IBTEX No. 12 of 2025 January 17, 2025

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USD	EUR	GBP	JPY
86.58	89.10	105.73	0.56

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INTERNATIONAL NEWS

Global economy to weaken in 2025, India's strong growth continues: WEF

A majority of chief economists worldwide expect weaker global economic conditions in 2025 but India is likely to maintain a strong growth despite signs of some momentum being lost, a new report said on Thursday.

In its latest Chief Economists Outlook, the World Economic Forum said the global economy is set to face significant challenges in 2025, with 56 per cent of chief economists surveyed expecting conditions to weaken.

Only 17 per cent foresee an improvement, pointing to heightened uncertainty in key regions and the need for measured policy responses worldwide, it found.

The US economy is expected to deliver robust growth in 2025, and South Asia, particularly India, is also expected to maintain strong growth.

The outlook for Europe remains gloomy, with 74 per cent of respondents predicting weak or very weak growth this year.

The outlook for China also remains weak, and growth is projected to slow gradually in the years ahead, the WEF said in the report prepared on the basis of consultations and surveys with leading chief economists from both the public and private sectors across the globe.

The report further said South Asia continues to stand out, with 61 per cent of chief economists expecting strong or very strong growth in 2025.

"This regional performance has been driven largely by robust growth in India, which remains the world's fastest-growing major economy. However, there are now signs of some momentum being lost," it said.

The latest national accounts data for India point to year-on-year GDP (gross domestic product) growth of 5.4 per cent in the third quarter of 2024, the slowest rate in nearly two years, prompting a downward revision to the central bank's annual growth forecast in December.

China's economic momentum is projected to slow amid subdued consumer demand and weaker productivity, further illustrating the uneven and uncertain nature of any global recovery.

On trade outlook, nearly half or 48 per cent of chief economists anticipated an increase in global trade volumes in 2025, underscoring the resilience of global commerce.

However, a large majority expected intensifying trade tensions, both between major powers and more widely.

Protectionism was identified as the primary factor that will drive lasting changes to global trade patterns, with other prominent contributors including conflict, sanctions and national security concerns.

Some 82 per cent of respondents predicted greater regionalisation of trade over the next three years, alongside a continuing gradual shift from goods to services.

Source: business-standard.com– Jan 16, 2025

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China raises important parameter to facilitate cross-border financing

China recently raised an important parameter in its macro-prudential management to expand cross-border funding sources for companies and financial institutions.

The macro-prudential adjustment parameter, a multiplier that decides the upper limit of outstanding cross-border financing available to an institution, was revised from 1.5 to 1.75, according to a joint statement issued by the People's Bank of China and the State Administration of Foreign Exchange.

The revision aims at guiding enterprises and financial institutions to optimise their asset-liability structure, a state-controlled media outlet reported.

The country will also continue implementing its special campaign to stimulate consumption, actively expand imports and attract foreign investment this year, a national commerce work conference in Beijing was told.

It will boost efforts to implement the consumer goods trade-in programme and more diversified consumption scenarios will be created.

To attract foreign investment, China will expand voluntary and unilateral opening up in an orderly manner, give full play to the role of national economic development zones in attracting foreign investment, and improve services for foreign enterprises.

Further efforts will be made to proactively align with high-standard international economic and trade rules, promote international cooperation in industrial chains and supply chains, and deepen Silk Road e-commerce cooperation.

Source: fibre2fashion.com– Jan 16, 2025

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Global unemployment stood at a historic low of 5% in 2024: ILO

Global unemployment stood steady at 5 percent in 2024, a historical low continuing from the 2023, with labour market resilience continues to be tested due to slow full economic recovery, the International Labour Organisation (ILO) said in a report on Thursday.

Economic growth was at 3.2 per cent in 2024, down from 3.3 per cent and 3.6 per cent in 2023 and 2022, respectively. "A similar expansion is expected in 2025 and then a gradual deceleration to set in over the medium term. Rapidly decelerating inflation rates and strong growth in a few major economic centres have helped the global economy to stabilize," the report on "World Employment and Social Outlook: Trends 2025 (WESO Trends)" flagged.

The ILO report does not see signs of improvements especially for young people who continue to face much higher unemployment rates – around 12.6 per cent.

With the return to pre-pandemic levels of informality and working poverty, the job recovery has lost much of its ability to generate further improvements and close the gap with the targets of the Sustainable Development Goals (SDGs), the report observed.

The inability of the labour market to bounce back is largely due to highly uncertain economic and social outlook because of geopolitical frictions, rising costs of climate change, and unresolved sovereign debt risks.
Low-income countries

Low-income countries, the report stated, appear to be particularly vulnerable, since progress in decent work creation has been slowest in these countries.

Though inflation rates have come down, wage growth has not fully caught up with the pandemic-related loss of earnings, in part because of weak employment growth. The ILO report also stated that global unemployment has remained steady, but real wage growth has picked up only in a few advanced economies with particularly strong labour demand.

Part of the reason that real wage growth has remained weak has to do with the shift in labour market power towards employers over the past decade which is adversely affecting vulnerable groups and young people.

Another trend that the report points out is that labour force participation has increased only in advanced economies, especially among older workers and women. Overall slight decline in labour force participation has weighed on employment growth.

The report expressed concern over continued gender gaps in participation, since significantly fewer women than men

participate in the labour market, which means that countries forgo a significant potential for improvements in living standards.

Among young men, participation has declined sharply, with many of them not in education, employment or training (NEET). This trend is particularly pronounced in low-income countries, where NEET rates among young men have risen almost 4 percentage points above the pre-pandemic historical average, making them vulnerable to economic challenges.

NEET rates in low-income countries rose in 2024, with 15.8 million young men (20.4%) and 28.2 million young women (37.0%), an increase of 500,000 and 700,000, respectively, compared to 2023, the report said.

Globally, 85.8 million young men (13.1%) and 173.3 million young women (28.2%) were NEETs in 2024, an increase of 1 million and 1.8 million, respectively, compared to the previous year, it shared.

The global jobs gap – the estimated number of people who want to work but are out of work – is set to reach 402 million in 2024. This includes 186 million unemployed, another 137 million who are mainly discouraged workers, and 79 million who would like to work but have obligations, such as caring for others, that prevent them from accessing employment.

Source: thehindubusinessline.com– Jan 16, 2025

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Red Sea Return Still Risky After Israel-Hamas Ceasefire

A ceasefire between Israel and Hamas likely won't be enough to bring major ocean carriers back into the Suez Canal in the near term.

Both parties initially agreed to the truce Wednesday, which would pause 15 months of fighting in the Gaza Strip and see the release of dozens of hostages and Palestinian prisoners.

The deal is expected to be implemented Sunday, although Israel has delayed a cabinet vote on the ceasefire, blaming Hamas for reneging on parts of the agreement.

Hapag-Lloyd remains non-committal to any Red Sea return. A recurring barrage of drone and missile attacks by Yemen-based Houthi militants in the Red Sea and neighboring Gulf of Aden has lingered since November 2023, shortly after Israel's offensive in Gaza began.

"The agreement has only just been reached," a Hapag-Lloyd spokesperson told Sourcing Journal. "We will closely analyze the latest developments and their impact on the security situation in the Red Sea. Otherwise, the following applies unchanged: we will return to the Red Sea when it is sufficiently safe to do so."

The container shipping giant has been skeptical of returning to the Red Sea even if a ceasefire took place, initially saying last June that an immediate truce "does not mean that the Houthi attacks will stop immediately."

At the time, the carrier said it would take at least four to six weeks after a ceasefire to rearrange schedules and for operations to return to normal.

"It is still too early to speculate about timing," a Maersk spokesperson told Reuters.

Peter Sand, chief analyst at freight rate benchmarking platform Xeneta, said a Red Sea return is "definitely closer than a few weeks ago," but noted that a ceasefire doesn't guarantee a situation where the Houthis aren't attacking international ships.

"We need a real safe passage, as was the case before the Houthis started to seize ships back in 2023," Sand said. "There's still a little bit of distance between where we are, and an absolute restoration" of shipping through the Suez Canal.

In the time since the attacks started, most major container shipping firms have avoided the canal altogether, instead opting to travel around southern Africa's Cape of Good Hope, which tacked on an extra week or two to typical transit times.

According to data from Project44, shipments from Southeast Asia to the U.S. East Coast now take 47 percent longer than they did at the start of the Red Sea crisis, while shipments to Europe take 33 percent more time to arrive. Transit times from China to Europe have risen by 25 percent.

However, it appears the ocean carriers have adjusted better to the new routes. In November, carriers experienced a median delay of four to six days beyond their original estimated arrival time. This is a significant improvement, particularly for Southeast Asia to Europe, which peaked at a median of almost 13 days late in February 2024.

The Iranian-backed militants have long claimed that the attacks are in protest of the Israel-Hamas war and in support of Palestinians.

Two months ago, Houthi armed forces spokesperson Yahya Saree said the attacks would "continue until the aggression stops and the siege on the Gaza Strip is lifted."

However, it remains unclear if the group will stop the attacks if a ceasefire is implemented.

"With this battle reaching its conclusion with the declaration of a ceasefire in Gaza, the Palestinian cause was and will remain the first cause for which the nation must assume responsibility," said Houthi spokesperson Mohammed Abdul Salam in a post on X celebrating the ceasefire.

"There will be no real peace for the region except with the disappearance of this emergency entity planted by a Western American force that provides it with the means to survive at the expense of the Palestinian people and the peoples of the region."

Despite the Yemeni faction's claims that the Red Sea assault is rooted in the war in Gaza, their attacks have been largely indiscriminate—sometimes hitting ships unaffiliated with Israel or its allies. That has posed questions as to whether the Houthis would stop their onslaught even if a truce was called.

Dan Shapiro, the deputy assistant secretary of defense on Middle East policy for the Department of Defense, said last February that the attacks are "almost entirely unrelated to Israel and Israeli-affiliated shipping."

"These are indiscriminate acts that are as much an affront to maritime commerce as piracy, having affected the interests of more than 55 nations and threatened the free flow of commerce through the Red Sea—a bedrock of the global economy," Shapiro said at a Senate hearing.

Source: sourcingjournal.com– Jan 16, 2025

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Sri Lanka: Industry needs targeted policy initiatives to capitalize on geopolitical shifts in apparel trade: JAAF

The Joint Apparel Association Forum (JAAF) has reiterated the need for targeted policy initiatives to help Sri Lanka capitalize on opportunities created by the geopolitical shifts in global apparel trade.

Emphasizing the stagnant growth of apparel export earnings over the past decade, JAAF highlighted the need for more strategic planning to enhance the country's competitiveness in the global market.

Yohan Lawerence, Secretary, JAAF, points out, Sri Lanka's outdated policies have hindered its ability to capture and maintain valuable market shares amidst changing trade dynamics. The association is currently lobbying with the American Apparel and Footwear to secure Generalized System of Preferences (GSP) for Sri Lanka's apparel products in the US.

The association aims to initially source raw materials and identify products meeting the criteria, informs Lawrence. He emphasized on the need to evaluate the markets and identify countries that require FTAs.

From January - November 2024, Sri Lanka's apparel exports grew by 5.27 per cent Y-o-Yto $4.3 billion, compared to the same period in 2023. The country's exports to the United States and the UK grew 6.25 per cent Y-o-Y and 9.37 per cent Y-o-Y respectively. Meanwhile, exports to the EU saw a slight increase of 0.04 per cent Y-o-Y while shipments to other markets also grew by 9.43 per cent Y-o-Y.

Source: fashionatingworld.com– Jan 16, 2025

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Global inflation rate for 2025 projected at 3.9%: ESS

The global average inflation rate for 2025 is projected to be 3.9 per cent, according to the Q4 2024 Economic Experts Survey (ESS), aligning with the forecast from the previous quarter, which also stood at 3.9 per cent in Q3 2024.

The Economic Experts Survey is a quarterly survey conducted by the ifo Institute for Economic Research, Germany and the Institute for Swiss Economic Policy.

With an average expected inflation rate of 3.5 per cent for 2026, expectations globally are 0.4 percentage points (pp) lower compared to expectations for 2025. In the long term up to 2028, inflation expectations are also at 3.5 per cent. This represents a slight decrease compared with the previous quarter (3.6 per cent). Long-term inflation expectations are hence also stagnating, ifo Institute said in a press release.

For 2025, the survey expects the lowest inflation rates in Western Europe (2.1 per cent). Expectations in North America, Oceania and Northern Europe are slightly higher (2.6-2.7 per cent). Expectations in other parts of Europe (Southern Europe: 3.5 per cent, Eastern Europe: 7.5 per cent) remain above central banks' inflation targets.

Within Asia, there is substantial heterogeneity across subregions. While expectations in Eastern Asia (2.9 per cent) and South-Eastern Asia (3.2 per cent) are only slightly elevated compared to inflation targets, expectations are significantly higher in Western, Southern and Central Asia (7.3, 7.4 and 11.1 per cent respectively).

Except for Southern Africa (4.4 per cent), all other African regions expect short-run inflation rates to be well above average (Western Africa: 10.8 per cent; Middle Africa: 13.5 per cent; Eastern Africa 27.6 per cent; Northern Africa 37.2 per cent).

For 2028, the survey expects inflation rates in Western Europe (2.0 per cent), Northern Europe (2.5 per cent), Oceania (2.5 per cent) to almost return to or approach the 2 per cent inflation rate targeted by many central banks.

However, for some subregions, the expectations are higher than in the previous quarter. Higher long-term inflation expectations are recorded, for example in Southern Europe (2.7 per cent), Northern America (2.9 per cent), Eastern Europe (4.8 per cent) Eastern Asia (3.0 per cent), Southern Asia (8.1 per cent), and in Southern Africa (3.8 per cent). The highest long-term inflation rates are expected in Middle Africa (17 per cent) and Eastern Africa (44 per cent).

Source: fibre2fashion.com– Jan 17, 2025

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Bangladesh makes BSW system mandatory for 7 govt entities from Feb 1

Bangladesh recently made submission of certificates, licenses and permits (CLP) through the Bangladesh Single Window (BSW) system mandatory for seven government entities from February 1 for import and export customs clearance.

The BSW system, implemented by the National Board of Revenue (NBR), is an online platform designed to streamline CLP applications and processing.

Manual CLP submissions will no longer be accepted for these agencies after January 31, a notification by NBR said.

The seven organisations are the Directorate General of Drug Administration (DGDA), the Export Promotion Bureau (EPB), the Department of Explosives (DoEX), the Bangladesh National Authority for Chemical Weapons Convention (BNACWC), the Bangladesh Economic Zones Authority (BEZA), the Bangladesh Export Processing Zones Authority (BEPZA) and the Department of Environment (DoE).

Importers and exporters can register on the platform using their business identification number (BIN) and submit all necessary documents digitally, the notification said.

Benefits of this system include enhanced transparency and accountability due to minimal human interaction, significant reductions in time and cost for trade activities, necessary procedures will be done online simultaneously by all the concerned agencies and improved trust among domestic and international businesses, domestic media outlets reported.

Source: fibre2fashion.com– Jan 16, 2025

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Pakistan: Trading activity improves slightly on cotton market

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

Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is in between Rs 18,000 to Rs 19,500 per maund. The rate of Phutti in Sindh is in between Rs 8,000 to Rs 8,800 per 40 kg.

The rate of cotton in Punjab is in between Rs 18,000 to Rs 19,500 per maund. The rate of Phutti in Punjab is in between Rs 8,500 to Rs 10,200 per 40 kg.

The rate of cotton in Balochistan is in between Rs 18,000 to Rs 19,500 per maund. The rate of Phutti in Balochistan is in between Rs 8,200 to Rs 10,200 per 40 kg. The rate of Balochi Cotton is in between Rs 18,800 to Rs 19,000 per maund. The rate of Primark cotton is Rs 19,300 to Rs 19,500 per maund.

200 bales of Mir Pur Khas, 400 bales of Dherki, 200 bales of Mianwali, 200 bales of Gojra, 200 bales of Burewala were sold at Rs 19,000 per maund, 200 bales of Khanewal were sold at Rs 18,600 per maund, 400 bales of Rahim Yar Khan, 200 bales of Fort Abbas were sold at Rs 18,500 per maund.

The Spot Rate remained unchanged at Rs 18,500 per maund. Polyester Fiber was available at Rs 357 per kg.

Source: brecorder.com– Jan 17, 2025

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NATIONAL NEWS

Government contemplates extension of export schemes ahead of Union Budget 2025

PMO discussed continuation of RoDTEP scheme for SEZs/EOUs; DGFT pushing for interest equalisation scheme extension

Prior to the announcement of the Union Budget 2025, the government is considering extension of key schemes for exporters that have recently lapsed, including the popular Remission of Duties and Taxes on Exported Products (RoDTEP) from which SEZ units and EOUs have got excluded and the interest equalisation scheme important for ensuring cheap export credit, sources have said. The idea is to continue extending some relief to exporters amidst volatility in global demand.

An additional provision of ₹1,600-1,700 crore is being considered to extend RoDTEP to SEZs and EOUs till the end of the fiscal year, while the Commerce Department has also made a case for extending the interest equalisation scheme in a “slightly modified form” for four to five years, sources said.

“Last week the PMO discussed a key grievance of SEZs and EOUs of having being cut off from the RoDTEP scheme from January 1 2025 while the scheme continues for other exporters.

The government is now considering an additional provision of about Rs 1,600-1,700 crore to extend RoDTEP benefits to EOUs and SEZs till the end of the ongoing fiscal.Once that happens further extensions can be considered in the next fiscal when more funds will be available,” officials tracking the matter told businessline.

The RoDTEP scheme, announced in January 2021, refunds embedded duties and taxes, such as VAT on fuel used in transportation, mandi tax and duty on electricity used during manufacturing of the exported items.

Units in SEZs and EOUs and Advance Authorisation holders were included in the RoDTEP scheme in March 2024 but have been excluded from January 1, 2025, while other exporters are eligible till September 30, 2025, per a notification issued by the DGFT in September 2024.

In representations made to the Department of Expenditure and Department of Commerce, the Export Promotion Council for EOUs and SEZs had noted that there was no justification for denying the benefits to one set of exporters (SEZ/EOU/AA holders) vis-a-vis other exporters in the domestic area outside the zones (DTA).

If there are budget constraints, product categories/sectors may be reduced rather than one small set of exporters exporting the same product being put to disadvantage, it suggested.

In case of the interest equalisation scheme, which lapsed on December 31 2024, the DGFT is trying to persuade the Finance Ministry to extend it to all initial beneficiaries but is also ready to negotiate on limiting the beneficiaries to the MSME sector if funds are a big constraint, the source said.

The interest equalisation scheme, under which beneficiaries are extended export credit by banks at a subsidised interest rate, was first implemented in April 2015 and has been in place for five years. It covered non-MSME exporters of about 410 identified products and all exporters from the MSME sector.

The scheme was subsequently extended for limited periods of time and the last extension, which was only for MSME exporters, lapsed on December 31 2024. “The DGFT has made a case for extending the interest equalisation scheme for four-five years with the initial budget of an annual Rs 3000 crore. Various formats have been proposed to choose the beneficiaries,” the official said.

With goods exports from the country still facing rough weather as geopolitical risks continue to affect global demand, existing schemes play an important role in ensuring competitiveness of Indian exporters, per the Commerce Department.

Exports of goods from India in April-December 2024 increased 1.6 per cent (year-on-year) to $321.71 billion while exports in the last two months registered consecutive declines.

Source: thehindubusinessline.com– Jan 16, 2025

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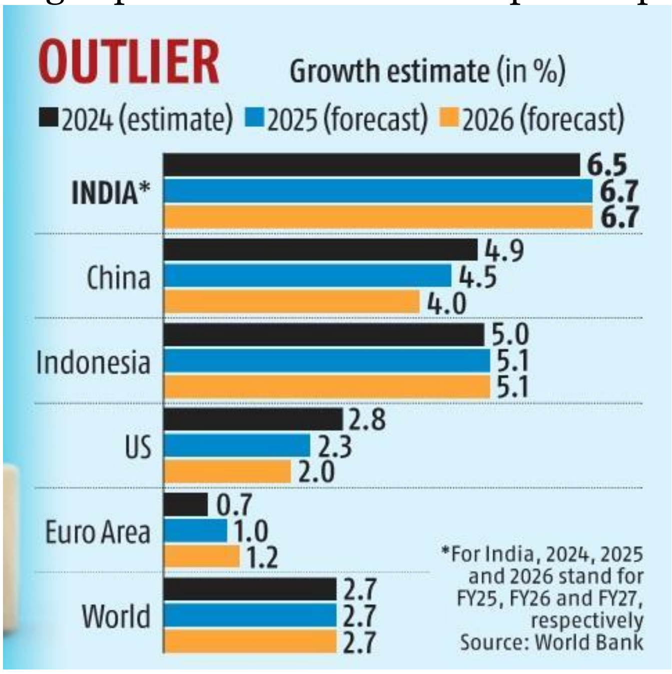
India to remain fastest-growing large economy in FY26, FY27: World Bank

The World Bank on Thursday kept its growth forecast for India unchanged at 6.7 per cent for FY26, maintaining that the country will remain the fastest-growing major economy for next two years.

“The services sector is expected to enjoy sustained expansion, and manufacturing activity is anticipated to strengthen, supported by government initiatives to enhance logistics infrastructure and improve the business environment through tax reforms,” the World Bank said in its flagship Global Economic Prospects report.



The global economy is projected to expand by 2.7 per cent in both 2025 and 2026, the same pace as 2024, as inflation and interest rates decline gradually. Growth in developing economies is also expected to hold steady at about 4 per cent over the next two years.

“The next 25 years will be a tougher slog for developing economies than the last 25,” said Indermit Gill, World Bank’s Chief Economist. “Most of the forces that once aided their rise have dissipated. In their place, headwinds-high debt, weak investment and productivity growth, and rising costs of climate change-have come. Developing economies will need a new playbook that emphasizes domestic reforms to quicken private investment, deepen trade relations, and promote more efficient use of capital, talent and energy.”

The multilateral lender said India’s private consumption growth is expected to be boosted by a strengthening labor market, expanding credit, and declining inflation. “However, government consumption growth may remain contained. Overall investment growth is expected to be steady, with rising private investment, supported by healthy corporate balance sheets and easing financing conditions,” it added.

India's growth is expected to decelerate to 6.5 per cent in 2024-25 from 8.2 per cent in 2023-24, reflecting a slowdown in investment and weak manufacturing growth. "However, services activity has been steady, while growth in the agricultural sector has recovered. Private consumption growth has remained resilient, primarily driven by improved rural incomes. In contrast, higher inflation and slower credit growth have curbed consumption in urban areas," the World Bank said.

The World Bank said fiscal policies in majority of the countries in the South Asian region, including India, are expected to be generally tight over the forecast horizon. "In India, fiscal deficits are expected to continue shrinking, largely on account of growing tax revenues," it added.

Heightened policy uncertainty, including adverse trade policy shifts in major economies, is a key downside risk for the South Asian region (SAR), the Bank said. Recent trade-distorting measures against SAR countries have declined, further intensification of protectionist policies, especially in the United States and Europe, could reduce manufacturing and other industrial goods exports, dampening growth prospects," it said.

Among other risks to the region, higher commodity prices could adversely affect growth prospects, given that almost all countries are commodity importers. "Other risks include surges in social unrest, tighter-than expected monetary policy in response to more persistent inflation, climate-change-related natural disasters, and weaker-than-expected growth in major economies," it added.

Source: business-standard.com– Jan 16, 2025

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Trump tariff hikes on Chinese goods may hit Indian exporters: Crisil Report

Trade restrictions planned by the incoming US President Donald Trump could lead to aggressive exports by China to other Asian markets, including India, according to a report by Crisil.

This shift is likely to create tough competition for Indian exporters in both regional and global markets, potentially slowing India's export growth.

The report highlighted that "in view of the proposed steep tariff hikes on Chinese goods by the incoming United States President, coupled with the expected slowdown in the Chinese economy, this will trigger aggressive exports from there to the Asian markets, including India."

Geopolitical uncertainties, including the US-China trade tensions, continue to pose risks for global trade. Meanwhile, India's trade deficit has widened this fiscal as imports have consistently outpaced exports.

The report added that India's export performance has remained unstable during the current fiscal year. While merchandise exports showed steady growth in the first quarter, they contracted in the second quarter. There was a brief recovery in October 2024, but exports declined again in November and December.

In December 2024, India's merchandise exports fell by 1 per cent year-on-year to USD 38.01 billion, following a 4.8 per cent decline in November. The fall was driven by significant drops in gems and jewellery exports (-26.5 per cent) and oil exports (-28.6 per cent).

However, core export growth of 8.3 per cent helped cushion the decline, though it was lower than the 11.8 per cent growth recorded in November. Key sectors within the core category, such as readymade garments, ores and minerals, handicrafts, and coffee, showed strong growth.

On the positive side, India's surplus in services trade and robust remittance inflows provide some relief and are expected to keep the current account in a safe zone. However, the rising merchandise trade deficit remains a concern that needs close monitoring.

The Crisil report emphasized that trade dynamics in the coming months would depend on how China redirects its exports and how India adapts to the resulting challenges.

Source: economictimes.com– Jan 17, 2025

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Piyush Goyal to visit Brussels, discuss India-EU trade, progress in FTA: Sources

New Delhi: Commerce and Industry Minister Piyush Goyal will be visiting Brussels later this week. He will discuss India-EU trade, progress in the Free Trade Agreement (FTA) and other issues with new EU Trade Commissioner Valdis Dombrovskis, as per sources.

The Union Minister has been taking active steps towards making the India-EU trade agreements successful, as Goyal in December last year interacted with Ambassadors of the European Commission delegation, Austria, Belgium, Bulgaria, Czech Republic, Estonia, Italy, Ireland, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovak Republic, Spain and Sweden.

The FTA negotiations, after 9 rounds of intense engagement, need political directions to arrive at a commercially meaningful deal while understanding the sensitivities of each other, the ministry has stated.

The Minister further underlined that any sustainability discussions must appreciate the principle of Common But Differentiated Responsibility (CBDR) and implementation of such measures should take into account differing paths of development.

Goyal has stressed that the FTA would be instrumental in further diversifying and expanding India's exports while strengthening critical value chains.

In October last year, he expressed his optimism about the potential of trade between both sides.

Speaking at at the launch of the Federation of European Business in India (FEBI) in New Delhi last year, Goyal said that two-way trade between Europe and India can grow exponentially if both sides understand each other's concerns and cooperate meaningfully.

The agreement is aimed at further boosting bilateral trade and investments between the two regions. The two sides are negotiating a free trade agreement, an investment protection agreement and an agreement on geographical indications (GIs).

The FTA negotiations between India and the EU, which have been ongoing since 2007, have seen periods of stagnation and revival.

Talks resumed with renewed vigour in 2021 after a nearly eight-year hiatus, focusing on reducing tariffs, addressing market access challenges, and facilitating investment flows between the two regions.

India's bilateral trade in goods with the EU reached USD 137.41 billion in 2023-24, making the EU India's largest trading partner for goods. Furthermore, bilateral trade in services between the two partners stood at an impressive USD 51.45 billion in 2023.

Source: economictimes.com– Jan 17, 2025

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Indian denim industry poised for growth amid challenges & innovation

Denim has undergone a remarkable transformation—from a sturdy workwear to becoming one of the most popular and iconic textiles in the global fashion industry. From its humble beginnings to its cultural significance today, denim has woven its way into the fabric of societies worldwide and this journey is a testimony to its enduring appeal!

It was in the late 1970s that denim made a significant leap in fashion, shifting from utilitarian wear to becoming a staple in casualwear. However, it was only in the mid-80s that denim production technology was introduced in India, setting the stage for the growth of a booming industry. The rest is history.

Over the years Indian denim industry has evolved into one of the most dynamic hubs for denim manufacturing globally. India's contribution to this global trend is particularly notable, with Gujarat, often referred to as the 'Denim Capital of India', playing a pivotal role. The state produces an impressive 60-70 per cent of the country's denim fabric and ranks third in denim production worldwide.

The Indian denim market has experienced tremendous growth in recent years, with an annual growth rate of 8 to 9 per cent. Multiple market studies and projections suggest the market is set to touch $9.15 billion by 2026, a rise of $3 billion from $6.15 billion recorded in FY2023. This steady growth is driven by several factors, making the market both challenging and full of opportunities.

"Geopolitically, we are in uncertain times, which impacts the market. The market is fluctuating constantly, and buyers now expect shorter lead times to minimise inventory, a trend that has both positive and negative aspects," Vedant Agarwal, the Chief Executive Officer at Suryalakshmi Cotton Mills Ltd, told Fibre2Fahion.

For manufacturers, shorter runs mean less efficiency, but it also helps in reducing inventory levels, feels Agarwal.

Suryalakshmi Cotton Mills Limited is one of India's leading integrated premium yarns to denim manufacturing entities, and over the past twenty years or so, the company has evolved into a premier Original Denim

Manufacturer (ODM), serving leading global and domestic brands, and holding a dominant market share in the premium denim segment.

"The Indian denim market has shown some stability of late, but with the significant increase in manufacturing capacity, we believe the market should ideally grow at around 5 per cent annually. While this growth aligns with the rising per capita consumption of denim, it may soon outpace domestic demand, making it crucial to boost exports," said Gautam Ganeriwal, Executive Director at Sitaram Spinners Pvt. Ltd. in an earlier interaction with Fibre2Fashion.

He identified high cost of raw materials a major obstacle hindering the growth trajectory. "One of the key challenges we face is the high cost of raw materials, which constitute about 80 per cent of yarn production cost. Compared to other countries, India's raw material prices are significantly higher, spandex is around 30 per cent more expensive, polyester is 25 per cent higher, and cotton cost is more than 10 per cent. These elevated costs push product prices up and make it difficult for Indian manufacturers to compete globally," Ganeriwal said while explaining the existing dynamics of the denim industry.

Headquartered in Hyderabad, Telangana, Sitaram Spinners is a key player in the yarn sector, particularly within the denim and bottom weight segment. Currently, approximately 75 per cent of its products cater to the denim and bottom weight market, with the remaining 25 per cent serving various other applications.

As the market continues to grow, various factors only add new dimensions to the fast evolving denim sector. The most important of them all is perhaps sustainability.

"Sustainability is not just an option; it is a necessity. In India, sustainability has long been embedded in our production practices. Indian denim mills, including ours, have been at the forefront of sustainable practices," claimed Ganeriwal, a sentiment echoed strongly by Agarwal as well.

"Sustainability is a significant part of our strategy, and currently we are the only denim mill in India spinning synthetic sustainable fibres. We spin recycled fibres in polyester and rayon, all used for denim. This includes recycled coarse spun polyester yarn with Lycra and polyester viscose yarns with Lycra. We also produce dyed synthetic yarns and have started exploring sustainable fibres like Tencel, Modal, and Ecovera," said Agarwal.

The rising disposable income is amongst the key drivers of denim's growth in the domestic market. As more people enter the middle and upper classes, their purchasing power increases, fuelling demand for fashion products like denim, even as western fashion trends continue to influence the domestic market.

Younger consumers are increasingly seeking fashionable and stylish clothing, with denim being a favoured choice for both casualwear and formal occasions. This shift in fashion preferences, combined with the broader availability of denim, has helped spread denim's appeal beyond urban centres to smaller cities and rural regions. This has only increased the competition as manufacturers innovate to meet the varied consumers' demands. Factors such as fabric handle, finish, and price are key differentiators in selecting denim for different market segments.

Innovation in design and quality also plays a significant role in attracting higher premiums and increasing the demand. So, as the denim industry continues to grow, the emphasis on innovation and quality takes centre stage as India holds on to its position as a major player in the global denim market.

"India has the potential to become a centre for innovation in denim. By investing in technology and R&D, we can lead the way in creating new products and processes that set global benchmarks and attract international buyers," underlined Ganeria as he called upon industry players to focus on product diversification to keep ahead of the competition.

Beyond traditional denim, exploring new applications and blends that cater to emerging fashion trends is the need of the hour, industry players observed. They added that this could involve smart textiles, functional finishes, and diverse yarn blends to meet the evolving needs of global consumers.

While the Indian denim market is on a growth trajectory, strategic actions are needed to unlock its full potential on the global stage, many industry players believe. They emphasised the need to address current challenges while keeping an eye on the future.

“The quality of denim produced in India has improved considerably and is now on par with global standards. Local manufacturers are delivering world-class denim in terms of quality, output, and serviceability.

We anticipate that as interest rates in the US begin to decline and per capita consumption in the US and Europe increases, there will be renewed demand for textiles. This expected recovery in the global market could positively impact the Indian denim industry, which has experienced subdued demand over the past year and a half,” concludes Ganeriwal on a positive note.

Source: fibre2fashion.com – Jan 17, 2025

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India’s T&A exports rise to $26 bn in Jan-Dec on falling rupee

India's textile and apparel (T&A) exports continued to rise in December 2024, demonstrating sustainable export demand for Indian textiles and apparel. The cumulative trade in the first nine months of the current fiscal 2024-25 (April-March) showed notable improvement, with exports rising by 7.63 per cent to reach $26.593 billion during this period.

December 2024 recorded robust growth, with exports increasing by 12.82 per cent. Apparel exports, in particular, surged by 12.89 per cent. Textile exports also saw robust growth similar to garment exports, probably helped by the recent fall in the Indian Rupee against the US dollar. A weaker Indian currency benefited Indian exporters in the global market.

Textile exports grew by 4.87 per cent to $15.277 billion in the first nine months of FY25, compared to $14.567 billion in the same period of the previous year.

Apparel exports rose by 11.58 per cent, reaching $11.316 billion, up from $10.141 billion in the corresponding period last fiscal. The share of T&A in India’s total merchandise exports increased to 8.27 per cent during this period, according to the Ministry of Commerce and Trade.

Within the textile sector, exports of cotton yarn, fabrics, made-ups, and handloom products increased modestly by 2.82 per cent, reaching $8.914 billion in the first nine months of this fiscal. Exports of man-made yarn, fabrics, and made-ups rose by 5.31 per cent to $3.610 billion, while carpet exports saw a significant increase of 10.75 per cent to $1,149.50 million.

In December 2024, T&A exports totalled $3.260 billion. Textile exports rose by 12.76 per cent, reaching $1.798 billion, up from $1.594 billion in December 2023. Garment shipments grew by 12.89 per cent, totalling $1.462 billion, compared to $1.295 billion in December 2023.

Under textiles, the export of cotton yarn, fabrics, made-ups, and handloom products grew by 11.98 per cent to $1,050.31 million, while man-made yarn, fabrics, and made-ups exports surged by 12.53 per cent to $421.59 million. Carpet exports also increased by 9.15 per cent to $134.23 million.

Imports of raw cotton and waste climbed by 84.18 per cent to $918.69 million in April- December 2024, compared to $498.81 million in the same period of 2023.

Imports of textile yarn, fabrics, and made-ups increased by 3.27 per cent, rising from $1,747.04 million to $1,804.21 million. During December 2024, the import of raw cotton and waste surged by an astonishing 384.87 per cent, from $29.47 million to $142.89 million. Similarly, imports of textile yarn, fabrics, and made-ups rose by 9.69 per cent to $219.65 million in the latest month.

In FY24, India's textile and apparel exports amounted to $34.430 billion, a 3.24 per cent decline from $35.581 billion in FY23. Apparel exports dropped by 10.25 per cent, falling to $14.532 billion from $16.190 billion. Conversely, textile exports grew by 2.62 per cent, reaching $19.898 billion from $19.390 billion in FY23.

India's imports of raw cotton and waste were valued at $598.63 million in FY24, a 58.39 per cent decrease from $1,439.70 million in the previous fiscal. Imports of textile yarn, fabrics, and made-ups also declined by 12.98 per cent to $2,277.85 million, compared to $2,617.74 million in FY23.

Source: fibre2fashion.com – Jan 17, 2025

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Textile, apparel exports surge in Dec amid festive demand, weakening rupee

Ahmedabad: India's textile and apparel sector experienced positive growth in exports in Dec, driven by increased demand during the festive season. The Confederation of Indian Textile Industry (CITI) data showed a 13% rise in textile and apparel exports for Dec. It rose to $3,260.75 million in Dec 2024 from $2,890.26 million in Dec 2023.

The period from April to Dec 2024 witnessed apparel and textile exports worth $26,593.4 million, an 8% increase compared to the same period in 2023.The April-Dec 2023 exports stood at $24,707.17 million.

The significant rise in textile and apparel exports can be attributed to two primary factors — enhanced realisations from the weakening Indian rupee against the US dollar and improved demand. Gujarat demonstrated similar export patterns. Despite higher Indian cotton prices compared to global markets, overall exports showed growth, indicating robust demand.

Rahul Shah, co-chairman of the textile task force of the Gujarat Chamber of Commerce and Industry (GCCI), stated, "Garment exports have picked up well after the Bangladesh crisis. Every brand retailer is shifting sourcing to India and Vietnam and away from Bangladesh. Garment exports have grown at a double-digit rate over the past three years. Further capacity addition is certainly needed to leverage this demand in the longer run."

The textile export sector, however, showed slower growth and remained subdued. An industry representative noted that uncertain geopolitical conditions and reduced consumer spending affected overall demand.

Industry analysts note that the strengthening dollar benefits exporters through improved realizations. Jayesh Patel, senior vice president, Spinners' Association Gujarat (SAG), commented, "Indian cotton prices have remained higher than international prices for the last some months, and it is affecting our competitiveness globally. Yarn demand from global buyers is almost steady. Dollar appreciation is now supporting the industry."

Source: timesofindia.com – Jan 16, 2025

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Apparel and textile exports register growth despite challenges

Apparel exports registered 12.9 % growth in dollar terms in December 2024 compared with the previous year and cumulative exports for April - December of 2024 registered 11.6 % growth as against the same period the previous year.

Sudhir Sekhri, Chairman of the AEPC said in a statement, “This is the appropriate time when India needs to capitalise this opportunity and accelerate the momentum to expand its global footprints and enter new markets.”

The long-term outlook for Indian apparel exports remains positive, largely on account of improved product acceptance, adaptability to changing consumer trends, focus of factories on compliance, etc., he said.

In April - November of 2024, apparel exports from India to the US grew 14.3 %, to Spain by 20.7 %, and 33.6 % in Netherlands. The exports did well in India’s FTA markets too, registering 22.7 % growth in South Korea, 9 % in Japan, and 9.8 % in Australia.

According to the Confederation of Indian Textile Industry, textile exports in December went up by 12.76 % compared with December 2023 and 4.87 % in April-December 2024 compared with the same period the previous year. This shows the sector’s resilience to global uncertainties, said Rakesh Mehra, its chairman.

Indian textile and garment industry can improve its competitiveness and gain more share in the global trade with the Quality Control Order norms are relaxed and the import duty on cotton is removed, said SK Sundararaman, chairman of the Southern India Mills Association.

Source: thehindu.com – Jan 16, 2025

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Rising imports worry apparel manufacturers

India imported garments worth ₹8,900 crore from April to November, 2024 and the year 2024-2025 is likely to end with almost ₹13,000 crore worth apparel imports, according to the Indian Texpreneurs Federation (ITF).

Prabhu Dhamodharan, convenor of the ITF, said the main imports were cotton apparel ($513 million) and manmade fibre apparel ($375 million). Further, knitted apparel imports were worth $420 million and woven were $529 million. The garments were mainly imported from Bangladesh, China, Vietnam, and Sri Lanka.

"Textile clusters and retailers must collaborate to address factors influencing imports such as pricing, quality, design, and product range. With a strong manufacturing base that already produces apparels for global markets, Indian manufacturers are well-positioned to meet domestic demand. Proper engagement can match retailer expectations efficiently," he said in a statement.

Retail brands in India must partner with domestic manufacturers to build robust supply chains that reduce import dependency and enhance local production. Hence, all the domestic retailers must focus on domestic sourcing instead of imports.

It's time for Indian retailers and textile clusters to work closely to strengthen domestic sourcing, create jobs, and build an efficient, world-class supply chain for apparel manufacturing, he added.

Source: thehindu.com – Jan 16, 2025

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Cotton yarn rises in Ludhiana on higher export, recycled PSF also up

North India's cotton yarn market witnessed a mixed trend, with prices rising by ₹3 per kg in Ludhiana but remaining stable in Delhi. Trade sources in Ludhiana attributed the price increase to the falling Indian rupee against the US dollar, which boosted market sentiment by improving cotton yarn export prospects.

A weaker rupee benefitted Indian yarn exporters and spinning mills, enabling them to tap into the global market. However, no such positivity was observed in the Delhi market, where cotton yarn demand remained average amid stable prices.

India's home textile hub, Panipat, saw a steep rise in recycled polyester fibre prices, which increased by ₹3 per kg in the last couple of days. The price hike was driven by a rise in virgin polyester fibre costs and higher exports of polyester flax. However, recycled yarn prices remained stable, and cotton comber was also traded at steady rates.

Ludhiana's cotton yarn market experienced a ₹3 per kg price increase as mills shifted focus toward exports. Local demand was also satisfactory, with summer garment production gradually picking up. A trader from Ludhiana told Fibre2Fashion, "The recent decline in the rupee against the US dollar has improved the competitiveness of local spinning mills in the export market. Better export prospects have given them greater pricing power, leading to an increase in cotton yarn prices."

In Ludhiana, 30 count cotton combed yarn was sold at ₹260-270 (approximately $3.00-3.12) per kg (inclusive of GST); 20 and 25 count combed yarn were traded at ₹250-260 (approximately $2.89-3.00) per kg and ₹255-265 (approximately $2.95-3.06) per kg, respectively; and carded yarn of 30 count was noted at ₹240-245 (approximately $2.77-2.83) per kg today, according to trade sources.

The Delhi market remained steady in cotton yarn prices, with demand also at an average level. According to market sources, the depreciation of the rupee cannot provide sustained support to the cotton yarn trade, as buyers demand price cuts to compensate for currency weakness. Any market improvement will depend on increased demand from the consumer industry.

In this market, 30 count combed knitting yarn was traded at ₹260-262 (approximately $3.00-3.03) per kg (GST extra), 40 count combed at ₹282-290 (approximately $3.26-3.35) per kg, 30 count carded at ₹237-239 (approximately $2.74-2.76) per kg, and 40 count carded at ₹262-265 (approximately $3.03-3.06) per kg today.

In Panipat, India's home textile hub, recycled yarn prices remained stable. However, recycled polyester fibre surged by ₹3 per kg following a rise in virgin PSF prices.

Major manufacturers in the country increased virgin polyester fibre prices by ₹1.5 per kg on Wednesday. A trader from Panipat attributed the increase in recycled polyester fibre prices to manufacturers' price hikes, a shortage of PET bottles, and higher exports of polyester flax. Despite the rising production costs, recycled yarn prices remained unchanged.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹78-82 (approximately $0.90-0.95) per kg (GST paid). Other varieties and counts were noted at 10s recycled PC yarn (Black) at ₹53-56 (approximately $0.61-0.65) per kg, 20s recycled PC yarn (Grey) at ₹96-102 (approximately 1.11-1.18) per kg and 30s recycled PC yarn (Grey) at ₹130-135 (approximately $1.50-1.56) per kg. Cotton comber prices were noted at ₹102-108 (approximately $1.17-1.25) per kg. The price of recycled polyester fibre (PET bottle fibre) was noted at ₹79-84 (approximately $0.91-0.97) per kg today.

In North India, cotton prices inched up further by ₹10 per maund (37.2 kg) as market dynamics remained positive. Traders noted that producers are not in a hurry to sell their crops, leading to limited arrivals, which the industry is consuming with ease.

ICE cotton prices also supported local market sentiment, having risen yesterday, though the global market eased today. Meanwhile, ginners are purchasing seed cotton at higher prices, stockpiling in anticipation of further price increases in the coming months.

North India's cotton arrival was 10,000 bales of 170 kg, comprising 500 bales in Punjab, 3,000 bales in Haryana, 3,500 bales in upper Rajasthan and 3,000 bales in lower Rajasthan.

Cotton prices in Punjab ranged from ₹5,590 to ₹5,600 (approximately $64.59-64.71) per maund of 37.2 kg, while in Haryana, prices ranged from ₹5,580 to ₹5,590 (approximately $64.47-64.59). In upper Rajasthan, cotton was priced between ₹5,580- ₹5,600 (approximately $64.47-64.71) per maund.

In lower Rajasthan, it was priced at ₹53,300 to ₹54,400 (approximately $615.86-628.57) per candy of 356 kg. While seed cotton was priced as ₹7,200-7,650 (approximately $83.19-88.39) per quintal of 100 kg.

Source: fibre2fashion.com– Jan 16, 2025

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