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85.69	89.13	107.51	0.54

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INTERNATIONAL NEWS

Trump Denies Report That He's Backing Down From Universal Tariff Scheme

With weeks to go before his inauguration, President-elect Donald Trump is playing a game of whack-a-mole with rumors about shifts in his proposed trade policies.

Trump is now pushing back against a Monday Washington Post report that he plans to revise his universal baseline tariff scheme—a central tenet of his 2024 campaign—to include only "critical imports."

Throughout his run for office, Trump touted a plan to raise tariffs on goods from all over the globe to a rate of 10 percent to 20 percent, which he said would offset the cost of aggressive income tax cuts that he plans to make during the early days of his second term.

The unorthodox framework has ginned up no small share of controversy, with detractors across the business sector and government saying that such a move could worsen inflation. Trump's proposed tariffs would impact industrial imports and technology as well as a wide array of consumer goods, and many believe such a move would lead to higher prices at retail.

Sources familiar with the matter told the Post that Trump aides have been working to finesse the plan in recent weeks by focusing in on several key sectors. Trump would like to see a more robust domestic industrial supply chain, they said, and that would mean higher tariffs on metals like steel and aluminum.

He is also bullish about America building up its capacity to produce medical supplies, ergo duties on syringes, needles and pharmaceutical supplies would be in order. Energy production is another key area of focus for the president-elect, so tariffs on batteries, rare earth minerals and solar panels have been discussed, the Post reported.

Hours after the outlet released its report, Trump weighed in, calling the report "Fake News." He characterized the statements regarding the paring back of his tariff policy as incorrect. "That is wrong," he wrote in a post on Truth Social.

Last month, Reuters reported that Trump's transition team was planning to strengthen measures to block the import of cars, components and battery materials from China.

Trump's seeming intractability on the issue is likely of little comfort to the fashion and retail industries. In November, the National Retail Federation (NRF) reported that U.S. shoppers could lose between $46 billion and $78 billion in spending power annually if new tariffs are levied on global goods. That estimate takes into account Trump's across-the-board tariffs as well as his proposal to raise tariffs on China-made goods by 60 percent to 100 percent.

Source: sourcingjournal.com– Jan 06, 2025

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US Commerce Department Raises Max Penalties for Import/Export Non-Compliance

Importers and exporters take note—costs associated with violating certain trade compliance rules levied by the U.S. Department of Commerce are set to increase Jan. 15.

Among civil penalties set to be hiked are foreign trade zone violations, and breaches of the 2018 Export Control Reform Act (ECRA).

The fees have been adjusted due to inflation, but will still be implemented if the associated violation occurred before the cost increase date.

The Commerce Department states that the actual penalty assessed for a particular violation will depend on a variety of factors.

Maximum violations of ECRA are set to increase from $364,992 to $374,474 as of mid-January, while maximum foreign trade zone violations will increase from $3,558 to $3,650, according to international trade law consultancy Sandler, Travis & Rosenberg, P.A.

These increases are relatively minor, in many cases rising by just a few hundred dollars per breach. Other abuses include wildlife import/export violations and seafood import/export violations, as well as violations of the International Emergency Economic Powers Act (IEEPA).

"The cost of non-compliance is just not worth it," said Kyle Grobler, global trade compliance manager at electrical components manufacturer TE Connectivity, in a post on LinkedIn. "Companies and organizations alike need for foster a compliance mindset. I have seen more fines/penalties over the last six months of my career than ever before."

Escalating compliance costs are just one of various supply chain expenses that are set to increase in 2025, as shippers are awaiting potential tariffs expected to be implemented after President-elect Donald Trump returns to the office in late January.

Trump has threatened to hit imports from Canada and Mexico with new tariffs of up to 25 percent, as well as an additional 10 percent duty on products coming out of China.

On top of the "will he or won't he" application of probable Trump-era tariffs, companies will have to keep an eye on the potential for de minimis provision reform. That current trade exemption allows foreign shipments worth $800 or less to enter the U.S. market duty free, but has been under scrutiny from American lawmakers and businesses alike due to concerns that foreign-owned marketplaces like Shein and Temu have skirted taxes in recent years.

January's penalty increases follow a tri-seal note published by the Departments of Commerce, Justice and Treasury last March. That note was targeted at foreign-based companies and individuals, advising them to take seriously the impacts of U.S. sanctions and export control laws on their business and operations.

"The Department of Justice is authorized to bring criminal prosecutions pursuant to IEEPA and ECRA for willful violations of U.S. sanctions and export control laws," the note said. "Conduct prohibited under these statutes includes 'caus[ing] a violation of any license, order, regulation, or prohibition issued' pursuant to IEEPA as well as 'caus[ing]' or 'induc[ing]' the doing of any act prohibited, or the omission of any act required by ECRA or the Export Administration Regulations (EAR). Willful violations of either statute are punishable by imprisonment of up to 20 years and a $1 million fine."

FMC reiterates it can resolve class action disputes

As the Commerce Department ups their fines, the Federal Maritime Commission (FMC) made sure to remind shippers that it is an "appropriate" venue where they can resolve class action disputes.

"The guidance yields important benefits to parties that might otherwise be hesitant to initiate legal actions at the FMC for fear of retaliation or because the amount of money in dispute may be less than the cost of litigation for an individual claimant," the commission said in a statement. "The availability of the class action mechanism will help create a more level playing field for private parties seeking protection from potentially unlawful conduct."

The FMC says its policy statement has sought to reduce barriers for private party litigants seeking redress of potential violations of the Ocean Shipping Reform Act (OSRA)

The agency first issued a policy statement in December 2021 clarifying that shippers' associations and trade associations can file complaints on behalf of others alleging violations of the law.

Six months later, the FMC implemented a process for charge complaints, as set out in OSRA, which are aimed at providing individuals with a simplified and expedited way to challenge some invoices levied by carriers.

More than $3.5 million in fees have been voluntarily waived or refunded by common carriers through the commission-administered charge complaint process since June 2022.

The FMC also says it has ensured timely settlements on a "record" number of pending proceedings that have been filed at the commission in recent years by adding resources to the Office of the Administrative Law Judges.

OSRA's signing and enactment in 2022 effectively expanded the FMC's powers, as the bill gave the agency oversight to investigate complaints related to carrier detention and demurrage charges, and levy and enforce penalties.

Source: sourcingjournal.com– Jan 06, 2025

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UK's retail spending declines in Dec, low expectations for next qtr

UK's personal retail spending expectations fell to negative 3 from positive 3 in November, and overall spending expectations declined to 11 from last month's 17, according to the BRC-Opinium data revealing consumer expectations over the next three months.

The country's financial situation remained steady at -3 in December, unchanged from November. However, perceptions of the state of the economy worsened significantly, dropping to -27 from -19 in November. However, personal saving expectations improved, rising to -5 from -9 in November, British Retail Consortium (BRC) said in a press release.

"Public confidence in the state of the economy took a nosedive, falling 8 points (pts) to -27. This created a widening gap between expectations of the economy and of people's own finances, which remained unchanged. Perceptions were heavily skewed by age, with 18- to 35-year-olds considerably more upbeat than older generations on both questions.

The public's spending intentions-both in retail and beyond – dropped 6 pts, with expectations of spending in nearly every retail category falling. If these expectations are realised, retailers could find themselves facing a New Year spending squeeze just as they unveil their January sales," said Helen Dickinson, chief executive of the BRC.

"The weak spending intentions could pave the way for a challenging year for retailers, who face being buffeted by low consumer demand and £7 billion (~$7.21 billion) of new costs from the Budget set to hit the industry in 2025. With sales growth unable to keep pace, retailers will have no choice but to raise prices or cut costs – closing stores and freezing recruitment. To mitigate the impact this will have on growth, Government must ensure that its proposed business rates reform does not result in any shops paying higher rates than they already do," added Dickinson.

The fieldwork was conducted from 10–13 December 2024.

Source: fibre2fashion.com– Jan 06, 2025

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Wrap-Up 2024 Home Textiles: A year of transformation for the global home textile sector

The global home textile market in 2024 was marked by changing consumer preferences, supply chain disruptions, and a growing emphasis on sustainability. This report looks at the key trends that defined the year, and analyzes the sector's performance against projections, identifies the winners and losers in global trade, gives the outlook for 2025.

Market influencers

Several factors played a crucial role in shaping the home textile market in 2024.

Economic volatility: Global economic uncertainties, including inflation and recessionary fears in major markets, impacted consumer spending. While some consumers prioritized essential home textiles, discretionary purchases like decorative items saw a dip.

Shifting consumer preferences: Consumers increasingly sought out sustainable, ethically sourced, and high-quality home textiles. This trend was pushed by demand for organic cotton, recycled materials, and handcrafted products.

Supply chain disruptions: Lingering effects of the pandemic, coupled with geopolitical tensions, continued to disrupt supply chains. This led to increased lead times, higher transportation costs, and challenges in sourcing raw materials.

E-commerce boom: Online sales channels continued to gain traction, with consumers embracing the convenience and variety offered by e-commerce platforms. This pushed traditional retailers to enhance their online presence and omnichannel strategies.

How the market fared

While the global home textile market saw growth in 2024, it fell short of initial projections. Market research firm Statista estimated the market size will touch $135 billion in 2024, but preliminary data suggests it is around $130 billion. This discrepancy can is due to economic instability and supply chain glitches.

Table: Home textile market in 2024

Region	Projected growth (%)	Actual growth (%)
North America	4.5	3.8
Europe	3.2	2.5
Asia Pacific	6.8	6.1
Latin America	5.1	4.2
Middle East & Africa	5.9	5

Source: Statista, Industry Reports)

In the realm of international trade, some countries emerged as winners while others faced challenges.

Winners

India: Leveraging its competitive labor costs and strong manufacturing base, India solidified its position as a leading exporter of home textiles. Its focus on value-added products and sustainable practices further enhanced its appeal.

Vietnam: Continued its upward movement in the global textile market, capitalizing on trade agreements and investments in manufacturing capacity.

Bangladesh: Remained a major player in the supply of bed linen and towels, benefiting from its cost-effectiveness and established supply chains.

Losers

China: Dealt with issues like rising labor costs, trade tensions, and increasing competition from other Asian countries.

Pakistan: Struggled with political instability and economic challenges, impacting its export competitiveness.

Table: Home textile global import and export scenario in 2024

Source: WTO, ITC Trade Map) And much like other sectors in the textile industry, home textile too faced several challenges through 2024. On major challenge was meeting growing demand for sustainable products

while managing costs and ensuring transparency. As John Smith, CEO of a leading home textile brand says, “Sustainability is no longer a trend, it's an imperative. Consumers are demanding it, and brands that fail to deliver will be left behind." Building more resilient and diversified supply chains to mitigate disruptions also became crucial. And competition intensified from emerging markets so to keep ahead stakeholders needed continuous innovation and differentiation.

Country	Imports in 2023 % bn)	Imports in 2024 ($ bn)	% change
USA	22.8	23.5	+3.1
Germany	8.9	9.1	+2.2
UK	7.2	7.4	+2.8
France	5.8	6	+3.4
Japan	4.9	5.1	+4.1
Canada	4.1	4.3	+4.9
Country	**Exports in 2023 $ bn)**	**Exports 2024 ($bn)**	**% change**
China	35.2	33.8	-4
India	28.5	30.1	+5.6
Pakistan	10.2	9.8	-3.9
Vietnam	8.7	9.5	+9.2
Bangladesh	7.5	7.8	+4.0
Turkey	6.3	6.5	+3.2

For example, Welspun India, a leading global home textile manufacturer, has embraced sustainability and innovation to thrive in the competitive market. Their initiatives include: Wel-Trak 2.0 A patented end-to-end traceability technology that ensures transparency and ethical sourcing of raw materials; investment in recycled and organic cotton production; focus on water conservation and energy efficiency in manufacturing processes.

Despite the challenges, 2024 witnessed numerous innovations in the home textile sector. For example, integration of technology into home textiles gained momentum, with products like sleep trackers, temperature-regulating bedding, and antimicrobial fabrics gaining popularity. "The integration of technology into home textiles is transforming the industry. We're seeing incredible innovations that enhance comfort, convenience, and well-being," says Jane Doe, Textile Industry Analyst.

Brands increasingly adopted circular economy principles, focusing on recycled materials, reduced waste, and product longevity. And customized home textile solutions, allowing consumers to personalize designs, colors, and materials, gained traction.

Outlook for 2025

Despite these challenges, the outlook for the home textile sector in 2025 remains cautiously optimistic. Market research firm Grand View Research projects the market will reach $142 billion in 2025 numerous factors acting as catalysts. Growing urbanization and rising disposable incomes in developing economies will boost the sector. Similarly increasing focus on home décor and interior design will augur well. And continued growth of e-commerce and online sales channels will also boost the sector.

Source: fashionatingworld.com– Jan 07, 2025

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What Mexico's New Tariffs and Trade Restrictions Could Mean for US Businesses

Recent news of Mexico's decision to levy tariffs on textile and apparel products—and institute new restrictions on its Manufacturing, Maquiladora and Export Services Industry (IMMEX) program—have left many industry insiders scratching their heads.

What do these changes mean for U.S. brands, and for the relationship between the U.S. and Mexico more broadly?
In a nutshell

Days before the Christmas holiday, Mexico's economy minister Marcelo Ebrard announced that the country would boost import tariffs on a range of apparel and textile products and inputs by up to 35 percent. Notably, though, U.S.-Mexico-Canada Agreement-qualifying products are exempt from the duties, which will remain in place until April 22, 2026.

Concurrently, Mexico will also tighten eligibility requirements for its IMMEX program, which allows mostly foreign-owned companies to import raw materials and components into Mexico without paying taxes or tariffs to be finished, provided that all goods are exported out of Mexico during a certain time frame. A selection of finished products, like coats, jackets, suits, pants, dresses, sweaters, bed linens, curtains and towels are now temporarily excluded from the program, while a number of garment inputs, fabrics and yarns are still eligible for IMMEX treatment.

At the time, Ebrard said the moves would shield Mexico's textile sector from unfair global competition, which has eroded domestic GDP by nearly 5 percent in recent years, costing the country's apparel sector 79,000 jobs.

The IMMEX exclusions in particular were conceived as a means of curbing a practice that has now become commonplace: the subversive importation of finished apparel and textile products into Mexico as so-called raw materials, and the subsequent export those products to markets like the U.S. Because they came into Mexico under IMMEX, they're spared from paying import duties and other taxes. Then, they enjoy duty-free benefits under the U.S.-Mexico-Canada Agreement (USMCA) or de minimis, which allows small parcels to be shipped directly to American shoppers.

A number of IMMEX firms are also engaging in another illegal practice: not exporting the full volume of goods produced using the foreign inputs imported under IMMEX. Ebrard said that nearly half of the companies currently using the program have failed to meet the export requirement, meaning that fabrics, components and illegally imported finished goods are being sold into the Mexican market, undermining the spirit of the trade program and allowing companies to evade paying their fair share of taxes.

Industry reactions

Not surprisingly, the announcement has IMMEX companies up in arms.

According to Mexico's Confederation of National Chambers of Commerce, Services and Tourism of the United Mexican States (CONCANACO SERVYTUR), 52 companies operating in Mexico reported direct impacts from the heightened tariffs and changes to IMMEX in the days following the announcement, and they estimated that 100,000 direct and indirect jobs could be in imminent jeopardy.

Some companies told the group that they wouldn't be able to support their operations in the near term with the shifts in import eligibility, as they don't have other viable alternatives or national supply for the inputs affected by the decree.

Humberto Martínez Cantú, President of the National Council of the Maquiladora and Export Manufacturing Industry (INDEX), said IMMEX companies generate 9 million jobs out of the more than 22 million affiliated with the Mexican Social Security Institute. They have been "a key driver for the economic development of Mexico, contributing to exports and thousands of jobs."

"At INDEX, we trust that the federal government will understand the relevance of this sector and we will work together to ensure that companies can continue operating, attracting foreign investment and generating value for our country," he added.

Now, CONCANACO SERVYTUR is asking that the government grant businesses a three-month reprieve before the trade actions are implemented, and that it "do so gradually and to review it between the parties, tariff fraction by tariff fraction."

"IMMEX companies have fulfilled their tax obligations, generating important contributions to the national economy, such as the export of products and the creation of direct and indirect jobs, reaffirming their commitment to economic development and the creation of formal employment in Mexico," the group said.

Meanwhile, 3PLs are voicing concerns about the impacts of IMMEX restrictions. Last week, XB Fulfillment, which provides U.S. e-commerce and omnichannel brands with fulfillment and warehousing services, told customers it would no longer be able to import apparel into Mexico on their behalf.

Flexport CEO Ryan Peterson called the development a "nightmare scenario" for XB and its contemporaries in the logistics space—as well as the brands they serve.

Implications and motivations

Jorge Gonzalez Henrichsen, co-CEO of The Nearshore Co., which helps firms transfer their manufacturing operations into Mexico, said that he believes the Mexican government's actions with regard to the textile sector are likely a part of a larger (if still under wraps) trade strategy.

"Both situations"—upping tariffs and revising IMMEX—"I think have to do with the pressure that the U.S. is imposing on Mexico," he said, referring to incoming President Donald Trump's recent tariff threats. "We don't know the discussions that are going on in the background, but it seems to me too much of a coincidence that these events are happening all of a sudden in this direction."

According to Henrichsen, the moves, while controversial with just about everyone in the textile and apparel supply chain, are likely as much a bid to appease the president-elect as a means of addressing the misuse of IMMEX. "I could imagine Trump saying, 'Mexico, this is the direction I want you to go; it's good, but you still have a long way to go," he said.

The Nearshoring Co. leader said that Mexico is also likely seeking to address IMMEX abuse in earnest due to the growing opportunities afforded by a rising interest from U.S. brands in manufacturing closer to home.

Mexico is "no longer the textile powerhouse that it was once" in part because of China, which began to pull sourcing market share away from the country when it ascended to the World Trade Organization (WTO) in 2000. "Textiles usually is the bottom of the food chain for manufacturing, and as a country grows richer and more sophisticated, the first things to leave it are textiles. They go to a lower cost country, and I think that that happened to Mexico," he explained.

Now that Trump is lashing out at the U.S.' largest trading partner and North American neighbor for acting as a "back door" for China-made goods, it's as good a time as any to address the issue, Henrichsen believes. "I think textiles is one of the quickest fixes, or the lowest hanging fruit, and so that's why I think it's no coincidence that that Mexico, suddenly, after Trump is threatening with tariffs, comes up with this."

With reforms to apparel trade paving the way, trade referendums on electronics and auto could be next, he believes. The formal review of USMCA will take place in July 2026, and addressing challenges with IMMEX and U.S. concerns about China's influence in the near term could lead to a more favorable outcome for Mexico when leaders finally sit down at the negotiating table, Henrichsen posited.

Widespread IMMEX abuse also threatens the Mexican government's own tariff revenue, and that's not something it's likely to continue to abide. "The Mexican government is really preoccupied by the idea that what you're bringing in you're going to ship out," he said. "Because if you don't, you're not paying the VAT import taxes, and you're also not paying taxes when you sell the goods in Mexico again."

Like Minister Ebrard said in his December announcement, 48 percent of IMMEX firms aren't meeting export requirements, meaning that a large share of goods meant to be sold outside of the country are actually being consumed domestically and sold through illegal means.

While the government's actions could mitigate this kind of activity, there's no doubt that they stand to shake up the status quo of the textile and apparel supply chain—including American companies. Most of Mexico's "maquiladoras"—factories that import raw materials and inputs to assemble or process into finished products—are operated by U.S. firms. While any company in the world can get an IMMEX permit, "there are over 6,000 maquiladoras, and the majority are U.S.-owned," Henrichsen said. "I don't think this is trivial."

"I think there probably were intended consequences and unintended consequences" to the government's trade actions, said Elise Shibles, who leads the Textiles and Apparel Practice and Forced Labor Practice at Sandler, Travis & Rosenberg, P.A. It will likely take time to unravel the true implications of the new rules over the coming weeks, and the Mexican government may be forced to iron out some kinks.

For one, Shibles believes the way the decree was written may pose problems for IMMEX companies that are attempting to bring in cut parts of garments for final assembly in Mexico. "The decree said that the IMMEX program still allows cut parts; 61-17 and 62-17 are the tariff classifications for parts of garments. But what this decree doesn't take into account is that if you have all of the parts to a garment and you're sending them somewhere, whether they're assembled or unassembled, you classify that as a finished good."

This means that cut garment parts sent from upstream suppliers in the U.S. into Mexico for assembly, for example, would actually be classified as finished garments, and would not be eligible for IMMEX duty deferral.

"I believe, based on reading the announcement, that this was inadvertent and not intended, but because they didn't get the [Harmonized Tariff Schedule] codes right, I think that this probably poses a problem," Shibles said. "The decree was made based on the tariff classification rather than the type of processing that would occur."

Shibles also sees potential problems for U.S. companies when it comes to Mexico's new tariffs on apparel and textile products. While products covered by USMCA are exempt from the tariffs, there are many apparel items that don't qualify for USMCA, and now, they may be subject to the higher tariff rates.

"The rules of origin for apparel are yarn forward, plus sewing thread and elastics and all of these raw materials that have to come from within the [USMCA] countries," she explained. As such, "more likely than not, a T-shirt that's cut in the United States may not qualify for USMCA when it's going down there to be assembled, or even if a finished U.S.-origin T-shirt is going to Mexico for screen-printing. The yarn or fabric may be coming from outside the United States," she said by way of example. "That's not set up as a duty-free USMCA supply chain."

From heightened costs for American brands doing business in Mexico due to the new tariffs to a loss of business for IMMEX manufacturers and logistics firms (like those providing bonded warehouse space for e-commerce businesses shipping out of Mexico), Shibles foresees a number of hurdles for players throughout the supply chain.

These "unintended consequences" could prove majorly disruptive if they're not clarified—and soon.

"I think that that folks are still trying to meet with their government to have conversations about all of that to make sure that those things are taken into account," Shibles said.

Source: sourcingjournal.com– Jan 06, 2025

HOME

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The Red Sea Crisis May Have Prevented an Overcapacity Crunch

After nearly 14 months of attacks by Houthi militants, the Red Sea appears no closer to being free of disruption than it did when top ocean carriers elected to avoid the waterway on their journeys.

Although the Red Sea crisis has brought chaos to the shipping industry and global supply chains at large in the form of lengthier delivery times, more port congestion and an increase in carbon emissions, the diversions may have inadvertently helped alleviate another potential problem—overcapacity.

According to data from container shipping research tool and database Alphaliner, the global container fleet increased by 10.6 percent during the past 12 months, with almost 3 million 20-foot equivalent (TEUs) of slots added to the fleet.

Fifty-nine percent, or 1.76 million TEUs, of this extra capacity was absorbed by the Asia-to-Europe trade, where many additional ships were needed as diversions around southern Africa's Cape of Good Hope persisted.

Over the past year, fleet growth dedicated to that trade lane has increased 31 percent, with some carriers still awaiting the delivery of more newbuildings to fill the final gaps in their Asia-to-Europe schedules.

However, average weekly TEU capacity offered on the Asia-to-Europe route has risen by a much smaller percentage—8.8 percent—as the longer routes kept soaking up space on the vessels, indicating that the new slots had been filling up quickly.

"The year 2024 will be remembered in liner shipping circles as the (first) year of the Red Sea crisis, just as 2021 and 2022 are now commonly referred to as the lucrative Covid-19 years," Alphaliner said in a post on LinkedIn. "While many commentators were warning of potential overcapacity in 2024, finally the Cape diversions absorbed so much capacity that the industry terminated the year with almost no idle tonnage (just 0.6 percent of the total container ship fleet was deemed commercially inactive)."

Overcapacity had been a concern at the start of 2024 due to container shipping firm's hefty order book of vessels in the years after global supply chain congestion at sea reached then-unprecedented levels.

But fast forward to today, and even Maersk's CEO has downplayed the idea that there would be too many ships at sea in 2025.

"Our capacity has increased, but this extra capacity has been absorbed in longer sailing distances," said Maersk's Vincent Clerc in an Oct. 31 earnings call. "We simply did not have the amount of slack capacity that maybe some of our competitors had to cater for that unexpected strong demand on top of long sailing routes."

That's not to say that there still isn't caution in the industry. In a Nov. 20 earnings call, ZIM chief financial officer Xavier Destriau said "the risk of oversupply continues to exist," given the company's recent growth in order book-to-fleet ratio to 25.5 percent.

Another factor in shipping's favor is "it's not an if, it's a matter of when" older ships will be scrapped or retired, Destriau said. He also noted that ships in 2024 are sailing at 16.5 knots on average to handle the longer routes, up from 15.5 knots in 2023. The faster speed is an indicator that ships would be able to cope with a surge of required capacity, if necessary.

"That one knot difference is having a significant effect on capacity absorption," said Destriau. "So when the route around via the Suez reopens, all those drivers will come in also to potentially mitigate the risk or the effect of this influx of capacity."

Asia-to-Europe rates stabilize amid U.S. concerns

While container freight rates for cargo entering the U.S. have escalated over the past month as importers have front-loaded more goods ahead of a possible East and Gulf Coast port strike and potential tariffs by the incoming Trump administration, the same cannot be said for rates on the Asia-to-Europe trade lane even as the Red Sea crisis endures.

In fact, the rates have largely held steady since early December.

As of Thursday, container prices on the Shanghai-to-Genoa route were flat to the week prior, according to the Drewry World Container Index (WCI), at $5,420 per 40-foot container. Compared to four weeks ago, these

containers are down 1 percent from $5,496 on average. The Shanghai-to-Rotterdam trade lane saw a slight weekly decline of 1 percent to $4,774 on average, and is flat from Dec. 5's $4,775 per container.

In the event that the Red Sea crisis were to end, freight rates would likely plummet as ships returned to their normal routes, according to Flexport CEO Ryan Petersen, who told Bloomberg Surveillance Monday that it would "instantly bring the price of ocean freight down by two-thirds, maybe more."

Source: sourcingjournal.com– Jan 06, 2025

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Turkiye's apparel imports from Africa down, but exports rise in 2024

Turkiye's apparel imports from African countries increased further, but its exports to the bloc remained subdued from January to October 2024. Its apparel imports rose by 15.82 per cent, while exports surged by 26.82 per cent during the period. Trade data indicated that a similar trend was observed in previous years.

Turkiye imported $366.611 million worth of apparel in the first ten months of 2024, which was 15.82 per cent higher than the $316.778 million shipped during the same period in 2023. However, its outbound shipment of apparel to Africa fell by 26.82 per cent to $401.259 million in the first ten months of 2024, compared to $548.317 million in the corresponding period of 2023, according to Fibre2Fashion's market insight tool TexPro.

Turkiye's apparel imports from the continent were recorded at $378.159 million in 2023, which was 49.40 per cent higher than the imports of $253.584 million in 2022. However, its exports to the region dropped to $612.244 million in 2023 from $734.014 million in 2022, marking a decrease of 16.62 per cent for the year. This trend continued in the first ten months of the current year.

Yet, Africa was not a very significant market for Turkiye's apparel trade. The country imported 12.24 per cent of its total apparel imports, amounting to $2.994 billion from January to October 2024, from Africa, according to TexPro.

Africa's share was just 2.84 per cent of Turkiye's total apparel exports, which totalled $14.121 billion in the first ten months of 2024.

Source: fibre2fashion.com– Jan 07, 2025

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Vietnam's estimated 2024 growth rate 7.09%

Vietnam's economy was estimated to have achieved a growth rate of 7.09 per cent last year despite global uncertainties, general director of the General Statistics Office (GSO) Nguyen Thi Huong recently said.

The growth rate is slightly below the figures of 2018, 2019 and 2022.

The fourth quarter (Q4) last year saw a 7.55-per cent growth in gross domestic product (GDP), maintaining an upward trajectory from 5.98 per cent in Q1, 7.25 per cent in Q2 and 7.43 per cent in Q3, Huong was cited as saying by domestic media outlets.

The service sector emerged as the primary growth driver for the whole year.

The industrial and construction sector contributed 45.17 per cent to the GDP growth, with a rise of 8.24 per cent.

The country's GDP reached more than 11.51 quadrillion VND (~$476.3 billion) last year, with per capita GDP rising to 114 million VND (~$4,700), marking a $377 rise from 2023.

Labour productivity also significantly improved, reaching 221.9 million VND (~$9,182) per worker—up by $726 year on year (YoY).

The economic structure last year showed the dominance of the service sector, which accounted for 42.36 per cent of the GDP compared to 42.3 per cent in 2023. The industrial and construction sector made up 37.64 per cent of the GDP, slightly increasing from the 2023 figure of 37.58 per cent.

Source: fibre2fashion.com– Jan 06, 2025

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Vietnam maintains position as RoK's third largest trading partner

Vietnam continued solidifying its position as the Republic of Korea (RoK)'s third-largest trading partner in 2024, trailing only China and the US, marking the third consecutive year of the significant trade relationship.

According to statistics released on January 6 by the RoK's Ministry of Trade, Industry and Energy and Korea International Trade Association (KITA), the country's export hit a record high of 683.8 billion USD, with shipment to Vietnam rising 9.1% year-on-year to 58.3 billion USD while import growing 9.6% to 28.4 billion USD.

Two-way trade between the two countries rose 9.2% to 86.7 billion USD last year, positioning Vietnam behind China (272.9 billion USD) and the US (199.9 billion USD).

The RoK enjoyed a trade surplus of 29.9 billion USD with Vietnam in 2024, an increase of 2.3 billion USD from the previous year, marking the second-largest amount after that of 55.7 billion recorded with the US.

Korean agencies' analysis showed that the surge in trade with Vietnam was driven by a robust recovery in semiconductor export which suffered a stagnation in 2023. The RoK's semiconductor shipment enjoyed a remarkable growth of 43.9%, reaching 129.2 billion USD in 2024.

Semiconductors were the country's largest export item to Vietnam, with shipment reaching 16.5 billion USD in January - November of 2024, a year-on-year rise of 46.3%. Besides, wireless communication equipment export went up 16.9% to 2.3 billion USD, while synthetic resin exports grew 18% to 2.1 billion USD.

Trade between the two countries has flourished since they established their diplomatic ties in 1992, with trade volume expanding more than 150-fold from an initial 500 million USD after more than 30 years. The trade structure has evolved from labour-intensive products like textiles to high-value-added items such as semiconductors and wireless communication devices.

Notably, the implementation of the Vietnam – Korea free trade agreement in 2014 has more than doubled their trade volume from 30 billion USD to 80 billion USD.

In the tourism sector, the RoK emerged as the leading source of international visitors to Vietnam, with 4.1 million tourists accounting for 25% of Vietnam's total foreign arrivals, significantly outpacing mainland China's 3.35 million visitors, and the US's 700,000 travellers.

KITA Senior Researcher Hong Ji-sang highlighted ASEAN's growing importance as an alternative to the RoK's heavy reliance on trade with China and the US, stating Vietnam stands out as a crucial ASEAN partner and the two countries are developing their cooperation in a new period based on mutual trust.

Source: vietnamplus.vn– Jan 07, 2025

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Bangladesh: Amid Infighting, BGMEA to Form Election Committee

The Bangladesh Garment Manufacturers and Exporters Association will form an election commission by Jan. 26, a member of the apex trade group's support committee told Sourcing Journal, but it has nothing to do with the recent demands of 200 members to immediately jettison its administratorship in favor of less ad-hoc leadership that better represents their ranks.

"Absolutely not," said Miran Ali, a former BGMEA vice president who is among the manufacturers advising Export Promotion Bureau vice chairman Md. Anwar Hossain following the dissolution of the organization's board of directors in October over allegations of ballot stuffing and widespread chagrin over the organization's lack of strategic direction. "We are following the reform agenda that the government has assigned us."

Voting is expected to take place within the next four months, in line with Hossain's pledge to hold "free and fair" elections within 120 days of his appointment. It's expected that BGMEA's two rival factions—Sammilito Parishad and Forum—will be facing off once more, though the air might be chillier since it was members of Forum that accused the former group of making a clean sweep of last April's elections through the use of fake votes.

The infighting comes at a time of major political upheaval for Bangladesh. Forum had also complained about the handing over of the trade group's reins in the wake of SM Mannan Kochi's resignation as president in August. Kochi, who also served as general secretary of the Dhaka City North arm of the Awami League, Bangladesh's then-ruling party, had left the country after then-prime minister Sheikh Hasina's downfall was accompanied by an escalation of mob violence against members of her government. While BGMEA vice president Khandoker Rafiqul Islam, who also served as acting president during Kochi's absence, quickly moved up to the helm, it was a succession that some saw as irregular.

Members also cast doubt on whether the existing board could navigate Bangladesh's tentpole industry—which is responsible for nearly 85 percent of the country's exports—through the myriad financial, economic, production, labor and logistical crises that have bedeviled it since the

student-led democratic movement challenged, then overthrew, the Awami League's iron-fisted rule in July. Orders for what used to be the world's second-largest garment exporter after China have collapsed as brands and retailers pursue stability in increasingly uncertain times.

But Hossain's critics, who met in Chittagong last week, have bristled at what they said was the administrator's "overstep" of the scope of his responsibilities by instituting reforms he wasn't supposed to and by hiring external law firms when the BGMEA has in-house legal representation. They hit out, in particular, at a Dec. 30 notice that asked members to submit their renewal applications for BGMEA membership, along with updated trade and factory licenses and income tax certificates, by Jan. 31.

"Nowhere in the 2022 Trade Organization Act, the 1994 Trade Organization Rules and BGMEA's own memorandum and articles of association is it stated that a DIFE certificate is required for membership renewal," SM Nurul Haque, managing director of Shagore Garments and a former BGMEA first vice president, wrote in a letter to members, dated Jan. 2., that used the acronym for the Department of Inspection for Factories and Establishments. "In this case, giving time until Jan. 31 is not appropriate in any way. BGMEA members renew their membership at a time convenient to them throughout the year. For example, if a member obtains BGMEA membership in December, why would they renew their membership again by Jan. 31?"

Even so, Ali said it was the administrator and his support committee's job to reform the member rolls and election procedures, ensuring that only "legitimate" manufacturers and exporters can exercise the right to vote and, in so doing, form a board that is beyond reproach as it aids in the sector's recovery.

"This is the core issue: The administrator is trying to ensure we have an actual count of members and only those licensed by the government are counted as members," he said. "Those who don't have the licenses are now worried they'll lose voting rights."

Source: sourcingjournal.com– Jan 06, 2025

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Bangladesh: Int'l yarn and fabric show starts on Jan 15

The 23rd Dhaka International Yarn and Fabric Show 2025 (Winter Edition), an event for the textile and garment industry of Bangladesh and South Asia, will be held at the International Convention City Bashundhara in Dhaka from January 15 to 18.

The four-day show was jointly organised by CEMS-Global USA, a leading multinational exhibition organiser, and the Sub-Council of Textile Industry of the China Council for the Promotion of International Trade (CCPIT TEX).

Over 325 exhibitors from over 15 countries from across the world will showcase their products on yarn, fabric, trims, and accessories, said a press release.

Meherun N Islam, president and group managing director of CEMS-Global, made the disclosure through a press conference at the Pan Pacific Sonargaon Dhaka in the capital today.

As one of the world's largest apparel exporters, Bangladesh provides a dynamic setting for industry leaders to engage in meaningful collaboration and dialogue, enhancing the value of the show, she said.

The event will provide the Bangladesh and South Asian textile and garment industries to explore sourcing opportunities in one of the world's most dynamic textile markets, Islam added.

It is part of CEMS-Global's widely acclaimed "Textile Series of Exhibitions", which spans three continents in Bangladesh, Brazil, Morocco, Sri Lanka and Thailand.

The event is an unparalleled platform for professionals in the textile and garment sector to explore innovations, foster partnerships and connect with hundreds of exhibitors showcasing yarn, fabrics, trims, and accessories.

This event will mark the 8th anniversary of joint endeavours between CEMS-Global USA and CCPIT TEX to promote textiles in Bangladesh, which is extremely helpful for increasing the country's exports from the industry.

The exhibitions will be open for business visitors upon registration every day from 10:00am to 7:00pm.

Chen Bo, deputy secretary general and director of the Sub-Council of Textile Industry at CCPIT TEX, joined the conference virtually from Beijing.

Source: thedailystar.net– Jan 06, 2025

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Pakistan: Weekly Cotton Review: Prices climb amid limited trade activity

The rapid increase in cotton prices in the country gave a severe blow to the cotton industry. Cotton prices have surged by up to a thousand rupees, limiting business activity.

The situation has been further aggravated by a 33.27% decline in cotton production, with total production expected to be around 56 lac bales. Ginners only have a stock of 6 lac bales left, and the new crop is still 5-6 months away. Due to this shortage, ginners are demanding higher prices.

Textile spinners are cautious about higher prices and are only making deals on a measured basis. There is a possibility of increased cotton imports, but this will put further strain on the industry.

The government needs to develop a comprehensive strategy to increase cotton production. There was a lot of optimism tied to the Heimtextil exhibition, but the increase in energy prices has minimised those hopes.

Chairman Economic Policy and Business Development and former caretaker minister Gohar Ejaz has demanded reduction in energy prices.

It is also being asked why the import of cotton seed is banned in a country when the import of other seeds is allowed?

Over the past week, cotton prices in the local market have shown an upward trend. Due to the Pakistan Cotton Ginners Association's estimate of a nearly 33.27% decrease in the country's cotton production by December 31, ginners have increased cotton prices.

Needy spinners are also showing interest in purchasing, which may lead to further price increases for relatively better quality cotton in the coming days. This is because ginners have limited cotton stocks, and the new season is still five to six months away.

However, on the other hand, the import of cotton is increasing day by day. Spinners will have to make payments for imported cotton, as well, leading to a financial crisis. In addition to cotton, cotton yarn is also being imported in large quantities. Moreover, cloth is also being imported.

Several local spinners will be interested in buying local cotton as it will be difficult for them to arrange dollars for imported cotton.

The local textile sector is continuously demanding that the Export Finance Scheme (EFS) facility, currently available for imported cotton and cotton yarn, be extended to locally produced cotton, as well.

Chairman Economic Policy and Business Development and former caretaker minister Gohar Ejaz in a press release said that the high cost of energy and other inputs as compared to our regional competitors makes it extremely difficult for our textile industry to compete in global market. Consequently, our textile exports are being adversely affected, and the industry is facing a crisis.

In Sindh the price of cotton is in between Rs. 18,000 to Rs. 19,000 per maund. The price of Phutti is in between Rs. 7,200 to Rs. 8,700 per 40 kg.

In Punjab the price of cotton is in between Rs18,000 to Rs. 19,000 per maund. The price of Phutti is in between Rs. 7,400 to Rs. 9,500 per 40 kg.

In Balochistan the prices of cotton is in between Rs.17,500 to Rs 18,700 per maund. The price of Phutti is in between Rs 7,500 to Rs 9,400 per 40 kg. The rate of Balochi cotton is in between Rs 19,000 to Rs 19,200 per maund. The rate of Primark cotton is in between Rs 19,000 to Rs 19,500 per maund. Prices of Binolla, Khal and oil; however, remained stable.

The Spot Rate Committee of the Karachi Cotton Association has increased the spot rate by Rs 5,00 per maund and closed it at Rs 18,000 per maund.

Nasim Usman, Chairman of the Karachi Cotton Brokers has said that there is a mixed trend in the international cotton market. The New York cotton futures price remained between 68 and 70 US cents per pound. According to the USDA's weekly export sales report, one lac and twenty eighty thousand and nine hundred bales were sold for the 2024-2025 year.

Turkey topped the list by purchasing forty one thousand and three bales. Pakistan came in second with the purchase of thirty thousand bales, followed by Vietnam at the third spot with twenty six thousand and five hundred bales. For the 2025-2026 year, five thousand and three bales were sold, which were purchased by Honduras.

The price of cotton has increased by 500 rupees per maund, reaching a new price of 18,500 rupees. According to the Chairman of the Cotton Ginners Forum, Ehsan ul Haq, the price of cotton has risen by a thousand rupees per maund in the past week. He said that 270 Pakistani textile mills are expected to participate in the Heimtextil exhibition starting on January 14 in Germany. There are expectations of Pakistani mills that they will receive export orders worth millions of dollars at the exhibition. He said that textile mills are purchasing cotton in large quantities to fulfil their export orders.

However, the cotton crisis in the country further deepened in 2024.

The year 2024 marked a significant crisis for Pakistan's cotton industry, with production and cultivation targets falling significantly short.

Sajid Mahmood, Head of Technology Transfer at the Central Cotton Research Institute Multan told Business Recorder that the cotton cultivation target for 2024 was set at 3.118 million hectares. However, only 1.974 million hectares were cultivated, achieving a mere 63% of the target.

He explained that cotton farmers faced numerous challenges this year, including the impacts of climate change, poor seed quality, and pest attacks. "Unusually low temperatures hindered seed germination, while extreme heat waves in June and July and unexpected rainfall further worsened the situation, severely affecting overall production," he clarified.

Sajid Mahmood noted, "In Punjab, cotton was cultivated on 1.304 million hectares, achieving 78% of the target, while Sindh achieved 87% of its target. However, both provinces recorded a decrease in production compared to the previous year."
Discussing the financial pressure on farmers, he highlighted, "In the absence of a support price, many farmers opted for more profitable crops like sugarcane and maize, further reducing the cotton cultivation area."

He emphasized the urgent need for reforms to revive the cotton sector. He also said adopting modern agricultural technology, ensuring the availability of high-yielding certified seeds, and effective pest management strategies are crucial to address the fundamental challenges. He also stressed the importance of preparing for the impacts of climate change. Strategic planning to mitigate climate impacts and control crop diseases should become an integral part of agricultural policy.

Chairman Economic Policy and Business Development and former caretaker minister Gohar Ejaz has said that the reforms in the energy sector are inevitable. While comparing Pakistan's power tariffs with other regional countries, he said that Pakistani power consumers are paying three and four times high tariffs as compared to Turkey and Egypt. He said Pakistan's industrial sector is paying Rs44.56 per unit for electricity while in Egypt per unit rate has been Rs10.58 and in Turkey it is equal to Rs16.43.

Per unit electricity rate in Bangladesh has been Rs20.89, while the industries in India are supplied electricity at Rs23.39 per unit, he said. He said in Vietnam and Sri Lanka power price has been 23.67 rupees per unit. He urged the government to fix the electricity rate for consumers at Rs26 per unit. He said reforms are compulsory in the energy sector and called for review of the agreements with independent power producers (IPPs) and they should be given payments only on power generation. He demanded halting payments to those IPPs not producing electricity. He also urged privatisation of the power distribution companies running in losses.

Chairman of APTMA, Mian Kamran Arshad, has stated that there are currently 1400 fake cotton seed sellers in Pakistan, which has resulted in a decline in cotton production. He also expressed concern over the imposition of GST on local cotton and the exemption of imported cotton from GST.

He revealed that if all spinning mills in Pakistan operate at full capacity, the domestic consumption would be one crore and sixty lac bales, but unfortunately, 40% of the industry is currently shut down.

Mian Kamran Arshad stated that if textile exports are increased and we import cotton and yarn, spending foreign exchange in the process, then the increased exports will not benefit the national economy.

However, according to a Pakistan Cotton Ginners Association (PCGA) report, as of December 31, 2024, the total cotton arrivals in Pakistan stood at 5,452,250 bales, compared to 8,171,082 bales in the previous year, reflecting an overall decline of 33.27% in cotton production in 2024.

In Punjab, cotton production was limited to 2,658,828 bales, indicating a significant decrease of 34.81% compared to the 4,078,769 bales produced last year. In Sindh, cotton production also saw a decline of 31.74%, with

2,793,422 bales produced in 2024, down from 4,092,313 bales in 2023. In Balochistan, cotton arrivals were restricted to 156,500 bales.

The PCGA report highlights a considerable reduction in cotton production in 2024, which has adversely impacted the national economy, the textile industry, and the financial stability of farmers.

As a result, to meet the textile industry's demands, over $2 billion worth of cotton will need to be imported, placing a significant burden on the national exchequer.

However, Sajid Mahmood Head Transfer of Technology Department Central Cotton Research Institute Multan said to address issue of the decline in cotton production, it is imperative to adopt a comprehensive and strategic approach. First and foremost, ensuring the availability of high-quality seeds is crucial to fostering the cultivation of cotton varieties with enhanced productivity, resistance to pests (particularly whitefly and pink bollworm), and adaptability to varying climatic conditions.

While Pakistan is home to approximately 800 seed companies, despite this a substantial number of unapproved varieties continue to be cultivated, exacerbating the decline in cotton production. These substandard varieties not only hinder production but also elevate the risk of pest and disease infestations. To mitigate this issue, it is essential to introduce stringent reforms in the registration process for seed companies. The registration process must be both rigorous and transparent, ensuring that only companies offering high-quality, and modern cotton seed varieties are approved.

Furthermore, mandatory practical testing and validation of seeds from each company should be instituted, with severe penalties for companies found supplying substandard seeds.

Moreover, regular performance evaluations of seed companies should be conducted, and a certification quality label system should be introduced for seed sales, ensuring that farmers only receive approved and standardized seeds. Public awareness campaigns should be launched to educate farmers on the advantages of using certified seeds and the risks associated with unapproved varieties. These initiatives will significantly enhance cotton production and ensure the consistent supply of high-quality seeds. Additionally, to strengthen cotton research and

development efforts in Pakistan, a comprehensive federal-level strategy is urgently required.

In this regard, integrating the Pakistan Central Cotton Committee (PCCC) into the Pakistan Agricultural Research Council (PARC) and establishing a dedicated “Cotton Wing” would provide a focused platform for advancing the cotton sector. This integration would allow for better coordination of research and development resources, facilitating the adoption of advanced technologies and research to boost cotton production and quality. This approach will foster greater alignment between federal and provincial research activities, addressing the challenges faced by cotton farmers and contributing to the sustainable growth of the cotton industry in Pakistan.

Source: brecorder.com– Jan 06, 2024

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NATIONAL NEWS

Growth expected to slow down to 6.3-6.6% in FY25

The Indian economy is expected to grow between 6.5 and 6.8 per cent during 2024-25. If the growth rate estimate is close to projections, then it would be the first time in four years (2021-22 to 2024-25) it would go below 7 per cent.

Economy growth based on changes in Gross Domestic Product (GDP) was 8.2 per cent in 2023-24. The Government will come out with the first advance estimates on Tuesday. The advance estimate is used for various Budget calculations.

The first advance estimate is critical especially after the July-September quarter shocker of 5.4 per cent. This pushed the RBI to cut growth forecast for the current fiscal to 6.6 per cent from the earlier 7.2 per cent. Still, Finance Minister Nirmala Sitharaman has been hopeful about growth picking up.

"It (Q2 growth number) is not a systemic slowdown. It is more of an absence of activity on public expenditure and capital expenditure. I expect Q3 to make up for all this. India has opportunities as much as its share of challenges. I still think India, not just this year but in the next year and the year after, will remain the fastest-growing economy," she had said at an event last month.

Rural vs urban demand

The recent Monthly Economic Review (MER) prepared by Economic Affairs Department said that rural demand is resilient, as highlighted by the 23.2 per cent and 9.8 per cent growth in two and three-wheeler sales and domestic tractor sales, respectively, in October-November 2024. Urban demand is also picking up, with passenger vehicle sales registering YoY growth of 13.4 per cent in October-November 2024 and domestic air passenger traffic witnessing robust growth.

"Consequently, we expect the economy to grow at around 6.5 per cent in real terms in FY25," the MER said. This is lower than RBI's projection. One of key reasons for lower growth is inflation.

RBI's Deputy Governor Michael Patra said in terms of demand, the main problem is investment. On the supply side, the main problem is manufacturing and the two are intertwined. In manufacturing, the biggest issue is the slump in the sales growth and that is reflecting inflation hitting the urban consumer.

"When sales growth is down, companies do not want to invest in new assets because they see demand as moderate, and it can be met from existing capacity. Since they don't want to engage in new capacity creation, investment is down. So, the underlying slowdown in growth is because of inflation," he said.

Meanwhile, foreign firm Nomura predicted inflation to be lower but predicts growth during the current fiscal to be lower. In its outlook for 2025, Nomura's Economics team predicted India's GDP growth to slow to 6 per cent in FY25 and to remain stable at 5.9 per cent in FY26. However, the team also predicted CPI inflation to decelerate to 4.9 per cent in FY25, from 5.4 per cent in FY24, and fall further to 4.3 per cent in FY26.

Source: thehindubusinessline.com– Jan 07, 2025

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Industry seeks extension of RoDTEP scheme to SEZs, EOUs till Sep-end

Amid global economic uncertainties, the industry has urged the government to extend key export-boosting scheme Remission of Duties and Taxes on Exported Products (RoDTEP) for export-oriented units (EOUs) and special economic zones (SEZs) till September-end.

Currently, the RoDTEP scheme for exports from the domestic tariff area (DTA), or the domestic market, is in place till September 30 this year. However, in the case of SEZs, EOUs and advance authorisation (AA) holders, the scheme expired on December 31 last year.

The RoDTEP scheme refunds the embedded non-creditable central, state and local levies paid on inputs to exporters to boost India's exports. The scheme came into effect in 2021, but was extended to additional export sectors — SEZs, EOUs, and AA holders — only from March 11, 2024 to "help the exporting community in handling the international headwinds".

In a letter to expenditure and commerce secretaries, the Export Promotion Council for EOUs and SEZs (EPCES) has said that there is "no justification" for denying the RoDTEP benefits to one set of exporters — EOUs, SEZs, and AA holders.

The EPCES also pointed out that in case of a budget constraint, the RoDTEP scheme should be limited to limited sectors and products only, instead of a small set of exporters being put to disadvantage. The budget requirement to cover EOUs and SEZs under RoDTEP is limited since exports from EOUs and SEZs constitute about 15 per cent of total merchandise exports.

The Council has also suggested that in case of budget constraint, all exporters be covered only till March 31.

As much as Rs 16,575 crore has been allocated to the RoDTEP scheme under the Union Budget 2014-25.

Source: business-standard.com– Jan 06, 2025

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Textile hub Tiruppur threads a recovery on sliding rupee as exports surge

In the shadows of a sliding rupee, India's knitwear hub Tiruppur is weaving a success story.

While the domestic currency edges closer to the 86 mark against the US dollar, triggering concerns for many sectors, this textile town in Tamil Nadu is finding opportunity in adversity: Between April and December alone, Tiruppur's exports reached Rs 26,000 crore, almost eclipsing last financial year's total of Rs 30,690 crore.

The final tally for 2024-25, based on conservative estimates, could soar as high as Rs 35,000-40,000 crore. Tiruppur accounts for 55 per cent of India's knitwear exports.

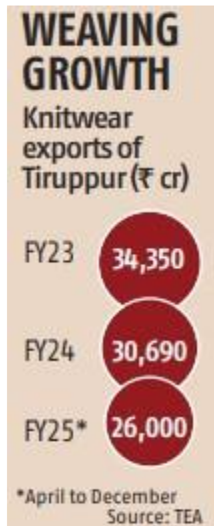
What's driving this surge? Partly, it's the rupee's depreciation versus the dollar, down nearly 3 per cent in 2024, which has made India's exports more attractive on the global stage. According to the Tiruppur Exporters' Association (TEA), the rupee's decline against the dollar last calendar year alone accounts for about 5 per cent of this growth.

And it's not just Tiruppur: Indian exports as a whole have been buoyant, with apparel exports jumping 10 per cent in November compared to the same month last year, hitting $1.1 billion.

Major export markets, such as the US, the EU, and the UK, have all registered strong import growth, spurring orders from global retail giants. "We have already crossed the Rs 26,000 crore mark this financial year, and with three months to go, we could even touch Rs 40,000 crore," said K M Subramanian, president of the TEA.

The list of buyers is a roll call of global heavyweights: Primark, Tesco, Next, Marks & Spencer, Warner Bros, Walmart, and Tommy Hilfiger. Australian brands like Target and Woolworths, along with European players like Duns, have also placed significant orders.

The United Arab Emirates has emerged as a key player, thanks to a free-trade agreement enabling easier exports to Africa via West Asia. "We are seeing good demand from the UAE, which has become an important gateway," Subramanian said.



But currency movements tell only part of the story. Tiruppur has caught the attention of global buyers prioritising ESG (environmental, social, and governance) compliance. The town boasts a carbon-negative status, achieved through substantial investments in green energy, zero liquid discharge systems, and large-scale tree plantations.

Tiruppur's recovery is also rooted in its embrace of technology. The adoption of AI-driven manufacturing has significantly increased productivity, raising production capacity from 45 per cent to 65 per cent. This modernisation follows a difficult year in 2023-24, when the region saw an 11 per cent drop in exports to Rs 30,690 crore, a steep decline from Rs 34,350 crore in 2022-23. The downturn was attributed to global disruptions: The war in Ukraine, financial instability in Europe and the US, and the fallout of supply chain crises.

Geopolitical shifts are further aiding Tiruppur's fortunes. The "China Plus One" strategy, which encourages companies to diversify supply chains away from China, Subramanian said, is steering business toward India. Meanwhile, political instability in Bangladesh, another major textile hub, has added to the momentum.

"October was a standout month," said Sanjay K Jain, managing director of TT Limited and chairman of the Indian Chambers of Commerce's National Committee. "The US registered a 22 per cent year-on-year rise in imports, and the EU saw a similar 22 per cent jump; the UK logged a 5 per cent increase. This reflected in the exports from all major players like India, China, Bangladesh, and Vietnam... The rupee depreciation will benefit the entire textile chain, with around 50 per cent of the gain passed on to the buyers."

Source: business-standard.com– Jan 06, 2025

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Stability marks north India's cotton yarn amidst global cotton import

Cotton yarn prices in north India remained stable. Prices hovered close to the previous close in the Delhi and Ludhiana markets. This contrasts with the trend in south India, where optimism was noted. Market experts mentioned that large mills in north India are importing cheaper cotton, which shields them from domestic price rises and does not impact their production costs. Recent weeks have seen these mills benefit from the cotton yarn export trade, aided by the falling Indian Rupee (INR) against the US dollar. In Panipat, the recycled yarn market experienced normal trade amid price stability, with cotton comber and recycled yarn prices remaining unchanged.

Cotton yarn was stable in Ludhiana, with normal trading in the first week of the new year. A trader from Ludhiana told Fibre2Fashion, "Cotton yarn trade saw average demand from the weaving industry. However, the major factor for market steadiness was the large mills' cotton imports. They are buying cheaper cotton from other countries and selling downstream products in both domestic and global markets. Therefore, they are minimally affected by the rise in domestic cotton prices."

In Ludhiana, 30 count cotton combed yarn was sold at ₹257-267 (approximately $2.99-3.11) per kg (inclusive of GST); 20 and 25 count combed yarn were traded at ₹247-257 (approximately $2.88-2.99) per kg and ₹252-262 (approximately $2.94-3.05) per kg, respectively; and carded yarn of 30 count was noted at ₹237-242 (approximately $2.76-2.82) per kg today, according to trade sources.

The Delhi market also witnessed stability in cotton yarn prices, with sentiments reported as weak, yet prices remained at previous levels. Spinning mills have managed to secure more cotton yarn export orders due to the recent fall in the Indian Rupee against the US dollar, providing much-needed relief.

In this market, 30 count combed knitting yarn was traded at ₹260-262 (approximately $3.03-3.05) per kg (GST extra), 40 count combed at ₹282-290 (approximately $3.29-3.38) per kg, 30 count carded at ₹237-239 (approximately $2.76-2.78) per kg, and 40 count carded at ₹262-265 (approximately $3.05-3.09) per kg today.

India's home textile hub, Panipat, witnessed a slow trade of recycled yarn amid weak demand. Despite improved liquidity in the downstream industry from good sales of blankets and winter garments, buyers remained cautious about fresh purchases. A trader from the market said that buyers will rush to make new purchases once they receive clear market direction. Demand may improve for summer home textile items like bed sheets and pillow covers.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹78-82 (approximately $0.91-0.96) per kg (GST paid). Other varieties and counts were noted at 10s recycled PC yarn (Black) at ₹53-56 (approximately $0.62-0.65) per kg, 20s recycled PC yarn (Grey) at ₹96-102 (approximately 1.11-1.19) per kg and 30s recycled PC yarn (Grey) at ₹130-135 (approximately $1.51-1.57) per kg. Cotton comber prices were noted at ₹102-108 (approximately $1.19-1.26) per kg and recycled polyester fibre (PET bottle fibre) at ₹78-80 (approximately $0.91-0.93) per kg today.

In north India, cotton prices were slightly higher due to limited market availability. Prices increased by ₹25-30 per maund of 37.2 kg. According to traders, the Cotton Corporation of India (CCI) is buying seed cotton at the minimum support price, which is higher than the market prices, and this stock will likely remain blocked for the next few months, reducing the regular availability of cotton in the domestic market. Cotton arrivals are also decreasing due to lower production.

Cotton arrivals in North India totalled 11,600 bales of 170 kg, comprising 600 bales in Punjab, 4,000 bales in Haryana, 3,500 bales in upper Rajasthan, and 3,500 bales in lower Rajasthan. Cotton prices in Punjab ranged from ₹5,530 to ₹5,550 (approximately $64.44-64.67) per maund of 37.2 kg, while in Haryana, prices ranged similarly. In upper Rajasthan, cotton was priced between ₹5,550- ₹5,570 (approximately $64.67-64.90) per maund. In lower Rajasthan, it was priced at ₹53,000 to ₹54,000 (approximately $617.57-629.22) per candy of 356 kg. Seed cotton was priced at ₹7,100-7,400 (approximately $82.73-86.23) per quintal of 100 kg.

Source: fibre2fashion.com– Jan 06, 2025

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UP govt's new export policy to provide additional benefits to exporters

The Uttar Pradesh government is drafting a new export policy to boost the state's share in India's exports. The move aims to provide additional incentives to exporters.

In the last financial year (FY24), UP's merchandise exports were worth nearly $20.67 billion, contributing 4.71 per cent to India's total exports. With the new policy, the government targets to increase this share to 7.5 per cent, a senior official said. For the first six months of FY25, the state logged exports worth $10.56 billion, raising its share in the country's total exports to 4.89 per cent.

The proposed policy would introduce several incentives for exporters, especially in the food processing, handicrafts, and One District One Product sectors. UP is known for its traditional industries, such as Banarasi silk sarees, carpets from Bhadohi, chikan embroidery from Lucknow, Kanpur's leather goods, and leather footwear from Agra.

The policy would emphasise job creation and offer incentives, including marketing development support, air freight subsidies, international certification subsidies, and gateway port freight subsidies, the official added.

The state government is aiming to achieve merchandise exports worth Rs 3 trillion in the next two to three years. Being a landlocked state, UP is also focusing on creating infrastructure to support its export supply chain.

The state plans to develop all 75 districts into potential export hubs by building a robust network of warehouses, cargo terminals, and trucking hubs. These facilities will be located in industrial zones and near expressway projects.

Under the UP Warehousing & Logistics Policy, the government is offering various financial incentives to attract private investments. Additionally, plans are in place to establish seamless air, water, road, and rail connectivity for enhanced access to global and domestic markets.

Source: business-standard.com– Jan 06, 2025

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