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KASTURI COTTON BHARAT

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USD	EUR	GBP	JPY
86.50	89.21	105.62	0.56

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INTERNATIONAL NEWS

China's retail sales up 3.5% YoY in 2024

China's retail sales of consumer goods rose by 3.5 per cent year on year (YoY) last year, according to data from the National Bureau of Statistics (NBS).

Total retail sales of consumer goods reached 48.79 trillion yuan ($6.79 trillion) last year.

In December alone, the retail sales of consumer goods rose by 3.7 per cent YoY, a state-controlled media outlet reported.

The retails sales figure is a major indicator of the country's consumption strength.

Source: fibre2fashion.com– Jan 19, 2025

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US CBP proposes new rule to tighten de minimis duty exemption

US Customs and Border Protection (CBP) recently proposed tightening the de minimis duty exemption for certain low-value shipments entering the country.

The proposed changes would make certain products ineligible for the exemption, which currently allows goods valued at $800 or less to enter the country without paying duties or certain taxes, a practice unfair to American businesses.

The proposed Trade and National Security Actions for Low-Value Shipments regulation protects intellectual property rights, consumer health and safety protections, and closes enforcement gaps while safeguarding American businesses and workers from unfair trade practices, a CBP release said.

"The exemption of these goods from duties or taxes has undermined American businesses and workers and flooded our ports of entry with foreign-made products, making CBP's vital work screening these goods for security risks more difficult. The actions announced today to tighten this exemption will strengthen America's economic and national security," secretary of homeland security Alejandro N Mayorkas said.

Over the last 10 years, the number of shipments entering the United States claiming the de minimis administrative exemption increased by more than 600 per cent from approximately 139 million a year in fiscal 2014-15 to over a billion a year by fiscal 2022-23.

During fiscal 2023-24, de minimis shipments rose once again to over 1.36 billion. This exponential increase has created challenges for CBP's effective enforcement of US trade laws, health and safety requirements, intellectual property rights, and consumer protection rules, CBP noted.

Under the proposed new rule, merchandise subject to specific trade and national security actions would no longer qualify for the de minimis exemption; and certain shipments claiming this exemption will be required to provide the 10-digit harmonized tariff schedule of the United States (HTSUS) classification for the imported low-value merchandise.

The proposed regulation specifically focuses on national security tariffs imposed under Section 232 of the Trade Expansion Act of 1962, safeguard tariffs imposed under Section 201 of the Trade Act of 1974, and unfair trade tariffs imposed under Section 301 of the Trade Act of 1974.

It proposes to exclude merchandise subject to tariffs imposed under Section 232, Section 201 and Section 301 from eligibility for duty-free treatment under the de minimis exemption.

Source: fibre2fashion.com– Jan 19, 2025

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Xinjiang's cotton industry to maintain output, growth despite sanctions

China's Xinjiang Uygur Autonomous Region plans to strengthen its cotton industry as a pillar sector despite facing sanctions, according to the regional government work report on Sunday.

Xinjiang remained the country's cotton powerhouse in 2024 with a production of over 5.68 million tonnes, accounting for 92.2 percent of the national total.

The region aims to maintain its cotton output at over 5 million tonnes this year, become a premium national cotton yarn base, and expand the textile and apparel supply chain, said Erkin Tuniyaz, chairman of the regional government of Xinjiang, while delivering the work report at the annual session of the regional people's congress.

In 2024, the region's cotton and textile industry generated an output value of 220 billion yuan (about 33.6 billion U.S. dollars) and provided jobs for over 1 million people, according to the report.

In August last year, the Standing Committee of Xinjiang Regional People's Congress passed a resolution to counter U.S. sanctions and support the development of sanctioned enterprises, including those in textiles and clothing.

"The resolution marks a strong step in using legal means to defy U.S. hegemony and power politics while advancing domestic and foreign-related legal frameworks," said Zhao Wenquan, a spokesperson for the congress at a press conference on Saturday.

"We will expand our toolkit for countering foreign sanctions and enhance policy support for enterprises affected by U.S. sanctions, including key industry chain enterprises and small and medium-sized enterprises, to safeguard the stability and security of our industrial and supply chains," said Erkin Tuniyaz.

With its unique climate and advantageous geographical location, Xinjiang boasts ideal natural conditions for the growth of cotton, which is among the best in the world.

The cotton industry in Xinjiang has become more mechanized and intelligent, with the mechanized cotton planting rate hitting 100 percent and its mechanized cotton picking rate reaching about 90 percent, according to the regional cotton association.

With a regional GDP growth target of about 6 percent for 2025, Xinjiang is poised to enhance its economic and industrial contributions to China's national development, says the government report.

Source: nglish.news.cn– Jan 19, 2025

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South Korea's apparel imports rise 3% to $12.3 bn in 2024

South Korea's apparel imports reached $12.366 billion in 2024, marking a rise of 3.12 per cent compared to imports of $11.991 billion in 2023, according to the latest figures released by the Korea Customs Service. South Korea's imports of knitted apparel and clothing accessories (Chapter 61) were valued at $5.083 billion in 2024, compared to $4.842 billion in 2023. The import value of non-knitted apparel and clothing accessories (Chapter 62) was $7.283 billion in 2024, up from $7.149 billion in 2023.

In December 2024, South Korea's apparel imports reached $935.544 million, marking an 11.44 per cent increase from $839.208 million in the same month of the previous year. On a month-on-month basis, apparel imports also saw an increase of 3.08 per cent compared to inbound trade of $907.552 million in November 2024.

In December 2024, South Korea imported knitted apparel and clothing accessories (Chapter 61) valued at $401.665 million, compared to $340.092 million in December 2023. The import value of non-knitted apparel and clothing accessories (Chapter 62) was $533.879 million in December 2024, up from $499.116 million in December 2023. In November 2024, the country's imports amounted to $367.478 million (Chapter 61) and $540.074 million (Chapter 62).

South Korea typically exports fabrics and textile materials while importing ready-made garments.In 2024, the country exported man-made filaments, strips, and similar materials of man-made textiles (Chapter 54) worth $1,987.300 million, slightly lower than the exports of $2,107.283 million in 2023. The shipment of knitted or crocheted fabrics (Chapter 60) was $1,713.855 million in 2024, easing from $1,788.741 million in 2023.

In December 2024, the country exported man-made filaments, strips, and similar materials of man-made textiles worth $168.640 million and knitted or crocheted fabrics (Chapter 60) worth $140.030 million. In December 2023, these exports were valued at $176.511 million for Chapter 54 and $158.147 million for Chapter 60. In November 2024, the export values were $174.247 million and $147.540 million, respectively.

Source: fibre2fashion.com– Jan 19, 2025

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UK's clothing exports down 17% to $358 mn in November 2024

In November 2024, the United Kingdom's clothing exports totalled £294 million (~$358.18 million), reflecting a 17.87 per cent decline compared to £358 million in the same month the previous year. There was also a month-on-month decrease from the October 2024 figure of £308 million, according to the UK's Office for National Statistics (ONS).

The UK's textile fabric exports in November 2024 decreased by 4.04 per cent to £237 million, compared to £247 million in November 2023. There was also a month-on-month decrease from October 2024's figure of £244 million. Fibre exports in November 2024 totalled £81 million, up from £54 million in November 2023, as well as £66 million in September 2024.

During the third quarter of 2024, clothing exports totalled £771 million, compared to £927 million in Q3 2023 and £837 million in Q2 2024. Exports of textile fabrics and fibres in the same quarter were £652 million and £166 million, respectively. Textile fabric exports stood at £646 million in Q3 2023 and £710 million in Q2 2024, while fibre exports were £163 million in Q3 2023 and £172 million in Q2 2024.

In 2023, total clothing exports dropped to £3.772 billion (~$4.88 billion) from £3.931 billion in 2022 and £4.263 billion in 2021. Exports of textile fabrics and fibres in 2023 were £2.737 billion and £667 million, respectively, compared to £2.716 billion and £616 million in 2022.

Source: fibre2fashion.com– Jan 20, 2025

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Vietnam: Textile and garment exports up for continued growth in 2025

In the face of a tumultuous global economy, marked by unpredictable shifts, a sluggish trade recovery, a decline in global investments, the volatile rise and fall of oil prices, increasing shipping costs, and energy security issues, Vietnam's textile and garment industry still managed to overcome the hurdles and reach the finish line in 2024 with impressive results across the board.

Mr. Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (VITAS), reflected on a year that was anything but straightforward. "It was a year filled with uncertainty," he said, recalling the uncertain mood in the first half of the year, with a sluggish export market showing few signs of improvement.

But, in July, the tide turned, as orders flooded in, setting the stage for a strong finish. By the end of the year, the industry celebrated stellar export turnover of $44 billion. Thanks to this strong rebound, Vietnam's textile and garment sector not only navigated through the challenging year but also emerged as a leader, posting the highest growth rate among the world's major textile and garment exporters.

Threading the needle

In 2024, despite a whirlwind of challenges, Vietnam's textile and garment industry recorded total export turnover of a projected $44 billion, marking an 11.26 per cent rise over 2023. Imports, meanwhile, are expected to hit $25 billion, a 14.79 per cent increase, leading to a trade surplus of $19 billion, up 6.93 per cent against 2023. Its performance elevated Vietnam to second place globally for textile and garment exports, just behind China and ahead of Bangladesh.

The US remains Vietnam's most important export market, with an estimated $16.71 billion in turnover, up 12.33 per cent compared to 2023, accounting for nearly 38 per cent of total exports. Japan followed, with $4.57 billion, a 6.18 per cent increase, while the EU, South Korea, and China all showed steady growth. ASEAN also emerged as a key player, with exports expected to reach $2.9 billion, marking a solid 4.84 per cent rise.

VITAS reported that most textile and garment enterprises have already secured orders through the first quarter of 2025, with ongoing negotiations for the second quarter. However, one persistent challenge is that unit prices have not seen an increase. Despite this, Mr. Giang remains optimistic about the outlook for 2024, attributing the positive forecast to the industry's ability to effectively shift export orders to Vietnam and quickly adapt to the demands of international markets. Moreover, the integration of advanced technological and automation solutions has played a key role in boosting workplace productivity.

A major player in Vietnam's textile sector, the Vietnam National Textile and Garment Group (Vinatex) not only met its targets but exceeded them. Its consolidated revenue is estimated to have reached VND18.1 trillion ($724 million), which is 102.8 per cent of the 2023 target, while consolidated profit is expected to hit VND740 billion ($29.6 million), representing 137.5 per cent of the previous year's figure.

Similarly, the Hoa Tho Textile - Garment Corporation's revenue is projected at VND4.95 trillion ($198 million), surpassing its annual target by 10 per cent, with a profit of VND336 billion ($13.4 million), exceeding the plan by 53 per cent. The Phong Phu Corporation also hit its targets, with revenue expected to reach VND2.55 trillion ($102 million), up 20.7 per cent from 2023, and pre-tax profit projected at VND352 billion ($14.1 million), a 10.1 per cent increase compared to the previous year.

Significant turnaround

The remarkable success of Vietnam's textile and garment industry in 2024 is the result of businesses' proactive approach to navigating the challenges. According to Mr. Giang, companies have taken bold steps to adapt, adjusting production and business plans and fine-tuning strategies to align with market conditions. This included ramping up both domestic and international trade promotion efforts to expand their export markets, diversify customer bases, and broaden product offerings.

Mr. Cao Huu Hieu, General Director of Vinatex, highlighted the striking shift that took place after the turbulent first half of the year. What started as a challenging period turned around dramatically in the second half of 2024. Orders began to flood in, starting in July, and with them came rising prices. By now, many businesses in Vinatex have fully booked their orders through December, and some are already securing contracts for the first and even second quarters of 2025.

While this turnaround may seem fortuitous, Mr. Hieu pointed out that it was also driven by strategic flexibility in production management. Textile and garment companies actively sought new opportunities in emerging markets, leveraging new-generation free trade agreements (FTAs) that have come into effect. These FTAs, with many product lines enjoying zero-tariff rates, have opened the door to vast new markets. Moreover, the industry embraced modern management practices, including digital transformation and increased investment in automated machinery, all of which played a crucial role in driving the textile and garment sector's success in 2024.

Positioned for growth

As the textile and garment industry faces favorable market trends and new opportunities from FTAs, Vietnam is setting its sights on an ambitious export target of $47-48 billion in 2025. However, experts caution that the road ahead remains uncertain, with challenges still on the horizon. The International Monetary Fund (IMF) projects global economic growth to stabilize at 3.2 per cent in both 2024 and 2025, slightly down from 2023's result. This forecast includes a modest recovery in developed economies, where growth is expected to increase from 1.7 per cent in 2023 to 1.8 per cent in the following two years as inflationary pressures ease.

Vietnam's economy is poised to maintain steady growth, with the US imposing additional tariffs on Chinese textiles, making Chinese exports more expensive. This shift presents a unique opportunity for Vietnam to capture some of the displaced orders, provided the country can meet strict origin requirements.

Mr. Hieu acknowledged that the challenges of 2025 will be no less daunting than those faced in previous years. While global economic uncertainties linger and competitors begin to rebound after a year of instability, the industry is seeing a strong recovery in orders. With this in mind, Vinatex has set an ambitious goal of increasing revenue by 6 per cent and profits by 10 per cent compared to 2024.

To reach these targets, Vinatex is focused on fostering greater collaboration within its group of companies to build a more competitive textile industry. The company is working to better integrate the garment sector with the dyeing and weaving units, positioning the garment sector as a driving force for production and investment in fiber and fabric. It is also ramping up its investment in technology and automation to boost

productivity and reduce reliance on manual labor, while exploring opportunities to invest in smart factories across the group.

The Phong Phu Corporation, for its part, is aiming for VND2.6 trillion ($104 million) in total revenue and VND355 billion ($14.2 million) in profit for 2025. To meet these goals, Chairman Tran Quang Nghi explained that the company will focus on expanding automation, innovating products, and streamlining costs. It will also adapt its strategies to align with new market conditions, optimizing the workforce to maximize productivity and efficiency.

For Hung Yen Garment, 2025 holds great promise. With orders already secured through June, the company is aiming for VND616 billion ($24.6 million) in revenue and VND60 billion ($2.4 million) in pre-tax profit. Its goal is to increase its share of free-on-board (FOB) orders by 2-3 times compared to 2024, signaling a significant growth opportunity.

To address the ongoing challenges and reach these ambitious targets, General Director Pham Thi Phuong Hoa has outlined a strategy focused on stabilizing existing markets while tapping into new growth opportunities. The company plans to invest in upgrading its production equipment, reducing greenhouse gas emissions, conserving materials, and using eco-friendly resources. It will also prioritize developing its workforce, equipping employees with the skills needed to meet the demands of a rapidly-evolving market.

Recognizing the need for continuous innovation, Hung Yen Garment is committed to transforming itself by focusing on both human and technological resources. The company plans to integrate digital management tools for greater efficiency, aligning its operations with global trends. Rather than waiting for the perfect solution, Hung Yen Garment is taking proactive steps to implement digital technologies while attracting young, skilled talent in management and IT to drive the company's future success.

Source: vneconomy.vn– Jan 19, 2025

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Why Bangladesh's RMG turns to imported yarn, fabrics despite local supply

Bangladesh's textile industry, a cornerstone of its economy, is facing mounting challenges as garment makers, particularly knitwear manufacturers, increasingly turn to imported yarn and fabrics despite significant domestic investments.

Industry insiders warn the growing reliance on imports could place local spinners at considerable risk.

Recent data from the National Board of Revenue shows the scale of the issue. In 2024, Bangladesh's cotton yarn imports surged by 39%, reaching a record expenditure of $2.28 billion. Besides, fabric imports by knitwear factories rose by 38%, costing the country another $2.59 billion.

A significant portion of these imports came from India, heightening competition for domestic suppliers.

This trend is perplexing given the sector's substantial expansion in recent years.

Following the Covid-19 pandemic, local textile millers invested approximately $2 billion to enhance their capacity and meet growing demand. However, these investments now appear to be under strain as the industry grapples with shifting dynamics.

Garment makers point to factors such as price competitiveness as the reason for preference for imports.

For instance, MB Knit Fashions, located in Narayanganj, has recently secured a purchase order worth $48 million. To meet production requirements, the company has decided to import recycled polyester cotton from India, a fabric made from recycled cotton and polyester fibres.

The imported fabric will cost the company $2.19 per kilogram, delivered to the Chattogram port. In comparison, sourcing the same yarn from local spinning mills would cost $2.45.

Mohammad Hatem, managing director of MB Knit Fashions, told The Business Standard that they have calculated that by importing 800 tonnes of yarn, they would save $208,000.

"If we bought yarn locally, the tax incentives would only result in a post-tax saving of $56,000, leaving us with a net savings of $148,000," he explained. "So, why would I choose to purchase yarn from local mills under these conditions?"

MB Knit once imported 20% of their yarn, now nearly 90% is imported, said Hatem, who is also the president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

He mentioned that over 80% of last year's yarn imports came from India.

Fakir Kamruzzaman Nahid, managing director of Fakir Fashions, shared similar views, saying, "We save about $0.20 per kilogram by importing yarn. Sourcing from India has become more viable, with local sourcing now down to 30%, compared to 50% a year ago."

Despite the increase in imports, the Bangladesh Textile Mills Association (BTMA) does not have data on how much local mills' sales have decreased or whether they have declined at all.

However, BTMA data shows that two years ago, local mills supplied around 85% of the yarn for knitwear exports.

Why local mills struggling

Textile mill owners said production costs have increased by 30% over the last two years due to higher gas prices, rising wages, and less gas supply. Despite expanding their capabilities, mills are finding it hard to reduce costs.

Moreover, government incentives for using local yarn have been significantly reduced, they said. Cash incentives have dropped from 4% to 1%, while special incentives have fallen from 1% to 0.3%.

These incentives take up to a year to be processed, and after a 10% tax deduction, additional costs are incurred. As a result, garment exporters are less inclined to use local yarn, according to millers.

Local spinning mills are also unable to lower prices due to a sharp 179% rise in gas prices, the implementation of new wage structures, and increased bank loan costs and stringent conditions.

Additionally, textile mill owners have raised concerns about the illegal import of yarn through smuggling and the misuse of bonded warehouse privileges, which flood the market with imported yarn.

Md Khorshed Alam, chairman of Little Star Spinning Mills, told TBS that the production cost of each kilogramme of 30 count yarn, widely used in Bangladesh's garment industry, now exceeds $3.

"We sell it at prices ranging from $3.10 to $3.50, but due to declining demand, some mills are forced to sell at even lower prices to avoid losses," said Alam.

Importers said the same yarn from India is available for $2.90, making them less inclined to purchase from local mills.

Alam, also a director of BTMA, said more than 30 textile mills have shut down in the past year.

This number is expected to increase significantly in the coming year, he said, adding that his own factory is operating at just 40% capacity, and currently, half of the country's spinning mills are underutilised.

MB Knit's Mohammad Hatem said due to the government's flawed policies, Bangladesh's backward linkage industry will not survive and will become increasingly import-dependent.

"Previous government actions were aimed at strategically handing over the country's textile industry to foreign entities," added Hatem.

According to the Association, Bangladesh has around 1,900 textile mills, including spinning, fabric, dyeing, printing, and finishing mills, with a total investment of $22 billion.

Meanwhile, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh's garment exports increased by over 7% in 2024, with knitwear exports reaching nearly $20 billion.

Is India exporting in dumping price

India has an advantage over Bangladesh as it has its own cotton supply. However, despite this, the production costs in both countries are comparable, at around $3 per kilogramme.

This raises the question: how can Indian yarn exporters sell their products at prices lower than this?

Saleudh Zaman Khan, vice president of BTMA, said the Indian government provides additional financial and policy benefits to the country's textile exporters, both centrally and at the state level, giving them a competitive edge.

Explaining further, he said, "Textile exporters in India benefit from a negotiable instrument offering 3.88% of the export value or ₹11 per kilogramme, whichever is lower. This scheme is known as the Remission of Duties or Taxes on Exported Products (RoDTEP)."

In addition to this, exporters receive a 2% duty drawback on textile product exports. Combined, these incentives amount to about 6% of their total export value.

According to the Indian Trade Portal, the RoDTEP scheme is designed to help exporters recover the taxes and duties paid on exported goods. It has been in effect since January 2021. Furthermore, various states in India offer additional benefits to their textile entrepreneurs.

Saleudh, also the managing director of NZ textile alleged, "Taking advantage of these incentives, Indian exporters are selling to Bangladesh at dumping prices."

He called for the imposition of anti-dumping duties on yarn imports from India. However, he could not provide any evidence to support this claim.

Dumping occurs when a country or company exports a product to a foreign market at a price lower than its domestic market value.

'Focus on reducing business costs'

Zahid Hussain, former lead economist at the World Bank's Dhaka office, said garment exporters pay only 12% tax, compared to the standard corporate tax rate of 27.5%.

He believes that long-term support for textile or garment entrepreneurs using taxpayer money is unsustainable as Bangladesh is set to graduate from LDC status.

He suggested that instead of direct financial aid, efforts should focus on reducing business costs.

"Support should aim at lowering logistics, port, banking, customs, and other public service costs to enhance competitiveness," he added.

Source: tbsnews.net – Jan 20, 2025

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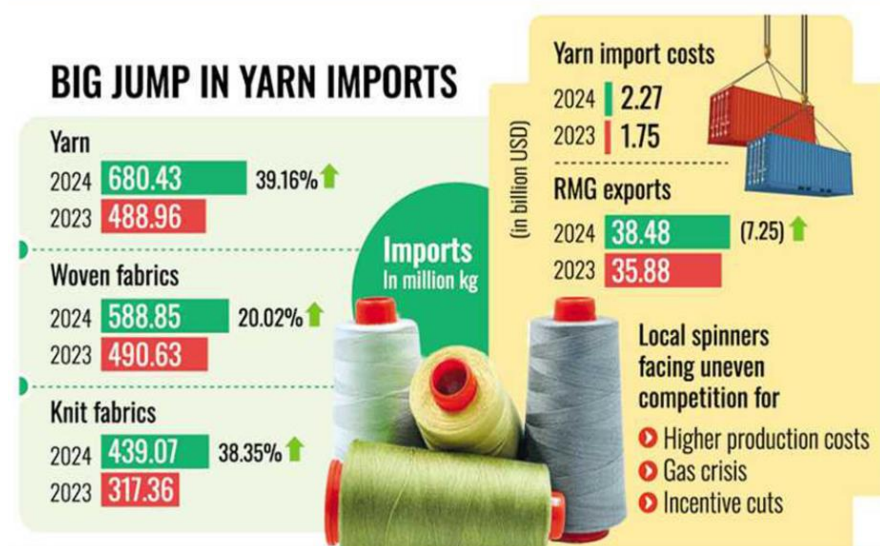
Bangladesh: Yarn imports soar 39pc amid local spinners' struggles

Yarn imports witnessed a significant surge in 2024, creating uneven competition for local spinners against foreign companies mainly because of higher production costs fuelled by a gas crisis, industry people said.

Bangladesh imported 680.43 million kilograms of cotton yarn under bonded facility last year, which was 39.16-percent higher than the 2023 figure of 488.96 million kg, according to the data compiled by Bangladesh Textile Mills Association (BTMA).



The country paid some $2.27 billion for the 2024 imports, which was $1.75 billion in 2023.

Besides, the imports of woven and knitted fabrics recorded a 20.02 per cent and a 38.35 per cent rise, respectively, in 2024.

Bangladesh imported 588.85 million kg of woven fabrics last year, which was 490.63 million kg in 2023. On the other hand, knitted fabric imports stood at 439.07 million kg in 2024, up from 317.36 million kg in the previous year.

Due to higher production costs, the gas crisis, and incentive cuts, domestic textile millers, especially spinners, are facing uneven competition against their foreign competitors and also losing yarn orders even from local readymade garment (RMG) exporters, industry people said.

RMG exporters for the last one year preferred sourcing the raw material from abroad, hindering the local spinning sector's growth, they also said.

Yarn is required to manufacture fabrics. RMG exporters usually source raw materials like yarn and fabrics from the local market when they have a pressure of work orders and have to shorten the lead time despite a price difference, insiders added.

Garment exporters said local yarn prices are higher than that of the imported variety, while textile millers argued that the high costs of utilities and poor gas supply pushed up their production costs, making local yarn pricier.

When asked, former Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) president Fazlul Hoque said yarn imports increased mostly from India because of the local variety's high prices.

The price difference between the local and imported combed yarn went up to 40 cents per kg on average, he said, adding apparel makers having more capabilities, including large storage facilities and long lead time, prefer imported yarn.

Besides, the government has cut incentives that earlier encouraged RMG exporters to source yarn from the local market, he noted.

Echoing Hoque, former Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Faruque Hassan said they need some finer count yarn to produce value-added and blended (mixture of cotton and other manmade fibres) garments, which local spinners cannot provide.

Though there are a few mills that produce manmade fibres, the prices are high, he said.

The price difference between local and imported yarn was 20-30 cents previously, which has now increased, said Hassan.

He alleged local millers are unwilling to supply yarn over 40 counts or 42 counts, which also encouraged RMG exporters to opt for imports.

Talking to The Financial Express on Sunday, Little Star Spinning Mills Chairman Khorshed Alam claimed India is exporting yarn to Bangladesh at a dumping rate for having its own raw material of cotton and storage facility near the Benapole port.

He alleged Indian businesses are selling their yarn at a dumping rate as they get policy support from their government while they have their own cotton.

For example, he said, India provides various policy support for its local textile mills, including incentives on labour and electricity costs.

As a result, millers can sell their products at the same rate as their production costs, Alam added.

"On the other hand, we do not have the main raw material - cotton. Besides, we are not getting the required gas supply and bank interest rates have gone up to double digits," the businessman explained.

Indian yarn exporters also make quick deliveries through the Benapole port immediately after orders are placed, he noted. According to Alam, local yarn prices in Bangladesh have gone up due to high utility costs and gas supply shortages.

"Costs increased on the one hand, and on the other, millers cannot use their full production capacity due to the poor supply of gas," he added.

Local yarn is losing competitiveness and garment exporters are sourcing yarn from outside the country under the bonded warehouse facility as the imported variety is cheaper than the local one, Alam further said.

He also alleged that some traders imported yarn by using the licences of some exporters and imported higher counts of yarn, such as 80 counts, under the name of 30 counts.

Industry insiders say local textile mills meet about 80 per cent of the demand for the knitwear subsector and 35-40 per cent for woven.

Bangladesh fetched $38.48 billion from RMG exports in 2024, with knitwear earning $20.52 billion and woven $17.95 billion, according to the BGMEA data. The country earned $35.88 billion in 2023 from garment exports.

Source: thefinancialexpress.com.bd – Jan 20, 2025

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NATIONAL NEWS

Shri Piyush Goyal holds high level dialogue with European Commissioner for Trade and Economic Security

Commerce and Industry Minister (CIM) Shri Piyush Goyal met with Mr Maroš Šefčovič, European Commissioner for Trade and Economic Security for a High Level Dialogue from 18-19 January 2025 in Brussels. This was the first in-person meeting between the two leaders, subsequent to the introductory video conference held in December 2024.

The dialogue was marked by mutual respect, consideration towards each other's sensitivities and was aimed at setting up a new framework for India-European Union strategic agenda in the area of trade and investments.

The Minister underlined the commitment of the Prime Minister Modi government towards transforming India into a developed country by 2047. Shri Goyal outlined the six broad principles for building a mutually beneficial partnership between India and the European Union:

First, India would work together with the European Union, a relationship based on common values of democracy, rule of law and independent judiciary, as a trusted partner for developing an economic relationship which integrates the combined market currently estimated at over $24 trillion, bringing unprecedented opportunities for the 2 billion people of India and the European Union.

Second, India would build a commercially meaningful trade agenda with the EU, which is fair and equitable, addressing the tariff and non-tariff barriers through simplification and cost competitiveness for benefits of businesses from both sides, especially small and medium enterprises, farmers and fishermen.

Third, in endeavour to build India as a high-quality product market in terms of Prime Minister’s clarion call for a “zero defect” and “zero effect” production capability, it would engage with the European Union for exchange of best practices, harmonize standards and build mutual processes to achieve these objectives.

Fourth, India would work together with the European Union for developing cutting edge technologies, secure critical raw material supply chains and build resilient supply chains- reducing dependencies on non-market economies and developing closer economic ties between India and the EU.

Fifth, cooperation in the area of trade and sustainable development in a fair manner keeping in mind the respective level of developments and the principle of common but differentiated responsibility.

Sixth, as a leader in harnessing technologies at scale and a nation home to young, aspirational and highly talented people, India would explore becoming a living bridge with the European Union to partner in mutual growth and development.

With a view to build a new India-EU strategic agenda, the two leaders outlined political directions to both the teams to develop a mutually beneficial agenda for trade and investment and a robust FTA in an expedited manner to meet global challenges. The two leaders reviewed progress in the trade and investment group of the India-EU Trade and Technology Council (TTC), agreed to address legacy issues & laid a roadmap for continuous consultations between senior officials from both sides and at ministerial level. The meeting was attended by senior officials from both sides.

Source: pib.gov.in– Jan 19, 2025

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Budget 2025: Textiles allocation for FY26 may rise 15% to Rs 5,080 crore

New Delhi: The textiles ministry may get a 15% bump in allocation for FY26 to around ₹5,080 crore, including a 33% rise in budgetary funds for the Production Linked Incentive (PLI) scheme for textiles.

In 2024-25, the allocation for the textiles ministry was ₹4,417.03 crore. The extant allocation for the PLI scheme for technical textiles and man-made fibre (MMF) apparel and products is ₹45 crore and is expected to go up to ₹60 crore in FY26. Finance minister Nirmala Sitharaman will announce the budget for 2025-26 on February 1.

The government approved the PLI scheme for textiles in 2021 with an outlay of ₹10,683 crore over a five-year period to promote production of MMF apparel, MMF fabrics and products of technical textiles in the country to enable textiles industry to achieve size and scale and to become competitive.

"We have an ambitious target for the textiles industry and are looking at ways to encourage domestic manufacturing. Some measures could be announced in the budget," said an official.
India aims to achieve $600 billion of textiles exports by 2047 and expansion of the domestic market to $1.8 trillion from $110 billion in 2022. India's textiles exports in April-December FY25 were $26.6 billion.

However, the country depends on imports of textiles machinery such as auto-corners, winders and fancy doublers for spinning and knitting machines to make garments, and the industry has sought a scheme to enable local machine manufacturing. "To support the industry, the government may come up with a scheme providing an interest subsidy at 7% for at least 10 years to enable the manufacturer to settle down," said Rakesh Mehra, chairman, Confederation of Indian Textile Industry.

Similarly, spun lace, spun bond, mask, special fibres braiding needle punch multi-axial looms and net knitting for technical textiles along with machines for synthetic dyeing used in processing are also currently imported.

Source: economictimes.com– Jan 20, 2025

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India and New Zealand to boost bilateral trade by collaborations, and connectivity: GTRI

India and New Zealand should address market access issues for goods, promote collaborations in key sectors, and work on improving connectivity with an aim to boost bilateral trade, which is just $1.5 billion, think tank GTRI said on Sunday.

Both countries should set a target to double two-way trade within five years by identifying products for early tariff relief and organising business delegations and roadshows in India, it said.

It also said that India's proposed free trade agreement with New Zealand would have limited benefit to domestic companies as they are already enjoying duty free access to a significant number of goods in that market.

New Zealand's average import tariff is just 2.3 per cent, compared to India's 17.8 per cent.

Besides, 58.3 per cent of New Zealand's tariff lines (or product categories) are duty-free, meaning Indian products already enjoy significant access without a trade pact in the New Zealand market, the Global Trade Research Initiative (GTRI) said.

GTRI Founder Ajay Srivastava said that while the India-New Zealand CECA (comprehensive economic cooperation agreement) negotiations remain stalled, both countries can take steps to enhance their trade and economic ties.

"By addressing market access issues, promoting collaboration in key sectors (like agriculture, pharmaceuticals, IT, education, and tourism), and improving connectivity, India and New Zealand can unlock their trade potential and create a more robust economic partnership," he said.

He added that the $1.54 billion bilateral trade in 2023-24 highlights a significant underperformance in economic ties.

With India's goods exports at $538.3 million and New Zealand's exports at USD 335.1 million, both countries have yet to tap into their true trade potential, he said.

India and New Zealand began negotiating the CECA in April 2010 to boost trade in goods, services, and investment. After nine rounds of discussions, however, the talks stalled in 2015.

The think tank also said that the Indian diaspora in New Zealand, with over 250,000 people of Indian origin, provides a strong cultural link that can be used to strengthen trade relations.

"Encouraging more Indian students to study in New Zealand by lowering fees and providing faster visa pathways could also boost New Zealand's education sector," GTRI said, adding collaboration across sectors such as agriculture, forestry, fintech, and education should be promoted to unlock trade potential.

Further improving connectivity is another critical step and increasing direct flights between the two nations would facilitate both trade and tourism.

"Simplifying visa processes, including introducing multi-entry, multi-year tourist visas, would also make it easier for business people and tourists to travel between the two countries," it added.

The GTRI suggested recognising Indian professional qualifications as it could help fill skill gaps in New Zealand's labor market, particularly in sectors such as IT, healthcare, and aviation.

India's key goods exports to New Zealand include clothing, fabrics, and home textiles; medicines and medical supplies; refined petrol; agricultural equipment and machinery such as tractors and irrigation tools; auto; iron and steel; paper products; electronics; shrimps; diamonds; and basmati rice.

The main imports are agricultural goods, minerals, apples, kiwifruit, meat products such as lamb, mutton, milk albumin, lactose syrup, coking coal, logs and sawn timber, wool, and scrap metals.

Source: thehindubusinessline.com– Jan 19, 2025

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India readying trade strategy, awaits Trump's moves on tariffs

As Donald Trump readies to take over as the US President for the second time in a star-studded inaugural ceremony on Monday, India continues to prepare for possible actions that it could take, including tariff cuts, market access demands and retaliatory moves, in response to how his tariff threats play out.

Discussions with the industry and within the government on possible duty cuts to make the US happy and also identification of offensive interests are on. But concrete steps to face and counter US actions can be planned only once the Trump regime shows its cards, an official told businessline.

"Trump has warned India of reciprocal tariffs so we need to identify items where it might be possible to lower tariffs. We also want to be ready with our asks. Additionally, higher tariffs on China could spell opportunity for Indian exporters. But we need to first know what exactly is coming our way," the official said.

Trump has been threatening all trade partners, including India and China, with more tariffs when in office. His warnings of reciprocal tariffs has New Delhi worried as the US is by far India's largest export market.
Top trading partner

"The US is India's top trading partner, with exports to the US growing from $53.1 billion in FY20 to $77.5 billion in FY24, a 46 per cent increase, driven by strong US demand. So, if the US imposes tariffs, it will hurt Indian exports. The impact will depend on the products and tariff levels," pointed out Ajay Srivastava, trade expert and founder of Global Trade Research Initiative.

India could work on lowering its simple average tariffs to 10 per cent from 17 per cent, strengthen `Make in India' by focussing on deeper manufacturing and also be prepared for calibrated response to any unwarranted action by the Trump government, Srivastava proposed.

Trump had showed his resentment also for foreign workers during his first stint as US President and had increased scrutiny of H-1B visa applications. This led to rejection rates reaching an all-time high of 24 per cent in 2018, pointed out Biswajit Dhar, Distinguished Professor, CSD.

"Trump's decision to include technology entrepreneurs Elon Musk and Vivek Ramaswamy in his cabinet may indicate a change in heart in terms of presence of skilled workers in the country. But on tariffs he is expected to be very tough," Dhar said.

Source: thehindubusinessline.com– Jan 19, 2025

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NITI Aayog member revises FY25 GDP growth projection for India to 6.5-7%

NITI Aayog member and renowned economist Arvind Virmani on Saturday said he has revised his GDP growth projection for India on the lower side for FY'25 due to rising global uncertainties and risks, particularly from the United States and China.

Virmani, who had earlier predicted a GDP growth in the range of 6.5-7.5 per cent, adjusted the projection to 6.5-7 per cent now with high probability of it being sub-7 per cent, amidst heightened risk aversion stemming from global political and economic challenges.

"My focus from the beginning of the year was 7 per cent plus-minus 0.5 per cent, which means 6.5-7.5 per cent. But now I am revising it to 6.5-7 per cent. The political uncertainties created by the US elections is much higher than I had anticipated," Virmani said.

"The US election uncertainty has a domino effect, influencing Europe, China, and other regions, indirectly impacting India," he said on the sidelines of an interactive session with MCCI.

He highlighted the significant slowdown in China's economy, noting its "irrational" capacity-building approach despite reduced capacity utilisation.

"China's overcapacity, coupled with its slowing economy, has exacerbated global uncertainty and risk aversion, and may further affect India's growth trajectory," he added.

Despite these challenges, Virmani remained optimistic about India's long-term prospects.

"If India sustains 6 per cent growth for the next 25 years, it is well-placed to become an upper-middle-income or even a high-income country, coming close to China," he said.

Addressing the uneven distribution of investments across various states, Virmani said the NITI Aayog is working on benchmarks and indices to help states improve their investment climate, including Foreign Direct Investment (FDI) inflows.

"Currently, only a few states attract the majority of investments. The Modi government recognises the crucial role of states and aims to provide actionable insights for others to catch up," he said.

International institutions estimate GDP growth of India at 6.4-6.5 per cent.

Source: business-standard.com– Jan 18, 2025

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'WTO textile benefits to B'desh affecting city garment industry'

Ludhiana: Ludhiana-based industrialists want the World Trade Organization (WTO) to withdraw its least developed country provision to Bangladesh now, saying that the neighbouring country had already benefited from those provisions, in driving exports to Europe and other countries, while attracting sourcing for international brands. On the other hand, industry in India, particularly the apparel, garment and hosiery industry of Ludhiana, has been severely impacted due to such benefits to the neighbouring country, bringing many to closure and many more on the brink of collapse.

The WTO had given least developed country (LDC) status to Bangladesh in 2006 for a period of 20 years. This was accompanied by certain benefits, including zero import duty to its garments in the UK, Europe and several other countries, along with other benefits.

As LDC, WTO extended duty-free and quota-free (DFQF) market access to Bangladesh that allowed it to access major markets like Europe, boosting its garment and textile manufacturing sector. Flexibility in tariff adjustments and ability to maintain higher import duties to protect local industries, because of WTO agreements, also helped in burgeoning of manufacturing sector in the neighbouring country.

While the industry in Ludhiana was hoping to see the end of the LDC benefit to Bangladesh, WTO has extended its benefits by 'three-year additional transition period', which means that the LDC benefits to the country will continue till 2029.

As a result of such provisions, the garment sector of Bangladesh has seen a massive growth. Because of this, some global brands shifted their sourcing from Ludhiana to Bangladesh due to cost efficiencies and tariff advantages. The production cost in Bangladesh is also lower due to many factors, including lower labour costs.

But all these factors have had a major negative impact on the industry in Ludhiana. "The competition from Bangladesh has been a major factor for retaining or expanding our market share in foreign shores like Europe, which has created quite a competition for us," Vinod Thapar, chairman of the Knitwear Club, said.

"Bangladesh has availed benefits from the LDC provisions accorded to it, but the way industry in Ludhiana is declining because of Bangladesh factor and similar benefit to Pakistan, it has been cutting our profitability, proving detrimental to our industry. The WTO ust withdraw LDC provisions from Bangladesh as the economy of the country has been performing well ," Badish Jindal, president, World MSME Forum, said.

Source: timesofindia.com– Jan 20, 2025

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Tirupur's knitwear exports are rising on global headwinds

The surge in international demand for knitwear garments over the past few months has revitalised production in Tirupur's textile units. Tirupur's knitwear exports faced multiple challenges over the past few years due to demonetisation, GST and Covid. After the pandemic, knitwear exports from Tirupur saw a significant recovery, reaching 34,350 crore in the 2022-23 financial year. But the Russia-Ukraine war, economic slowdowns in the West, rising freight charges, and increased electricity costs again pulled the garment sector down in 2023-24.

"In the current financial year, political changes in the United States, its altered trade ties with China, along with the unrest in Bangladesh have created new trade opportunities for India. Exports have crossed 20,482 crore in Oct. By Dec, this figure surpassed

30,000 crore," says Kumar Duraisamy, joint secretary of the Tirupur Exporters' Association. Exports have shown an increase of 15-18% every month compared to the previous financial year, he adds.

Exporters point out that Bangladesh's free trade agreement (FTA) with the European Union (EU) is set to end in 2027. As a result, major foreign buyers are shifting their attention to India and are placing orders. Additionally, negotiations for an FTA with the UK are in the final stages, generating optimism among exporters. "This presents a great opportunity for small, medium, and micro enterprises to regain their glory," says Kumar.

The positive trend could be seen across India in readymade garment (RMG) exports during the current fiscal year, says A Sakthivel, vice-chairman of the Apparel Export Promotion Council (AEPC). The exports of readymade garments in Dec 2024 showed a growth of 15.2% in rupee terms compared to Dec 2023. The overall exports for the period from April to Dec 2024 amounted to 94,936 crores, reflecting a growth of 13.2% compared to the same period the previous year, he says. "The growth trajectory will continue. I anticipate that the Tirupur knitwear sector will achieve an overall growth of 15% compared to the previous fiscal. This growth is expected to push exports from Tirupur beyond 40,000 crores," he adds.

Manufacturers say India's RMG sector can achieve much more provided the govt extends additional support. "To fully capitalise on the opportunities, support from the Union govt is imperative. The govt should consider removing the tax on cotton imports, establishing more FTAs with various countries to boost exports, and reducing bank interest rates," says M P Muthurathinam, president of the Tirupur Exporters and Manufacturers Association (TEAMA).

India currently ranks sixth in garment exports, accounting for only 3.9% of global exports, whereas Bangladesh holds around 12%, and China dominates with 36%, he says. "If the Union govt comes up with positive announcements in the upcoming budget, the apparel industry could achieve new heights," he adds.

Source: timesofindia.com – Jan 19, 2025

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