IBTEX No. 11 of 2025 **January 16, 2025**

Currency Watch			
USD	EUR	GBP	JPY
86.48	88.95	105.64	0.55

INTERNATIONAL NEWS

No	Topics
1	China: Is there 'export rush' in December textile and apparel exports?
2	UK fashion manufacturers see 4th biggest sales revenue jump in Q3 2024
3	US textile & apparel import volume up 13% in Jan-Nov, export down
4	Monthly Cotton Economic Newsletter: January 2025
5	US adds 37 Chinese firms to UFLPA Entity List, 26 in cotton sector
6	Do Tariffs Actually Help? A look at its impact on the apparel industry
7	Rapid freight transport growth via China-Vietnam cross-border trains
8	Türkiye’s garment imports surge in 2024 amid concerns over ‘fixed’ currency
9	Cambodia's GFT exports rise 23.78% YoY to $13.74 bn in 2024
10	Vietnam's IIP up 8.4% YoY in 2024; IIP for textiles up 12% YoY

11	Indonesia to Seek Reduced Tariffs On Key US Exports Like Apparel
12	ICE cotton slips on selling pressure, declining crude oil
13	Bangladesh textile millers seek extended credit for raw material imports
14	Bangladesh: Dhaka Int'l Yarn and Fabric Show kicks off

NATIONAL NEWS	
No	**Topics**
1	Minister of Textiles Inaugurates India Pavilion at Heimtextil 2025, Frankfurt, Germany.
2	India's exports rise 6.03 pc to USD 602.64 billion in April-December 2024
3	Govt to launch AI-backed data analytics platform for better trade insights
4	India, Oman looking at finalising comprehensive trade, investment deal soon
5	First e-commerce export hub may start operations in March: DGFT
6	India Budget 2025: Retailers expect measures to boost textile demand
7	Correction inevitable, to come in handy for exporters

INTERNATIONAL NEWS

China: Is there 'export rush' in December textile and apparel exports?

According to the latest data released by the General Administration of Customs on January 13, 2024, textile and apparel exports reached $28.07 billion in December 2024, representing a year-on-year increase of 11.4% and a month-on-month rise of 11.5%. Among these, textile exports amounted to $13.13 billion, with a year-on-year growth of 17.4% and a month-on-month growth of 8%. Apparel exports totaled $14.93 billion, up 6.6% on annual basis and 14.7% month-on-month respectively.

Textile and apparel export Unit: 100MLN RMB					
Item	Dec	Jan-Dec	MOM change of Dec: %	YOY change of Dec	YOY change of Jan-Dec
Textile &apparel	2015.8	21427.6	12	12.6	4
Textile	943.1	10101.8	18	9.1	7
Apparel	1072.7	11325.8	7.2	15.8	1.4
Textile and apparel export Unit: 100MLN USD					
Textile &apparel	280.7	3011	11.4	11.5	2.8
Textile	131.3	1419.6	17.4	8	5.7
Apparel	149.3	1591.4	6.6	14.7	0.3

Is the double-digit year-on-year and month-on-month growth in textile and apparel exports in December related to "export rush"? The answer is yes.

As early as November 5, 2024, following Trump's election victory, concerns about an escalation in the China-U.S. trade war emerged in the market. On November 26, Trump announced on his personal social media platform (Truth Social) that he would sign executive orders upon taking office on January 20 that would impose an additional 10% tariff on all imported goods from China and a 25% tariff on all imports from Mexico and Canada.

Reviewing the experiences from the four rounds of tariff lists in 2018-2019, there tends to be a rush to export once the threat of tariffs becomes clear and the specific tariff plans are announced. For instance, on March

22, 2018, Trump signed a presidential memorandum announcing significant tariffs on goods imported from China, which led to a staggering 51.69% month-on-month increase in China's textile and apparel exports in April.

In December, CCFGroup also surveyed some textile companies exporting to the U.S., and the feedback indicated that overseas downstream customers required Chinese suppliers to ship all goods destined for the U.S. before New Year's Day and ensure they arrived at ports before Trump took office. Consequently, some textile and apparel exporters worked overtime to meet these demands.

Data from CCFGroup monitoring supported this observation. Despite the gradual winding down of domestic sales, the downstream order index in December rebounded compared to November, indicating an improvement in foreign trade orders. Moreover, the operating rate of downstream plants in December was generally better than market expectations, and the combination of improved orders and low-priced raw materials prompted downstream buyers to increase their procurement of upstream raw materials, while also generally postponing the Spring Festival holiday schedule.

However, feedback from downstream clients currently indicated that the performance of foreign trade order acquisition after the Lunar New Year is modest. Some overseas downstream customers may want to wait for clarity on tariff policies after Trump takes office before making decisions.

Source: ccfgroup.com– Jan 16, 2025

HOME

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UK fashion manufacturers see 4th biggest sales revenue jump in Q3 2024

UK small and mid-sized firms saw their average sales jump by 128 per cent in the third quarter (Q3) last year, while the number of purchase orders (POs) placed with suppliers was also up by 123 per cent, according to a report from inventory management software provider Unleashed.

Fashion manufacturers—which include manufacturers of footwear and accessories—saw the fourth biggest jump in sales revenue out of all the 12 manufacturing categories analysed. It also saw the second biggest rise in POs. Revenue and POs were both up by 88 per cent across the manufacturing sector—signalling high confidence among consumers, retailers and other businesses.

Clothing manufacturers are buying more inventory in anticipation of further orders as consumer confidence in Q3 2024 reached its highest level in five years rising to minus 7.9 per cent. Social media is a big driver for sales with 42 per cent of consumers buying fashion goods through it in 2023. Instagram, Facebook and TikTok trends are also influencing fashion buyers.

The average number of purchase orders placed per quarter by UK manufacturers rose to 322 in Q3 2024, up from 171 in Q2 and 262 in Q3 of 2023. Lead days—measured as the time between placing a purchase order and the goods being receipted into the destination warehouse--remain low in the UK, pointing to overall supply chain health.

“Firms are buying more inventory – and while this might bring back bad memories of post-Covid disruption, when manufacturers were forced to adopt a ‘just in case’ strategy – it’s actually a positive sign in the current climate. Lead times remain low, so the orders we currently see flowing through the supply chain look like genuinely robust business confidence,” said Joe Llewellyn, general manager of cloud ERP at The Access Group, the parent company of Unleashed.

Source: fibre2fashion.com– Jan 16, 2025

HOME

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US textile & apparel import volume up 13% in Jan-Nov, export down

The US recorded a 13.87 per cent increase in the volume of textile and apparel imports across all types of fibres. These imports totalled 97,516.515 million square metre equivalents (SME) from January to November 2024, compared with 85,637.410 million SME during the same period in 2023, according to data from the Office of Textiles and Apparel (OTEXA).

During this period, apparel imports rose by 5.32 per cent to 23,718.786 million SME, up from 22,521.148 million SME from January to November 2023. Imports of textile (non-apparel) products reached 73,797.728 million SME from January to November 2024, marking a 16.92 per cent increase compared to 63,116.261 million SME during the same period in the previous year.

The import volume of cotton products increased by 8.00 per cent to 15,736.728 million SME during the review period, compared with 14,570.478 million SME for the same period in the prior year. Imports of man-made fibre (MMF) products reached 79,526.490 million SME from January to November 2024, up from 69,178.494 million SME during the same period in 2023, as reported by OTEXA.

Meanwhile, US exports of textiles and apparel made from all types of fibres eased by 2.35 per cent to 1,992.706 million kg during the review period, compared with 2,040.702 million kg from January to November 2023. Apparel exports decreased by 2.80 per cent to 622.606 million kg. Yarn exports were recorded at 800.704 million kg, showing a 1.48 per cent decline compared to the same period in 2023, while fabric exports decreased by 0.37 per cent to 669.265 million kg.

US textile exports continued their volatile downward trend in the first eleven months of 2024, as foreign buyers remained cautious about textile imports. In 2023, the US experienced a 12.28 per cent decline in the volume of textile and apparel imports across all types of fibres, with total imports amounting to 92,783.4 million SME.

Source: fibre2fashion.com– Jan 16, 2025

HOME

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Monthly Cotton Economic Newsletter: January 2025

Recent Price Movement

Movement in cotton benchmarks was mixed, with some values flat, decreasing or rising over the past month.

- The nearby March ICE/NY futures contract traded sideways for much of the past month. After declining from 74 to just below 68 cents/lb between late November and the second half of December, values have held in tight range between 68 and 70 cents.
- The A Index was flat to marginally lower over the past month, easing from 80 to 78 cents/lb.
- The Chinese Cotton Index (CC Index 3128B) decreased from 95 to 90 cents/lb. In domestic terms, prices fell from 15,200 to 14,600 RMB/ton. The RMB weakened against the dollar, from 7.28 to 7.33 RMB/USD.
- Indian spot prices (Shankar-6 quality) were steady around 81 cents/lb. In domestic terms, values held near 54,000 INR/candy. The INR was stable around 85 INR/USD.
- Pakistani spot prices increased from 75 to 81 cents/lb over the past month. In domestic terms, values dropped from 17,300 to 18,500 PKR/maund. The PKR was steady at around 278 PKR/USD.

Supply, Demand & Trade

The latest USDA report featured a sizable change in global production (+2.1 million bales, to 119.5 million) and a marginal update for mill use (+100,000 bales to 115.9 million).

There were no revisions to figures for preceding crop years and, therefore, no change to world beginning stocks (flat at 74.2 million bales).

The net result for global ending stocks was a +1.9 million bale increase to 77.9 million. If realized, this volume would be the largest volume of world stocks since 2019/20 and a +3.7 million bale increase year-over-year.

The increase in world production was driven by an addition to the Chinese crop number, which was lifted +1.8 million bales, from 28.2 to 30.0 million. The current estimate for the Chinese crop suggests the highest production since 2022/23 (30.8 million bales) and represents only the second time over the past decade when Chinese harvest has been 30 million bales or more (it was as low as 21.4 million bales in 2025/16).

Outside China, the largest changes to harvest estimates were for Australia (+400,000 bales, to 5.4 million), Pakistan (-300,000 bales to 5.2 million), and the U.S. (+159,000 bales, to 14.4 million).

For mill use, the largest changes were for Bangladesh (+100,000 bales, to 7.9 million), Vietnam (+100,000 bales, to 7.1 million), and Turkey (-100,000 bales to 7.0 million).

The global trade forecast increased +200,000 bales to 42.5 million. In terms of imports, the largest changes were for China (-500,000 bales to 8.0 million), Turkey (-100,000 bales to 4.2 million), Bangladesh (+100,000 bales to 7.8 million), Vietnam (+100,000 bales to 7.1 million), India (+300,000 bales to 2.6 million), and Pakistan (+300,000 bales to 4.8 million). For exports, the largest changes were for the U.S. (-300,000 bales to 11.0 million), Australia (+100,000 bales to 5.5 million), India (+100,000 bales to 1.4 million).

Price Outlook

An old saying in commodity markets is that the best cure for low prices is low prices. The reason is that lower prices can discourage planting and production while potentially encouraging demand.

A question for the market as the Northern Hemisphere approaches the period for planting decisions for the forthcoming 2025/26 crop year is how true this old saying might be.

The world’s two largest producers, China and India (estimated to represent 45 percent of global production in 2024/25), have significant government price support systems. This can create insulation from market forces and may limit shifts in planting in these countries in 2025/26.

In countries with less robust government support, growers are grappling not only with lower cotton prices, but also with a lack of attractive options. Corn and soybeans are traditional competitors for cotton acreage.

Prices for both of these crops are also down significantly relative to where they have been in recent years (in terms of U.S. nearby futures in January, corn is near the level from last year but is down -31 percent relative to

2023, soybean prices are down -34 percent relative to 2023 and down -19 percent year-over-year, cotton prices are down -19 percent relative to 2023 and down -17 percent relative to last year).

For the U.S., statistical models based on ratios of cotton prices relative to other crops suggest only a modest change in plantings for 2025/26. Results from a recent survey of U.S. cotton producers aligns with these projections, suggesting only a 5 percent decrease. Beyond prices, costs of production may also influence U.S. planting decisions for the upcoming crop year.

The combination of lower prices and higher production costs present the first major profitability challenge that Southern Hemisphere growers have faced since scaling up production in recent years. Growers in Brazil and Australia have some opportunity to observe the market after Northern Hemisphere planting before making their acreage allocations.

However, soil and climate conditions (Australia) as well as the lack of attractive alternatives (prices depressed for second-crop or safrinha corn production in Brazil) may keep them in cotton.

This suggests that the record volume of exportable supply from these major shippers in the current crop year could be maintained or expanded in 2025/26.

Meanwhile, China is collecting a large harvest in 2024/25 and accumulated a significant amount of foreign stocks through heavy imports in 2023/24. Since China has ample domestic supply, it does not have a strong need for imports. A result could be that the large volume of exportable cotton may have to continue to compete for limited global import demand, which may continue to weigh on prices.

Source: sourcingjournal.com– Jan 15, 2025

HOME

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US adds 37 Chinese firms to UFLPA Entity List, 26 in cotton sector

The US department of homeland security (DHS), on behalf of the Forced Labour Enforcement Task Force (FLETF), yesterday announced addition of 37 entities to the Uyghur Forced Labour Prevention Act (UFLPA) Entity List, marking the largest single expansion of the list to date. Among the new entities is one of the world's largest textile manufacturers.

The 26 new entities in the cotton sector are Huafu Fashion Co Ltd and 25 of its subsidiaries engaged in production and sale of cotton and cotton products. Huafu maintains a vertically integrated supply chain from cotton planting in the Xinjiang Uyghur Autonomous Region (XUAR), processing and yarn spinning to textiles manufacturing.

Twenty-two of these subsidiaries are located in the XUAR, and three are located in Ningbo city in the Zhejiang province.

The 25 Huafu Fashion subsidiaries are:

- Ningbo Huafu Donghao Industrial Co., Ltd.
- Ninghai Huafu Textile Co., Ltd.
- Zhejiang Weixin Trading Co., Ltd.
- Aksu Huafu Color Spinning Co., Ltd. (also known as: Aksu Huafu Textiles Co., Ltd. Akesu Huafu, Aksu Huafu Dyed Melange Yarn, and Akesu Huafu Melange Yarn Co., Ltd.)
- Aksu Biaoxin Fiber Co., Ltd. (formerly known as Aksu Shangheng Fiber Co., Ltd.)
- Xinjiang Huafu Textile Co., Ltd.
- Xinjiang Huafu Hengfeng Cotton Industry Co., Ltd.
- Kuche Zongheng Cotton Industry Co., Ltd.
- Xinjiang Huafu Hongfeng Agricultural Development Co., Ltd.
- Shaya Yinhua Cotton Industry Co., Ltd.
- Awati Huafu Textile Co., Ltd.
- Xinjiang Huafu Color Spinning Group Co., Ltd.
- Xinjiang Huafu Cotton Industry Group Co., Ltd.
- Shihezi Standard Fiber Co., Ltd.
- Shihezi Huafu Hongfeng Cotton Industry Co., Ltd.
- Shihezi Huafu Hongsheng Cotton Industry Co., Ltd.

- Xinjiang Tianhong Xinba Cotton Industry Co., Ltd. (also known as Xinjiang Tianhong New Eight Cotton Industry Co., Ltd.)
- Huyanghe Huafu Hongsheng Cotton Industry Co., Ltd.
- Xinjiang Liufu Textile Industrial Park Co., Ltd.
- Kuitun Jinfu Textile Co., Ltd.
- Xinjiang Tianfu Cotton Supply Chain Co., Ltd.
- Xinjiang Cotton Industry Group Yuepu Lake Cotton Industry Co., Ltd.
- Xinjiang Cotton Industry Group Jiashi Cotton Industry Co., Ltd.
- Xinjiang Zefu Cotton Co., Ltd.
- Xinjiang Shengfu Cotton Industry Co., Ltd.

“The FLETF has reasonable cause to believe, based on specific and articulable information, that the entities source cotton or cotton-based products from the XUAR. This information has been corroborated by publicly available sources,” a DHS release said.

Source: fibre2fashion.com– Jan 15, 2025

HOME

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Do Tariffs Actually Help? A look at its impact on the apparel industry

In the ongoing debate over international trade, tariffs are often a contentious topic. Some argue that tariffs protect domestic industries and create jobs, while others contend that they harm consumers and stifle economic growth. The reality, as is often the case, is more nuanced. To understand how tariffs can impact an industry, here is a closer look at the apparel industry as an example.

The global apparel industry

The apparel industry is a truly global one, with clothing and textiles produced and traded all over the world.

Table: Global apparel exports and imports

Country	Apparel exports (2020)	Apparel imports (2020)
China	$147.9 billion	$18.9 billion
European Union	$115.9 billion	$133.8 billion
Bangladesh	$31.4 billion	$4.4 billion
Vietnam	$29.1 billion	$15.7 billion
India	$13.2 billion	$6.5 billion
USA	$5.8 billion	$85.5 billion

Source: World Trade Organization

The table clearly shows China is the world's largest exporter of apparel, while the US is the largest importer. This means that American consumers rely heavily on imported clothing. EU interestingly is in second position both as exporter and importer.

Tariffs impact on industry

Tariffs on imported apparel can have a number of effects, both positive and negative. On the positive side, in helps in protection of domestic jobs as tariffs can make imported clothing more expensive, potentially leading consumers to purchase domestically-produced clothing instead. This could help to protect jobs in the apparel industry.

Domestic production too gets a boost as demand for locally-produced clothing increases, apparel manufacturers may ramp up production, potentially leading to the creation of new jobs. And by making imported clothing more expensive, tariffs could encourage consumers to reduce their reliance on imports, which could have positive effects on the trade balance.

However, on the down side, tariffs make imported clothing more expensive, which means consumers have to pay more for the same products. This can be particularly harmful to low-income households. It could also lead to retaliation from trading partners. When one country imposes tariffs on imports, other countries may retaliate with their own tariffs. This can lead to a trade war, which can harm businesses and consumers in all countries involved. And also tariffs on apparel can lead to job losses in related industries, such as retail and transportation.

Do tariffs actually help?

As the article ‘How Tariffs Can Help America’ points out, the effectiveness of tariffs depends on the specific circumstances under which they are implemented. In the case of the apparel industry, tariffs may provide some benefits in terms of protecting domestic jobs and increasing domestic production. However, these benefits are likely to be outweighed by the drawbacks, such as higher prices for consumers and the potential for retaliation from trading partners.

Therefore, tariffs are a complex policy tool with the potential for both positive and negative effects. While they may provide some benefits to specific industries, they can also harm consumers and lead to trade wars. In the case of the apparel industry, the evidence suggests that the drawbacks of tariffs are likely to outweigh the benefits.

It is important to carefully consider all of the potential impacts of tariffs before implementing them. In many cases, there may be more effective ways to support domestic industries and create jobs.

Source: fashionatingworld.com– Jan 15, 2025

HOME

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Rapid freight transport growth via China-Vietnam cross-border trains

China Railway Group Limited's Nanning branch reported a sharp rise in freight transport on the China-Vietnam cross-border railway last year, with trains departing from Guangxi carrying a total of 19,670 containers—a rise of 1,153 per cent year on year (YoY).

Monthly freight volumes hit record highs five times—in March, April, July, October and November.

Its list of transported goods now encompasses 262 categories, sourced from 25 provinces and cities across China, with the trade route connecting to multiple countries in the Association of Southeast Asian Nations region, including Vietnam, Thailand and Laos.

The Nanning branch operates three fixed weekly cross-border freight trains now that pass through the country's border with Vietnam, ensuring a steady supply of goods to the market. Daily freight services were also introduced in July last year, along with a new route linking Guangzhou and Nanning in China and An Vien in Vietnam, media reports from Vietnam said.

The China-Vietnam cross-border freight train has significantly reduced shipping time.

Source: fibre2fashion.com– Jan 15, 2025

HOME

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Türkiye's garment imports surge in 2024 amid concerns over 'fixed' currency

Spearheaded by domestic brands, Türkiye's garment imports rose by more than 15%, surpassing $4 billion and setting an all-time annual high, sparking concerns about the Turkish textile sector's near future as it begins to adopt a consumption-driven model.

The garment and textile sector, which saw exports drop by over 6% last year, experienced a record-breaking increase in imports during the first 11 months of 2024. According to business-focused ekonomim.com, sector representatives anticipate that imports will close in 2024 at $4.5 billion, with projections for 2025 exceeding $5 billion.

As industry experts forecast, imports will continue to exponentially increase, driven by the period of strong Turkish lira, which they call "fixed" currency, and increasing reliance on international suppliers.

Garment imports from Egypt skyrocketed by 168%

China remained Türkiye's top import source, accounting for $733 million. Meanwhile, Egypt, which has garnered growing attention from Turkish investors, saw its exports to Türkiye rise dramatically.

Ready-made imports from Egypt reached $260 million in just 11 months, surpassing the total for the previous year. By year's end, this figure is expected to approach $300 million—a 168% increase over the past five years.

Other key import sources included Bangladesh with $304 million, Vietnam with $161 million, and India with $64 million. Spain also emerged as a notable contributor, with imports totaling $110 million during the first 11 months of 2024, primarily driven by major brands like Inditex and Mango exporting through their local warehouses.

Domestic brands shifting production abroad

Ramazan Kaya, President of the Turkish Clothing Manufacturers Association (TGSD), highlighted the unprecedented surge in imports, which have risen from an average of $2.5–2.6 billion to over $4 billion.

"Historically, imports accounted for about 14–15% of our total exports. Last year, this figure surpassed $4 billion, and we expect it to exceed $4.5 billion by the end of this year," Kaya explained.

He attributed this trend to cost inflation, noting that local brands increasingly source from countries like Bangladesh, China, and Egypt. "Protective measures are not sufficient to curb import growth," he added.

Seref Fayat, Chairman of the TOBB Ready-Made Clothing and Apparel Sector Assembly, warned that Türkiye's reliance on imports will persist as long as domestic production costs remain uncompetitive.

"The strong lira has unfortunately fueled consumption-driven imports. While trade deficit reduction is being discussed, consumption spending continues to soar, limiting resources for production. Even Türkiye's local brands struggle to manufacture domestically, leading to a dramatic rise in imports. With imports likely to reach $5 billion in 2025, I don't foresee a different scenario unfolding," Fayat said.

Source: turkiyetoday.com– Jan 15, 2025

HOME

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Cambodia's GFT exports rise 23.78% YoY to $13.74 bn in 2024

Cambodia's exports of garments, footwear and travel goods (GFT) were worth $13.74 billion last year—a year-on-year (YoY) rise of 23.78 per cent, according to the country's general department of customs and excise (GDCE). All segments of the sector performed well.

The country's total export earnings were worth $26.19 billion last year, out of which 52.46 per cent came from GFT goods. This trend is expected to continue this year as well.

The fear of US President-elect Donald Trump imposing additional tariffs on import of products originating in China has resulted in manufacturers currently based in China looking to move both investment and production bases to other countries, especially Southeast Asia.

The European Chamber of Commerce in Cambodia (EuroCham) and the Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC) had in November last year predicted such a surge in exports.

The GFT sector in the country made a turnaround last year after continuously declining for close to 18 months from mid-2022 till the end of 2023, a domestic newspaper reported.

Export of knitted apparel articles and clothing accessories earned $6.63 billion in 2024—a YoY growth of 21.2 per cent. Non-knitted apparel articles brought in $3.15 billion—a YoY growth of 31.9 per cent.

Articles of leather and travel goods brought in $2.05 billion—an increase of 20.4 per cent YoY. Footwear exports earned another $1.68 billion last year—a growth of 23.1 per cent YoY.

Source: fibre2fashion.com– Jan 15, 2025

HOME

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Vietnam's IIP up 8.4% YoY in 2024; IIP for textiles up 12% YoY

Vietnam's industrial production index (IIP) rose by 8.4 per cent year on year (YoY) last year despite fierce trade competition, low global economic recovery and geopolitical conflicts, according to the General Statistics Office (GSO).

This was a record high over the past four years, exceeding the annual target of 7-8 per cent.

The IIP for textiles grew by 12 per cent YoY last year.

The government attributed the rise to policies, especially related to tax, to address difficulties for businesses and efforts from local authorities to reform administrative procedures, improve infrastructure and promote investment, domestic media outlets reported.

Effective investment and trade promotion campaigns also contributed to the growth.

In 2024, the manufacturing and processing industry saw the highest YoY IIP growth of 9.6 per cent compared to 1.5 per cent in 2023.

The IIP for textiles, furniture and leather and leather goods grew by 12 per cent, 24 per cent and 14 per cent YoY respectively last year.

As of December 31, 2024, the inventory index of the processing and manufacturing sector was estimated to have risen by 10 per cent month on month (MoM) and by 10.6 per cent YoY. The number of workers in industrial enterprises increased by 1 per cent MoM and by 3.2 per cent YoY.

The average inventory ratio of the industry in 2024 was 77.1 per cent, compared to 88 in 2023.

Source: fibre2fashion.com– Jan 15, 2025

HOME

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Indonesia to Seek Reduced Tariffs On Key US Exports Like Apparel

With President-elect Donald Trump's tariff bluster showing no signs of abating, Indonesia's government is hoping to strike a fortuitous trade deal with the U.S. that would decrease duties on products like clothes and shoes.

"We are requesting bilateral economic cooperation to help lower tariffs," Indonesia's Coordinating Minister for Economic Affairs, Airlangga Hartarto, told an audience at the IBC Business Competitiveness Outlook 2025 summit in the country's capitol of Jakarta on Monday.

With less than one week before Trump's inauguration, Airlangga said Indonesia has been strategizing about negotiating with the incoming U.S. president to mitigate the impacts of expected tariff increases on U.S.-bound products from across the globe. A collaborative resolution between the two countries could involve a free-trade agreement (FTA), Airlangga said, according to Indonesian news outlet Tempo.

The economic minister noted that the Indonesian government is also monitoring Trump's threat to raise tariffs on BRICS nations by 100 percent should the trade bloc (which includes China, Russia, Brazil, India, South Africa, Egypt, Iran and Ethiopia) create its own currency to compete with the U.S. dollar. Indonesia officially became the first Southeast Asian member of the BRICS Alliance one week ago.

Airlangga attempted to assuage concerns about potential U.S. trade actions against BRICS, noting that key Indonesian exports are already subject to U.S. tariffs. "America has been imposing tariffs on our products, including shoes, apparel, and other commodities," he said.

As one of America's largest Southeast Asian trading partners, second to Vietnam, Airlangga seemed to imply that Indonesia could pursue similar trade terms. The U.S.-Vietnam Bilateral Trade Agreement (BTA), signed in 2001, normalized trade relations between the two nations and brought down the average tariff rate on Vietnamese goods from around 40 percent to 3 percent, according to the U.S. Embassy and Consulate in Vietnam.

In return, Vietnam committed to reform certain trade and investment policies to create a more favorable and fair business environment for U.S. companies doing business in the country.

In spite of the existing duties on Indonesian products, bilateral trade between the U.S. and Indonesia is strong, having reached $34.5 billion in 2023 and $31.6 billion during the first 10 months of 2024. During his first term in office, Trump requested a review of Indonesia's eligibility for the now-expired Generalized System of Preferences (GSP)—which created duty-free exemptions for certain products like travel goods and furniture—because of the trade deficit between the two countries. Indonesia exported $3.56 billion to the U.S. under GSP in 2023, though the benefits of the agreement lapsed on Dec. 31, 2020.

Following Trump's 2018 order, the Indonesian government said it would intensify communication with Washington in pursuit of a resolution. Those talks are likely to continue during Trump's second term, though GSP has shown few signs of an imminent renewal.

While it is part of a well-oiled Asian supply chain with China as its nucleus, Indonesia has attempted to push back against the superpower in recent months due to adverse impacts to its domestic apparel market caused by Chinese e-commerce.

Last summer, Indonesian minister of trade Minister of Trade Zulkifli Hasan said the deluge of cheap, China-made garments was threatening to "collapse" the country's network of 64 million micro, small and medium-sized enterprises, Al Jazeera reported.

As of last fall, the Indonesian government is still mulling a 200-percent tariff increase on China-made clothing, footwear, ceramics and cosmetics—a plan backed by thousands of workers who protested in Jakarta throughout 2024.

"The United States can impose a 200-percent tariff on imported ceramics or clothes; we can do it as well to ensure our MSMEs and industries will survive and thrive," Zulkifli said at the time.

Source: sourcingjournal.com– Jan 15, 2025

HOME

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ICE cotton slips on selling pressure, declining crude oil

ICE cotton futures slipped due to selling pressure and weaker crude oil. Falling crude oil makes polyester, a man-made alternative to cotton, cheaper for the textile sector. However, a weaker dollar index capped the decline in US cotton. Analysts said that cotton futures may take a positive turn as they have come down to an attractive price level.

Yesterday, the ICE cotton March 2025 contract settled at 67.50 cents per pound (0.453 kg), down by 0.14 cents. Initially, it gained but faced technical resistance at 67.98 cents, leading to selling pressure to ease. Other contracts fell between 16 and 33 points yesterday.

NYMEX crude oil declined after a US forecast indicated stable demand for the current year, 2025, and a higher supply outlook. The decline in crude oil makes the polyester value chain cheaper. It also put pressure on cotton prices.

The dollar index fell from higher levels, providing some relief to other commodities, but it failed to support cotton futures.

The session recorded a trading volume of 43,011 contracts, with 59,956 contracts cleared the previous day. Speculators increased net short positions in ICE cotton futures and options by 404 contracts, bringing the total to 51,936 contracts as of January 7. ICE deliverable No. 2 cotton futures contract stocks remained unchanged at 20,113 bales as of January 13.

CBOT soybean and corn futures also closed lower due to profit-taking and farmer selling after recent price highs.

Brazilian National Supply Company (Conab) reported Brazil's cotton production estimates at 3.6998 million tons for 2024-25 and 3.7014 million tons for 2023-24.

Analysts said that cotton prices are low enough to attract demand and anticipate a better price structure in the coming weeks.

Presently, ICE cotton for March 2025 was traded at 67.39 cents per pound (down 0.11 cent). Cash cotton was traded at 65.00 cents (down 0.14 cent), the May 2024 contract at 68.56 cents per pound (down 0.14 cent), the July

2025 contract at 69.60 cents (down 0.12 cent), the October 2025 contract at 68.78 cents (down 0.20 cent) and the December 2025 contract at 69.26 cents (down 0.03 cents). A few contracts remained at the level of the last closing, with no trading noted today.

Source: fibre2fashion.com– Jan 15, 2025

HOME

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Bangladesh textile millers seek extended credit for raw material imports

Textile millers in Bangladesh are requesting an extension of the credit period for importing raw materials, aiming to alleviate financial pressures and support their import-export activities. The Bangladesh Textile Mills Association (BTMA) formally communicated this request in a letter to Ahsan H Mansur, the governor of Bangladesh Bank, earlier this week.

The letter, signed by Brig Gen (retd) Zakir Hossain, highlighted that a central bank circular issued on 30th June 2024, had already extended the credit period for such imports until 31st December 2024. During a meeting between bank officials and BTMA representatives on 17th December, the challenges and issues faced by the textile sector were discussed, along with the proposal for a further extension of the credit period.

The BTMA also submitted a comprehensive report detailing the ongoing challenges within the export-oriented textile industry, emphasising the need for urgent action.

The report cited several factors that have hindered mill operations, including geopolitical conflicts such as the Ukraine-Russia and Israel-Palestine wars, a global economic downturn, the significant depreciation of the Bangladeshi taka, a 250 per cent rise in gas prices, a 70 per cent increase in worker wages, recent political instability, and inadequate gas and electricity supply. These issues have collectively prevented mills from achieving full production capacity.

Furthermore, the textile industry has incurred substantial losses due to unfavorable exchange rates when importing raw materials. With the expiration of the extended credit period, the sector is in dire need of an extension to facilitate smoother import-export operations.

In addition to the credit extension, the BTMA has called on the central bank to address outstanding payments for “Accepted/Matured” bills related to yarn and fabric supplied, amounting to approximately US $ 44.31 million across 961 letters of credit from 66 member mills. Many of these mills are struggling with cash flow issues due to these unpaid bills.

The topic was also addressed in the 17th December meeting, where the Bangladesh Bank governor assured the BTMA delegation that efforts would be made to expedite the payment of these outstanding amounts.

The textile sector represents a significant investment of around US $ 22 billion, making it the largest single investment in the private sector. It accounts for approximately 84 per cent of the country's export earnings, with local textile millers providing 70 per cent of the necessary raw materials and contributing about 30 per cent of foreign exchange earnings.

Source: apparelresources.com– Jan 15, 2025

HOME

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Bangladesh: Dhaka Int'l Yarn and Fabric Show kicks off

The 23rd Dhaka International Yarn and Fabric Show 2025 (winter edition) kicked off at the International Convention City Bashundhara (ICCB) in the capital on Wednesday to showcase cutting-edge technologies in textile and garment sectors.

Participants called the event a platform for professionals in the textile and garment sectors to explore innovations, foster partnerships, and connect with hundreds of exhibitors displaying yarn, fabric, trims, and accessories.

The show that will continue from January 15 -18 was organised jointly by CEMS-Global USA and CCPIT-Tex China.

Speaking on the occasion, business leaders sought policy support from the government for recovery of the textile and garment sectors facing various problems.

Mohammad Hatem, president of Bangladesh Knitwear Manufacturers and Exporters' Association (BKMEA), said there was more than 85 per cent value-addition in the knitwear sector but it continued to go down day by day due to the ineffective policy of the last government. It now stands at 50-60 per cent.

He feared that value-addition would decrease further, if policy support is not provided.

The garment industry has been struggling hard to overcome the existing challenges and facing immense pressure due to decreasing government support, he added.

"Countries like neighboring India despite being an LDC (least developed country) graduate are providing necessary incentives to the RMG sector to encourage foreign investment and inviting foreign buyers whereas Bangladesh government continues to cut incentives and other facilities showing LDC graduation as a cause," Mr Hatem lamented.

He urged Bangladesh Investment Development Authority (BIDA) to play a vital role in attracting foreign investment and to solve the prevailing problems in the sector.

He also requested the government to discuss with the sector stockholders before taking any policy decision which is required for the betterment of the industry.

Mr Hatem urged Chinese investors to invest in the country, certainly in the textile sector.

Anwar Hossain, vice chairman of the Export Promotion Bureau (EPB) and Administrator of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), was present as the chief guest at the event.

He said, "We know the banking sector is facing some problems which cause sufferings to the industry. We sat with the central bank governor and he assured us of resolving the crisis."

He admitted that concern arose over the recent announcement of gas price hike among entrepreneurs about business expansion, opening new ventures and foreign investment. All what they demand is a business-friendly environment and the government has a scope to work on it along with the private sectors, he added.

He laid emphasis on backward linkage and non-cotton goods production to stop textile sector value-addition from falling further.

Dewan Muhammad Humayun Kabir, secretary and executive member, BIDA, Song Yang, commercial consulate and Zhang Jian, secretary, Embassy of China in Bangladesh, Zhang Tao, vice president, China Council for the Promotion of International Trade (CCPIT-TEX), China, also addressed the event.

Meherun N Islam, president and group managing director of CEMS-Global, said that the exposition would work as a bridge connecting Bangladeshi textile and apparel manufacturers with international supply chain manufacturers and suppliers.

Over 325 exhibitors from 15+ countries are showcasing premium yarns, fabrics, trims, and accessories at the show.

Source: thefinancialexpress.com.bd– Jan 14, 2025

HOME

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NATIONAL NEWS

Minister of Textiles Inaugurates India Pavilion at Heimtextil 2025, Frankfurt, Germany.

India showcased its growing strength in the textile industry as the Hon'ble Minister of Textiles inaugurated the India Pavilion at Heimtextil 2025, held at Messe Frankfurt. With the largest country participation at this prestigious global home textiles fair, India demonstrated its commitment to innovation, sustainability, and global partnerships.

The Minister addressed global home textile exporters, importers, and manufacturers, highlighting India's growing competitiveness and the need for collaboration to achieve sustainable growth. HMoT invited all participating countries to attend Bharat Tex 2025 and explore investment opportunities in India's thriving textile ecosystem.

The Minister, during the Investors' Meet with the textile and machinery manufacturers, highlighted India's growth story and rising FDI in the last 10 years, emphasizing that the 'Make in India' initiative is a proven strategy driving India's emergence as a competitive manufacturing hub.

He encouraged investors to seize the growing opportunities, warning that staying out of India's market could lead to a fear of missing out. Inviting global investors, he said, 'Come and invest in India - Make in India, Make for the World'.

On the sidelines of Heimtextil, the Minister also met with the Machinery and Equipment Manufacturers Association and IVGT, Germany. HMoT urged them to strengthen their engagement with India's textile sector, emphasizing that India is one of the largest textile machinery buyers. Union Minister noted that it would be a win-win situation for both sides if German manufacturers invest and produce machinery in India. Citing the success of a German sewing thread manufacturer already thriving in India, he encouraged other machinery manufacturers to explore and expand their investments in the Indian market.

The government actively supports Indian exporters to participate in international events like Heimtextil, enhancing their global visibility and promoting their growth in competitive markets.

During his visit, the Minister toured various stalls at the exhibition, engaging with exhibitors to understand their latest offerings and innovations in home textiles. The craftsmanship of Indian exporters reaffirmed the government's commitment to supporting the sector's global aspirations.

The event witnessed enthusiastic participation from industry leaders and exporters, reflecting India's determination to strengthen its position as a global leader in the textile industry.

The Indian delegation, led by the Minister, was accompanied by Mr. Rohit Kansal, Additional Secretary, Ministry of Textiles, the Consul General of India in Germany, and other Ministry officials. Representatives from five Export Promotion Councils (EPCs) and the Jute Board were also present during the inauguration, showcasing a diverse range of products.

Source: pib.gov.in– Jan 15, 2025

HOME

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India's exports rise 6.03 pc to USD 602.64 billion in April-December 2024

India's exports grew in April-December 2024 reaching an estimated USD 602.64 billion, marking a rise of 6.03 per cent compared to USD 568.36 billion during the same period in 2023, as per the data released by Ministry of Commerce and Industry on Wednesday.

This upward trend is attributed to a strong showing across both merchandise and services sectors.

Merchandise exports totaled USD 321.71 billion in the first nine months of FY2024, a modest 1.6 per cent increase from USD 316.65 billion in the previous year. Notably, non-petroleum exports in December 2024 saw a healthy increase of 5.05 per cent, reaching USD 33.09 billion, up from USD 31.50 billion in December 2023.

The rise in non-petroleum exports has been a key driver of the overall export growth. Non-petroleum exports from April to December 2024 totaled USD 272.70 billion, reflecting a 7.05 per cent increase from USD 254.74 billion in the same period last year.

The merchandise exports for December stood at USD 38.01 billion, compared to USD 38.39 billion (YoY), and imports at USD 59.95 billion compared to USD 57.15 billion (YoY).

The services export for December stood at USD 32.66 billion, compared to USD 38.39 billion (YoY), and imports at USD 17.50 billion compared to USD 15.63billion (YoY).

Non-petroleum and non-gems and jewellery exports grew by 8.25 per cent, reaching USD 30.96 billion in December 2024, up from USD 28.60 billion in December 2023.

Among the major contributors to merchandise export growth in December were electronic goods, engineering goods, rice, ready-made garments (RMG) of all textiles, and cotton yarn, fabrics, and handloom products.

The data suggests that electronic goods saw an increase of 35.11 per cent, with exports rising from USD 2.65 billion in December 2023 to USD 3.58 billion in December 2024.

Engineering Goods exports grew by 8.35 per cent, from USD 10.01 billion to USD 10.84 billion in the same period.

Rice exports saw a significant surge of 64.03 per cent, climbing from USD 0.87 billion in December 2023 to USD 1.43 billion in December 2024.

Ready-made garments of all Textiles recorded a growth of 12.89 per cent, rising from USD 1.30 billion to USD 1.46 billion.

Cotton yarn/fabrics/handloom products saw an increase of 11.98 per cent, reaching USD 1.05 billion in December 2024 from USD 0.94 billion the year before.

The trade data shows that the USA, UAE, Netherlands, UK, China, Singapore, Saudi Arabia, Bangladesh, Germany, and Australia were the top ten export destinations.

On the other hand, China, Russia, UAE, USA, Iraq, Indonesia, Switzerland, Korea, and Singapore were the top destinations for import in April-December 2024.

In the previous financial year 2023-24, India registered record exports at USD 778 billion. In 2022-23, the country exported goods and services combined at USD 776.3 billion.

Services exports rose from USD 325.3 billion to USD 341.1 billion in 2023-24. Merchandise exports though marginally declined from USD 451.1 billion to USD 437.1 billion.

The trade deficit in December stood at USD 6.78, compared to USD 2.76 billion in December 2023.

Trade deficit, for April-December rose 14.11 per cent at USD 79.50 billion from the previous year's USD 69.67 billion, as per the data released by the Commerce and Industry Ministry.

Source: tribuneindia.com– Jan 15, 2025

HOME

****

Govt to launch AI-backed data analytics platform for better trade insights

The government is working towards developing a data analytics platform with the help of artificial intelligence (AI) to get better insights on trade data, commerce secretary Sunil Barthwal said on Wednesday.

“Whether there is a consistency in our growth or not, whether resiliency has come in our exports or not. These kinds of insights are now coming. We are working in that direction....There will be a launch of a platform, which will give us better data analytics,” Barthwal told reporters.

A committee, comprising officials from commerce and finance ministries, has been formed to create a mechanism for publishing consistent and accurate data, following calculation errors in gold import data.

FTA progress

India and the United Kingdom are exploring convenient dates to resume the talks for the proposed free trade agreement (FTA) in early February. The talks for the proposed FTA began in January 2022, a commerce department official said.

As far as the review of the India and ASEAN FTA is concerned, the next round of meeting is scheduled from February 10 onwards in Indonesia. There is progress in the negotiations, but there are some issues in goods, additional secretary Rajesh Agrawal said.

Regarding India-Eurasian Economic Union (EAEU) FTA, the commerce department said that they are currently in the process of finalising terms of references for the pact. Eurasian Economic Union (EEU) comprises Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.

DPIIT officials meet PE, VCs and Pension Funds on FDI reforms

- The Department for Promotion of Industry and Internal Trade (DPIIT) officials on Wednesday held a stakeholder consultation with private equity, venture capital and pension funds to discuss foreign direct reforms in the country. The meeting comes against the backdrop of the industry department targeting annual foreign direct investment (FDI) inflows worth $100 billion, on an average for the next five years. In the last five years, the annual average was $70 billion.

- FDI has been falling over the last few years. “Today’s focus was regarding feedback from the industry and suggestions on FDI reforms, mainly because FDI inflows have been declining over the last few years,” a person aware of the matter told Business Standard.

- Last week, DPIIT held similar discussion meeting with lawyers and industry associations.

Source: business-standard.com – Jan 15, 2025

HOME

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India, Oman looking at finalising comprehensive trade, investment deal soon

India and Oman are looking at sealing a broad trade and investment pact this year that will cut tariffs on each other's goods and boost the overall trade basket in line with renewed vigour in the relations, especially in the economic sphere.

The negotiations for a comprehensive economic partnership agreement (CEPA) gained new momentum after Oman's Sultan Haitham bin Tarik travelled to India over a year back.

Omani Commerce Minister Qais bin Mohammad Al-Yousef told PTI that Muscat is hopeful of concluding the ambitious trade pact with India this year, which is expected to significantly expand the two-way trade and investment ties between the two countries.

There has been a major upswing in economic ties between the two countries in the last few years with India emerging as one of the top trading partners of Oman.

India was the fourth largest market for Oman's crude oil exports for the year 2023 after South Korea. India was also the third largest market for Oman's non-oil exports in 2023 after Saudi Arabia.

"The comprehensive economic partnership agreement is still under negotiations," the Omani Commerce Minister said. "We already had several rounds of negotiations and one more round is coming up, and then we will see how it progresses," Al-Yousef said in an interaction with a group of visiting journalists.

Al-Yousef said Oman is keen to expand overall trade relations with India and that there is a lot of interest from Indian investors in Oman. "We have several larger investors (from India) having shown interest in Oman and they are planning for the future," he said without elaborating.

Like Saudi Arabia, Qatar, and the UAE, Oman is also looking at reducing its reliance on oil revenues by focusing on clean energy sources and promoting various other sectors in line with Oman's 'Vision 2040'.

The 'Vision 2040' is a roadmap for Oman's economic and social development for the period of 2021-2040. It was approved by Sultan Haitham Bin Tarik in 2020, then it was put into action in January 2021.

The Omani Commerce Minister also complimented India for its impressive economic growth in the last over 20 years, calling the "achievements" and economic growth rate "very impressive". "The people of India really worked hard to really achieve economic growth. The growth in the digital transformation, science, technology and many other sectors," he said.

Omani Sultan Tarik visited India in December 2023 during which he held extensive talks with Prime Minister Narendra Modi. In their talks, the two leaders adopted a vision document to shore up bilateral engagement in 10 key areas. The two sides had also announced the third tranche of USD 300 million for the Oman-India joint investment fund, which is a 50-50 venture between the State Bank of India and the Oman Investment Authority to channelise investments into the fastest growing sectors of the Indian economy.

Al-Yousef said the two sides will soon review the implementation of various decisions taken at the talks between the two leaders, which will be around a year back in a joint commission meeting. Asked about the proposed India-Middle East-Europe Corridor (IMEEC), the Omani Commerce Minister said it is a well-come move as any connectivity project that eases transportation is helpful for trade to grow.

In terms of the corridor, any sort of corridor, if it eases business and trade, is always welcome, he said. Billed as a pathbreaking initiative, the IMEEC envisages a vast road, railroad and shipping network among India, Saudi Arabia, the United States and Europe with an aim to ensure integration among Asia, the Middle East and the West.

The IMEEC was firmed up on the sidelines of the G20 Summit in September last year in Delhi. An agreement was signed by India, Saudi Arabia, the European Union, the United Arab Emirates (UAE), the US and some other G20 partners for the corridor.

Source: business-standard.com – Jan 15, 2025

HOME

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First e-commerce export hub may start operations in March: DGFT

New Delhi: The first e-commerce export hub in the country is expected to be operationalised from March this year, a senior government official said on Wednesday. The pilot launch of these hubs has been approved for five firms -- logistics aggregator Shiprocket and air cargo handling company Cargo Service Centre in Delhi; DHL and Lexship in Bengaluru; and goGlocal in Mumbai, Director General of Foreign Trade (DGFT) Santosh Kumar Sarangi said.

He said the departments of commerce and revenue, along with the Bureau of Civil Aviation Security (BCAS), are working on formulating a standard operating procedure (SOP) to operationalise these hubs. "We expect the first e-commerce hub operational by March of this year," he told reporters here.

The key features of these hubs would include self-sealing with no customs/BCAS examination at gateway ports; easy reimport policy for returns; and onsite outposts for quality and certifying agencies.

The move assumes significance as India is looking to tap into the growing export opportunities in this segment.

E-commerce exports have the potential to grow to over USD 100 billion by 2030 and then further to USD 200-250 billion in the coming years.

India's exports through this medium are only about USD 5 billion compared to China's USD 250 billion annually.

Sarangi also said the directorate is working to launch the second phase of the Trade Connect ePlatform.

The phase one was launched in September last year to provide all kinds of information related to exports and imports.

"We are working on launching the phase-2 of this which will have a lot more value added services including trade dispute related issues to be raised here and also trade analytics... trade intelligence reports from overseas missions will land here... trade finance and insurance will also come in this platform," he said.

The DGFT also announced launching of Diamond Imprest Authorisation (DIA) scheme.

"It will be implemented from April 1. The software module for this is under implementation and we will make it functional from the coming financial year," he said.

The scheme allows duty-free import of cut and polished diamonds up to a specified limit with 10 per cent value addition.

It aims to establish India as a hub for diamond processing and value addition.

The Diamond Imprest Licence allows eligible exporters to import cut and polished diamonds, including semi-processed, half-cut, and broken diamonds. Exporters can import diamonds up to 5 per cent of their average turnover from the past three years, with a requirement to add 10 per cent value.

Source: economictimes.com – Jan 15, 2025

HOME

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India Budget 2025: Retailers expect measures to boost textile demand

The Indian textile and garment industry is facing headwinds due to slow demand in both global and local markets. Retail brands have advocated for measures in the Union Budget 2025-26 to spur demand and foster growth in the sector. The industry expects income tax reforms to ease the financial strain on the middle class, targeted tax incentives to boost the rural market, rationalisation of GST rates, subsidies on raw materials and machinery, and tax breaks for MSMEs and startups. Industry leaders anticipate that Union Finance Minister Nirmala Sitharaman will introduce measures in the Union Budget to support the MSME sector, promote job creation, enhance skill development, and streamline tax structures.

Nishant Poddar, chief marketing officer & head of retail experience at Universal Sportsbiz Pvt. Ltd. (WROGN), said, “The Union Budget introduces a range of measures that could assist the retail sector, particularly the fashion industry. The proposed income tax reforms are a welcome move to ease the financial strain on the middle class. With more disposable income, consumers are likely to spend more freely, boosting foot traffic and sales in stores. This creates an excellent opportunity for retailers to highlight value-driven and aspirational products that cater to this renewed sense of financial confidence.”

He stated, “Rural markets are emerging as a significant growth area, and the targeted tax incentives for their development could be a game-changer. For retailers, this is an invitation to expand beyond urban strongholds. Tailoring inventory to regional preferences and enhancing digital outreach will be key to tapping into this burgeoning market.”

He argued that a reduction in GST rates on mass-consumption products, including apparel, has the potential to drive demand. Lower prices will attract a broader customer base, especially in the entry-level and value segments. For retailers, this presents an opportunity to refine pricing strategies and boost volume sales, making fashion more accessible to everyone. The government’s focus on regulating quick commerce practices is a step in the right direction. By promoting ethical and sustainable operations, this move ensures fair competition across the retail ecosystem. For us, it’s an opportunity to recalibrate our strategies to balance speed, quality, and customer satisfaction.

Poddar said that the expansion of the Production Linked Incentive (PLI) scheme to consumer goods could have far-reaching effects. By bolstering domestic manufacturing and reducing reliance on imports, this policy supports the availability of affordable, locally made products. For retailers, it's a chance to promote the 'Made in India' story while meeting growing consumer demand with competitive offerings.

The Union Budget lays a promising foundation for the retail industry's growth. By focusing on affordability, rural development, and sustainable practices, we can align our strategies with evolving consumer needs. The future of retail is brimming with potential, and with thoughtful planning, we can maximize these opportunities to create a stronger, more inclusive retail ecosystem.

Satyen Momaya, CEO of retail brand Celio India, commented on the expectations for the Indian Union Budget 2025-2026, "The retail sector has immense potential to drive India's growth and employment. To harness this, we urge the government to boost consumer demand by reducing individual income tax and interest rates.

The apparel and lifestyle retail segment, impacted by subdued demand over the last 12-18 months and inflation, would greatly benefit from retaining the current GST slabs, especially for products priced at ₹1,000 and above."

He said, we also anticipate the swift implementation of a National Retail Policy to streamline operations and foster long-term growth. These measures will enable the retail sector to contribute meaningfully to economic progress and job creation across the country.

Radhika Koolwal, co-founder of home décor company Urban Space, commented, "As we approach the Union Budget 2025, the home décor industry is optimistic about measures that can bolster growth and innovation in the sector.

We hope for policies that incentivise domestic manufacturing, such as subsidies on raw materials and machinery, along with tax breaks for MSMEs and startups. A reduction in GST rates on home furnishings and decor items would be a significant step toward making quality products more accessible to the growing middle class."

"Additionally, we expect initiatives that encourage sustainable practices, such as tax benefits for brands adopting eco-friendly production processes and using sustainable materials. Expanding financial support for digital infrastructure and e-commerce platforms will further empower businesses like Urban Space to enhance customer experiences and reach underserved markets. Investments in infrastructure, urban housing development, and affordable housing schemes will also be instrumental in spurring demand for home décor. Moreover, we look forward to enhanced export incentives, which can help Indian brands compete globally and showcase our designs on the international stage," Koolwal said.

Shamsher Dewan, senior vice president and group head (Corporate Ratings) at credit rating agency ICRA Limited, said, "The domestic textile industry has been on a gradual recovery path over the last year following a challenging phase of sluggish global demand, supply chain issues, and competition from neighbouring countries.

Gradual liquidation of retail inventory in end markets and a shift in global sourcing to India have supported apparel exports in fiscal 2024-25, while domestic demand remained subdued. The Union Budget is expected to focus on measures supporting the MSME sector, job creation, skill development, tax rationalisation on inputs, etc. Proposals around favourable financing terms for investments in value-added products will enhance the players' competitiveness."

Source: fibre2fashion.com – Jan 15, 2025

HOME

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Correction inevitable, to come in handy for exporters

Even as the rupee closed at a new historic low of 86.58 against the US dollar on Monday, the steepest single-day fall in nearly two years, economists maintained that this was an adjustment that was both warranted and inevitable. The rupee is overvalued and there is a need for the Reserve Bank of India to step back a bit and let it adjust, they said.

For exporters, this could be a boon, but a lot will depend on movements of the currencies of countries that are competing with India. The export sectors that can hope to reap benefits are those where the local content dominates like cotton textiles, leather and agriculture products. This augurs well as the share of some of the labour-intensive sectors in India's exports has been falling. Expectations of a further depreciation and the three-month forward rates that are around Rs 70 to a dollar can allow space for exporters negotiating new orders to offer better rates, analysts said. "India's basic balance of payments deficit is widening when portfolio inflows and the domestic economy have slowed. The rupee is overvalued," said Dhiraj Nim, economist at ANZ Research.

Compared with Southeast Asian currencies, the rupee remains relatively stable, but its moves are now increasingly in line with regional currencies. The rupee's earlier stability against depreciating regional peers over 2024 had resulted in bilateral appreciation and loss of competitiveness, Nim observed. "In the calendar year 2025 so far, the rupee has depreciated 1% against the dollar, ranking 3rd among 23 emerging market peers," Garima Kapoor, an economist at Elara Securities, said.

Engineering Export Promotion Council chairman Pankaj Chadha said: "Only beneficiary of the falling rupee would be exporters who are getting payments now or are shipping out orders contracted earlier. Those who have not hedged their receivables may reap a windfall. However, such gains typically last for 10-120 days only, as in new contracts, buyers will drive down prices based on the exchange rate outlook prevailing then."

"Those who have made advance billing of rice exports would immensely benefit from a decline in the value of the rupee against the dollar," said Vijay Setia, managing director, Chaman Lal Setia exports, an exporter of aromatic rice. In FY24, India, the largest exporter of rice, shipped $10.4 billion worth of basmati and non-basmati rice. In the April-November period of this fiscal, rice exports saw a sharp spike of over 13% to $7.31

billion as all restrictions on shipment were lifted. In the case of pulses, whose imports surged to a record $3.75 billion in FY24 due to lower domestic production, the fall in the rupee may not significantly push up the cost of imports. This is because the volume of imports may come down given robust domestic crops prospects.

Exporters of India-made cars, two- and three-wheelers, are expected to see higher realisations, thanks to a weaker rupee. While import costs are seen to rise, these fears are allayed to an extent. “Inflationary pressures are likely to remain capped as energy inflation remains muted in FY25TD, but a prolonged weakness in the rupee could lead to inflationary pressure with a lag,” Kapoor said. Currently, imported inflation is positive but small, a weaker rupee will add to it, but falling food inflation will be an important offset, added Nim.

No big solvency risk is seen with regard to external debt either, as it funds only a small part of the fiscal deficit. As such, the current account deficit remains manageable, and a weaker rupee should help correct to a limited extent the widened goods trade deficit. “Over the past year, even as the dollar index surged by 9.8%, the rupee depreciated by a modest 3.68%, outperforming major currencies like the Japanese yen and Korean won, which fell by 9-12% during the same period,” said Amit Malviya, national convener of the IT cell of the Bharatiya Janata Party.

“Any defence of the currency does mean loss of forex reserves and this balance is what the RBI will be evaluating. Besides, given that all currencies are falling, the RBI may prefer to wait and watch, rather than sell dollars which may help only temporarily,” Madan Sabnavis, chief economist at Bank of Baroda, said. “The RBI should not burn its forex reserves to arrest the rupee’s decline any more than warranted by what the broader forex market moves,” said Nim.

For inflation, more than currency, the uncertainty comes from tariffs, noted Anitha Rangan, economist, Equirus Securities. “The rupee has also been on the overvalued zone. The 40-currency REER in November 2024 showed overvaluation by over 8%. This correction is, therefore, overdue to bring about export parity and competitiveness.”

Source: financialexpress.com– Jan 14, 2025

HOME

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