 per cent month-on-month and 1.3 per cent year-on-year in August. In September, the labour force participation rate was 62.7 per cent for the third consecutive month, and the employment-population ratio changed little at 60.2 per cent. The number of 5.7 million people, those not in the labour force but wanted a job, too changed little in September.

Half-yearly trade

On a half-yearly basis, between January and June 2024, the US imports of textiles and apparel declined 3.58 per cent to $49.349 billion from $51.178 billion during the same period of last calendar year. Apparel constitutes the bulk of the US textile imports, and it fell by 6.04 per cent to $35.748 billion from $38.044 billion last year, while non-apparel imports rose 3.55 per cent to $13.134 billion. Man-made fibre products dominated the imports at $25.235 billion, followed by cotton products at $20.697 billion, silk and vegetable fibre products at $1.889 billion, and wool products at $1.527 billion, according to the Office of Textiles and Apparel (OTEXA).

China continued to stay as the largest supplier with 24.26 per cent market share, followed by Vietnam with 14.78 per cent share. Among the top ten suppliers, only Cambodia showed an increase in apparel imports, growing 4.45 per cent to $1.52 billion. Meanwhile, imports from Mexico, Bangladesh, Indonesia, China and India fell by 11.24 per cent, 10.97 per cent, 9.75 per cent, 6.37 per cent and 2.64 per cent respectively.

During the same period, the exports of textiles and apparel from the US dropped 3.17 per cent to $11.5 billion. Mexico and Canada were the top export destinations, buying $6.1 billion and $4.2 billion worth of merchandise from the US respectively. At the same time, the inflation-impacted EU registered an 11.2 per cent drop in apparel consumption during the reported period, resulting in $1.2 billion in orders. The other significant export destinations were Honduras, China, the Dominican Republic, the UK, and Japan. Freight prices impacted the trade levels. With reduced water levels in the Panama Canal, the cost and duration of transit between Asia and the American East Coast increased, while security worries surrounding the Suez Canal raised container rates.

Upland cotton export

As of October 3, 2024, the net sales of Upland (short and medium staples) cotton in the US, for 2024-25 season, had totalled to 95,800 RB (Running Bales) with each bale weighing 226.8 kg or 500 pounds. Exports of Upland cotton during the period totalled to 107,100 RB, with Pakistan (26,800 RB), Mexico (15,000 RB), Vietnam (11,300 RB), China (9,700 RB), and Honduras (8,200 RB) emerging as the primary destinations. According to the USDA's export sales report for the week ending September 26, significant increases in Upland cotton sales were observed, particularly for Vietnam (29,100 RB, including a decrease of 6,900 RB), Pakistan (25,400 RB, including a decrease of 600 RB), Peru (14,000 RB), Guatemala (11,300 RB, including a decrease of 100 RB), and China (8,500 RB). However, the gains achieved in these territories were offset by reductions in sales to Malaysia (17,600 RB) and Japan (100 RB). Additionally, net sales of 39,600 RB for the 2025-26 season were destined for Malaysia.

As of the Pima cotton, the net sales amounted to 9,500 RB for the same season, for which increases were mainly noted for India (6,200 RB, including a decrease of 1,700 RB), Peru (1,000 RB), Djibouti (900 RB), Türkiye (500 RB), and Thailand (400 RB). Exports of Pima cotton reached 6,500 RB that included major destinations of India (4,500 RB), Bangladesh (800 RB), Pakistan (400 RB), Egypt (400 RB), and Japan (100 RB though with reduced sales).

Election outcome

The US had elections in 2024 and voted for electing a new President, results of which were expected to have impact on the US textile industry, with both contesting candidates holding similar trade policies that also include potential bans on Chinese imports. With Republican party coming to power, the trade policies and protectionism was expected to disrupt supply chains and increase costs, while a win for Democrats would mean more focus on higher corporate taxes that may raise production expenses. The US textile sector is reliant on imports hence needs trade agreements to sustain growth. At the time of this feature going into press, the Republican candidate was elected to be the next US President, who is scheduled to take oath on January 20, 2025.

Port strike

In October, the US East Coast and Gulf Coast port operators faced a 3-day strike by the dockworkers, resulting in a cargo backlog. The strike ended with the US Maritime Alliance and the International Longshoremen's Association reaching a tentative agreement on wages. The master contract was also extended till January 15, 2025. The negotiation on all other outstanding issues was to follow this truce. The development arrested further rise of freight charges at right time. Average spot rates on the most affected trade route from North Europe to US East Coast had reached $2,900 per FEU (40 ft equivalent unit) on October 4, increasing 58 per cent since the end of August.

The alternative trade route from North Europe to the US West Coast was also hit, where the average spot rates increased 48 per cent in the same period to reach $4,450 per FEU. However, the re-establishment of normal flow of goods was to take another 2- to 3-week time. As of October 4, there were 44 ships lined up and more than 120 on-route, to enter the affected ports. This was expected to impact schedules towards the end of 2024, and possibly into 2025 as well, in the run-up to Lunar New Year at the end of January which traditionally sees an increase in goods shipped out of the Far East.

Senate Bill 707

California's Responsible Textile Recovery Act of 2024 (Senate Bill or SB 707) was signed into a law by the US State's Governor. The legislation established the country's first EPR (Extended Producer Responsibility) textile recycling programme, and marked a significant step forward in the state's efforts to combat waste and promote sustainability. SB 707 mandates a framework for producers and other participants in the value chain to take responsibility for the entire lifecycle of their products and textiles, including repair, recycling and reuse of garments and fibres.

When implemented, it will not only reduce the amount of textiles sent to landfills, but also support the development of upcycling and recycling across California. It will additionally help address the environmental impacts of fast fashion and the throwaway culture which such a fashion has given birth to. It will also incentivise producers to adopt less wasteful production and greener designs.

Grower enrolment increased

The US textile industry reflected its growing commitment to sustainable practices when the US Cotton Trust Protocol achieved a remarkable 35 per cent increase in grower enrolment for the 2024 crop year. The Trust Protocol currently has 2.1 million acres of cotton under sustainable cultivation, which it aims to increase further. The Trust has plans to achieve this increase in its footprint mainly through the Climate Smart Cotton Program which targets the inclusion of historically underserved communities.

Key event

A semi-annual exhibition was held at the Javits Center in New York City in the month of July. The event was organised jointly by the Sub-Council of Textile Industry, China Council for the Promotion of International Trade (CCPIT), and Messe Frankfurt North America, in which more than 500 Chinese companies displayed their latest innovations and sustainability efforts. Of this, 137 companies had environmentally friendly certifications. All the Chinese supplies during the event had innovations and sustainability, a clear departure from the 'stigma' that is generally associated with Chinese products being of lower quality or the cheap fashion. The Chinese products have shown a change over the years as they get better and better from a quality perspective.

Source: fibre2fashion.com– Jan 04, 2025

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The United Kingdom year-end review 2024: Navigating the low phase

UK's GDP was reported to have grown by 0.2 per cent month-on-month in August 2024, following no growth in both June and July. Compared to GDP in August 2023, the growth was 1 per cent though. In the three months of June to August 2024, real GDP grew 0.2 per cent compared with the three months to May and 0.8 per cent year-on-year. The retail trade (excluding motor vehicles and motorcycles industry) was the largest contributor to the rise in consumer-facing services output in August as well as the three months to August. Production output grew 0.5 per cent m-o-m in August, following a revised fall of 0.7 per cent in July 2024. However, there was no growth in the three months to August. Three of the four main sectors in production output also saw growth in August, with the largest contribution to the growth being a 1.1-per cent m-o-m rise in manufacturing, following a fall of 1.2 per cent in July. Manufacturing output increased in nine of the 13 manufacturing sub-sectors in August.

Manufacturing Output

The results of third quarter Manufacturing Outlook Survey were released in September. Published by Make UK, the survey represented 307 UK manufacturers. Fifty-eight per cent of the surveyed companies believe that the change in government would lead to better economic growth overall in the next 12 months, and only 6 per cent expects GDP in 2024 to decline. This prompted Make UK to upgrade its forecast for 2025 from 0.8 per cent to 1.8 per cent. Make UK – a UK manufacturers' organisation, projected manufacturing growth of 0.5 per cent in 2024 and 0.8 per cent in 2025, downgrading from 1.2 per cent forecast in the previous quarter due to revisions by the Office of National Statistics (ONS). GDP is forecast to grow by 1.1 per cent and 1.8 per cent in 2024 and 2025 respectively. In this, the manufacturing output of the UK textile sector is expected to drop 7.7 per cent and 2.9 per cent in 2024 and 2025.

Second Quarter Trade

The UK's imports of clothing amounted to £1.188 billion (~$1.56 billion) in July, reducing 4.5 per cent from £1.244 billion in July 2023 despite registering an increase over £1.099 billion in June 2024. During the same month, textile imports increased 1.69 per cent to £479 million (~$616 million) y-o-y, and also grew from June's figure of £471 million.

Meanwhile, fibre imports reached £35 million versus £34 million of last year, also surpassing £30 million in June 2024.

For the second quarter, clothing imports dropped 5.75 per cent to £3.485 billion (~$4.53 billion) from £3.698 billion in Q2, FY23. The imports in the first quarter of 2024 stood at £3.278 billion. In April to June quarter, fabric imports amounted to £1.382 billion and textile fibres stood at £107 million against previous year's £1.439 billion and £108 million respectively.

The export performance in the month of July 2024 included clothing export of £259 million against £293 million in July 2023 and £297 million in June 2024; textile fabric export of £222 million versus £221 million last year and £243 million in June 2024; and fibre export of £68 million, up from £50 million. During the quarter, clothing exports totalled £837 million (£897 million in 2023 and £832 million in Q1, FY24), while textile fabric and fibres amounted to £712 million and £172 million respectively.

Consumer Price Index (CPI)

The ONS released CPI data in mid-August, according to which UK's CPI rose 2.2 per cent in the 12 months ending in July 2024, up from 2 per cent in June. However, on a monthly basis, CPI fell 0.2 per cent in July compared with a fall of 0.4 per cent in July 2023. The data also revealed that core CPI, excluding energy, food, alcohol and tobacco, increased 3.3 per cent in the same 12 month-period but was down from 3.5 per cent in June. The CPI goods annual rate improved from (-)1.4 per cent to (-)0.6 per cent. Meanwhile, the CPI for clothing and footwear rose 2.1 per cent in the 12 months to July 2024, staying up from 1.6 per cent in June. On a monthly basis, this index fell 1.7 per cent in July, compared with a fall of 2.2 per cent in July last year.

Employment Situation

UK employment and unemployment rate for the May-July period in 2024 were 74.8 per cent and 4.1 per cent respectively. Both were below estimates for the same period in 2023. The ONS release mentioned the country's economic inactivity rate at 21.9 per cent, above estimates of the year-ago, for the same period. It decreased across all age groups between 16 and 64 years. Total actual weekly hours worked during the period increased to 1.06 billion hours, also above prior year levels, driven largely because of increase in women's working hours. The number of those unemployed for up to 12 months decreased, dropping below the previous year's levels. This number also decreased in the quarter but remained above estimates for the year-ago period. Estimates for payrolled employees in the UK decreased by 6,000 between June and July but rose by 203,000 (0.7 per cent) between July 2023 and July 2024.

Employment Rights Bill

The Employment Rights Bill was introduced on October 10, 2024, within 100 days of the new government coming to the office after elections in July. The bill aims to help deliver economic security and growth to businesses, workers and communities across the UK. The bill removed the existing two-year qualifying period for protections from unfair dismissal, allowing all workers to have protections from the day one on the job.

The government will also consult on a new statutory probation period for new hires in the companies, in order to allow for a proper assessment of an employee's suitability to a role. The emphasis is on giving more people confidence to re-enter the job market or change careers, and eventually get the labour market moving again as jobs are essential to UK's economic growth. The data says that one in five UK businesses with more than 10 employees complain of staff shortages.

The bill encompasses 28 individual employment reforms, including the strengthening of the statutory sick pay by removing the lower earnings limit for all workers and cutting out the waiting period before sick pay kicks in.

Wherever practical, the flexible working will be enforced to make workplace more compatible with people's lives. Large companies will be required to address gender pay gaps, support employees through the menopause, and ensure protections against dismissal of pregnant women and new mothers.

A new Fair Work Agency, bringing together existing enforcement bodies, will also be established. The agency will enforce rights such as holiday pay and also support employers looking for guidance on how to comply with the law. The intention is to keep people in work for longer tenure on the one hand, and reduce recruitment costs for employers by increasing staff retention on the other.

Transition To Net Zero

In its Autumn Budget Submission, the Confederation of British Industry (CBI) urged the government to build confidence in the transition to net zero by utilising tax incentives which can drive investment into high-growth green technologies. It was further suggested by the trade body to bolster business certainty with a Business Tax Roadmap alongside long-term business rates reform. The CBI is of the view that the government can accelerate the transition to Net Zero by linking the UK and EU carbon pricing systems. This, while improving the attractiveness of the emissions trading market, will also accelerate decarbonisation as a linkage of these two systems would prevent carbon leakage and prevent costly implementation of the Carbon Border Adjustment Mechanism. It stressed on the need for making green tax incentives part of a comprehensive strategy to promote high-growth green technologies. A new Green Innovation Credit, a 10-per cent corporation tax rate for green profits as well as an enhanced green super-deduction would help unlock private sector R&D and ensure the UK remains internationally competitive as it seizes the prize of green growth.

Natural Fibres Under Scrutiny

It is generally understood that the natural textile fibres used in fashion are more environment friendly than synthetic fibres due to their natural origins. As they still represent more than 70 per cent of all fibres found in the environment, they may be less biodegradable than expected hence may significantly affect health of ecosystems. In the same regard, a group of academics urged the environmental scholars to focus more on the environmental sustainability issues associated with natural textile fibres. They called for changes in the way research is conducted into fibre and textile pollution since very little is known about environmental impact of natural fibres and their toxicity. S

o far, the research in microfibers and textile pollution has been mainly focused on plastic or synthetic materials only, while modifications to natural fibres to textile applications can alter their chemical structure, resulting in a slower rate of biodegradation or run the risk of chemicals leeching into the environment. Thus, exclusion of natural fibres in fibre pollution research ends up promoting misinformed sustainability policies. The demand now is to explore the potential risks associated with the persistence, toxicity and chemical load of natural fibres. This will require interdisciplinary academics collaborations, such as from the field of forensic science and forensic fibre specialists, as well as integration of expertise from outside environmental science. This also calls for scientific community to work on standardising terminology as definitions are not consistent within research literature. The standardised definitions will make knowledge exchange easier and more transparent, the academics opined.

CPTPP membership

According to an early September reporting, the UK had secured the sixth and final ratification needed to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) which is a major free trade area spanning five continents. The sixth ratification came from Peru, after ratifications from Japan, Singapore, Chile, New Zealand and Vietnam, recognising UK's accession and paved the way for the agreement to officially enter into force by December 15, 2024. The CPTPP membership will allow over 99 per cent of the current UK goods exports to CPTPP countries become tariff-free, potentially boosting UK's economy by around £2 billion (~$2.63 billion) annually by 2040. By acceding to this agreement, the UK will be well positioned to shape its future development, from influencing the development of the CPTPP rulebook to championing the group's expansion to new economies.

Fabric Digitisation Centre

In August, Arts University Bournemouth (AUB) launched the UK's first Fabric Digitisation Centre, (FDC) housed within its Innovation Studio, which aims to cater to growing demand for advanced material digitisation and testing services within the fashion industry. The innovative facility will significantly enhance the quality of digital materials available for 3D design software programmes such as CLO and Browzwear. By providing high-quality digital fabrics, the centre aims to support the UK's advancement in cutting-edge 3D design technologies. In the same regard, the centre will utilise state-of-the-art technology to convert real-life fabrics into 3D digital fabrics by capturing surface texture and physical parameters. The FDC will make it easier and faster for UK fashion businesses to adopt sustainable practices by reducing waste and enhancing resource efficiency.

Source: fibre2fashion.com– Jan 03, 2025

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Global manufacturing sector back into contraction in Dec: PMI data

The global manufacturing sector fell back into contraction at the end of last year, with output and new orders declining in December following slight increases, according to S&P Global Market Intelligence.

Regional variations were again marked, with business conditions affected by the possibility of US tariffs being imposed in the coming year.

The J.P. Morgan global manufacturing purchasing managers' index (PMI) posted 49.6 in December, down from 50 in November.

Although the rate of deterioration signalled by the latest figure was only modest, this was the fifth decline during the past six months.

Four out of five PMI components—output, new orders, employment and stocks of purchases—were at levels consistent with a deterioration in overall operating conditions. Only a lengthening of supplier delivery times had a positive impact on the PMI.

Manufacturing production fell slightly in December. The rate of decline was only modest and, when taken together with the marginal gains seen in October and November, suggested output broadly stagnated over the final quarter as a whole.

Production rose in just 13 of the 30 nations for which December PMI data were available.

India reported the strongest expansion of output, followed by the Philippines, Spain, Greece, Taiwan and Canada. The solid performances of Greece and Spain bucked the trend of the wider eurozone manufacturing sector, where the rate of contraction was the steepest for 14 months on an average.

France, Germany and Austria saw the sharpest declines of all the nations covered. Steep downturns were also registered in the United States and the United Kingdom, with rates of contraction hitting 18- and 11-month records respectively. Production fell slightly in Japan but registered a mild uptick in China.

International trade volumes fell for the seventh consecutive month in December. Only eight nations covered saw new export orders increase: Spain, Russia, India, Taiwan, South Korea, Indonesia, the Philippines and Greece, a release from S&P Global Market Intelligence said.

The outlook for global manufacturing also remained subdued in December, with business sentiment dipping to a three-month low. This filtered through to hiring decisions, with employment falling for the fifth month running.

Among the major industrial regions covered, job losses were seen in the euro area and China, in contrast to growth in the United States and Japan.

Input cost inflation accelerated to a four-month high in December. Selling price inflation, meanwhile, eased to a nine-month low.

Source: fibre2fashion.com– Jan 04, 2025

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How Mexico's New 19% Tariff Targets Imports From Shein and Temu

Mexico has unveiled yet another slate of tariffs on foreign goods to start the year as the country aims to keep a better eye on products from Asia shipped within its borders—potentially adding another hurdle for Shein and Temu in their penetration of the North American e-commerce market.

The Mexican government's Tax Administration Service (SAT) slapped 19 percent tariffs on all imported merchandise shipped via couriers from countries without an international trade agreement with Mexico, such as China.

Mexico's trade agreement partners U.S. and Canada—joint members of the U.S.-Mexico-Canada Agreement (USMCA)—will see a 17 percent duty for products valued between $50 and $117. For products between $1 and $50, the 19 percent tariff will be maintained.

These tariffs went into effect Wednesday.

Previously, countries were not required to pay duties on goods of those low values, according to the SAT.

"With these actions, the SAT reaffirms its commitment to provide the best service to taxpayers in order to comply with their tax obligations, increase revenue, reduce tax evasion and avoidance and combat smuggling," the agency said in its statement.

The tax authority said the tariffs will strengthen the agency's battle against "abusive practices," as Mexico looks to stave off the importation of tax-evading products. The new measures also are timed less than three weeks before U.S. President-elect Donald Trump's inauguration. Trump has threatened 25 percent tariffs on all goods from both Mexico and Canada, with the soon-to-be 47th president long been critical of the country's handling of immigration and border protection.

The president-elect has voiced concern over Chinese companies using Mexico as a back door to enter the U.S. market, arguing that it can affect local production and jobs.

Shein and Temu, both of which have supply chains and production capabilities firmly rooted and embedded in China, have leveraged tax-free imports into North America largely by shipping low-value goods directly either to U.S. consumers, or to warehouses set up in Mexico and Canada.

The two e-commerce giants wouldn't be the only companies that will have to adapt to the new tariffs, as U.S. retail giants that ship low-value goods from China to Mexico like Walmart and Amazon would still have to pay some variation of the tariffs

American lawmakers have sought to reform the Section 321 de minimis provision leveraged by the major online players—which allows foreign shipments worth $800 or less to enter the U.S. market duty free. Lawmakers, law enforcement and U.S. businesses alike have been critical of the provision on the grounds that it is anticompetitive for many U.S.-based e-commerce businesses, and that it could be exploited for drug trafficking into the U.S.

U.S. opinion aside, the Mexican government has had its own recent concerns over the impacts resulting from the flood of Asia-originated goods into its country, leading to additional protectionist trade initiatives.

SAT's announcement came days after Mexican President Claudia Sheinbaum temporarily escalated tariffs on finished clothing products and textiles through April 22 as the government sought to protect the country's textile manufacturing industry from unfair competition.

Under Sheinbaum's decree, jackets, dresses and shirts will now have a 35 percent tariff attached, up from the prior 20-to-25 percent range. Additionally, duties on textiles like denim and polyester fibers will increase from a current 10 percent to 15 percent.

Those tariffs will not be levied against the U.S. and Canada.

On top of the tariffs, Sheinbaum's decree restricted duty-free finished apparel from entering the country if it was intended to be re-exported to the U.S. through Mexico's IMMEX import program.

The IMMEX program was initially designed to enable foreign companies to operate and manufacture in Mexico with low-tax structures and reduced labor costs. But Mexico's economy minister Marcelo Ebrard said when the decree was announced Dec. 19 that the program was being abused by bad actors who were importing finished goods under the guise of raw materials to then export to the U.S.

The sector experienced a loss of over 79,000 jobs and saw a 4.8 percent contract in its gross domestic product contribution, amounting to a loss of 1.1 billion pesos ($53.6 million).

Closing this loophole has already had a significant impact on U.S.-based apparel businesses that use the program to bring goods into Mexico duty-free, as they have since had to scramble to find alternatives to import merchandise into the U.S.

Source: sourcingjournal.com– Jan 03, 2025

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Wrap-Up Report 2024: The global denim fabric sector in all about transformation and resilience

The global denim fabric sector was marked by both challenges and opportunities in 2024. While the industry grappled with economic slowdown changing customer choices, it also saw a lot of innovation and a renewed focus on sustainability. Here is a look at the key trends, challenges, and triumphs of the denim fabric sector in 2024, and outlook for 2025.

What influenced the sector in 2024

Several factors played a crucial role in shaping the denim fabric landscape in 2024.

Sustainability took center stage: The demand for eco-friendly denim continued to increase, with growing consumer awareness and stricter environmental regulations. Brands and manufacturers actively sought sustainable solutions, including organic cotton, recycled materials, and water-saving technologies. For example, Lenzing Group's Tencel branded lyocell fibers gained popularity in the denim industry due to their sustainability and performance benefits.

Made from wood pulp sourced from sustainably managed forests, Tencel fibers offer softness, breathability, and reduced environmental impact. As Tricia Carey, Director of Global Business Development - Denim, Lenzing Group puts it, "Sustainability is no longer a trend it is a necessity. Consumers are demanding it, and brands are responding. The denim industry is undergoing a transformation, and those who embrace sustainable practices will thrive."

Premiumization in focus: The rise of premium denim, characterized by high-quality materials, innovative designs, and superior craftsmanship, gained further momentum. Consumers showed a willingness to invest in durable, comfortable, and stylish denim fabrics.

Supply chain disruptions: The lingering effects of the pandemic, coupled with geopolitical tensions, led to supply chain disruptions and increased raw material costs. This posed a significant challenge for manufacturers, impacting production and pricing strategies.

Technological advancements: Innovation in denim technology continued to drive the industry forward. New dyeing techniques, laser treatments, and smart fabrics enhanced the functionality and aesthetics of denim, catering to evolving consumer demands.

Production, consumption and trade

While the denim fabric sector faced issues, it showed resilience and adaptability. Overall, the industry performed in line with projections, with some segments exceeding expectations.

Global production: Denim fabric production remained stable, with key players in Asia, particularly China and India, maintaining their dominance. However, rising production costs and supply chain challenges impacted output in some regions.

Consumption and demand: Despite economic uncertainties, consumer demand for denim remained strong. The casualization of fashion and the versatility of denim contributed to its continued popularity. However, growth in demand varied across regions and market segments.

Global trade: Global trade in denim fabric witnessed moderate growth, with key exporting countries like China, India, and Pakistan catering to the demand from major consuming markets in Europe and North America. However, trade flows were impacted by geopolitical factors and shifting sourcing strategies.

To provide a clearer picture of the global trade landscape, let's examine the export and import data for key countries:

Table 1: Top denim fabric exporting countries (2024)

Rank	**Country**	**Export value ($ bn)**	**Market share (%)**
1	China	12.5	35.2
2	India	8.2	23.1
3	Pakistan	4.8	13.5
4	Turkey	3.1	8.7
5	Bangladesh	2.9	8.2
Others		3.5	9.3
Total		35	100

Source: Eurostat, Statistia, USITC, Ministry of Finance, Japan, General Department of Vietnam Customs, Secretaría de Economía, Mexico

The tables show China remains the dominant player in denim fabric exports, leveraging its large-scale production capacity and competitive pricing. India and Pakistan are also major exporters, catering to the growing demand for value-oriented denim fabrics.

The EU and the US are the largest importers of denim fabric, reflecting the strong consumer demand for denim apparel in these regions. Emerging markets like Vietnam and Mexico are witnessing significant growth in both denim fabric imports and exports, indicating their increasing role in the global denim supply chain. Countries like Bangladesh and Vietnam emerged as winners in the global denim trade, capitalizing on their competitive labor costs and growing manufacturing capabilities. They successfully attracted orders from brands seeking to diversify their sourcing base. On the other end of the spectrum, some traditional denim-producing countries, such as Italy and Turkey, faced challenges due to higher production costs and competition from emerging markets. They focused on niche segments and high-value products to maintain their position in the market.

Table 2: Top Denim Fabric Importing Countries (2024)

Rank	**Country**	**Import value ($ bn)**	**Market share (%)**
1	European Union	10.8	30.9
2	United States	8.5	24.3
3	Japan	3.2	9.1
4	Vietnam	2.8	8
5	Mexico	2.5	7.1
Others		7.2	20.6
Total		**35**	**100**

Source: Eurostat, Statistia, USITC, Ministry of Finance, Japan, General Department of Vietnam Customs, Secretaría de Economía, Mexico

Outlook for 2025

Looking ahead, several factors will drive change and create opportunities in the denim fabric sector in 2025.

First the transition towards a circular economy will gain further traction, with a focus on recycling, upcycling, and reducing waste throughout the denim supply chain. The adoption of digital technologies, such as 3D printing and AI-powered design tools, will revolutionize denim manufacturing, enabling greater efficiency, customization, and sustainability.

Growing demand for personalized denim will continue to grow, prompting brands and manufacturers to offer customized fits, washes, and finishes. At the sametime consumers will increasingly demand transparency and traceability in the denim supply chain, seeking information about the origin, production processes, and environmental impact of their denim products.

Meanwhile the global denim fabric market is projected to witness steady growth in 2025, with increasing demand from emerging markets and the continued popularity of denim across various fashion segments. Brands and manufacturers that prioritize sustainability and embrace circular economy principles will gain a competitive advantage.

Investing in R&D, with focus on sustainable dyeing and finishing among others will be crucial for companies to stay ahead of the curve. And most importantly, collaboration across the denim supply chain will be essential to address challenges and drive innovation. Partnerships between brands, manufacturers, and technology providers will foster sustainable and efficient production practices.

To sum up while economic uncertainties and supply chain disruptions persisted, the industry continued to innovate and prioritize sustainability. Looking ahead, the outlook for 2025 is positive, with opportunities for growth and transformation driven by circular economy principles, digitalization, and consumer demand for personalized and transparent denim products. By embracing innovation and collaboration, the denim fabric sector can navigate the challenges and capitalize on the opportunities that lie ahead, ensuring a sustainable and prosperous future.

Source: fashionatingworld.com– Jan 03, 2025

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Manufacturing conditions deteriorate in eurozone in Dec: PMI survey

December's Hamburg Commercial bank (HCOB) purchasing managers' index (PMI) survey for the eurozone signalled another month of deteriorating manufacturing sector conditions, stretching the current sequence of decline to two-and-a-half years.

At 45.1, the PMI posted its thirtieth successive sub-50 reading in the month, dropping fractionally from 45.2 in November to a three-month low.

Last year closed off with accelerated contractions in both new orders and output, while sharp reductions were made to purchasing activity and inventories of inputs.

Factory employment levels also continued on a downward trend, but there was a modest improvement in business confidence as growth expectations hit a four-month high, a release from S&P Global Ratings released.

Factory costs in the eurozone held steady. For a fourth consecutive month in December, prices charged for manufactured goods declined.

December's results showed considerable divergence. Countries located in the south of the zone continued to outperform, with Spain and Greece showing stronger improvements in manufacturing sector conditions.

Expansions there were more than offset, however, by the big-three of Germany, France and Italy, which all posted deteriorations once again. Most notable was France, which saw its manufacturing PMI sink to its lowest level since May 2020.

Demand for eurozone goods fell once again at the end of 2024. The rate of contraction quickened and was broadly in line with that seen on average across the current 32-month sequence of deteriorating sales.

A softer decrease in new export orders implied that December's faster drop in new business was domestically driven. Sales to international customers fell at the softest pace in four months in December 2024.

Production volumes continued to decrease across the eurozone manufacturing industry. In fact, December's drop in output was the steepest since October 2023.

Firms were able to uphold output volumes somewhat. Support came from companies' backlogs, which declined sharply and at a faster pace when compared to the previous month.

Eurozone factory employment levels remained in contraction, extending the current period of job losses to just over a year-and-a-half. The extent to which workforce numbers fell eased slightly but was nevertheless marked.

Another steep monthly fall in purchasing activity was registered during December last year. Lower input buying came in tandem with another sharp drop in eurozone manufacturers' pre-production inventories.

December's reduction in stocks was among the strongest since 2009. Volumes of finished goods held in warehouses also dropped. Prices paid by eurozone manufacturers were unchanged on the month.

Surveyed businesses looked ahead to the future with increased optimism in December, with growth expectations for the next 12 months at their strongest in four months. However, when compared with the series average, business confidence remained subdued.

Source: fibre2fashion.com– Jan 04, 2025

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Korea's textile industry to face sluggish business conditions in 2025

Korea's textile industry is projected to face continued sluggish business conditions in 2025, with a decline in exports and production output.

Data from the Korea Institute of Industrial Economics and Trade and the Korea Federation of Textile Industries, shows, exports in the textile and fashion industry are expected to stagnate by 1.9 per cent Y-o-Y, totaling $10.34 billion.

The increase in Chinese textile product dumping has further reduced the market share of Korean textile products both domestically and internationally.

With Donald Trump returning to power, he is set to introduce high tariffs on Chinese products, leading to a rise in Chinese dumping across Southeast Asia, intensifying competition for Korean companies. Additionally, European fashion brands increasingly favor suppliers within Europe to stabilize their supply chains, further disadvantaging Korean manufacturers.

The output of Korea's textile industry is expected to decline, particularly in the general-purpose sector.

The Korea Institute of Industrial Economics and Trade predicts a 1.0 per cent Y-o-Y decline in output, amounting to 52.6 trillion won in 2025. This downturn is attributed to reduced utilization rates and declining production volumes due to weaker demand for domestic textile products.

Despite these challenges, the chemical fiber sector offers a silver lining. Kolon Industries is poised for improved performance in 2025, driven by strong fundamentals and growth in industrial materials.

The company's facility expansion and a recovery in aramid demand are expected to bolster its industrial materials segment.

Similarly, HS effectiveness, supported by its global leadership in tire reinforcement, is predicted to perform solidly. Rising tire demand from European customers is likely to further boost this segment.

While Korea's textile industry faces significant headwinds from global competition, protectionist policies, and shifting supply chain preferences, the chemical fiber sector's positive outlook highlights opportunities for growth in niche markets.

As the industry navigates these challenges, a focus on innovation and specialized products may be key to sustaining long-term growth.

Source: fashionatingworld.com– Jan 02, 2025

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Turkiye's apparel exports drop 3.96% YoY in Jan-Nov 2024

Turkiye's apparel exports declined by 3.96 per cent year-on-year (YoY) during January–November 2024, totalling $16,228 million compared to $16,898 million in the same period of 2023, according to data from the Turkish Statistical Institute and the Ministry of Trade. However, exports grew by 8.02 per cent in November 2024.

Exports of knitted and crocheted clothing and accessories (HS Chapter 61) decreased by 1.1 per cent to $9,358.250 million, down from $9,466.252 million in January–November 2023. Non-knitted apparel and accessories (HS Chapter 62) experienced a 7.6 per cent decline, falling to $6,870.809 million from $7,432.327 million during the same period last year, as per the trade report on the top twenty chapters.

In November 2024, Turkiye's garment exports rose by 8.02 per cent to $1,480.022 million. Exports of knitted and crocheted clothing and accessories increased by 9.9 per cent to $890.957 million, compared to $810.371 million in November 2023. However, non-knitted apparel and accessories saw a 5.2 per cent increase, rising from $559.945 million in November 2023 to $589.065 million in November 2024.

Among the top 20 product chapters imported by Turkiye, no textiles-related chapter appeared in November 2024. However, the inbound shipment of non-knitted and crocheted goods and articles (HS Chapter 62) grew by 17.0 per cent to $1,635.267 million in January–October 2024, compared to $1,397.559 million in January–October 2023.

In 2023, Turkiye's apparel exports fell by 5.86 per cent to $18.321 billion, compared to $19.463 billion in 2022, following $18.294 billion in 2021.

Source: fibre2fashion.com– Jan 04, 2025

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‘European brands increase pressure’: Turkish textile industry shifts focus to Egypt

President of the Turkish Clothing Manufacturers Association (TGSD), Ramazan Kaya, stated that European clothing brands are pressuring Türkiye’s textile industry to move production to Egypt because of lower costs, signaling a critical transformation for the sector.

Kaya evaluated Turkish denim manufacturer Denim Rise’s most recent $8.8 million investment in a ready-to-wear production facility in Egypt’s West Kantara Industrial Zone, which will employ 1,000 people, in an interview with the business-focused patronlardunyasi.com. He explained that the industry is evolving toward a model where value-added production stays in Türkiye while labor-intensive operations shift to Egypt.

“In textiles, almost everyone is heading to Egypt, examining opportunities, and making investment decisions.

Egypt’s free trade agreement with the U.S. is a major draw. European brands working with Turkish producers are also pressuring them to expand into Egypt to extend contracts,” Kaya stated.

Highlighting lower labor costs, Kaya said, “In Egypt, the gross cost of a worker is $150, compared to $1,000 here, especially in labor-intensive sectors like denim; the shift to Egypt is accelerating.”

Kaya noted that companies investing in Egypt are maintaining their operations in Türkiye. He explained the pandemic emphasized the importance of “nearshoring” and “secure supply chains,” areas where Türkiye continues to hold a significant advantage.
Production in Egypt boosts exports but deepens Türkiye’s labor shortages

Huseyin Guzel, a member of Denim Rise’s Board of Directors, described the investment as an initial step toward exploring new markets, as the new facility would export 70% of its production.

Egypt continues to attract considerable investment from Türkiye by offering special incentives in its free zones, particularly for labor-intensive sectors, and leveraging its trade agreements. Last year, Eroglu Holding signed a deal for a factory in the same region, initiating a project to produce 7.2 million jeans annually, as this $40 million investment is expected to create 3,000 jobs.

On the other hand, this shift reflects on employment losses as the textile and ready-to-wear sectors—key drivers of Turkish exports—have shed 250,000 jobs over the past year.

Source: turkiyetoday.com– Jan 03, 2025

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Cambodia exports garments worth $675 million to the United Kingdom

Driven by a rising demand for garments made in the country, the United Kingdom has significantly increased its apparel imports from Cambodia. Dominated by a growing demand for unisex apparel, the total value of these imports reached $675 million.

The garment industry in Cambodia benefits from competitive production costs and a strong compliance to international quality standards. The export-driven textile sector in the country attracts UK buyers on account of its affordable manufacturing and a growing demand for ethical and sustainable fashion in the country.

Reinforcing the country's position as an important player in the global trade, Cambodia's garment manufacturers continue to capitalize on the growing demand for versatile, inclusive and eco-friendly products in the UK with the country remaining a crucial market for Cambodia's apparel industry.

This trend is likely to continue with Cambodia's exports continuing to grow in the coming years UK remains a crucial market for Cambodia's apparel industry. This trend will continue in future too with Cambodia's exports growing further in the coming years. This growth will be driven by shift to high-quality production and growing emphasis on sustainability.

Source: fashionatingworld.com– Jan 02, 2025

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Sri Lanka: JAAF partners with international organizations

The Joint Apparel Association Forum (JAAF) of Sri Lanka has partnered with international organizations to train approximately 90 individuals in textile recycling and reuse, aligning the island's apparel industry with global sustainability standards.

Known as GTEX, this initiative is organized by the International Trade Centre (ITC) and funded by the Swiss State Secretariat for Economic Affairs (SECO). It began with a training-of-trainers program attended by 19 Sri Lankan academics, textile professionals, and government representatives.

Key sessions in the program focused on designing for circularity, enhancing reverse logistics for reuse and recycling, and exploring advanced textile recycling technologies and quality standards. These efforts aim to position Sri Lanka as a leader in the global movement for sustainable textiles.

This program helps the organizer equip Sri Lanka’s textile industry with the tools to stay competitive in global markets while addressing the urgent need for circularity, says Matthias Knappe, Head-Fibres, Textiles, and Clothing, ITC.

Looking ahead, GTEX Sri Lanka plans to train approximately 500 industry professionals and students in 2025 in widespread adoption of circular business models in the country’s apparel sector.

Highlighting the importance of this initiative, Yohan Lawrence, Secretary General, JAAF, states, an essential step, this initiative helps Sri Lanka’s apparel industry align with international standards and make it more resilient to global market demands.

Emphasising on the necessity of sustainability in today’s textile industry, this initiative equips Sri Lanka to meet the growing global demand for circular and environmentally friendly practices.

Source: fashionatingworld.com– Jan 03, 2025

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Bangladesh to raise VAT on branded clothing

The Bangladesh interim government's decision to hike valued-added tax (VAT) on 43 goods and services will mostly target high-income people and will not lead to rise in prices of essential commodities, the country's finance adviser Salehuddin Ahmed recently assured.

The products and services include posh garment outlets, powdered milk, biscuits, juice, mattresses, transformers, tissue papers, factory-manufactured pickles, mobile bills, internet bills as well as eateries offering services rated four-star and above, branded sweet stores, air fare and hotel rents.

The government has approved the hikes to bolster state revenues and not to meet the demands of the International Monetary Fund (IMF), he said.

The VAT for branded apparel outlets would rise from 7 per cent to 15 per cent.

In December, IMF demanded an overall VAT hike to 15 per cent in the country to release the fourth tranche of a $4.7 billion package.

Source: fibre2fashion.com– Jan 03, 2025

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Bangladesh: 'This Can't Go On': 200 BGMEA Members Demand Immediate Elections

More frustration is roiling the ranks of the Bangladesh Garment Manufacturers and Exporters Association over the leadership of the South Asian nation's apex trade group, which has been under administratorship since the interim-government-ordered dissolution of its board of directors in October over allegations of past vote-rigging and concerns about the future direction of the organization.

On Tuesday, some 200 factory owners turned up at the BGMEA conference hall in Chittagong to criticize the administrator's appointment and demand immediate elections. Insiders describe an overwhelming sense of disgruntlement that Md. Anwar Hossain, a public servant who is not a businessman, has been overstepping his legal authority by implementing reforms and other actions beyond what's necessary for day-to-day operations. Neither Hossain nor the support committee that has been tasked with assisting him responded to a request for comment.

Ershad Ullah, managing director of Mark Fashion Wear and former first president of the BGMEA, questioned if Hossain's job was to function as a "reformer" that implemented the "agenda of some interested quarters" or to hand over the reins of the BGMEA to a "free and fairly" elected committee within 120 days as he had promised. "His power or responsibility is to conduct the general daily work of BGMEA," he said. "But in reality, he is working beyond his scope, which is against the law."

Ullah said that Hossain had hired two external law firms, functioning outside of the BGMEA's own legal representation, because he "knew he would be conducting activities beyond his power and would have to fight legal battles for it, [i.e.,] wasting members' money," for instance by requiring suppliers to renew their factory licenses before applying for the renewal of their membership. "Members did not give him this power in any special general meeting," he said. "There is no precedent for this in BGMEA's history."

But Faisal Samad, managing director of Savartex Group and a former BGMEA vice president said there is nothing non-compliant about how the administrator is handling the transition. Membership reviews are part of the due process, he said. And because Hossain's support committee is also made up of former BGMEA board members, anything he does is with their consent.

“As far as immediate elections are concerned, they can only be held 90 days after the membership criteria has been checked and confirmed,” Samad said. “This would be in case of even in normal BGMEA elections. BGMEA elections are following due procedure and will be held in accordance with the rules. BGMEA elections need to be compliant, which means that membership vetting must be done properly as per the constitution and as per the requirements of any trade organization.”

Still, the disgruntled faction insists that only a factory owner should be heading the BGMEA and representing its members. One manufacturer, who asked not to be named because of potential backlash, said that Hossain was “increasing his own portfolio” by meeting with diplomats and other international representatives. “He got this position, so he should respect the position and do what he’s supposed to do,” the person said, adding that a similar meeting could be forthcoming in the capital of Dhaka. “He should not do anything other than what he’s supposed to do.”

That “work is stagnant and problems are increasing” for Bangladesh’s tentpole industry, which is responsible for nearly 85 percent of the country’s exports, is another problem, said Mohammed Abdus Salam, managing director of Asian Apparel and a former first vice president of the BGMEA. Bangladesh is still in the grip of political turmoil that began after student-led protests over quotas in government jobs last year exploded into a broader democratic reckoning that unseated former prime minister Sheikh Hasina. Factories continue to face liquidity challenges amid increasing manufacturing costs, intermittent port disruptions and ongoing worker unrest over unpaid and insufficient wages.

“These problems are all of ours [and] we need elected representatives to run the BGMEA to solve them; we all need to be united on this issue,” Salam said. “We don’t know why an administrator was appointed. The administrator appointed assistants, but we have become helpless. We can’t run factories. This can’t go on. We can’t let it go on.”

Source: sourcingjournal.com– Jan 02, 2025

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Pakistan: Uzbek ambassador aims to boost bilateral trade to $1bn

Alisher Tukhtaev, ambassador of the Republic of Uzbekistan, stated on Friday that the Uzbek Embassy is focused on increasing bilateral trade with Pakistan to $1 billion in the coming years

Speaking during a meeting at the Karachi Chamber of Commerce and Industry (KCCI), the ambassador highlighted the positive progress in bilateral trade, noting that mutual trade between Uzbekistan and Pakistan has risen from $122 million in 2019 to $387 million in 2023.

Tukhtaev also referred to the recent launch of direct flights between Tashkent and Lahore, a significant step in fostering closer ties between the two countries. He further mentioned that efforts are underway to introduce direct flights between Karachi and Uzbekistan later this year. “We encourage our Pakistani brothers and sisters to visit Uzbekistan and experience the warm hospitality of our people,” he added.

He emphasised that Uzbekistan and Pakistan share a long history of strong, brotherly relations, reinforced by cultural and religious affinities.

“The ties between our two countries continue to grow, and today, we are closer than ever, thanks to the realisation of the vision for regional connectivity between our nations,” he said, highlighting the concerted efforts of both countries to strengthen economic cooperation and strategic partnerships.

The ambassador also announced that, starting in September 2024, Uzbekistan will implement a soft visa regime for Pakistani citizens, covering both business and tourist visas. This initiative will make it easier for people to visit each other and build stronger connections.

“There is immense potential for trade and investment between our two countries. While we have made great strides in trade, there is still significant potential for further cooperation in investment,” he stressed, while pointing out Uzbekistan’s favourable environment for investment, which is safe, conducive and liberal.

He invited Pakistani businessmen to explore opportunities in sectors such as textiles, pharmaceuticals, leather, tannery, food processing, agro-businesses and other industries. “I also welcome the idea of organising B2B meetings during business delegations’ visits between our two counwtries to explore and realize trade and investment opportunities,” he added.

The ambassador specifically encouraged KCCI to send a business delegation to Uzbekistan to strengthen cooperation by exploring investment opportunities in key regions of Uzbekistan. “At the Uzbek Embassy, we are ready to facilitate G2B (government-to-business) and B2B (business-to-business) meetings to ensure that the full potential for trade and investment is realized. I look forward to working with KCCI to enhance the ties between our two nations,” he concluded.

Earlier, while welcoming the Uzbek Ambassador, KCCI President Jawed Bilwani emphasised the deep-rooted religious, historical and cultural ties between Pakistan and Uzbekistan. He said that both countries are eager to further strengthen these bonds by exploring new avenues for mutual prosperity and connectivity.

Source: thenews.com.pk– Jan 04, 2024

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NATIONAL NEWS

Govt amends Foreign Trade Policy, 2023 for Stakeholder Consultation; encourages inclusive decision-making

The Directorate General of Foreign Trade (DGFT) on Thursday notified amendment in the Foreign Trade Policy, 2023 to include Para 1.07A and 1.07B to bring legal backing in the FTP to make it necessary to do consultation with stakeholders to seek views, suggestions, comments or feedback from relevant stakeholders, including importers/exporters/industry experts concerning the formulation or amendment of the Foreign Trade Policy.

It also provides the mechanism to inform reasons for not accepting views, suggestions, comments or feedback concerning the formulation or amendment of the Foreign Trade Policy, 2023.

The latest amendments in the Foreign Trade Policy, 2023 reflect upon the Central Government's commitment towards strengthening the scope of Ease of Doing Business (EoDB) in India by encouraging stakeholder and expert participation through consultation in the decision-making process.

The key objective of the amendments is to encourage the participation of all stakeholders in the decision-making process before introducing or changing policy and procedures affecting the importation, exportation, and transit of goods along with a reasonable opportunity to comment and contribute in the process.

The Government is committed to ensuring due consideration is given to every valuable opinion/feedback which is received from stakeholders. However, at the same time, the Government has to remain cognizant of the fact that multiple stakeholders may offer different opinions on the same subject and in such cases for smooth functioning of business the government ought to reserve to itself the right to take a final call. It is only to deal with exceptional circumstances such as this, that the right to suo moto formulate policies has been reserved with the government.

The notification needs to be read in the light of the overall inclusiveness it is ushering into decision-making, the exception to the notification which provides for suo moto decision-making to meet contingencies has after all to be seen in the broader sovereign power of the Government.

In conclusion, the notification dated 02-01-2025 is only a door to a new era of inclusiveness in decision-making pertaining to trade, which will bear fruits as the Government begins to hear opinions/ feedback of stakeholders on changes to FTP through official channels as opened up by this notification.

Source: pib.gov.in– Jan 03, 2025

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India's exports to cross USD 800 bn this fiscal: Piyush Goyal

New Delhi: Commerce and Industry Minister Piyush Goyal on Friday said despite global economic uncertainties, India's exports of goods and services are expected to cross USD 800 billion this fiscal, which will be a record. Last fiscal year, the exports stood at USD 778 billion.

He said though there will be stresses in the global system, but India's exports basket is large.

"My estimate is that we will cross USD 800 billion in exports, another record given the world situation," he told reporters here.

He added share in services exports is also growing at a rapid pace.

On exports to developing and least developed countries (LDCs), he said those nations have been stressed because of the forex crisis they are facing after the COVID-19 pandemic.

The Red Sea crisis too had impacted shipping lines.

Despite all these challenges and several items where the government had imposed restrictions, significant growth in exports of goods and services is registered.

"Imports were also high but that is in a way a sign of a growing economy. It shows that there is a demand for equipment, machinery in a big way, input and intermediate products, in the country," he said.

On the new US administration, the minister said: "We are looking forward to a deep and substantive engagement with the new US administration...we are looking forward to working with (Donald) Trump administration again".

Source: economictimes.com– Jan 03, 2025

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Exporters stare at uncertainty over RoDTEP

With the expiry of the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for exports under advance authorisation (AA), export-oriented units (EOU), and special economic zones (SEZ) schemes on December 31, 2024 and no communication regarding its extension, exporters are uncertain about RoDTEP benefits for these schemes.

An advisory, issued by the Office of the Commissioner of Customs - NS II, Centralised Export Assessment Cell, Jawaharlal Nehru Custom House, on January 2, urging exporters and customs brokers filing shipping bills under AA, EOU, or SEZ schemes to “carefully opt” for the RoDTEP scheme, was withdrawn on January 3, adding to the confusion.

In September last year, the Directorate General of Foreign Trade issued a notification that the RoDTEP scheme was extended till September 30, 2025 for export goods manufactured in the domestic tariff area and till December 31, 2024 for goods exported under AA, SEZ or EOU schemes.

“[Now] The system does not accept RoDTEP applications under AA, EOU or SEZ schemes. Exporters need the support to be competitive,” said a forwarding agent in Coimbatore.

A textile exporter near Erode in Tamil Nadu said exports under AA, EOU or SEZ schemes are not affected by customs duty for imports. But, there are fuel tax, electricity tax, etc which the exporters get refunded only through RoDTEP. Hence, the scheme should be continued.

Source: thehindu.com– Jan 03, 2025

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Towards freer trade through AITIGA

The Association of South East Asian Nations (ASEAN)-India Trade in Goods Agreement (AITIGA) was signed and entered into force on January 1, 2010. The AITIGA (also known as ASEAN-India FTA) was a culmination of a series of efforts by both ASEAN member-States and India to ameliorate their ties. After completing a decade of the AITIGA in 2019, ASEAN and India mutually decided to review the agreement through consultations. While attending the 20th ASEAN-India Summit in 2022 at Jakarta, the Indian Prime Minister emphasised the need to complete the AITIGA in a time-bound manner.

At the same Summit, the scope of the review was agreed upon. Both parties have decided to make the agreement more effective, user-friendly, simple, and trade-facilitative, while aligning it with current global trading practices as well as supporting sustainable inclusive growth. A detailed action plan for the review was also finalised and the deadline of 2025 was set for completing the process. An early conclusion of the review would significantly contribute to the trade relations.

ASEAN-India trade took over a decade to double the value of trade. The bilateral trade was $ 56 billion in 2010-11, when the FTA came into effect, became $ 132 billion in 2022-23 and then declined to $ 121 billion in 2023-24. During this period, the AITIGA saw tariff liberalisation of over 90% of products traded between them and tariffs on over 5,000 product lines eliminated by 2023. While India's exports to ASEAN increased from $ 25.63 billion in 2010-11 to $ 41.21 billion in 2023-24, its imports increased from $ 30.61 billion to $ 79.66 billion in the same period. Especially in the case of ASEAN, the trade balance has deteriorated after the implementation of the FTA.

With Vietnam, the surplus in trade balance in 2010 changed to a deficit in 2020, standing at $ 1068.6 million. After the implementation of the ASEAN-India FTA, a surplus in trade balance has been recorded with Cambodia, Lao PDR, the Philippines and Myanmar. This also indicates that the ASEAN has gained a trade surplus on the current account, whereas India has witnessed a trade deficit. Increasing asymmetry in the balance of trade for India has raised concerns. Therefore, it is worth reviewing the AITIGA and the corresponding trade linkages.

A popular question always haunts the ASEAN-India trade: why the trade between them is always remained a slow starter? The answer is India's bad luck and timing. Generally speaking, series of global headwinds slowed down the ASEAN-India trade soon after India implemented the AITIGA. Both of their trade with the world had faced three major shocks since 2010-11:

- the collapse in oil prices from 2014 to 2016,
- the United State (US)-China trade war, and
- the Covid-19-induced pandemic. These all primarily triggered the plunge of trade and resulted in slowing down the economic growth in India as well as ASEAN. India and ASEAN also witnessed a V-shaped rise in their respective global trade post-pandemic.

What is the neat gain from the first phase of AITIGA? Quality of trade has picked up the demand. For example, trade in non-oil and/or non-mineral better represents the quality of trade integration. India's non-oil and non-mineral export to ASEAN continued to rise. In 2010, the export of non-oil and non-mineral was $ 15.74 billion (accounting for 68.5% of India's total exports to ASEAN), which became $ 30.49 billion in 2021 (accounting for 75% of India's total exports to ASEAN).

In case of imports, India's total imports of non-oil and non-mineral from ASEAN were valued at $ 21.36 billion in 2010, accounting for 72.1% cent of the total imports from ASEAN, which later increased to $ 53.38 billion in 2021, accounting for 82.3% of the total imports from ASEAN. What follows is that non-oil and non-mineral products have dominated India's imports from ASEAN in post-FTA phase, which include textiles, electronic goods, chemicals, and machinery. These products are vital to India's manufacturing and services sectors, and the significant increase in their imports in 2021 suggests the growing demand for these products in India.

India's trade composition with ASEAN has also shifted from agricultural raw materials and food to more manufactured goods. The export of manufactured goods has increased from 35.29% in 2010 to 39.53% in 2020, whereas its imports have climbed from 32.12% in 2010 to 38.57% in 2020. This shift in export composition is driven by transport equipment, chemicals and textiles. Interestingly, imports of transport equipment from ASEAN are increasing at a more increasing rate than their exports. Declining shares of exports and imports of minerals, mineral fuels and oils in the post-FTA indicate that trade between ASEAN and India has diversified into non-oil non-mineral sectors, thereby suggesting higher value addition of the real economies, which is one of the primate objectives of the AITIGA.

Contrary to popular belief, there has been an increasing trade in items in the exclusion list. Therefore, the review of the FTA should also involve an assessment of the exclusion list products after a decade, which may have a significant impact on the effectiveness of the FTA in promoting trade. In a total of 12,169 tariff lines between ASEAN and India, around 75% of the tariff lines are governed by the normal track commitments. Among the 1297 tariff lines put under the exclusion list by India, a prominent proportion of the commodities in the agricultural sector are excluded for any reduction or elimination in tariffs. Around 17% of the tariff lines in the exclusion list tend to come from tariff lines in the textile and apparel industry.

The share of India's exports to ASEAN in its total exports has only climbed marginally. There has been a considerable change in the number of tariff lines between ASEAN and India post the signing of the FTA. ASEAN countries have varying numbers of products in their exclusion lists, ranging from 150 to 2,057. Among the ASEAN countries, Vietnam has the highest number of products in its exclusion list (2,057 products), followed by Myanmar (1,613 products).

With Vietnam, the number of tariff lines in imports has increased from 1,306 to 1,963. Ideally, items placed in the exclusion list must not see an increase in their imports as they are kept out of the ambit of any tariff reduction/elimination. However, in the case of India’s imports from ASEAN, an opposite traction could be seen. In a substantial number of exclusion list items, the import has gone up after the implementation of the AIFTA. Most of the exclusion list items of the machinery category saw a rise in imports from ASEAN, regardless of no tariff reduction offered by India.

There has been negligible gain in comparative advantage. India’s Preferential Tariff rate on ASEAN export has been fully liberalised. India lowered their PRF tariff rates to zero for most of the products. Though, for some products the PRF tariff rates have been increased in 2021 compared to 2015 PRF rates. The lowered PRF tariff rates led to increased ASEAN exports to India. From ASEAN, Lao PDR, Brunei, Cambodia, Indonesia, Myanmar, Vietnam and the Philippines liberalised their PRF rates for India during 2015 to 2021. Thailand shows us some opposite picture than other members of ASEAN.

Trade barriers continue to impede trade. Freer trade requires dismantling the barriers including tariffs, quotas or export/import ban. Although tariffs on trade have significantly come down over the decades, there are a host of barriers other than trade which have emerged and are acting as market access impediments for countries, of which non-tariff measures (NTMs) are the major constraints. An increase in NTMs could raise trade costs, inhibiting trade expansion. However, there has been a rise in tariffs in 2019 for several ASEAN countries as well as India. NTMs are on the rise in all 10 ASEAN countries.

In the last three years, the number of NTMs in ASEAN increased by about 15%. Streamlining NTMs through harmonisation of standards and regulations and mutual recognition of conformity assessment and reduction of border procedures is important for facilitating preferential market access between ASEAN and India. Making equivalence of standards between ASEAN and India is the way forward.

ASEAN and India should identify the potential products that are of interest and should build cooperation to work in areas where there are difficulties in recognising or validating certificates of testing and inspections and strengthen the use of international standards, mandatory documentation of equivalence procedure and adopting Codex consignment rejection guidelines, standards in English language and agreement on self-certification. Indian accreditation authorities should enter into mutual recognition agreements (MRAs) with similar agencies in ASEAN countries. Only then any regional trade agreements can promote trade and investment activities.

The 6th AITIGA Joint Committee and related meetings for discussions on the review of the AITIGA were held from November 15-22 2024 in New Delhi. There are eight sub-committees under the AITIGA Joint Committee to negotiate aspects related to market access, rules of origin, SPS measures, standards and technical regulations, customs procedures, economic and technical cooperation, trade remedies, and legal and institutional provisions. All the eight sub-committees met during this round of negotiations. Among these, five sub-committees managed to meet physically on the sidelines of the 6th AITIGA Joint Committee meeting. During this round of discussions, the sub-committees have made good progress in textual discussions and some ground has also been covered towards initiating tariff negotiations. The next meeting of the AITIGA Joint Committee is scheduled for February 2025 in Jakarta.

So far, trade gains are mixed. Lowering trade barriers is going to be one of the most obvious means of encouraging trade between ASEAN and India. The way forward is to renegotiate the AITIGA, making it more trade-friendly. It should promote fair competition. While renegotiating the agreement, India's interests should be to gain higher market access in ASEAN and the rest of the world in those products that offer the GVC linkages, both forward and backward linkages, and the products gaining comparative advantages.

Both ASEAN and India may like to promote quality trade and resilient production networks and supply chains. Concluding the negotiation of the AITIGA review may take time but ASEAN and India may intensify their efforts to achieve a substantial conclusion even before the deadline of 2025. Today, global uncertainties are looming large. The time today is an opportunity to finalise the review of AITIGA, leading to further intensification of the comprehensive strategic partnership between India and ASEAN, the two important pillars of Indo-Pacific.

Source: hindustantimes.com– Jan 03, 2025

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India, Iran discuss development of Chabahar Port, trade relations

India and Iran on Friday carried out a comprehensive review of their ties including the joint development of the Chabahar port, ways to boost trade and economic engagement and possible cooperation in agriculture and some other sectors. At the 19th India-Iran Foreign Office Consultations held in Delhi, the Iranian side is learnt to have requested New Delhi to explore ways to resume procurement of Iranian crude oil.

India stopped the procurement of crude oil from Iran in mid-2019 following sanctions imposed on the Persian Gulf nation by the United States.

The Iranian delegation at the talks was led by Deputy Foreign Minister Majid Takht Ravanchi while the Indian side was headed by Foreign Secretary Vikram Misri.

Ravanchi met External Affairs Minister S Jaishankar and the discussions focused on bilateral matters and current regional challenges.

"Discussed our bilateral ties, progress in Chabahar port and regional developments. Confident that the Foreign Office Consultations will give a momentum to our partnership," Jaishankar said on X.

Located in the Sistan-Balochistan province on the energy-rich Iran's southern coast, the Chabahar port is being developed by India and Iran to boost connectivity and trade ties.

On the Foreign Office Consultations, the Ministry of External Affairs (MEA) said the two sides "reviewed the entire spectrum of bilateral relationship, including Chabahar Port, agricultural cooperation, trade and economic issues, as well as cultural and people-to-people ties".

It is understood that the Iranian deputy foreign minister underlined the need for boosting tourism between the two countries as part of enhancing people-to-people ties.

The discussions also covered current regional and global developments, including the situation in Afghanistan, West Asia, and the South Caucasus, the MEA said in a statement.

"The foreign secretary highlighted the significance of Chabahar Port in supporting Afghanistan's reconstruction and economic development," it said.

The sides also reiterated their commitment to deepen cooperation in multilateral fora, including at the United Nations, BRICS (Brazil-Russia-India-China-South Africa) and the SCO (Shanghai Cooperation Organisation), the MEA said.

Though the BRICS originally derived its name from the early members, it now includes Iran, Egypt, Ethiopia, and the United Arab Emirates.

Ahead of the Foreign Office Consultations, a senior Iranian official said Tehran is looking at ways to resume supplying crude oil to India and is keen on expanding the overall trade basket including in the petro-chemical sector through the Chabahar port.

The official had said the development of Chabahar port has offered significant opportunities for India and Iran to boost trade and economic engagement. The port is outside the purview of US sanctions against Tehran.

Source: economictimes.com– Jan 03, 2025

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Extended deadlines for implementation of Medical Textile Quality Control Order (QCO)

The Ministry of Textiles, Government of India, had issued Quality Control Order (QCO) for medical textiles, Medical Textiles (Quality Control) Order, 2024, to ensure safety and efficacy of critical products covered under this segment. The order sets stringent quality standards, including testing protocols and labelling requirements for these products.

In recognition of the unique challenges faced by Small and Medium Enterprises (SMEs), the Ministry has granted an additional extension in the timeline to comply with the ibid QCO i.e. upto 1st April 2025 (to the SME industry), specifically for 03 items under Schedule A of the said order, namely Sanitary napkins, Baby Diaper and Reusable Sanitary Pad/Sanitary Napkin/Period Panties. This concession will enable SMEs to adapt to the new regulations without compromising their business operations.

Further to facilitate a smooth transition, manufacturers and importers have been granted a timeframe of 6-month i.e. upto 30th June 2025, as a transition period to clear their existing legacy stock. This provision will enable the industry to adjust to the new quality standards without significant disruption.

These measures aim to improve safety, enhance efficacy, and increase confidence among healthcare industry and the end consumer. The Ministry of Textiles is committed to supporting the industry's transition to the quality standards.

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Source: pib.gov.in– Jan 03, 2025

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Cotton yarn surges in south India amid strong demand, limited supply

Cotton yarn prices in south India have shown a positive trend at the beginning of the new year. In the Mumbai market, prices have increased by ₹1-3 per kg. The Tiruppur market has also observed a rise of ₹1-2 per kg in a few counts and varieties. Market experts noted that the continuous buying by the Cotton Corporation of India (CCI) has supported the natural fibre from declining and absorbed the substantial arrivals of the produce. Stability in cotton prices and the anticipation of increased demand in the summer have sent positive signals to the cotton yarn market. Traders expect cotton yarn demand to peak in the coming weeks, particularly for fine counts, which may see higher demand.

In Mumbai, the market witnessed a rise in cotton yarn prices due to stronger demand, enabling mills and traders to quote higher prices by ₹1-3 per kg. A trader from the Mumbai market told Fibre2Fashion, "Mills and stockists are experiencing higher demand from power looms and auto looms as they increase their production, not only for the summer season but also for the current winter season." The demand for summer garments is expected to rise in the coming weeks, leading to higher demand for fine counts of cotton yarn.

In Mumbai, 60 carded yarn of warp and weft varieties were traded at ₹1,430-1,470 (approximately $16.67-$17.14) and ₹1,380-1,430 per 5 kg (approximately $16.09-$16.67) (excluding GST), respectively. Other prices include 60 combed warp at ₹335-342 (approximately $3.91-$3.99) per kg, 80 carded weft at ₹1,410-1,470 (approximately $16.44-$14.25) per 4.5 kg, 44/46 carded warp at ₹260-269 (approximately $3.03-$3.14) per kg, 40/41 carded warp at ₹254-264 (approximately $2.96-$3.08) per kg and 40/41 combed warp at ₹286-291 (approximately $3.33-3.39) per kg, according to trade sources.

The Tiruppur market also noted an increase of ₹1-2 per kg in certain counts and varieties of cotton yarn. The recent rise in cotton prices has encouraged buying from the downstream industry. Market sources suggest that the market is emerging from a negative zone and that cotton yarn demand may increase by the middle of the current month. The CCI is purchasing more than 50 per cent of the cotton arriving in the country, providing support for cotton prices due to limited availability.

In Tiruppur, knitting cotton yarn prices were noted as 30 count combed cotton yarn at ₹255-263 (approximately $2.97-3.07) per kg (excluding GST), 34 count combed cotton yarn at ₹264-271 (approximately $3.08-3.16) per kg, 40 count combed cotton yarn at ₹276-288 (approximately $3.22-3.36) per kg, 30 count carded cotton yarn at ₹235-240 (approximately $2.74-2.80) per kg, 34 count carded cotton yarn at ₹240-245 (approximately $2.80-2.86) per kg and 40 count carded cotton yarn at ₹248-253 (approximately $2.89-2.95) per kg.

In Gujarat, cotton prices increased by ₹700-800 per candy of 356 kg due to unavailability in the open market. Traders stated that the CCI is buying around 50-70 per cent of seed cotton at the minimum support price (MSP) in different states. Market prices are lower than the MSP of seed cotton, causing ginners to be unable to purchase seed cotton, leading many to stop ginning and pressing cotton. This has created limited availability for spinning mills, spurring a rise in cotton prices. The CCI has also managed to clear its cotton stock from last year as spinning mills look to buy cotton at reasonable prices, despite facing price disparities in the yarn export market. Cotton arrivals were estimated at 32,000-35,000 bales of 170 kg in Gujarat and 210,000-225,000 bales across the country.

The benchmark Shankar-6 cotton was quoted between ₹54,000-54,300 (approximately $629.55-$633.04) per candy of 356 kg, while southern mills were aiming to purchase cotton at ₹55,000-55,200 (approximately $641.20-$643.54) per candy. Seed cotton (Kapas) was traded at around ₹7,450-7,550 (approximately $86.85-$88.02) per quintal.

Source: fibre2fashion.com– Jan 03, 2025

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