TEXPROCIL

THE COTTON TEXTILES EXPORT PROMOTION COUNCIL

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Exporting Excellence 70

IBTEX No. 13 of 2025 January 18, 2025

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USD	EUR	GBP	JPY
86.58	88.92	105.35	0.55

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INTERNATIONAL NEWS

The Global Trade Outlook for 2025? 'Less Efficient and More Expensive'

A new year may have arrived but what lies ahead remains mired in the same old uncertainty.

Indeed, the only thing businesses and investors can be sure of is that geopolitics have taken "center stage" as the defining feature shaping the global risk landscape, Jimena Blanco, chief analyst, global risk insight, at Verisk Maplecroft, in a webinar on Wednesday. The world has become less predictable, she said, with "traditional alliances shifting and new battlegrounds emerging."

While the Bath, England-based consultancy's Political Risk Index, identifies 99 countries that have experienced a significant uptick in political risk over the past three years, it's not the only data signal that warrants attention: A "perfect storm" of civil unrest, conflict, challenges to government authority, trade tensions, resource nationalism and sanctions also have the potential to foist parallel but distinct risks at certain times and convergent ones at others, Blanco said.

"Because these risks are widespread and affect every region of the globe, chances are you will find yourself exposed to them, albeit to various degrees depending on the industry or the specific jurisdiction that you're evaluating," she said.

If there's one common theme threaded through Verisk Maplecroft's political outlook, however, it's that strategic competition between major powers is creating a new baseline level of risk and uncertainty for businesses and investors, Blanco said. Take, for instance, President Donald Trump's return to the White House on Monday. The aggressive tariffs he has threatened to impose on China, Mexico and others could upend decades of trade policy, throttling globalization while driving up supply chain costs and potentially stoking inflation in the United States.

But though the American electoral system stood up to the rigors of democracy on Nov. 5, Verisk Maplecroft's Democratic Governance Index found that nearly half of the countries that headed to the polls in 2024 experienced so-called procedural irregularities, including the observable

use of violence and intimidation. A high rejection rate of incumbents has also resulted in a large number of new or recently instated governments for which voters have "high expectations and very little patience," Blanco said.

"With these new governments taking office, businesses and investors are exposed to potential instability in the operating environment, and the specter of growing divisions and frustrations among the electorate could threaten to spill over onto the streets," she said. Verisk Maplecroft's Civil Unrest Index also suggests that widespread protests could affect twice as many countries as those where unrest will recede this year.

Certainly, there is little safe harbor, agreed Hugo Brennan, head of EMEA, global risk insight, noting that conflict-affected areas across the planet have grown 65 percent since 2021 to encompass 4.6 percent of the entire global landmass, sans Antarctica, or up from 2.8 percent only three years ago.

In fact, if Brennan had one "headline takeaway" from the risk management group's data, it's that global conflict risks have increased "very significantly" over the past four years, with countries in Europe, Asia, the Middle East and Africa all making the list of worst performers on Verisk Maplecroft's Conflict Intensity Index. The battle over Ukraine continues apace, as does civil wars in Myanmar and Sudan. In sub-Saharan Africa, a "conflict corridor" centered around the Sahel in East Africa has doubled in size since the start of 2021. Much also continues to hinge on a rapprochement between Hamas and Israel.

"The direct exposure of the assets of publicly listed companies to conflict is currently fairly limited: only 3.68 percent of the assets of the highest risk sector—oil and gas—are located in conflict-affected areas currently, according to our newly released asset risk exposure analytics," Brennan said. "But that exposure could quickly change if, for instance, the regional war in the Middle East escalates to the point that oil-producing states were drawn in directly."

Global supply chains are especially sensitive to war risks, he said. One notable example is the ongoing campaign by the Houthis to attack Western shipping in the Red Sea, which has forced major cargo shipping companies to divert vessels to longer, more expensive routes around Africa's Cape of Good Hope. Shipping firms that continue to use the Red Sea-Suez Canel route face higher insurance costs because of the elevated

physical security risk. Russia's invasion of Ukraine "likewise roiled" global supply chains from energy to agro-commodities.

"These examples teach us the lesson that the outbreaks of new conflicts anywhere in the world could trigger a new wave of security, sanctions, cyber supply chain and reputational risk that corporates, investors and insurers would need to navigate," Brennan said.

Even key "connector" nations on which the global supply chain relies are facing challenges, said Reema Bhattacharya, head of Asia, global risk insights. Mexico, for example, is grappling with considerable risks from organized crime and violence, making it a difficult environment in which to operate. Vietnam, for another, struggles with serious human rights concerns such as forced labor, which Bhattacharya said have deepened over the past five years despite its trade ties with Western markets.

"Additionally, Vietnam's growing trade surplus with the U.S. could attract new restrictions, particularly under Trump's new administration," she said. "The country is increasingly seen as a proxy manufacturing hub for China, where 'made in Vietnam' often translates to 'made in China.'"

Meanwhile, Mexico faces a "critical juncture" in July 2026 with the review of the United States-Mexico-Canada free trade agreement, a focus of which will be preventing Chinese companies from using Mexico to bypass American tariffs. Already, the Central American nation is reportedly working to replace Chinese imports with products solely manufactured within North America, Bhattacharya said. Even so, achieving "complete disentanglement" from Chinese goods and services is "easier said than done," she added.

China has already been "strategically adapting" to ongoing sanction pressures, such as the Section 301 tariffs that the United States has imposed on some solar energy products. Many companies are establishing manufacturing facilities in countries such as Indonesia and Laos, where solar exports remain "relatively unaffected" by current U.S. trade protections, Bhattacharya said. This "strategic relocation," she said, has allowed the Chinese to "maintain dominance" in the American solar market despite the disincentives.

"In fact, U.S. solar imports from Chinese-controlled factories in Southeast Asia have actually surged in recent years, and new Chinese-owned plants in the region are now supplying nearly half of last year's U.S. solar panel

installations," Bhattacharya added. "So this sort of highlights and gives us a sense of the challenge facing U.S. manufacturers in competing with cheaper, more subsidized Chinese products."

If anything, services and investments will increasingly become subject to politically motivated restrictions. The world, Bhattacharya said, appears to be moving toward a fragmented economic system that will continue to drive costs up for everyone.

"While countries like Mexico and Vietnam are finding ways to thrive, the overall trend is quite clear: Global trade is becoming less efficient and more expensive [and] successfully de-risking supply chains from geopolitical rivals will come with a hefty price tag for businesses, especially in Western democracies," she said. "This means that consumers and companies are going to foot the bill for a substantial realignment of global production of goods. And for businesses, resilience and adaptability will probably be the key to navigating the challenges of new economic reality."

Source: sourcingjournal.com– Jan 17, 2025

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US Upland cotton sales up, but Pima down this week: USDA

Net sales of Upland cotton in the United States for the 2024-25 season totalled 316,200 running bales (RB), each weighing 226.8 kg (500 pounds), during the week ending January 9, 2025. This marks an increase of 130 per cent compared to the previous week and a rise of 71 per cent from the prior four-week average.

According to the weekly sales report from the US Department of Agriculture (USDA), released last Thursday evening, the increases were primarily for Turkey (102,100 RB), Vietnam (79,400 RB, including 1,300 RB switched from South Korea, with decreases of 500 RB), Pakistan (56,600 RB), Bangladesh (24,100 RB), and China (18,700 RB), which were offset by reductions for Japan (1,100 RB). The total net sales of 1,300 RB for 2025-26 were for Mexico.

For the week, the exports of 224,800 RB- a marketing-year high- were up 17 per cent from the previous week and 56 per cent from the prior 4-week average. The destinations were primarily to Vietnam (84,000 RB), Pakistan (33,800 RB), China (25,000 RB), Turkiye (17,700 RB), and Mexico (12,500 RB).

Net sales of Pima totalling 2,900 RB for 2024-25 were down 55 per cent from the previous week, but up 5 per cent from the prior 4-week average. Increases were reported for Peru (1,000 RB), India (800 RB), Pakistan (600 RB), Turkiye (400 RB), and Guatemala (100 RB). Exports of 8,300 RB were unchanged from the previous week, but down 17 per cent from the prior 4-week average. The destinations were primarily to India (5,900 RB), Peru (1,700 RB), Thailand (300 RB), and Turkey (200 RB).

Source: fibre2fashion.com– Jan 17, 2025

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China's Economy Reached 5% Growth Goal in 2024

China confirmed on Friday that its economy grew by 5 percent in 2024, settling the debate over whether Beijing's "around 5 percent" growth target would be achieved.

The National Bureau of Statistics also revealed that China's GDP grew 5.4 percent during the latest fourth quarter, a 1.6 percent increase year-over-year and the highest growth level of the year.

Manufacturing drove significant growth last year, with industrial output rising 5.8 percent compared to the previous year. Retail sales of consumer goods increased by 3.5 percent, while exports grew by 7.1 percent and imports rose by 2.3 percent.

China's urban unemployment rate was 5.1 percent in 2024, 0.1 percentage points lower than a year prior; the youth unemployment rate dropped 0.4 percent in December. The average weekly working hours of enterprise employees clocked in at 49 hours, according to the NBS.

Home prices showed signs of stabilization. According to NBS data, new home prices in first-tier cities rose 0.2 percent in December, reversing a downward trend since June 2023. In addition, new home prices rose in 23 medium-to-large-sized cities.

"We expect to see prices bottom out in 2025, though an L-shaped recovery still looks like the most likely scenario," wrote ING's chief economist Lynn Song in a memo.

"We continue to see stabilizing property prices as one of the top priorities moving forward, representing 60 to 70 percent of household balance sheets," Song added.

Online retail continued to outpace overall consumption growth. Sales of consumer goods grew a moderate 3.5 percent year-over-year and reached 487.8 billion renminbi, or $66.5 billion.

Online sales rose 7.2 percent year-over-year to 155.2 billion renminbi, or $21.1 billion. For the fourth quarter, sales of consumer goods increased 3.8 percent.

Hospitality sectors continued to outperform discretionary segments such as apparel and jewelry. Sports and recreation sales grew 11.1 percent year-over-year, restaurant sales increased 5.3 percent, and alcohol sales grew 5.7 percent. However, gold and jewelry sales declined 3.1 percent year-over-year, and cosmetics sales contracted 1.1 percent year-over-year. Apparel goods sales inched up 0.3 percent year-over-year.

“The key question is if we can see consumer confidence bottom out and begin a meaningful recovery. Pessimism has grown quite entrenched as of late, and it will take a lot of effort to break out of the doldrums,” Song wrote in the report.

“We think that this process must start with stabilization of asset prices and an exit of the contractionary and cost-cutting mindset that has set in—easier said than done,” Song added.

Source: sourcingjournal.com– Jan 17, 2025

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Indonesia prepared for impacts of US trade policies

Indonesian Minister of Trade Budi Santoso has affirmed his country's readiness to address potential impacts of a trade war between the US and China when Donald Trump assumes the presidency.

Trump has proposed a 100% tariff on BRICS member countries and a 60% tariff increase on Chinese goods, which could escalate geopolitical tensions and disrupt global supply chains.

Santoso emphasised that enhancing competitiveness is key to sustaining the economy amid such challenges. He noted that strong competitiveness would position Indonesia as an attractive partner for global trade, leveraging its advantages in goods and services.

The minister added that the government is exploring new strategies to establish bilateral economic cooperation with the US.

Earlier, Coordinating Minister for Economic Affairs Airlangga Hartarto revealed that Indonesia would seek tariff reductions from the US through bilateral agreements. This initiative is part of efforts to mitigate the anticipated impacts of import tariffs under Trump's administration.

Airlangga highlighted that Indonesia-US trade cooperation could be advanced through various mechanisms, including a potential Free Trade Agreement.

He underlined the importance of such initiatives in helping Indonesia capitalise on its strengths and minimise the effects of trade policies from the world's largest economy.

Source: vietnamplus.vn– Jan 17, 2025

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The Circular Economy Demands Reformed Trade Codes, Cambridge Reports

"What proposals for Harmonized System (HS) code reform should industry bodies advocate for by 2027 so that the codes meet the needs of a circular and sustainable textile economy?"

It's an important question.

These globally-recognized codes used for customs documentation have been criticized for lacking clarity and relevance in a world working to transition away from the incumbent take-make-waste model. Without an eco-minded designation embedded into the classification system, the secondhand clothing and textile recycling sectors face gratuitous legal and financial barriers—risking the "5.7 billion euros needed by 2030 to deliver a circular textile economy in Europe alone," per a 2022 McKinsey report—ultimately knee-capping the textile industry's transition to a circular economy.

As the World Customs Organization (WCO) is set to begin its updates to the international textile trade codes in 2027, these sustainability stalwarts shared some suggestions for the intergovernmental organization to consider.

The Centre for Resilience and Sustainable Development (CRSD) at the University of Cambridge partnered with the European Recycling Industries Confederation (EuRIC) and the UK's Textile Recycling Association (TRA) has published its research on reforming these customs trade codes to remove the unnecessary barriers the textile recycling sector faces. The resulting report, "Proposal for Trade Code Reform," presents several adjustments to modernize the codes to support the textile industry's circular transition better.

"Current customs trade codes create unnecessary barriers for the textile recycling sector that hinder its transition to a circular economy at a time when sustainable textile management is more crucial than ever," Julia Ettinger, general of EuRIC, said in a statement. "This research project offers practical proposals for HS code reform that we can present to governments to grow this vital sector."

Throughout 2024, the three organizations collaborated with industry and policy stakeholders to address the challenges posed by the aforementioned question. In response, the trifecta utilized the CRSD's action-research methodology—the Cambridge Policy Boot Camp (CPBC)—to develop new specifications that include secondhand clothing, recycling materials and textile waste.

"Rather than providing definitive solutions, the report aims to stimulate analysis and dialogue between industry and government stakeholders, serving as a foundation for further, in-depth work," the report reads, clarifying the report's scope is just one piece of the puzzle.

"This isn't just about changing codes—it's about building the foundation for a more circular textile industry," Alan Wheeler, the TRA's chief executive officer, said. "The recommendations provide a clear pathway for reform that could support the sector's ability to scale up circular economy initiatives."

Their report outlines a systems-based draft framework for reforming HS customs codes used in textiles trading for recycling, waste disposal or reuse as secondhand clothing. More specifically, the report proposes seven comprehensive reforms in relation to the "big bucket" code, HS 6309. Also known as HTS 6309 in the U.S. Harmonized Tariff Schedule (HTSUS), it's a broad designation for worn textiles that the report believes undermines the textile's legwork establishing secondhand streams based on that product's value hierarchy.

With ambiguous and open-to-interpretation language, customs officials have no concrete playbook to determine compliance with import/export national regulations. Without specific trade codes for textile waste, textiles for recycling, textiles for reuse or to differentiate between quality or end-use, the officer on duty is operating on interpretation—something difficult to consistently enforce. The lack of clarity in customs codes increases risk and cost for the sector, hindering investment in and scalability of the circular economy.

As it stands, HS codes don't align with the realities of textile sorting, recycling and reuse. The lack of precise waste classification prevents accurate trade monitoring, which runs the risk of textile waste laundering and illegal dumping.

"The Organized Crime and Corruption Reporting Project (OCCRP) reports that the large amount of collected 'fast fashion' has fueled an illegal trade in textile waste that is shipped as secondhand clothing into Romania through manipulation of paperwork and lack of clear regulations," the report references as anecdotal evidence. Adding to that evidence is the diverging interpretations of what is interpreted as non-waste (HS 6309) and what is interpreted as waste (HS 6310); Poland's understanding challenges Germany's version which contrasts with Finland's definition.

The most fundamental proposed solution would abolish HS 6309, replacing the generic classification with distinct codes differentiating between textiles for fiber recycling, reuse clothing, reuse shoes, reuse accessories, reuse household textiles, textile waste, and unsorted textiles.

"To maintain system coherence, reforms to HS codes 6309 and 6310 should align with ongoing developments in minimum textile sorting standards and emerging end-of-waste criteria frameworks [as] coordination is essential to ensure harmonized policy approaches across the textile value chain," the report reads. "These categories should replace HS 6309 entirely, rather than serve as subcodes. If the WCO implements these as subcodes, traders could default to the existing, generic HS 6309 classification, undermining the reform's benefits."

For the second strategy, the trio suggests standardizing legal terminology, perhaps using the definitions of textile reuse and recycling as defined by the TRA or WRAP as a starting point.

"EU policy processes around end-of-waste criteria development will likely face delays. Consequently, industry may wish to create their own definitions," the report reads. "Various terms and definitions are currently used across the sector to describe similar processes and products. Therefore, standardization is likely to require compromise."

On the topic of compromise, the third strategy establishes contamination benchmarks to "minimize the rejection rate of cargo" due to the unintended inclusion of "non-target" items; as in, the accidental inclusion of a clothing hanger in the clothing shipment would not, up to a threshold, be subject to rejection, per the CRSD. This, however, requires "further work" to determine what that threshold should (or shouldn't) specify.

Strategy four suggests creating dedicated subcodes for garments made with recycled content, which governments could then use to levy lower tariff rates and create economic incentives—a current challenge for recycled content. Subcodes make up the fifth strategy as well, acknowledging the need for distinct codes for high-value secondhand clothing sold in premium markets, which often use similar packaging and marketing as new items. Strategy six would develop a textile stream to the Authorized Economic Operator (AEO) program, while the last strategy suggests "revitalizing" the education and training efforts for customs officials, as the CRSD's research suggests these officers do not utilize the current resources at their disposal.

Outside of the obvious are other net gains; specific codes for products using recycled materials, for example, can drive demand for said material; confidence, too, could encourage investors to support circularity. Holistically, streamlining the process should reduce risk (see: cost) for the recycling and reuse value chain players.

"This trade codes project is yet another example of the power of co-creation and genuine collaboration between academia and industry," said project lead Dr. Nazia Habib, founder and director of CRSD. "We would encourage TRA and EuRIC and other similar associations to work closely with our Centre to apply co-creation methods for collective action."

Source: sourcingjournal.com– Jan 17, 2025

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Secondhand Soars: Resale market outperforms traditional retail in 2024, Consumer Edge Reports

In a year marked by economic uncertainty and a growing awareness about sustainability, the secondhand market has emerged as a clear winner. New data from Consumer Edge, a leading provider of global consumer insights, reveals that resale spending outpaced traditional retail throughout 2024. This trend, driven by budget-conscious shoppers and a desire for unique items, signals a significant shift in consumer behavior with potentially lasting implications for the retail landscape.

"The resale market's strong performance in 2024 is a testament to the changing priorities of consumers," says John Smith, Chief Analyst at Consumer Edge. "Shoppers are increasingly seeking value, sustainability, and uniqueness in their purchases. The secondhand market offers all of these, and platforms like Grailed and Depop have successfully tapped into this growing demand."

Resale spending on the rise

Resale spending growth surpassed overall retail spending in 2024. This outperformance was particularly pronounced in the apparel, accessories, and footwear sector.

Resale momentum surged in the latter half of the year. After a summer lull, resale spending rebounded with a 5 per cent year-over-year growth in October, the highest point of the year.

Peer-to-peer marketplaces are leading the charge. Platforms like Grailed and Depop, which facilitate direct transactions between consumers, saw explosive growth, with year-over-year spend increases of over 180 per cent and 90 per cent respectively.

For example, social shopping platform Grailed focused on menswear saw a remarkable increase in popularity, this was because of its curated selection of high-quality secondhand items and a strong community engagement. "Grailed has become the go-to destination for fashion-conscious men looking for unique pieces at accessible prices," says David Rosenblatt, CEO of Grailed. "Our growth reflects the increasing desire for individuality and self-expression through fashion."

Similarly, Depop popular among Gen Z, fosters a vibrant community where users can buy and sell unique fashion finds. The platform's emphasis on individual style and creative expression resonates with young consumers seeking alternatives to mass-produced fashion. "Depop is more than just a marketplace; it's a platform for discovering and celebrating personal style," says Maria Raga, CEO of Depop. "Our users are passionate about sustainability and self-expression, and they're driving the growth of the circular economy."

Moving ahead, the secondhand market is expected to continue growing in 2025. As consumers become more conscious of their environmental impact and seek ways to stretch their budgets further, the appeal of secondhand goods is only likely to increase. This trend presents both challenges and opportunities for traditional retailers. While some brands are embracing the resale market by launching their own secondhand platforms, others risk being left behind if they fail to adapt to this evolving consumer landscape.

Source: fashionatingworld.com– Jan 17, 2025

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Sri Lanka, China to expedite signing of comprehensive FTA

Sri Lanka and China have expressed commitment to advancing all major development projects, including the integrated development of the Colombo Port City and Hambantota Port, and expedite the signing of a comprehensive free trade agreement.

During Sri Lankan President Anura Kumara Dissanayake's state visit to China recently, both sides issued a joint statement that outlined the signing of a Belt and Road cooperation plan aimed at opening new avenues for successful development.

The joint statement emphasised the swift implementation of the agreed debt restructuring plan with Chinese financial institutions.

China reiterated that it will respect and support Sri Lanka in independently choosing a development path suited to its national conditions.

Both sides agreed to work together actively on climate change.

China will work with Sri Lanka to implement the Luban Workshop to good effect and nurture more professionals through vocational and technical training for Sri Lanka.

They sides will continue to work in and develop the China-Sri Lanka Joint Centre for Education and Research under the Chinese Academy of Sciences, and strengthen scientific and technological exchanges and cooperation and education in the universities and research institutes of the two countries.

Source: fibre2fashion.com– Jan 18, 2025

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2025: Cotton Sustainability and Current Trends

Cotton has long been a preferred raw material for manufacturing various textiles, including both intermediate products and finished goods. It is particularly favoured for apparel due to its breathability and durability, making it ideal for summer and tropical climates. However, concerns have been raised about the sustainability of cotton production.

Cotton cultivation has several environmental drawbacks that make it unsustainable. It requires a significant amount of water—around 2,700 litres for a single T-shirt—placing immense pressure on water resources, especially in water-scarce regions. Additionally, cotton farming relies heavily on pesticides and fertilisers, leading to soil depletion and water pollution, harming ecosystems and posing health risks to agricultural workers.

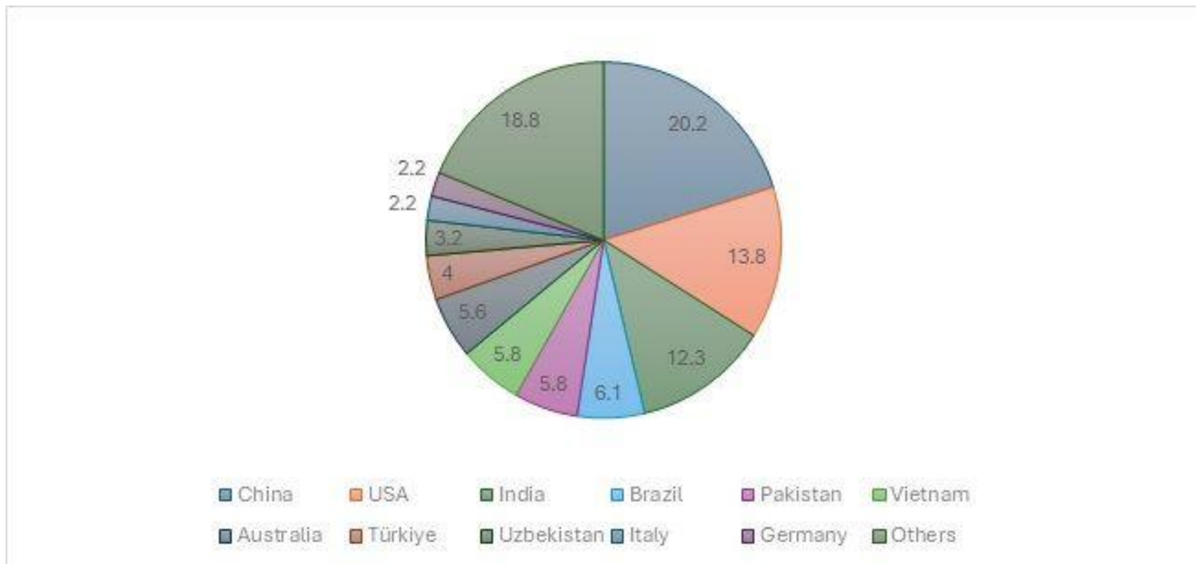
The widespread practice of monoculture farming, where cotton is repeatedly grown on the same land, reduces biodiversity and makes crops more susceptible to pests, further increasing chemical usage. These factors contribute to long-term environmental damage, underscoring the need for more sustainable farming practices.

This article explores which countries are leading in sustainable cotton production and highlights key policies adopted by top-producing nations to improve cotton's environmental and labour sustainability.

Current Top Cotton Producers

Major cotton hubs are present across the globe, with China, the US, India, Brazil, and Pakistan being the leading contributors to both cotton production and exports. These countries not only dominate cotton cultivation but also lead in the export of cotton products, including yarn, fibre, and fabrics.

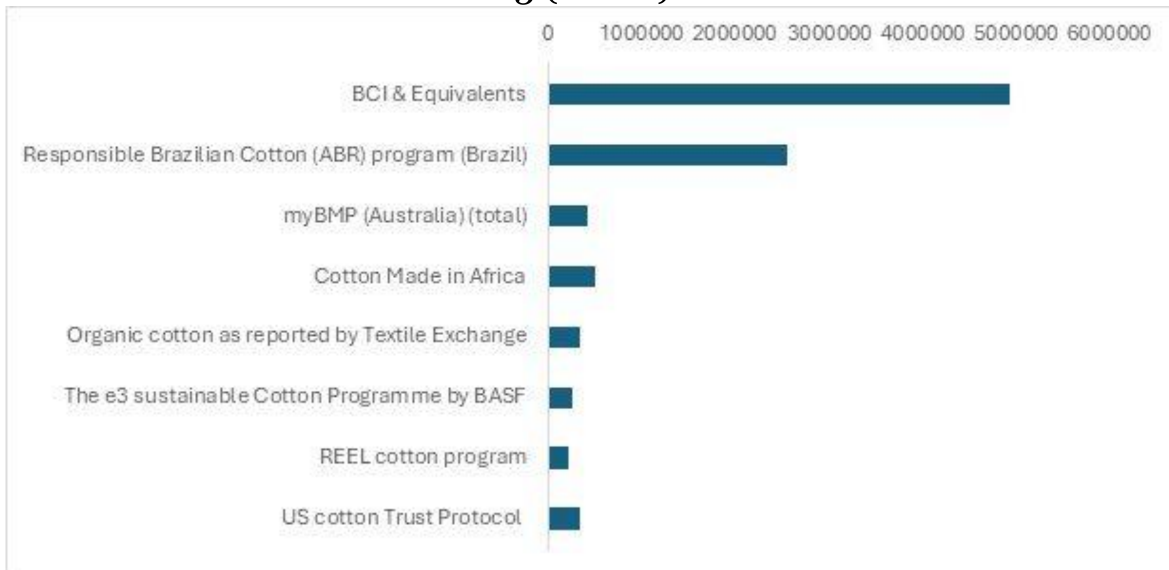
China dominates the East Asian market, while the US remains the top exporter in North America. India plays a crucial role in Southeast Asia, whereas Brazil has a long-standing history as the primary exporter of cotton and cotton products in South America. Despite its geographical isolation, Australia ranks among the top 10 cotton exporters globally.



Türkiye primarily caters to the developed European markets, while emerging players such as Uzbekistan, a Least Developed Country (LDC), highlight the increasing role of cotton exports in elevating LDCs in global trade.

Major Sustainable Cotton Exporting Countries and Their Status

Exhibit 2: Leading identity certifications for sustainable cotton and their current trends in CY 2022-2023 (in MT)



Source: ICAC Report

Data on cotton certification programmes reveals key trends in sustainability across various regions. The Better Cotton Initiative (BCI) remains the largest global programme, despite a slight dip in 2022-2023, maintaining strong adoption in India, Pakistan, and Brazil. In Brazil, the

Responsible Brazilian Cotton (ABR) programme has seen significant growth, increasing from 1,970,000 MT to 2,550,000 MT in just three years, reflecting the country's strong commitment to sustainable cotton practices.

Australia's myBMP programme has remained stable at 410,000-420,000 MT, underscoring a consistent focus on sustainability in Australian cotton farming. However, Cotton Made in Africa (CMiA) experienced a decline from 677,000 MT to 508,000 MT, highlighting challenges in expanding sustainable cotton production. Meanwhile, Organic Cotton certification has remained steady at 342,000 MT, indicating consistent demand for organic cotton products.

The e3 Sustainable Cotton Programme by BASF recorded modest growth, reinforcing the role of corporate-driven sustainability initiatives. The REEL Cotton programme and the US Cotton Trust Protocol showed varying trends, with the latter reflecting a growing emphasis on sustainable practices in the US cotton industry. These certifications highlight how different countries are prioritising sustainable cotton production, with Brazil emerging as a leader, India and Pakistan continuing to rely on BCI, and Australia maintaining consistency in its sustainability efforts.

Conclusion

While cotton remains a vital raw material for textiles, its sustainability challenges—particularly concerning water consumption, pesticide dependence, and environmental degradation—require urgent attention. However, several major cotton-producing countries are making significant strides towards more sustainable practices. Brazil leads the way with the increasing adoption of the Responsible Brazilian Cotton (ABR) programme, while India and Pakistan continue to rely on the Better Cotton Initiative (BCI). Australia maintains steady progress through its myBMP programme, and corporate-driven efforts such as BASF's e3 Sustainable Cotton Programme are gaining momentum. These initiatives underscore a global shift towards sustainable cotton production, driven by governmental policies and corporate commitments aimed at addressing both environmental and social concerns in the industry.

Source: fibre2fashion.com– Jan 18, 2025

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Bangladesh economy to grow 4.1% in FY25: World Bank report

The World Bank (WB) has kept its forecast for Bangladesh's economic growth almost unchanged for the current fiscal year (FY) 2024-25, citing subdued investment and industrial activity amid heightened political uncertainty.

Bangladesh's economy may grow 4.1 percent in FY25, the WB said in its latest Global Economic Prospects released Thursday.

The growth projection is slightly higher than its October forecast of 4 percent for FY25.

Growth is projected to pick up to 5.4 percent in FY26, assuming broad political stability, successful reforms in the financial sector, an improved business climate, and increased trade, the WB report said.

"Easing inflation is expected to boost private consumption," said the multilateral lender.

The WB's latest forecast is also higher than the 3.8 percent growth projection made by the International Monetary Fund (IMF) in December last year, which cited output losses caused by the July uprising, floods, and tighter policies.

As per the predictions of the two multilateral agencies, Bangladesh's Gross Domestic Product (GDP) growth in FY25 would be the lowest since FY20, when the Covid-19 pandemic wreaked havoc on the globe.

Earlier this month, the Bangladesh Bureau of Statistics (BBS) said GDP growth was 1.81 percent in the July-September quarter of FY25.

The first-quarter growth was the lowest since the second quarter of FY21, when the pandemic continued to cripple the economy.

In the first quarter of FY24, GDP grew 6.04 percent.

The WB said inflation in Bangladesh has remained persistently high, and monetary policy has been tightened further.

The 12-month average inflation in Bangladesh rose to 10.34 percent in 2024, up from 9.48 percent a year earlier. In 2022, the annual average inflation was 7.7 percent, according to the BBS.

In December, the IMF kept its projection of inflation in Bangladesh elevated for the current fiscal year, ending on June 30, 2025. The WB said political turmoil in mid-2024 dampened economic activity and worsened investor confidence.

It said growth in FY24 is estimated to have slowed to 5 percent, a downward revision of 0.6 percentage points from previous projections. "Supply constraints, including energy shortages and import restrictions, weakened industrial activity and led to increased price pressures."

"High inflation reduced the purchasing power of households, slowing services growth." The WB also cautioned about the risk of social unrest in countries, including Bangladesh, where youth unemployment has risen since the pre-pandemic decade.

It said elevated social unrest could weigh on productivity and investor confidence in South Asia. "In addition, the incidence of political violence has increased in some countries in the region," it added.

More frequent or more severe weather events could reduce food production, drive up food price inflation, and raise living costs, the WB report added.

The Washington-based multilateral agency said slower-than-projected growth in major trading partners and the resulting weaker demand could dampen activity, particularly in countries with strong economic ties to Europe and the USA, including Bangladesh, Pakistan, and Sri Lanka.

"For example, countries in Europe account for about half of total goods exports in Bangladesh."

Source: thedailystar.net – Jan 17, 2025

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NATIONAL NEWS

Union Minister of Commerce & Industry Shri Piyush Goyal to visit Brussels from January 18-20, 2025

Union Minister of Commerce and Industry, Shri Piyush Goyal will visit Brussels, Belgium for a High-Level Dialogue with Mr Maroš Šefčovič, Commissioner of the European Commission for Trade and Economic Security from 18-20 January 2025.

This visit underlines the importance that India attaches to its trade and investment ties with the European Union (EU), one of our largest trading partners with bilateral trade estimated at over US$180 billion in 2023-2024. At the same time, the EU is also a significant source of Foreign Direct Investment, with total FDI estimated at US$ 117.34 billion.

During the visit, the two leaders are expected to hold wide ranging discussions on India-European Union (EU) Free Trade Agreement (FTA) negotiations, undertake a stock take of the Trade and Technology Council framework and take up bilateral trade matters.

The leaders are expected to discuss the global economic situation amidst trade disruptions, give political directions to expedite the FTA negotiations and explore a commercially significant, balanced, equitable, ambitious and mutually beneficial FTA.

On the sidelines, the Minister is also expected to meet Dr Ngozi Okonzo-Iweala, Director General of World Trade Organisation, Mr Bernard Quintin, Minister of Foreign Affairs, European Affairs and Foreign Trade of Belgium apart from holding interactions with representatives of Belgian industry and Indian community.

Source: pib.gov.in– Jan 17, 2025

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India's growth forecast cut by IMF to 6.5% for FY25; FY26 outlook steady

The International Monetary Fund (IMF) on Friday lowered India's growth forecast to 6.5 per cent for the current fiscal year (2024-25 or FY25) as against 7 per cent estimated in October. Meanwhile, it has maintained the growth projection for the next two fiscal years (2025-26 or FY26 and 2026-27 or FY27) at 6.5 per cent.

"Growth in India also slowed more than expected, led by a sharper-than-expected deceleration in industrial activities," IMF said in latest update of World Economic Outlook.

Indian economy grew by 6.4 per cent in the July-September quarter, which led to lowering the estimates by various agencies, including RBI. While RBI Cuts the forecast for FY25 to 6.6 per cent against 7.2 per cent, the Statistics Ministry projected 6.6 per cent in first advance estimates.

Meanwhile, IMF expects growth to be better in the next two fiscal (FY26 and FY27)

"In India, growth is projected to be solid at 6.5 per cent in 2025 and 2026, as projected in October and in line with potential," it said. However, these numbers are slightly lower than the World Bank's projection, which expects 6.7 per cent growth in the next two fiscal. The economic survey will give projections for the next fiscal on January 31.

The falling rupee is one area of concern not just for growth projections but also for inflation and exports. In a report, Nomura said: "On our estimates, every 5 per cent of INR depreciation pushes up CPI inflation by 0.26pp, core CPI inflation by 0.10pp and GDP growth by 0.20pp. With weak global demand and soft consumption, we expect the currency impact on exports and inflation to be more muted this time." Since November last year, till now, Rupee has weakened by nearly 3 per cent against US Dollar.

Global Growth

Meanwhile, in the latest economic outlook, the IMF said that global growth is projected at 3.3 per cent both in 2025 and 2026, below the historical (2000–19) average of 3.7 per cent. The forecast for 2025 is broadly unchanged from that in the October 2024 World Economic

Outlook, primarily on account of an upward revision in the United States offsetting downward revisions in other major economies. Global headline inflation is expected to decline to 4.2 per cent in 2025 and 3.5 per cent in 2026, converging back to the target earlier in advanced economies than in emerging and developing economies.

In emerging markets and developing economies, growth performance in 2025 and 2026 is expected to broadly match that in 2024. With respect to the projection in October, China's growth in 2025 is marginally revised upward by 0.1 percentage point to 4.6 per cent. This revision reflects carryover from 2024 and the fiscal package announced in November, largely offsetting the negative effect on investment from heightened trade policy uncertainty and property market drag.

"In 2026, growth is projected mostly to remain stable at 4.5 percent, as the effects of trade policy uncertainty dissipate and the retirement age increase slows down the decline in the labor supply," the update said.

Source: thehindubusinessline.com– Jan 17, 2025

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India-EU FTA negotiations a tough nut to crack as key issues unresolved

Despite nine intense rounds of negotiations spread over two-and-a-half years, progress in the proposed free trade agreement (FTA) between India and the European Union (EU) is now on a slow track because of fundamental differences. An assessment of the negotiations is now going on at a 'political' level, with recent statements from top government officials from both sides making the intention clear.

A few months ago, the EU Ambassador to India, Hervé Delphin, suggested recalibration on both sides in order to seal the deal. Similarly, India's Commerce and Industry Minister Piyush Goyal, who was present at the same public forum, pointed out that "extraneous elements" were hurting the interests of both trade as well as business, thereby slowing down the progress of the FTA talks.

One of the major reasons for the delay is the differing aspirations of the two parties, according to a report by Delhi-based think tank Global Trade Research Initiative (GTRI).

"The EU seeks tariff elimination on over 95 per cent of its exports, including sensitive agricultural products and automobiles, while India is comfortable opening up only around 90 per cent of its market and is hesitant to lower tariffs on bulk agricultural products," GTRI says in its report. Besides, differing views on new issues such as sustainability, labour standards, intellectual property rights, and data protection have added complexity to the negotiations, it says.

18 years in the making

To be sure, this is not the first time that the India-EU FTA talks are staring at a roadblock, despite willingness on both sides to seal the deal. India-EU broad-based bilateral trade and investment agreement (BTIA) was first mooted 18 years ago. However, after 15 rounds of discussions, negotiations were stalled in 2013.

It was mainly because both sides were not able to bridge the differences on crucial issues including India's demand for a more liberal visa regime for skilled professionals and a lack of willingness to negotiate government procurement issues, among other things. On the other hand, the trade bloc vehemently pushed for stricter intellectual property rights and bargained for greater market access and massive import duty cuts on automobile and alcoholic beverages, mainly wine.

There were attempts to restart talks after the 2014 Parliament election in India, but investment treaty-related disagreements turned out to be a major hurdle.

An EU official told Business Standard that further to the ninth round of FTA negotiations between the EU and India that took place in New Delhi on September 23-27, 2024, the next round is foreseen to take place during the week of March 10, 2025 in Brussels.

"Both sides also continue to engage between the rounds at all levels, including the ministerial level, in order to address difficult issues and make progress towards a balanced, ambitious, comprehensive and mutually beneficial trade agreement," the official said.

Contentious issues

Commerce department officials say one of the major hurdles in the way of the talks has been the EU's stance on sustainable development, since the trade bloc is set to implement regulations such as carbon border adjustment mechanism (CBAM), deforestation regulation law, and supply chain law.

They say India's gain could be limited because these regulations will eventually become a non-trade barrier and hurt Indian exports at a time when both sides are trying to finalise an FTA.

New Delhi is pushing for a 'transition period' before adhering to these regulations, because it believes it is crucial that countries should be given responsibility according to their growth potential, in line with the United Nations principle of Common but Differentiated Responsibility and Respective Capabilities (CBDR-RC).

Biswajit Dhar, Distinguished Professor at Council for Social Development, says there are behind-the-border measures such as the EU's labour and environment standards, which could be a sticking point. There could also be pressure on India to strengthen intellectual property law, especially related to patents.

Dispute settlement

Another major problem is India's investor-state dispute settlement clause under the model bilateral investment treaty (BIT), according to Dhar. Under the exhaustion of local remedies clause under the model BIT, an investor can go for international arbitration only after exhausting all legal channels locally. Investors believe that such a clause makes the dispute resolution process longer.

"How India will deal with the issue or will change its stance is something yet to be seen," Dhar adds.

According to Pradeep S Mehta, Secretary General, CUTS International, even as both sides now have a better understanding of their respective interests and sensitivities, positions remain far apart — particularly on product-specific rules of origin, technical barriers to trade, and government procurement market access.

"There has been a lot of discussion on the EU's non-trade demands, including trade and sustainable development, but the EU's core market access demands are also very

ambitious. What the EU desires as commercially meaningful commitments from India will translate into undertaking substantial liberalisation," Mehta says.

Mehta further notes that there is also a change at the helm on the EU side — a new trade commissioner, which could mean firming up political understanding afresh may take some time.

Fresh impetus?

At $75.9 billion, the EU made for 7.4 per cent of India's overall goods exports during the financial year 2023-24, while imports stood at $61.5 billion, with a 9 per cent share. The trade bloc is India's largest trading partner in terms of goods.

Finalising a trade agreement is expected to give fresh impetus to the relationship between India and the EU, amid changes in the geopolitics scenario — be it the exit of the United Kingdom from the trade bloc or the diversification of the supply chain from China.

Source: business-standard.com– Jan 17, 2025

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Trade game: Exports to China saw sharpest fall in December, shows data

India's outbound shipments to four of top 10 export destinations – United Arab Emirates (UAE), the Netherlands, China, and Singapore – contracted in December last year, which led to a decline of 1 per cent to $38 billion in the country's overall merchandise exports, data from the commerce department showed. Exports to China witnessed the sharpest decline at 26.15 per cent, followed by the Netherlands at 25.89 per cent, UAE at 23 per cent, and Singapore at 10.95 per cent, respectively.

Alternatively, the US continued to remain India's largest export market followed by the UAE, and the Netherlands, despite the December contraction. Countries that saw an uptick in exports included the United States (8.49 per cent), United Kingdom (6.13 per cent), Saudi Arabia (50.46 per cent), Bangladesh (33.58 per cent), Germany (3.85 per cent), and Australia (45.86 per cent).

These 10 countries comprised 51 per cent of India's total value of goods exported in December 2024.

TRADE GAME

India's top exports, imports destinations in Dec 2024 (% change)

EXPORTS		IMPORTS	
Saudi Arabia	50.46	Switzerland	85.65
Australia	45.86	US	9.88
Bangladesh	33.58	China	9.14
US	8.49	Saudi Arabia	3.72
UK	6.12	Russia	0.96
Germany	3.58	UAE	-2.97
Singapore	-10.95	South Korea	-9.28
UAE	-23.04	Iraq	-15.49
Netherlands	-25.89	Singapore	-17.38
China	-26.15	Indonesia	-19.68
All countries	-0.99	**All countries**	4.89

Source: Department of Commerce

On the other hand, in the same period, India's overall imports witnessed 4.9 per cent growth at $59.95 billion, led by a jump in inbound shipments from five of the top 10 import destinations – China, Russia, Iraq, Switzerland, and the US.

Growth in the inbound shipments from Switzerland was the sharpest at 85.65 per cent in December, majorly driven by gold imports. It was followed by the US (9.88 per cent, China (9.14 per cent), Iraq (3.72 per cent), and Russia (0.96 per cent), the data showed.

India’s import dependency went down in some countries including– UAE (-2.97 per cent) Saudi Arabia (-15.49 per cent), Indonesia (-19.68 per cent), South Korea (-9.28 per cent), and Singapore (-17.38 per cent).

These 10 countries account for over 57 per cent of India’s overall merchandise imports.

Source: business-standard.com– Jan 17, 2025

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Weaker rupee to push India's import bill: GTRI

The weaker rupee will push the country's import bill due to higher payments for crude oil, coal, vegetable oil, gold, diamonds, electronics, machinery, plastics, and chemicals, economic think tank GTRI said on Friday.

Citing an example, it said the depreciating domestic currency will increase India's gold import bill, especially as global gold prices have jumped 31.25 per cent, rising from USD 65,877 per kg in January 2024 to USD 86,464 per kg in January 2025.

Since January 16, last year, the Indian Rupee (INR) has weakened by 4.71 per cent against the US dollar, falling from Rs 82.8 to Rs 86.7.

In the last ten years, between January 2015 and 2025, the INR has weakened by 41.3 per cent against the US dollar, falling from Rs 61.4 to Rs 86.7, the Global Trade Research Initiative (GTRI) said in its report.

In comparison, the Chinese Yuan depreciated by 3.24 per cent, from Yuan 7.10 to Yuan 7.33.
"Overall, weaker INR will inflate import bills, raise energy and input prices, leading to an overheated economy. Past ten-year export data says that weak INR does not help exports contrary to what economists say," GTRI Founder Ajay Srivastava said.

He added that while conventional wisdom suggests that a weaker currency should boost exports, India's decade-long data tells a different story: high-import sectors are thriving, while labour-intensive, low-import industries like textiles are floundering.

The think tank also said that for sectors relying heavily on imports, a depreciating rupee against the US dollar increases input costs, reducing competitiveness. In theory, sectors with low import dependence, like textiles, should gain the most from a weaker rupee, while high-import sectors like electronics should benefit the least.

"However, trade data from 2014 to 2024 tells a different story. During the 2014 to 2024 period, overall merchandise exports grew by 39 per cent, but high-import sectors like electronics, machinery, and computers saw much

higher growth," he said adding electronics exports surged by 232.8 per cent, and machinery and computer exports grew by 152.4 per cent.

Meanwhile, low-import sectors like textiles and clothing experienced negative growth, even though the weaker rupee should have made their goods more competitive globally, he added.

"These trends suggest that a weaker rupee doesn't always boost exports. It hurts the labour-intensive exports most and helps import-driven exports with low-value add," Srivastava said. The GTRI suggested that for India to achieve long-term economic stability, it must strike a careful balance between growth and inflation control while rethinking its rupee management and trade strategies.

"However, the reality is sobering. Much of India's USD 600 billion foreign reserves are loans/investments due for repayment with interest, limiting their role in stabilising the rupee," he said.

Source: economictimes.com– Jan 17, 2025

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Budget session starts Jan 31; Union Budget to be unveiled Feb 1

Budget Session of the Parliament will begin on January 31, Lok Sabha Secretariat announced on Friday. The Union Budget will be presented on February 1.

“The fourth session of 18th Lok Sabha will commence on Friday, January 31. Subject to exigencies of Government Business, the session is likely to conclude on Friday, the April 4, 2025,” a statement by the Secretariat said. The session will begin with the address to both the houses by the President on January 31 followed by tabling of the Economic Survey by the Finance Minister.

The first part of the budget session will continue till February 13. Both houses will adjourn to meet again on March 10. During this period, 24 Department Related Standing Committees are expected to deliberate upon the Finance Bill and Demands for Grants for 55 Central Ministries/Departments and submit their reports in the second part of the session.

Source: thehindubusinessline.com– Jan 17, 2025

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India Budget 2025: Industry seeks to curb fabric import flooding

The Indian textile industry is desperately looking for effective measures to restrict the flooding of cheaper and under-invoiced fabric imports, especially from China. Industry organisations lament the open manipulation of HS codes to evade the minimum import price (MIP) imposed on certain codes of Chapter 60 to control the imports of synthetic knitting fabric.

The industry expects effective and permanent solutions in the Union Budget so that Indian fabric manufacturers can compete in a healthy and competitive environment. The budget will be presented by India's Finance Minister Nirmala Sitharaman on February 1, 2025, in Parliament in New Delhi.

Sidharth Khanna, President of the Northern India Textile Mills' Association (NITMA), has submitted a memorandum to Commerce and Industry Minister Piyush Goyal, demanding a permanent solution to the problem. He suggested imposing a minimum import price of $3.5 per kg on all HS codes under Chapter 60. The chapter covers knitted synthetic fabric under several dozen codes. He stated that the government should include a provision in the upcoming Union Budget to save the industry.

NITMA stated that importers are exploiting other HS codes that do not attract MIP to import cheaper fabric. The industry body has presented the latest trade data to support its allegations.

It reported that average monthly fabric imports under HS codes 60011020, 60062300, and 60064300 increased by 600 percent to 7.52 million kg in October 2024. These codes do not attract the MIP of $3.5 per kg, and their average clearing price ranged between $1.14 and $1.53 per kg, while the actual import price may vary between $4 and $6 per kg. This is a clear indication of significant manipulation and under-invoicing in imports.

Sanjay Garg, Former President of NITMA, told Fibre2Fashion, "The Indian industry is not scared of global competition, but it should be fair. We just need to stop illegal activities in fabric imports so the industry can compete in a healthy environment. The government should take effective steps in the coming budget."

Raj Kumar Agrawal, President of the Mumbai-based trade body All India Knitters Association, is consistently raising the matter before the government.

He told F2F, “Chinese companies are dumping fabric at unrealistically low prices not only from mainland China but also from other neighbouring countries. Chinese exporters are exploiting benefits given to neighbouring countries like Thailand, Indonesia, and Malaysia by India under various trade agreements, including the India-ASEAN trade agreement.”

Agrawal said that the government imposed MIP in March 2024 after representations from the industry. It also extended the period of MIP and expanded it to cover more codes. However, the government is reluctant to impose MIP on the entire Chapter 60. As a result, importers have sufficient options to use other codes to divert their inbound shipments, thereby evading the MIP.

Woven fabric imports are also on the rise despite stricter provisions. It is to be noted that woven fabric attracts 20 per cent import basic customs duty (BCD).

There is also a provision of 20 per cent duty or the import duty applicable on specific codes of woven fabric, whichever is higher. BCD is applied on the value of the import, but certain codes of woven fabric also attract duty in an absolute amount per square meter, i.e., ₹115-150 per square meter.

According to trade data, woven fabric imports increased by 235 per cent to 4,621 million square meters in January–September 2024, especially textured base fabric imports jumped to 3,191 million square meters in the first six months of the current fiscal, compared to 219 million square meters in the same period of the previous fiscal.

Industry sources stated that 94 per cent of the textured base fabric was imported from Thailand. Earlier, its imports had surged by just 7 per cent to 3,205 million square meters in 2023–24.

Ashish Gujarati, former president of the Southern Gujarat Chamber of Commerce & Industry (SGCCI), said, “The government should find a permanent solution, as the Indian industry is losing opportunities for value addition in the textile sector. The country is also losing revenue and potential jobs for its citizens.

It is high time to bring duty structure in line with woven fabric where specific duty on HS codes is also applicable along with 20 per cent BCD (whichever is higher)." Currently, knitting fabric attracts flat 20 per cent BCD which is being evaded through under-invoicing.

He also suggested not restricting fibre imports through Quality Control Orders (QCO) but ensuring the availability of raw materials at globally competitive prices. The domestic industry is capable enough to compete with imported fabric supplies.

Source: fibre2fashion.com– Jan 17, 2025

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India's apparel retail set for growth, e-comm leading way: Ind-Ra

The e-commerce segment in Indian apparel retail market is expected to rise at around 17 per cent y-o-y in FY25 and at a 15 per cent CAGR till FY30 (2x of FY25 sales), and brick and mortar (B&M) segment to grow by 7 per cent y-o-y and at a 9 per cent CAGR (although lower than e-commerce), as per India Ratings and Research (Ind-Ra).

Physical retail is expected to continue to be relevant, given the desire for in-person experience and necessity to touch and feel products, especially expensive ones and customers wanting to have in-store experience with multiple product availability.

Ind-Ra believes certain segments will outperform the broader apparel industry, such as fast fashion, on the back of social media influence and Gen Z preference (major retailer's fast fashion format store count to double in FY25), e-commerce channels, on the back of increasing penetration of internet/smartphone, luxury, due to rising consumer aspiration and affluence, and ethnic, value and tier-2 and beyond segment, due to the shift of customers to the organised industry.

Ind-Ra expects the EBITDA margin across the apparel retail space to remain flat in FY25, followed by a moderate improvement in FY26, due to the benefits of cost optimisation measures.

The agency believes that controlled capex and steady profitability will keep the credit metrics at comfortable levels in FY25, with an improvement expected in FY26.

"The tepid consumption demand and high base effect have impacted the growth of the apparel retail industry over the past few quarters. However, we expect a recovery in revenue growth over H2FY25/FY26, on the back of improving consumer financial health, a higher number of wedding days and favourable monsoons.

Organised retailers' steps to rationalise stores, undertake controlled expansion coupled with a focus on segments with relative outperformance such as fast fashion, luxury and ethnic fashion will support their credit profiles," said Adarsh Gutha, associate director, corporate ratings, Ind-Ra.

Ind-Ra estimates the pace of store addition will be slow, with the retail area growing by 9 per cent y-o-y in FY25 and by 11 per cent y-o-y in FY26 for the Ind-Ra sample set. The expansion trend is expected to be driven by a greater quantum of store additions in fast fashion and ethnic-focused store formats.

In addition, there has been a growing trend of direct-to-consumer brands opening B&M stores and established retailers expanding in the under-penetrated Tier-2 and beyond markets. Additionally, retailers' focus is expected towards scalable franchisee models to ensure optimal use of capex, working capital and management bandwidth, as per the report.

Ind-Ra expects the revenue growth to moderate from 9.5 per cent in FY24 to 8.5 per cent in FY25 before reaching 10.5 per cent in FY26 for the Ind-Ra sample set. While SSSG is expected to be marginally negative in FY25, with improvement in FY26, revenues from new store additions are likely to drive growth.

In H1FY25, revenue growth for the Ind-Ra sample set fell to nearly 7 per cent y-o-y (FY24: 9 per cent), led by subdued consumer sentiments, negative SSSG and a drop in volumes owing to the shift of festive demand to H2, which is expected to revive in H2.

Despite the decline in SSSG and subdued demand, which constrained pricing, the EBITDA margins are expected to remain protected at 16.5 per cent in FY25, owing to the cost optimisation measures adopted by the companies.

Advertising and promotional spending trends have been a mixed bag, with some retailers investing heavily in promotional and discounting activity to attract consumers, while others opting to reduce theirs. Ind-Ra expects it to be maintained between 2.5-3.0 per cent.

Ind-Ra expects EBITDA margins across the apparel retail space to grow by nearly 30bp y-o-y in FY26, as retailers continue seeking opportunities to improve their efficiency through cost optimisation.

However, given that inventory holdings come at a cost and impact return indicators, choosing an optimal mix and adequate quantities (based on stock movement) is essential to ensure efficient inventory turns.

While there will be a slight dip of 4 per cent y-o-y in the inventory days in FY25, Ind-Ra expects them to remain elevated until FY26, owing to the controlled expansion plans and retailers' focus on a shorter cycle fast fashion segment.

Ind-Ra believes steady profitability and controlled capex will support the capital structure and keep the credit metrics at comfortable levels in FY25, with improvement expected in FY26.

Source: fibre2fashion.com – Jan 18, 2025

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Bharat Tex 2025: India's textile industry champions sustainability and innovation

Sustainability takes center stage at Bharat Tex 2025

India's textile industry, a cornerstone of the nation's economy and cultural heritage, is embracing a transformative journey toward sustainability. Textiles account for 13 per cent of India's industrial production, 12 per cent of exports, and 2.3 per cent of GDP, employing over 45 million people, including 3.5 million handloom workers. Despite this impressive growth, the sector faces significant environmental challenges, such as waste, water pollution, and reliance on synthetic materials.

To address these concerns, Bharat Tex 2025, India's largest global textile event, will showcase eco-friendly innovations and sustainable practices. Organized by 11 industry associations with support from the Ministry of Textiles, the event aims to redefine the sector's future.

Held from February 14-17, 2025, at Bharat Mandapam, New Delhi, and from February 12-15, 2025, at the India Expo Centre in Greater Noida, the expo will span over 2.2 million square feet, covering the entire textile ecosystem under one roof.

Circularity and sustainability are key themes, with exhibitors highlighting water-efficient dyeing processes, organic cotton farming, upcycling techniques, and closed-loop manufacturing. A special pavilion will feature winners of sustainability hackathons and showcase Kasturi Cotton, a globally traceable and high-quality cotton standard.

Innovations driving sustainable growth

Bharat Tex 2025 will spotlight innovations that balance economic growth with environmental responsibility.

Renewable energy integration, such as solar and wind power adoption, will be a focal point, alongside sustainable fashion collections emphasizing zero-waste design. Small clusters like Panipat, Tirupur, and Surat will showcase their strides in recycling and decarbonization.

The expo will also address the circular economy with initiatives that transform textile waste into valuable resources. Technologies enabling fibre recycling without quality loss will take center stage, highlighting India's leadership in circularity. These practices demonstrate the industry's potential to minimize environmental impact while maximizing resource efficiency.

Workshops and vision for a sustainable future

Bharat Tex 2025 goes beyond being a trade show by offering over 70 workshops and knowledge-sharing sessions. Topics will range from embedding ESG principles into supply chains to exploring pathways to decarbonization. Sessions on global sustainability standards and strategies for achieving a circular economy will empower participants with actionable insights.

This visionary event aims to ensure the competitiveness of India's textile sector while aligning with global sustainability standards. By fostering trade, promoting innovation, and preserving cultural heritage, Bharat Tex 2025 will solidify India's leadership in sustainable textiles. The event underscores a future where economic growth and environmental stewardship coexist harmoniously.

Source: fashionatingworld.com – Jan 17, 2025

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South India cotton yarn steady amid changing market dynamics

The South India cotton yarn market witnessed stability in prices as market participants weighed complex factors influencing buyers' intentions. Cotton yarn was traded at previous levels in the Mumbai and Tiruppur markets. Trade sources said that the declining Indian Rupee against the US Dollar has benefited textile exporters, allowing them to compete in the global market.

However, the same trend has shrunk the margins for cheaper imported cotton, which is providing relief to large-sized textile mills. Domestic cotton prices are set to rise in the coming weeks as ginners are offering higher prices to farmers for seed cotton (Kapas).

Consequently, open market prices of seed cotton have increased to above the minimum support price at which government procurement is held. However, cotton prices are gaining compared to the rise in seed cotton prices.

The Mumbai market witnessed steadiness in cotton yarn prices. There was higher demand from the consumer industry, but buyers are not keen to purchase at higher prices.

A trader from the Mumbai market told Fibre2Fashion, "The recent rise in polyester yarn has improved market sentiments. The declining Indian currency may also help exporters secure more orders from foreign buyers. However, the current export order book is not very encouraging."

In Mumbai, 60-carded yarn of warp and weft varieties was traded at ₹1,440-1,480 (approximately $16.63-$17.09) and ₹1,390-1,440 per 5 kg (approximately $16.05-$16.63) (excluding GST), respectively.

Other prices included 60 combed warp at ₹338-344 (approximately $3.90-$3.97) per kg, 80-carded weft at ₹1,420-1,480 (approximately $16.40-$17.09) per 4.5 kg, 44/46-carded warp at ₹262-272 (approximately $3.03-$3.14) per kg, 40/41-carded warp at ₹256-266 (approximately $2.96-$3.07) per kg, and 40/41 combed warp at ₹288-294 (approximately $3.33-$3.40) per kg, according to trade sources.

The Tiruppur market also witnessed stable prices for cotton yarn. However, demand is comparatively higher this week. Domestic buyers are looking to make deals for cotton yarn purchases for summer garment production. According to market sources, if cotton prices rise, yarn prices will follow the same trend. Spinning mills are unlikely to offer discounts on cotton yarn prices if demand increases further.

In Tiruppur, knitting cotton yarn prices were recorded as follows: 30-count combed cotton yarn at ₹255-263 (approximately $2.94-$3.04) per kg (excluding GST), 34-count combed cotton yarn at ₹264-271 (approximately $3.05-$3.13) per kg, 40-count combed cotton yarn at ₹276-288 (approximately $3.19-$3.33) per kg, 30-count carded cotton yarn at ₹235-240 (approximately $2.71-$2.77) per kg, 34-count carded cotton yarn at ₹240-245 (approximately $2.77-$2.83) per kg, and 40-count carded cotton yarn at ₹248-253 (approximately $2.86-$2.92) per kg.

In Gujarat, cotton prices eased by ₹200-300 per candy over the last week. However, seed cotton prices are inching up consistently as ginners offer higher prices to attract farmers. Seed cotton prices improved by ₹25-35 per quintal, rising above the minimum support prices. Traders said that ginners are likely to ramp up their buying in the coming week as seed cotton arrivals begin to decline. Seed cotton procurement by the Cotton Corporation of India (CCI) is more focused on Telangana and other southern states due to lower cotton fibre content. CCI's buying has reduced in western states like Gujarat and Maharashtra.

Cotton arrivals were estimated at 32,000-35,000 bales of 170 kg in Gujarat and 170,000-180,000 bales across the country. The benchmark Shankar-6 cotton was quoted at ₹53,700-54,000 (approximately $620.11-$623.57) per candy of 356 kg, while southern mills were looking to buy cotton at ₹55,000-55,500 (approximately $635.12-$640.90) per candy. Seed cotton (Kapas) was traded at around ₹7,500-7,625 (approximately $86.61-$88.05) per quintal.

Source: fibre2fashion.com– Jan 17, 2025

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