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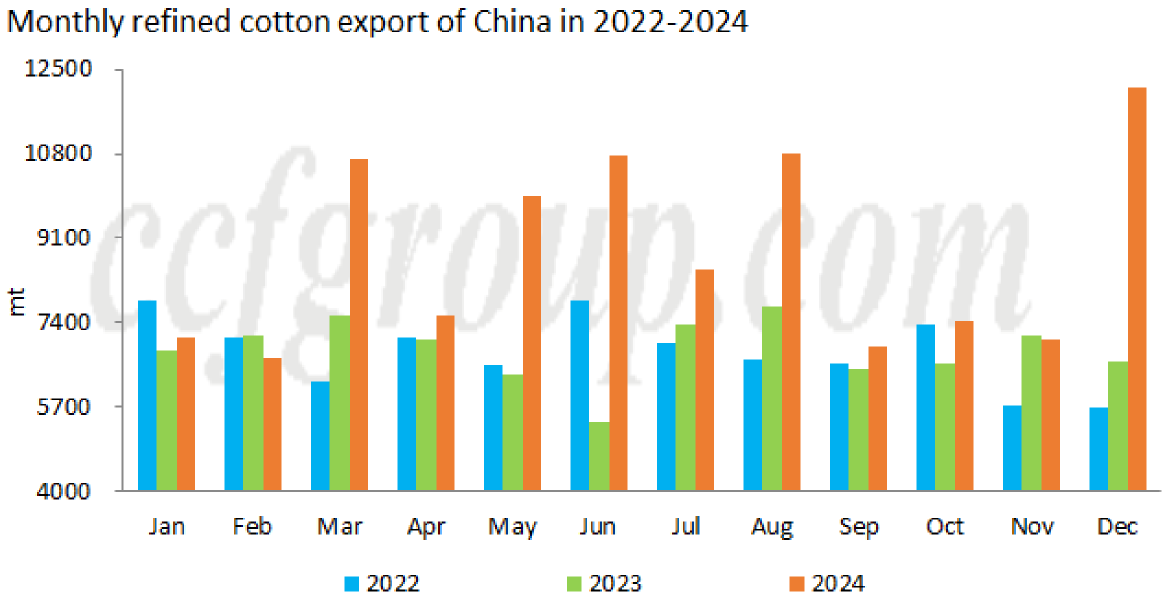
Currency Watch			
USD	EUR	GBP	JPY
86.29	90.21	107.10	0.56

INTERNATIONAL NEWS

INTERNATIONAL NEWS

Refined cotton export of China reaches a record high of 100kt in 2024

In 2024, refined cotton export market forged ahead, welcoming its "highlight moment" and achieving historic first for twice. Notably, the export volume in Dec saw a significant "surge," setting a new monthly record. The total export volume for the entire year of 2024 surpassed the 100k for the first time, setting a new record.

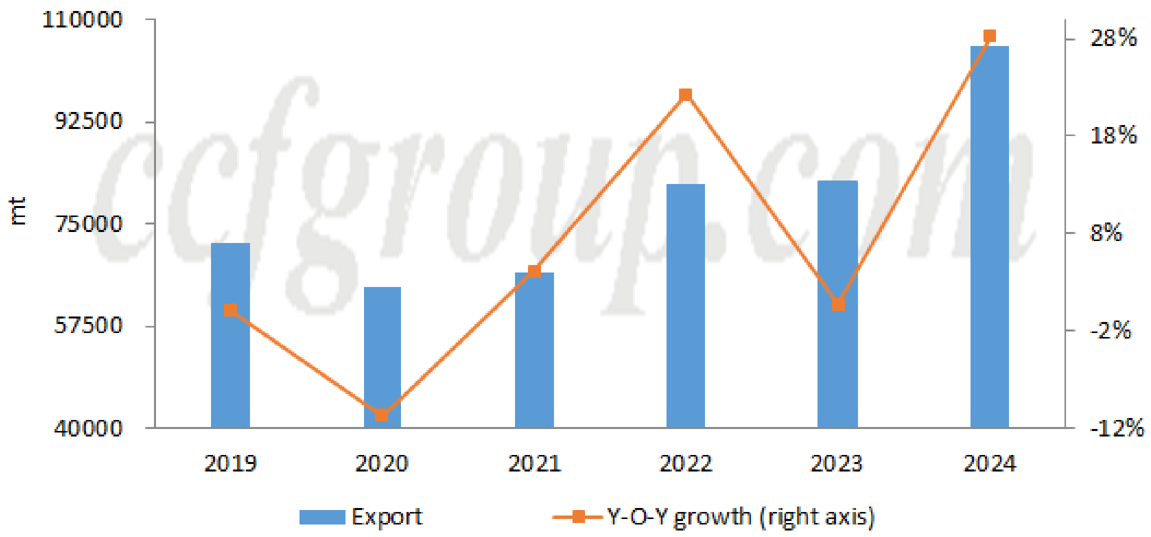


Despite a relatively weak domestic and international macroeconomic environment in 2024, the performance of refined cotton export market was eye-catching, achieving high growth for four consecutive years.

According to customs data, the total export volume of refined cotton (including specialty cotton linter pulp, hereinafter the same) reached 105,557.4 tons in 2024, marking a year-on-year increase of 28.3%. Exports in Mar, Jun, Aug, and Dec experienced a "surge," each exceeding 10kt.

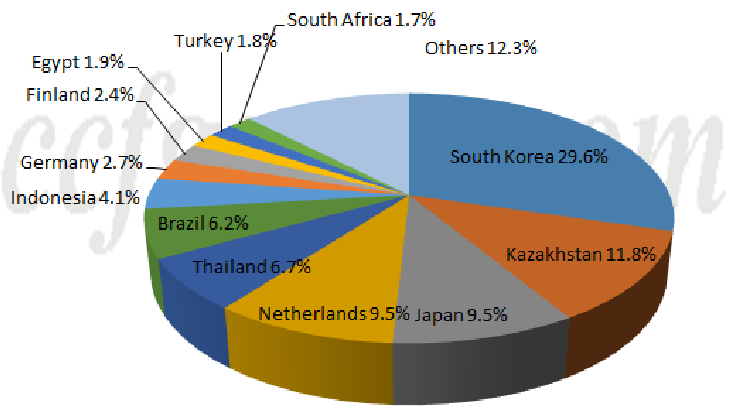
Due to year-end stocking and competition for exports before the Spring Festival, Dec recorded the highest single-month export volume of about 12,125.8 tons, a month-on-month increase of 71.3% and a year-on-year increase of 83.1%.

Refined cotton export and growth of China in 2019-2024



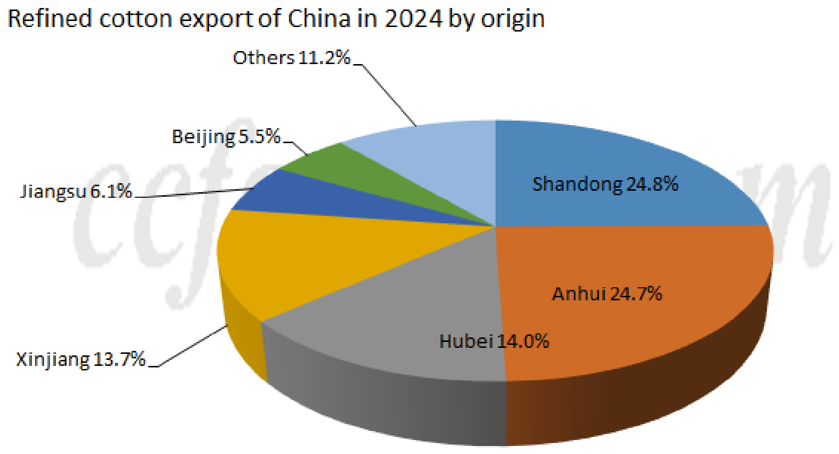
The destinations in 2024 were relatively dispersed, with exports recorded to 41 countries and regions, an increase of one compared to 2023. However, the export share remained relatively concentrated, with the top five regions accounting for nearly 67% of the total.

Refined cotton export of China in 2024 by destination



For many years, South Korea, Japan, the Netherlands, and Thailand have held the top four positions, with South Korea continuing to take the lead. In 2024, exports to South Korea reached 31,202.7 tons, a year-on-year increase of 11.6%, accounting for 29.6% of the total.

Kazakhstan emerged as the second-largest destination, becoming the biggest "dark horse," with an export volume of 12,440.7 tons in 2024, compared to zero in 2023, accounting for 11.8%.



Regarding origins, Chinese refined cotton was expected from 11 provinces and cities in 2024, with Shandong, Anhui, Hubei, and Xinjiang ranking as the top four, together accounting for over 77% of the total. For many years, Shandong has maintained its position as the leading exporter. In 2024, Anhui and Shandong were nearly neck and neck, with Shandong's export volume at 26,186.3 tons, a year-on-year decrease of 3.1%, accounting for 24.8%, while Anhui's export volume reached 26,036.9 tons, a year-on-year increase of 11.6%, occupying 24.7%. Additionally, Xinjiang showed a remarkable rise, with an annual export volume of 14,440.9 tons, a year-on-year increase of 2,559.63%, taking up 13.7%.

The refined cotton export market in 2024 experienced a "highlight moment," with export volume growing for four consecutive years, reaching a new historical high. In particular, the export volume in Mar, Jun, Aug, and Dec saw explosive growth, each exceeding 10kt.

For many years, South Korea has consistently "led the way," but in 2024, Kazakhstan emerged as a "dark horse," with a significant increase in exports being one of the main reasons for the overall growth in annual export volume.

In the past, Shandong was the dominant exporter, but in 2024, Anhui and Shandong were neck and neck, while Xinjiang shone brightly, with its export volume increasing by more than 25 times year-on-year, which was also a key reason for the national export total reaching a new high. Looking ahead to 2025, barring any major "black swan" events, it is expected to maintain a relatively favorable situation.

Source: ccfgroup.com– Jan 23, 2025

HOME

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Trump Threatens Russia With Tariffs Over Ukraine War

The tariff threats keep rolling in. This time, President Donald Trump is squaring up with Russian President Vladimir Putin over the war in Ukraine.

In a Wednesday post to Truth Social, which has become Trump's unofficial message board for trade news, the president said he would impose "high levels of Taxes, Tariffs and Sanctions" on Russian goods if the country does concede to a "deal" that would end the conflict.

He also threatened "various other participating countries" with the same fate should they continue to support Russia's aggression.

"I'm not looking to hurt Russia. I love the Russian people, and always had a very good relationship with President Putin...." he wrote. "All of that being said, I'm going to do Russia, whose Economy is failing, and President Putin, a very big FAVOR. Settle now, and STOP this ridiculous War! IT'S ONLY GOING TO GET WORSE."

Trump claimed that the war in Ukraine—which began with a Russian invasion in February of 2022 and has resulted in hundreds of thousands of military and civilian casualties—would never have started had he been president.

"We can do it the easy way, or the hard way – and the easy way is always better. It's time to 'MAKE A DEAL.' NO MORE LIVES SHOULD BE LOST!!!" he wrote.

Just days into his second term, the president has threatened a number of nations across the globe with new duties for different reasons—and likely with different outcomes in mind.

In the case of Russia, Trump may be seeking to make good on campaign trail promises that he can broker peace by dangling the threat of duties over a nation whose economy is already faltering. On Monday, the Russian Finance Ministry released data revealing that the country is facing an overall deficit of over 3 trillion rubles ($30 billion) for the third year running.

Washington, D.C. trade policy lawyer Josh Teitelbaum told Sourcing Journal Wednesday he believes Trump is leveraging duties to take on challenges well beyond the scope of trade. Tariffs have become a one-size-fits-all solution to foreign policy issues in the president's eyes.

"Immigration, fentanyl, the dollar as a reserve currency, even the dispute between Russia and Ukraine—Trump has threatened tariffs to create leverage for all of them," the senior counsel for Akin-Gump added, referencing Trump's reasoning for threatening countries like Canada, Mexico and even the BRICS Alliance with duties.

From the Oval Office on Tuesday evening, Trump doubled down on his duty threat against BRICS, a trade bloc named for Brazil, Russia, India, China and South Africa, which has floated the idea of launching its own currency as a means of breaking away from the influence of the U.S. dollar. Egypt, Ethiopia, Indonesia, Iran and the United Arab Emirates are also a part of the agreement.

"We are going to put at least a 100-percent tariff on the business they do with the United States," should the Alliance follow through with its plans, he told reporters.

During the exchange, the president seemed to mislabel Spain as a member of BRICS bloc. When a reporter asked about consequences for NATO countries such as Spain and France that do not meet the alliance's minimum defense spending standard of 2 percent GDP, Trump said Spain's expenditures were "very low."

"They're a BRICS nation, Spain. Do you know what a BRICS nation is? You'll figure it out," he told the reporter.

Spain's government sought to swiftly remove itself from the duty discussion. "I don't know if the affirmation made by President Trump was the result of a mix-up or not, but I can confirm that Spain is not in BRICS," Spanish Education Minister and government spokesperson Pilar Alegría responded shortly after Trump made his remarks.

Source: sourcingjournal.com – Jan 23, 2025

HOME

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A Renewed US Shipbuilding Push Has Potential Side Effect—Higher Shipping Costs

With a new administration in place that is already instituting more protectionist measures across global trade, the U.S. could soon see priorities shift to reestablish worldwide maritime dominance. But such a shipping renaissance might be felt in the pockets of U.S. importers and exporters.

In December, the bipartisan Shipbuilding and Harbor Infrastructure for Prosperity and Security (SHIPS) for America Act was proposed in Congress as a matter of addressing the growing gap between the U.S. and China in shipbuilding.

The bill, if passed, would have significant consequences on American supply chains. But the legislation itself is primarily rooted in national security, and is aimed at establishing national oversight and consistent funding for U.S. maritime policy.

The legislation has been largely praised in maritime circles, particularly due to the lofty goal of building 250 ships within 10 years. The current U.S.-flagged fleet stands fewer than 200 vessels, 80 of which are trade in international commerce—a paltry sum compared with 5,500 vessels controlled by China.

Additionally, the bill would establish both a maritime security advisor within the White House and create a Maritime Security Trust Fund to reinvest $250 million in collected duties annually into U.S. shipyards.

The weight of such an endeavor comes with costs, warned Lars Jensen, CEO of container shipping consultancy Vespucci Maritime, when the Act was introduced in December.

"In short, if this is applied as proposed it will increase shipping costs for U.S. importers and exporters—except those exporters who are slated for government subsidies," Jensen said in a LinkedIn post.

Likely the biggest impact of the bill for supply chain operators, if passed, would be the establishment of "commercial cargo preference." This would require that within 15 years, 10 percent of all cargo imported into the U.S.

from China must be imported on U.S.-flagged vessels that are also and built in the U.S. and staffed by American crews.

Any individual shippers that don't comply with the requirements would be subject to a fine, which may not be as easy to maneuver in practice depending on the agreements they have in place with ocean carriers, and their point of origin.

"It will create significant supply chain headaches for individual U.S. shippers needing to clearly measure the share of cargo moved on U.S. ships—especially if much of their cargo is from origins not necessarily served by such U.S. vessels," Jensen said.

Sal Mercogliano, an associate professor of maritime history at Campbell University and former merchant mariner who is a major proponent of the SHIPS for America Act, prefers that shippers be financially incentivized to hit that kind of quota, rather than penalized if they don't.

"I was hoping to see a tax incentive to ship on American ships," Mercogliano said in his YouTube series, What's Going on with Shipping? on Dec. 19. "I think that would be a great way to encourage the use of American vessels."

In a post a X on Tuesday, Mercogliano again floated the idea of incentives, particularly in an era where President Donald Trump has been open to slapping more tariffs on goods coming out of China, Russia and the E.U.

"The idea that goods shipped on U.S-flagged ships would be exempt from tariffs could be a huge incentive for some carriers to reflag ships into the U.S. registry," Mercogliano said.

Currently, only Matson and the U.S. subsidiaries of Maersk and CMA CGM would be able to fit the description of container shipping firms that can help companies reach the 10 percent goal.

A possible wild card in the years ahead could be the creation of a new container shipping line in the U.S. dedicated to serving American businesses.

A recent report from supply chain publication The Loadstar indicates that such a project "is strongly rumored to have the support of a major logistics integrator, which is a genuine household name and would presumably present the new carrier with its base cargo volumes."

Such a report follows the Department of Defense's recent designation of the world's fourth largest ocean carrier, Cosco Shipping, as a Chinese military asset. While there are no specific penalties for the ocean carrier for being added to the list, it further adds to the escalation of trade tensions brewing between the two nations.

Two of China's top shipbuilders were also blacklisted.

With a recent U.S. Trade Representative investigation determining that China's maritime, logistics and shipbuilding practices severely disadvantage U.S. companies, workers and the country's economy at large, support for the SHIPS for America Act is likely to gain more traction in Washington.

"The bill is not perfect by any means, but it is the most substantial change proposed since the Merchant Marine Act of 1970," Mercogliano said.

Source: sourcingjournal.com– Jan 23, 2025

HOME

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Global cotton industry to counter significant challenges in 2025

With production continuing to outpace demand, the global cotton industry is set to encounter significant challenges in 2025. This year, growth will align with last year's pace, project economists. Oil prices continue to trend lower, and cotton futures indicate price stability for the year ahead, as per the Centre for Advanced Studies on Applied Economics (CEPEA).

Brazil emerged as the world's top cotton exporter in 2023-24, with shipments reaching 2.77 million tons to surpass the United States, which exported 2.37 million tons. China played a critical role in Brazil's record exports, importing 924.7 thousand tons of cotton.

In 2024-25, cotton prices in Brazil are expected to decline due to high ending stocks, limited global demand, and slow global economic growth. However, the depreciation of the Brazilian real against the US dollar could improve export competitiveness, potentially helping to stabilize prices.

As per Conab projections, Brazil's area under cotton cultivation is expected to rise by 3 per cent to 2 million hectare in 2024/25. The country's cotton productivity is expected to decrease by 3.1 per cent to 1,845 kg per hectare. Its total cotton production for the 2024/25 season is forecasted to decline by 0.2 per cent to 3.695 million tons.

On the global front, cotton supply in 2024-25 is forecasted to rise by 3.9 per cent, as per USDA data. World cotton consumption is expected to rise by 1.3 per cent during the same period, totaling 25.211 million tons.

Source: fashionatingworld.com– Jan 23, 2025

HOME

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UK freight sector calls on govt to supercharge rail freight growth

The UK freight sector recently called on the government to supercharge rail freight growth to help deliver the government's national missions in its Plan for Change, including kickstarting economic growth and achieving net zero.

Rail Partners' research shows the cost of UK rail freight has risen over three times faster than road haulage over the last decade. Rail freight operators want to invest in the United Kingdom to help decarbonise supply chains.

A thriving rail freight sector can support the delivery of the government's national missions in its Plan for Change, including kickstarting economic growth, achieving net zero and building new houses, Rail Partners, which brings together independent owning groups, train and freight operating companies in the United Kingdom, said in a release.

Its 'A Greener Track' report, based on independent research, shows the cost of moving goods by rail has risen three times faster than road costs over the last decade, partly driven by government policy.

Market conditions have become increasingly challenging for rail freight operators and continue to present a significant barrier to growth and decarbonisation of the transport sector.

To secure rail freight growth, government can use the upcoming legislative consultation on rail reform to create a more favourable environment for operators to boost investor confidence and drive modal shift, the report recommended.

To secure rail freight growth, the widening gap between road and rail freight costs must be addressed.

The UK government has committed to setting a rail freight growth target, but concrete actions are needed to help rail freight compete with more carbon intensive modes of transport, said the report.

Rail Partners and freight operators called on government to use the upcoming legislative consultation on rail reform, expected later this month, and other policy measures, to create a framework that builds on Labour's Getting Britain Moving document to actively champion rail freight growth.

This includes retaining existing legal protections such as long-term access rights and a stable charging regime.

Source: fibre2fashion.com– Jan 23, 2025

HOME

****

China's luxury market drops 18-20% in 2024, returns to 2020 levels

China's luxury market saw a decline of 18-20 per cent year-over-year (YoY) in 2024, reverting to 2020 levels due to low consumer confidence and increased overseas spending as international tourism picks up, according to the latest China Luxury report by Bain & Company.

The third quarter (Q3) saw the worst performance, with a slight improvement in Q4, mostly driven by announcements of the forthcoming stimulus measures, and the expected impact on consumption, Bain & Company said in a press release.

Price gap between domestic and other markets was a major factor in the resurgence of overseas luxury spending. The recovery of overseas luxury spending by Chinese tourists has been significant in 2024, where it accounted for 40 per cent of total Chinese luxury spending.

Specifically, spending abroad in 2024 reached about 50 per cent of 2019 level in Europe and exceeded 2019 level to around 120 per cent in Asia Pacific. However, the increase in overseas shopping did not offset the decline in onshore sales, resulting in an overall decrease of 7 per cent in total Chinese luxury goods spending.

“The downturn is primarily driven by lukewarm consumer confidence driven by economic uncertainty and a decline in real estate value, a shift in spending toward overseas markets, and a reluctance to accept frequent price increases by brands without well-justified value propositions,” said Bruno Lannes, a Greater China-based senior partner at Bain & Company.

“The market is going through an era of turbulence and uncertainty, where widespread underperformance may become the norm, with only a few brands emerging as winners. Most brands will likely need to focus on footprint consolidation and performance improvement measures instead of expansion and price increase,” added Lannes.

Pricing disparities between luxury goods in mainland China and other markets, particularly Japan, was a major factor in the resurgence of overseas luxury shopping in 2024.

A sample analysis of key products across the Chinese mainland, France, and Japan revealed significant price differences across various categories, making luxury shopping abroad even more appealing, especially under favourable exchange rates. At the Yen's lowest point vs, the RMB (Renminbi), the price gap compared to domestic prices reached as much as 30 per cent.

Historically, in response to this trend, some brands have implemented a global pricing strategy to offset most of the exchange rate fluctuations. This year, other brands addressed these price disparities by implementing purchase limits in stores and aligning new product prices globally (in the fourth quarter).

The ongoing government and brand actions against Daigou trading, as well as a shift in tourism flows towards Japan due to favourable exchange rates, have caused South Korean duty-free sales to decline by 3 per cent year-over-year, with an average basket dropping by around 40 per cent.

The overall grey market went up by approximately 5 per cent in 2024. Favourable exchange rates, pricing discount, and promotion mechanism, have reignited the potential for small scale Daigou operations, however, the main source of supply is likely from large scale or professional Daigou that benefit from substantial pricing advantages through wholesale distribution channels, according to brands tracked by re-hub.

In the fashion and leather goods categories, Daigou revenues as a share of official sales in mainland China could vary between 15-25 per cent and 60-70 per cent or more, depending on the brands' size and control on their wholesale channels. Notably, discounts for the top products tracked by re-hub on Daigou platforms have deepened by approximately 8 percentage points in 2024. This trend raises concerns that the grey market will continue to undermine revenue potential and brand equity in the Chinese mainland.

To counter this trend, Bain advice brands to prioritise their strategies against Daigou operations in 2025 and beyond. Business operations in mainland China need to collaborate closely with the global network to actively manage risks associated with Daigou. This can be achieved by optimising wholesale operations worldwide, harmonising price gaps, and focusing on enhancing customer relationship management, aftersales services, and overall client experience in the mainland China.

"Following a turbulent 2024, we expect China's luxury market to continue its downward trend through the first half of 2025, with a cautiously optimistic outlook emerging in the latter half of the year, resulting in an overall flattish performance for the whole year," said Weiwei Xing, a Greater China-based partner at Bain & Company.

Source: fibre2fashion.com– Jan 24, 2025

HOME

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Euro area international trade in goods surplus €16.4 bn in Nov 2024

The first estimates of euro area balance showed a €16.4-billion surplus in trade in goods with the rest of the world in November last year compared with a €18.2-billion in the same month in 2023 and €8.6 billion in October 2024, according to Eurostat.

The euro area exports of goods to the rest of the world in November 2024 were worth €248.3 billion—a year-on-year (YoY) decrease of 1.6 per cent; imports stood at €231.9 billion in the month—a YoY drop of 1 per cent.

In January to November 2024, the euro area recorded a goods trade surplus of €161.9 billion compared with €40.9 billion in the corresponding period in the preceding year. The euro area exports of goods during the eleven-month period rose to €2,636.8 billion—a YoY increase of 0.3 per cent, and imports fell to €2,474.9 billion—a YoY decrease of 4.3 per cent.

Intra-euro area trade fell to €2,372.1 billion during the period—down by 3.4 per cent YoY.

The European Union (EU) goods trade balance showed a €14.3 billion surplus with the rest of the world in November 2024 compared with a €17.2-billion surplus in November 2023 and a €5-billion surplus in October 2024.

The extra-EU goods exports in November last year were worth €223.1 billion—down by 1.2 per cent YoY; imports stood at €208.8 billion—up by 0.1 per cent YoY. In January to November 2024, extra-EU exports of goods rose to €2,375 billion—an increase of 0.8 per cent YoY, and imports fell to €2,239.2 billion—a decrease of 4.2 per cent YoY.

As a result, the EU recorded a surplus of €135.8 billion during the period compared with €18.3 billion in the corresponding period in 2023.

Intra-EU trade fell to €3,722.2 billion in the first eleven months last year—a drop of 2.6 per cent YoY.

Source: fibre2fashion.com– Jan 23, 2025

HOME

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Sri Lanka apparel exports rise 5%, focus on vertical integration

Sri Lanka's apparel exports rebounded in 2024, reaching $4.7 billion, marking a 5 per cent year-on-year increase. However, this figure falls short of the $5.3 billion achieved in 2019, indicating a 10.3 per cent shortfall.

Key markets exhibited mixed performance. While exports to the US, Sri Lanka's largest market, grew by 5.23 per cent, they remain 19.4 per cent below 2019 levels. Exports to the UK demonstrated robust growth of 7.65 per cent, nearing 2019 levels, driven by sustained demand for ethically and sustainably manufactured garments. The EU market saw modest growth of 0.81 per cent.

The Joint Apparel Association Forum (JAAF) emphasizes the critical role of localized fabric production in enhancing the industry's competitiveness. The Eravur Textile Zone, a dedicated area for local fabric manufacturing, aims to save foreign exchange, reduce production lead times, and improve the value proposition of Sri Lankan exports by meeting global demands for traceability and sustainability.

"The Eravur Textile Zone is more than just an initiative; it's a lifeline for the industry," said Yohan Lawrence, Secretary-General of JAAF. "Localizing fabric production is crucial to increasing competitiveness and meeting the demands of global markets."

Challenges remain, including downward pressure on pricing and the need for continued collaboration between the government and the industry. Key policy actions include enhanced market access, improving infrastructure, ensuring transparent and predictable electricity pricing, and addressing operational bottlenecks.

Despite these challenges, Sri Lanka's apparel sector has shown resilience. By focusing on strategic investments and reforms, the industry aims to reclaim pre-pandemic levels and achieve export earnings exceeding USD 6 billion, solidifying its position as a global leader in quality and ethical manufacturing.

Source: fashionatingworld.com– Jan 23, 2025

HOME

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Europe's textile PROs join forces to harmonize EPR implementation

European PROs and business associations join forces to promote best practices and collaboration for effective implementation of Extended Producer Responsibility (EPR) for textiles and footwear across Europe.

The Textile PRO Forum, a new voluntary initiative, aims to address the challenge of navigating the complexities of up to 27 different EPR models for textiles in the EU. With EPR schemes becoming a cornerstone of the European strategy for textile sustainability and circularity, the Forum seeks to foster collaboration, knowledge-sharing, and harmonization among Textile EPR Producer Responsibility Organizations (PROs).

Initiated by Refashion, the first PRO for textiles, and Euratex, the European Textile and Apparel Confederation, the Forum's key activities include reducing administrative burdens, harmonizing approaches to eco-modulation fees, supporting recycling efforts, and establishing a framework for PRO creation and expansion.

The Forum brings together experienced PROs and national business associations from across Europe, including organizations from Spain, France, Belgium, Denmark, and more. This collaborative effort is expected to improve efficiency and navigate the complexities of diverse EPR models for businesses operating in the European textile industry.

Source: fashionatingworld.com– Jan 23, 2025

HOME

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Global FDI up 11% to $1.4 tn in 2024, Africa leads with 84% surge

Global foreign direct investment (FDI), in 2024 rose 11 per cent to an estimated $1.4 trillion but dipped by 8 per cent when excluding flows through European conduit economies (countries with favourable tax policies), according to the latest global investment trends monitor released by the UN Trade and Development (UNCTAD). The highest FDI was recorded in Africa, witnessing a surge of 84 per cent.

Africa's FDI reached $94 billion, largely due to a single megaproject in Egypt. Excluding this project, the continent's FDI rose 23 per cent, though the overall figure remained modest at $50 billion.

North America saw a 13 per cent rise in FDI, driven by an 80 per cent increase in US mergers and acquisitions (M&A). The value of greenfield projects—new investments in foreign markets—surged 93 per cent in the US, reaching $266 billion, spurred by semiconductor megaprojects, UNCTAD said in a press release.

The United Kingdom also saw an increase of 32 per cent in greenfield investments to $85 billion, and Italy posted a remarkable 71 per cent jump to $43 billion.

FDI fell 45 per cent when excluding conduit economies, with 18 out of 27 European Union (EU) countries seeing drops. Germany's FDI plunged 60 per cent and Italy's fell 35 per cent. Even greenfield investments, vital for future growth, dropped 10 per cent across Europe, though the region saw a 15 per cent rise in total project value, signalling the significance of a few large-scale projects.

International project finance—a key driver for infrastructure and energy investments—also faced challenges, with deals dropping 26 per cent in number and nearly a third in value across developed economies.

In developing economies, FDI fell 2 per cent, marking the second consecutive annual decline. Asia, the largest recipient of FDI among developing regions, saw inflows decline by 7 per cent. China faced a 29 per cent drop, now 40 per cent below its 2022 peak. In contrast, India recorded a 13 per cent increase in FDI, boosted by growth in greenfield project announcements. Meanwhile, ASEAN countries (Brunei

Darussalam, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam) saw modest growth, with FDI increasing 2 per cent to a record $235 billion.

In Latin America and the Caribbean, FDI declined by 9 per cent, with Brazil's inflows falling 5 per cent. However, greenfield project numbers and values rose in Brazil, Argentina and Colombia, signalling potential future recovery. Mexico's FDI rose 11 per cent, despite weaker regional project announcements, showing resilience in the face of broader challenges.

In 2025, moderate growth in foreign direct investment (FDI) is anticipated, driven by improved financing conditions and a resurgence in mergers and acquisitions activity. However, considerable challenges remain due to geopolitical tensions and global economic instability, added the press release.

Source: fibre2fashion.com– Jan 22, 2025

HOME

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China's textile & garment exports gain 2.7% to $301 bn in 2024

China's cumulative exports of textiles, garments, and accessories totalled $301.101 billion in 2024, reflecting a modest increase of 2.79 per cent compared to $292.922 billion in 2023, according to data from the General Administration of Customs.

China succeeded in gaining in the global textile and apparel trade despite market volatility and a fragile geopolitical scenario. This growth was primarily driven by a rise in textile shipments, as garment exports continued to underperform. The exports of textile products, including yarn and fabric, saw an increase of 5.7 per cent year-on-year (YoY), reaching $141.959 billion, up from $134.332 billion in 2023.

Exports of garments and accessories amounted to $159.142 billion, with a mild gain of 0.3 per cent last year compared to $158.590 billion during the corresponding period in 2023.

In December 2024 alone, China's exports of textile yarn, fabrics, and related articles stood at $13.134 billion, while garment exports were valued at $14.934 billion, bringing the total export value for the month to $28.068 billion.

On the import side, China experienced a 7.8 per cent decrease in textile yarn and fabric imports, which fell to $10.829 billion in 2024, down from $11.742 billion in 2023. For December 2024, imports were valued at $1.020 billion.

In 2023, China's total exports of textiles, garments, and accessories declined by 8.05 per cent to $293.641 billion, down from $319.376 billion in 2022.

Garment exports decreased by 7.8 per cent to $159.144 billion, while textile exports fell by 8.3 per cent to $134.497 billion. Imports of textile yarn and fabric products also registered a 1.2 per cent decrease, dropping from $11.881 billion in 2022 to $11.742 billion in 2023.

Source: fibre2fashion.com – Jan 23, 2025

HOME

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Uzbek group to invest $40 mn in cotton-textile complex in Kazakhstan

Uzbekistan's Global Textile Group wants to launch five facilities—a logistics centre, a cotton processing plant, a textile factory, dyeing and spinning workshops, and garment factories—in Kazakhstan's Maktaaral district in the Turkestan region.

The cotton processing plant will have an annual capacity of 13,800 tonnes. Products will be supplied to the Kazakh market and exported to Europe as well.

The textile factory is expected to start operations in 2027.

The facilities are expected to create over 2,000 permanent jobs. The total project cost is an estimated 21 billion tenge ($39.61 million), media reports from Kazakhstan said.

Company chief executive officer Muzaffar Razakov and the region's governor Nuralkhan Kusherov discussed the project recently.

The company introduced 'Namangan-77' cotton seeds last year, planting them over 3,200 hectares. It also finished a cotton reception centre with an annual capacity of 10,000 tonnes.

Source: fibre2fashion.com– Jan 23, 2025

HOME

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NATIONAL NEWS

India's business growth hits 14-month low in January, PMI shows

India's business activity grew at the slowest pace in over a year in January, a survey showed, highlighting emerging cracks in its world-beating economic growth at start of 2025 although firms hired new staff at a record pace.

The services industry is the major engine of Asia's third-largest economy and the latest data raises concerns about the sustainability of a strong economic performance with government estimates pointing to slower overall growth of 6.4 per cent this fiscal year.

HSBC's flash India Composite Purchasing Managers' Index, compiled by S&P Global, fell to 57.9 in January, the lowest reading since November 2023, from December's final reading of 59.2.

Still, the index has been above the 50-mark separating expansion from contraction for three-and-a-half years, the longest continuous growth streak since mid-2013.

While manufacturing remained buoyant with the PMI index at a six-month high of 58.0 from 56.4 in December, it was more-than-offset by the slump in the services index to 56.8 in January - its lowest in 26 months - from 59.3.

"India's manufacturing sector started the year strong, with output and new orders bouncing back from a relatively weak third fiscal quarter," noted Pranjul Bhandari, chief India economist at HSBC.

"The cooling in growth in new domestic business in the services sector, however, highlights a potentially emerging weak spot in the economy."

This divergence was starkly evident in the indicators for demand. Manufacturers witnessed a surge in new orders and output, while services firms recorded the weakest new sales in 14 months.

Despite those headwinds there were some bright spots. International demand improved across the board with overall exports posting the fastest growth in six months.

Composite job creation reached an all-time high since the survey's inception in December 2005.

That's good news for the private sector where millions join the workforce each year in the world's most populous country. Providing quality jobs remains a challenge for Prime Minister Narendra Modi.

However, inflationary pressures intensified. Cost inflation eased in manufacturing, but spiked in the services sector to the highest since August 2023. Services firms increased prices faster, suggesting they passed on rising costs to clients.

High inflation risks especially amid a weaker currency could add to reasons for the Reserve Bank of India's rate-setting panel, headed by new Governor Sanjay Malhotra, not to kickstart monetary policy easing when it meets next on February 5-7.

Meanwhile, the business outlook for the coming year was mixed as buoyant forecasts put manufacturing companies at their most optimistic since May 2024, but the sentiment at services firms slipped to a three-month low due to competition concerns.

Source: thehindubusinessline.com– Jan 24, 2025

HOME

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Significant progress in talks on India-EU free trade agreement

NEW DELHI: There is a significant progress in the negotiations for the proposed free trade agreement (FTA) between India and European Union (EU), an official said on Thursday. Commerce and industry minister Piyush Goyal was in Brussels last week to meet European commissioner for trade Maros Sefcovic to take stock of the progress of the negotiations.

"Good progress is there on India-EU FTA. There is a significant progress in talks," the official said, without divulging more details.

During the meeting between Goyal and Sefcovic, the two sides agreed to build a commercially meaningful trade agenda and work towards a mutually beneficial trade pact.

The two leaders have also outlined political directions for 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 meeting came ahead of the 10th round of talks between India and the EU, which is scheduled from March 10-14 in Brussels.

In the ninth round, both sides discussed trade issues covering goods, services, investment and government procurement along with necessary rules such as rules of origin, SPS (sanitary and phytosanitary), and technical barriers to trade.

In June 2022, India and the 27-nation EU bloc resumed the negotiations after a gap of over eight years. It was stalled in 2013 due to differences over several issues. The total trade stood at $180 billion in 2023-24. India exported $75.18 billion in goods and $31.13 billion in services to the EU, while the EU exported $63.44 billion in goods and $31.35 billion in services to India.

At the same time, the ministry said, the EU is also a significant source of foreign direct investment, with total FDI estimated at $117.34 billion.

Source: economictimes.com– Jan 23, 2025

HOME

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India hamstrung by MFN rules in offering tariff cuts to satisfy Trump

Even as deliberations are under way to calibrate a suitable policy response to the Trump Administration's America First Trade Policy, India cannot bring down import duties to appease the US without applying the same yardstick to all its trade partners, sources have said.

"The Commerce Department is in discussions with all line Ministries, including agriculture and steel, to assess the situation and determine the room available for action on tariffs and other areas," a source tracking the matter told businessline. Trump's America First Trade Policy, notified soon after he took over as the US President this week, warns of supplemental tariffs on trade partners to remedy its trade deficits.

Since the US has a persistent trade deficit with India, which was over $35 billion in FY24, it is expected that the Trump government would demand lowering of tariffs on items of interest to the US, especially agricultural products, the source said. "Tariffs cannot be lowered exclusively for the US. If India has to lower tariffs on products of interest to the US, it will have to do it on an MFN basis for rest of the world," explained Abhijit Das, trade economist and former head of Centre for WTO Studies.

Last year, India had done something similar.

Following a pact with the Biden government where it agreed to lower import duties on frozen turkey & duck, cranberries and blue berries, it did so for all countries on an MFN (Most Favoured Nation) basis. MFN means treating at par all trade partners that are signatories to the WTO.
Tariff cuts

"Tariff cuts for the US alone could be possible if it had a bilateral FTA with India but then the US, too, would have to lower tariffs and it is clearly reluctant to do so," pointed out Ajay Srivastava, Founder, GTRI.

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.

Source: thehindubusinessline.com– Jan 24, 2025

HOME

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CAI revises upwards 2024-25 cotton output, consumption figures

Cotton Association of India, the apex trade body for the fibre crop in the country, has revised upwards its crop projections by 2 lakh bales of 170 kg each from its earlier estimates for the crop year 2024-25 ending September. The trade body also estimates the consumption to be higher by two lakh bales, based on the emerging market trends.

Indian cotton balance sheet

	2024-25*	2023-24*
Supply		
Opening Stock	30.19	28.90
Cotton Pressing	304.25	327.45
Imports	25.00	15.20
Total Supply	359.44	371.55
Demand	315.00	313.00
Surplus	44.44	58.55
Exports	18.00	28.36
Closing Stocks	26.44	30.19

Source: Cotton Association of India
*In lakh bales of 170 kg each

Pertaining to the feedback from its various member associations in the key cotton producing states, CAI in its latest projections has pegged the output to be around 304.25 lakh bales of 170 kg each, about 2 lakh bales higher than its earlier projections. This is mainly on account of higher than expected output in Telangana, where the projections are revised upwards by 6 lakh bales.

Output in Telangana

Production in Telangana is now seen to be higher by 6 lakh bales at 42 lakh bales, while in North India, the output is expected to decline by 3.5 lakh bales. Total supplies till end December were estimated at 176.04 lakh bales of 170 kg each including the pressing figures of 133.85 lakh bales, imports of 12 lakh bales and opening stock of 30.19 lakh bales. Consumption till end-December stood at 84 lakh bales, while exports of 7 lakh bales are estimated to have been taken place. December-end stocks are estimated at 85.04 lakh bales.

Atul Ganatra, chairman, CAI said the consumption estimate for 2024-25 season has been increased by 2 lakh bales to 315.00 lakh bales of 170 kgs each on pick up in demand. The cumulative market arrivals of cotton as per the data collated by CAI stood at over 156 lakh bales as on January 22, exceeding half of the estimated crop size of 304.25 lakh bales.

The daily market arrivals are over 1.5 lakh bales, with large arrivals in Maharashtra and Gujarat. Arrivals are seen tapering in Telangana and Karnataka among other states.

Prices range-bound

Ramanuj Das Boob, a sourcing agent in Raichur said the prices of cotton are range-bound and hovering in the range of ₹53,000-54,000 per candy of 356 kgs. The demand has not picked up as mills are still buying on a need basis, covering their requirement and stocking for only two to three months, Boob said.

With the Cotton Corporation of India (CCI) emerging as the biggest buyer and procuring a major chunk of the market arrivals, mills are aware of the fact that the state-run entity is holding huge stocks and not seen to be in a hurry to buy and stock the fibre crop.

Boob said the exports of cotton are taking place mainly to Bangladesh, but not in full speed. “Cotton from Maharashtra is mainly going to Bangladesh,” he said.

Of the total market arrivals of 156 lakh bales, about half the quantity is estimated to have been procured by CCI.

Source: thehindubusinessline.com– Jan 23, 2025

HOME

****

Indian exporters chasing quick buck stung as rupee slide unravels exotic trades

The lure of quick profits drew some Indian exporters to an exotic option structure when the rupee was rangebound. A handful of them are now facing margin calls and losses due to the currency's sharp decline, according to three bankers.

The structure, called a target redemption forward (TARF), allows exporters to sell dollars on fixed dates, usually a month apart, at a predetermined rate which is significantly better than what they would get by selling forward dollars.

However, profits under TARF - the difference between the pre-determined rate and the spot rate on the fixed dates - is capped and the option is terminated automatically when the limit is reached.

When rupee was in a narrow range, this profit cap was reached well before the duration of the TARF option, an ideal scenario for exporters, a forex and derivatives sales person a bank said, declining to be identified because he is not authorised to speak to the media.

Exporters were drawn to TARF by the promise of these quick profits, he said.At the time the options were sold, the rupee was trading in a narrow band of 83 to 84 and volatility was expected to remain low.

Things have since changed with the rupee plunging 3% over the last three months to an all-time low of 86.6475 and volatility climbing to multi-month highs.

This means that the profit cap on the TARF structure has not been reached and exporters are now having to sell dollars at lower than the forward rate. "TARFs, which were marketed in the low volatility set up are suffering huge mark-to-market (MTM) losses," an fx salesperson at another bank said.

"We are constantly getting reports (from the risk management team) on the MTM losses and have to see if additional collateral cushion is required."

The TRAF structure was popular with only a few large and mid-sized corporates and hedging via this structure was a tiny percentage of their overall exposure, bankers said.

"The issue with TARF is the asymmetric payoff i.e., the potential profits are limited, whereas the potential loss is unlimited," Samir Lodha, managing director at risk management advisory firm QuantArt Market Solutions.

Source: economictimes.com– Jan 23, 2025

HOME

****

NITMA urges Indian PM Modi to curb abusive imports of knitted fabric

The Northern India Textile Mills' Association (NITMA) has appealed to Indian Prime Minister Narendra Modi for immediate intervention to curb abusive practices in the import of synthetic knitted fabrics, which are causing irreversible damage to the domestic textile industry and resulting in losses of thousands of crores to the government exchequer.

The industry body sent a letter to the Prime Minister a few days before the Union Budget 2025–26, which Union Finance Minister Nirmala Sitharaman is scheduled to present on February 1 in New Delhi. The budget offers an opportunity for policy adjustments aimed at strengthening the country's economy.

In its appeal, NITMA has urged the Prime Minister to address the issue of under-invoiced imports of synthetic knitted fabric (under Chapter 60) and the misdeclaration of HS codes at Indian ports.

NITMA president Sidharth Khanna highlighted a list of importers involved in these underpriced fabric imports, who circumvent HS codes to bring in fabric at approximately $1 per kg, whereas the actual global price ranges between $4–6 per kg.

Notably, earlier this month, the government extended the imposition of a Minimum Import Price (MIP) of $3.50 per kg on 13 specific HSN codes for synthetic knitted fabrics until March 31, 2025.

Despite these efforts, Khanna pointed out that underpriced imports continue to rise. Synthetic knitted fabric imports declined slightly from 89 million kg in the January–March 2024 quarter to 81 million kg in April–July 2024. However, imports jumped to 130 million kg in the July–September 2024 quarter.

Trade data indicates that following the implementation of MIP, importers have shifted imports to other non-MIP HS codes within Chapter 60, making the current enforcement method ineffective.

Khanna further warned that these under-invoiced imports are causing severe damage to the textile industry, leading to the closure of dyeing, knitting, and spinning units. This has resulted in a loss of over ₹10,000 crore ($1,156.32 million) to the government exchequer due to the evasion of both direct and indirect taxes. Notably, the top importers of synthetic knitted fabrics are logistics companies, with a significant portion of these hailing from Nandiambakkam SEZ, near Chennai.

Khanna urged the Prime Minister to initiate a comprehensive investigation into these under-invoiced imports and the misdeclaration of HS codes at Indian ports. He emphasised the need to send a strong message to importers who blatantly violate trade regulations, undermining fair competition and eroding trust in the market.

Source: fibre2fashion.com– Jan 23, 2025

HOME

****

'Postpone BIS implementation on textile machinery'

Surat: At a time when the textile sector is growing steadily and expanding in garmenting in the Diamond City, the textile weavers are worried about the implementation of Bureau of Indian Standards (BIS) in textile machinery. The BIS implementation is likely to impact the imported machinery.

In this scenario, the Federation of Gujarat Weavers Welfare Association (FOGWWA) has requested the union textile ministry to postpone the BIS implementation in textile machinery until Mar 2027.

The representation was made to Giriraj Singh, union minister for textile, in New Delhi on Wednesday by Ashok Jirawala, President, FOGWWA.

"The rapid development of the textile industry across the country is primarily driven by high-speed and modern technology machines imported from abroad. Currently, no company in our country manufactures such advanced technology machines," Jirawala stated in the written appeal.

He further added, "While some domestic manufacturers have attempted to produce such machines, they were entirely unsuccessful. Consequently, there is a need to rely on foreign machines. If the implementation of BIS (Bureau of Indian Standards) on machinery is enforced at present, it will hinder the growth of the textile industry and result in significant losses for industrialists."

FOGWWA argued that the implementation will adversely impact exports, employment, and the industry in the current scenario.

"The export of fabrics, which is currently on the rise, will decline, leading to fewer opportunities for new employment. Additionally, given the increasing global demand for textiles, it will become challenging to compete with countries like China," he added.

Source: timesofindia.com– Jan 24, 2025

HOME

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North India cotton yarn steady, buyers cautious ahead of Union Budget

North India cotton yarn prices remained steady amid average demand and cautious buying ahead of the Union Budget. Indian Finance Minister Nirmala Sitharaman will present the Union Budget 2025-26 on 1 February in New Delhi. Cotton yarn was sold at around the previous price levels in Ludhiana and Delhi markets.

Trade sources said that fabric imports are dampening sentiments in upstream products like yarn. Indian industry organisations are pushing the government to curb cheaper fabric imports. Buyers are cautious ahead of the coming budget, as any policy decision may influence market sentiments.

Cotton yarn prices were hovering near the previous close in the Ludhiana market. Although demand from the consumer industry was normal, fabric imports are affecting yarn trade in the market. A trader from the Ludhiana market told Fibre2Fashion, “The quality of imported polyester fabric has improved, and it is matching the quality of polyester-cotton fabric.

Such a diversion of buying is a negative factor for cotton yarn as well.” It is important to note that industry organisations are consistently demanding a curb on artificially cheaper fabric imported from other countries, especially from China.

In Ludhiana, 30-count cotton combed yarn was sold at ₹260-270 (approximately $3.01-3.12) per kg (inclusive of GST); 20 and 25-count combed yarn were traded at ₹250-260 (approximately $2.89-3.01) per kg and ₹255-265 (approximately $2.95-3.06) per kg, respectively; and carded yarn of 30-count was noted at ₹240-245 (approximately $2.78-2.83) per kg today, according to trade sources.

The Delhi market also observed steadiness in cotton yarn prices. The market saw average demand for cotton yarn from the consumer industry. According to market sources, summer demand is still limited in the market. Export demand for garments was also slow in Delhi NCR. The region and nearby areas house a large number of export-oriented textile units.

In this market, 30-count combed knitting yarn was traded at ₹260-262 (approximately $3.01-3.03) per kg (GST extra), 40-count combed at ₹282-290 (approximately $3.26-3.35) per kg, 30-count carded at ₹237-239 (approximately $2.74-2.76) per kg, and 40-count carded at ₹262-265 (approximately $3.03-3.06) per kg today.

India's home textile hub, Panipat, noticed stability in recycled yarn prices. However, recycled polyester fibre increased by ₹1-2 per kg over the last couple of days. Cotton comber was sold steadily in the market. A trader from Panipat said that the region has been experiencing slow demand for retail products as the winter season is over now.

Demand for the summer season is yet to pick up. The market is expected to see higher demand for recycled yarn for bed sheets. He also mentioned that recycled yarn manufacturers are unable to raise prices despite the higher cost of recycled polyester fibre, as there is stiff competition due to significant production capacity.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹78-82 (approximately $0.90-0.95) per kg (GST paid). Other varieties and counts were noted as 10s recycled PC yarn (Black) at ₹53-56 (approximately $0.61-0.65) per kg, 20s recycled PC yarn (Grey) at ₹96-102 (approximately $1.11-1.18) per kg, and 30s recycled PC yarn (Grey) at ₹130-135 (approximately $1.50-1.56) per kg. Cotton comber prices were noted at ₹102-108 (approximately $1.18-1.25) per kg, while recycled polyester fibre (PET bottle fibre) was noted at ₹81-84 (approximately $0.91-0.97) per kg today.

In North India, cotton prices decreased by ₹10-20 per maund of 37.2 kg over the last couple of days. The recent fall in ICE cotton dampened market sentiments in the domestic market.

Traders said that higher arrivals of cotton also weakened market sentiments. However, weak global market trends discouraged spinning mills from buying cotton.

North India's cotton arrival was 11,200 bales of 170 kg, comprising 700 bales in Punjab, 3,500 bales in Haryana, 4,000 bales in Upper Rajasthan, and 3,000 bales in Lower Rajasthan. Cotton prices in Punjab ranged from ₹5,570 to ₹5,580 (approximately $64.41-64.52) per maund of 37.2 kg, while in Haryana, prices ranged from ₹5,550 to ₹5,570 (approximately $64.18-64.41). In Upper Rajasthan, cotton was priced between ₹5,580 and ₹5,600 (approximately $64.52-64.75) per maund. In Lower Rajasthan, it was priced at ₹52,900 to ₹54,200 (approximately $611.69-626.73) per candy of 356 kg. Seed cotton was priced at ₹7,200-7,600 (approximately $83.26-87.88) per quintal of 100 kg.

Source: fibre2fashion.com– Jan 23, 2025

HOME

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