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Currency Watch			
USD	EUR	GBP	JPY
86.41	90.40	107.63	0.56

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INTERNATIONAL NEWS

US Lawmakers Seek to Revoke China's Preferential Trade Status

Republican and Democratic lawmakers introduced a pair of companion bills on Thursday with a singular aim: to revoke the preferential trade status that China has held with the United States for the past two decades and strip it of the tariff and de minimis benefits it has enjoyed as a "most favored nation."

The so-called Restoring Trade Fairness Act to End Permanent Normal Trade Relations Act, which was submitted to the Senate by Tom Cotton (R-Ark.), Jim Banks (R-Ind.) and Josh Hawley (R-Miss.), and to the House of Representatives by John Moolenaar (R-Mich.) and Tom Suozzi (D-N.Y.), comes on the heels of a memo that President Donald Trump issued on Monday to direct his cabinet to assess legislative proposals involving Beijing's PNTR designation as part of his "America First" trade policy.

China's ascension to PNTR status in 2000, ahead of its entry into the World Trade Organization, "opened the door" for a "mass influx" of products that have undermined the U.S. manufacturing industry and "pillaged" American intellectual property through "economic coercion," the bill's sponsors said.

"The Restoring Trade Fairness Act is a critical step toward ending the unfair economic practices of the Chinese Communist Party that have hurt American workers and weakened our national security," Moolenaar, who also chairs the House Select Committee on the Chinese Communist Party, said in a statement. "For too long, permanent normal trade relations with China have undermined our manufacturing base, shifted American jobs abroad, and allowed the CCP to exploit our markets while betraying the promise of fair competition. In response, this legislation will safeguard U.S. national security, enhance supply chain resilience and bring manufacturing jobs back to America and our allies."

Cotton, echoing the same sentiments, said China's PNTR designation has "enriched" the Chinese Communist Party at the expense of millions of American jobs. "This comprehensive repeal of China's PNTR status and reform of the U.S.-China trade relationship will protect American workers, enhance our national security and end the Chinese Communists' leverage over our economy," he added.

The bill would kill PNTR for China by ending the annual Congressional vote for recertification. It would create a new tariff column for China, imposing a minimum 35 percent ad valorem tariff for non-strategic goods and a minimum 100 percent ad valorem tariff for all strategic goods based on the Biden administration's Advanced Technology Product List and China's Made in China 2025 plan. Ad valorem refers to an amount proportional to the estimated value of the goods or transaction. The rates would be phased in over five years with 10 percent of the tariff increase implemented in year one, 25 percent in year two, 50 percent in year four and 100 percent in year five.

The Restoring Fairness Act would also scupper de minimus treatment that allows covered nations such as China to sidestep taxes and duties—plus a tighter field of scrutiny—for shipments under $800. It would provide tariff revenue to U.S. farmers and manufacturers subjected to possible Chinese retaliation and help purchase munitions "vital to deterring CCP aggression in the Pacific," the lawmakers said.

"This bipartisan bill makes the message clear—the Chinese Communist Party cannot receive preferential tariff treatment," Suozzi, a member of the House Ways and Means Committee and co-founder and chair of the bipartisan Uyghur Caucus, said in a statement. "The Chinese Communist Party is engaging in unfair trade practices that devastate the American manufacturing industry's ability to compete, contribute to the theft of American intellectual property and allow goods made with forced Uyghur labor in Xinjiang to enter our supply chain."

Trump has long threatened increased duties on Chinese goods, which critics say will drive up costs for American consumers at the till. At one point on the campaign trail, he suggested punitive taxes as high as 60 percent, though the rhetoric has now appeared to soften to a possible 10 percent. Nations designated under PNTR pay an average tariff rate of roughly 3 percent, but this "perk" was essentially neutralized by Section 301 tariffs implemented during previous presidential terms, including Trump's first.

The bill's authors cited a 2023 International Trade Commission report, saying that it "confirms" that Section 301 tariffs on Chinese products have not contributed meaningfully to inflation. Instead, they said, these tariffs "encouraged a shift in supply chains" by reducing the United States' reliance on Chinese imports in important sectors such as electronics, automotive parts and apparel. To wit: For every 1 percent increase in tariffs, imports from China fell by roughly 2 percent as U.S. importers adjusted and diversified their manufacturing, the report noted.

"The bipartisan consensus that both parties recognize the need to reset our economic relationship with China is a big win for our nation and the Select Committee," Moolenaar said. "Building on the tariff measures across three successive administrations, and in alignment with President Trump's leadership through his new executive order, the Restoring Trade Fairness Act takes decisive action."

Source: sourcingjournal.com– Jan 24, 2025

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Rising trade tensions cast shadow on China's textile industry, a double-edged sword for India?

Fitch Ratings' latest report reveals a concerning picture for China's economic growth, with escalating trade tensions with the US expected to significantly impact its export sector. The report predicts a substantial increase in US tariffs on Chinese imports, rising from 10 per cent to 35 per cent by mid-2025. This development has profound implications for China's textile industry, a sector heavily reliant on exports, and presents both challenges and opportunities for India's apparel and textile manufacturers.

The analysis highlights the vulnerability of China's economy to external shocks, particularly given the ongoing domestic challenges such as a struggling property sector, weak consumer confidence, and high leverage. The increase in US tariffs will exacerbate these issues, further reducing export growth and overall economic activity. To counter this, China is expected to implement stimulatory fiscal and monetary policies in 2025, potentially leading to increased production and potentially even more competitive pricing in the short term.

Impact on China's textile industry

China, a global textile powerhouse, is particularly susceptible to the increased trade tensions. The sector is a major contributor to the country's export revenue, and any disruption in trade flows with the US, a key market, could have severe repercussions. While in short-term stimulatory measures may offer temporary relief, the long-term impact of higher tariffs will make Chinese textile products more expensive in the US market, eroding their price competitiveness against offerings from other countries, including India.

And China's response to the tariffs could lead to fluctuating production levels. Initial stimulation might increase output, potentially leading to oversupply and price drops. However, sustained trade tensions could ultimately force manufacturers to scale back production, leading to job losses and potential factory closures. The interplay of stimulatory policies and reduced export demand could contribute to price volatility in the Chinese textile market, creating uncertainty for both manufacturers and importers.

And India stands to gain

While the escalating trade war presents challenges for the global economy, it also creates opportunities for countries like India to expand their presence in the textile and apparel market.

It would lead to higher export opportunities. As Chinese textile products become less competitive in the US market, Indian manufacturers are well-positioned to capitalize on the gap by offering more competitively priced goods. Shifting global trade landscape could encourage international brands and retailers to diversify their sourcing strategies, potentially leading to increased foreign investment in India's textile sector. Moreover, a boost in export demand could stimulate domestic textile production in India, creating jobs and contributing to economic growth.

India's reliance on Chinese raw materials

However, it is crucial to acknowledge India's dependence on China for raw materials in the textile industry. Despite the potential benefits, navigating this complex situation requires a strategic approach.

Table: India's textile raw materials imports from China

Raw material	Imports 2021 ($ bn)	Imports 2022 ($ bn)	Imports 2023 ($ bn)	% change (2021-2023)
Fibres	2.1	2.3	2.8	+33.3%
Yarns	1.5	1.7	1.9	+26.7%
Fabrics	1	1.1	1.3	+30.0%
Total	4.6	5.1	6	+30.4%

Source: Ministry of Commerce and Industry, Government of India (Illustrative figures based on available trends)

The table illustrates a concerning trend. Despite efforts to reduce dependence, India's imports of key textile raw materials from China have steadily increased over the past few years.

This reliance presents a potential challenge as China faces economic headwinds and potential production fluctuations. In the short term, as China implements stimulatory measures, its textile production might increase, potentially leading to a surplus and lower prices for raw materials.

This could temporarily benefit Indian manufacturers by providing access to cheaper inputs and boosting their export competitiveness. However, the long-term impact is less clear. If China's stimulatory efforts prove ineffective or if trade tensions escalate further, it could disrupt the supply chain and lead to price volatility for raw materials. This could negatively impact Indian manufacturers who rely heavily on Chinese imports.

Strategies for India

To mitigate risks and leverage opportunities, India needs a comprehensive strategy.

Fast forward diversification: Aggressively pursue alternative sourcing destinations for fibres, yarns, and fabrics to reduce reliance on China. Explore partnerships with countries like Vietnam, Bangladesh, and those in Africa.

Boost domestic production: Invest in strengthening domestic production of raw materials through technology upgrades, R&D, and supportive policies. This will enhance self-reliance and reduce vulnerability to external shocks.

Strategic stockpiling: Consider strategic stockpiling of essential raw materials to cushion against potential supply chain disruptions and price fluctuations.

Value addition and innovation: Focus on moving up the value chain by specializing in higher-value textile products and leveraging innovation to differentiate from Chinese offerings.

Should India ease import policies?

So, should India ease import policies for Chinese raw materials? The recent implementation of Quality Control Orders (QCO) has restricted the import of certain fibres and yarns from China, aiming to improve domestic production and quality. However, given the current geopolitical and economic landscape, the question arises: should India consider easing these restrictions to capitalize on potential opportunities?

People for easing import policies say, access to cheaper raw materials can help Indian manufacturers maintain price competitiveness, especially in the face of increased export demand. "Restricting imports through QCOs can stifle our export potential by increasing input costs. We need to be competitive in the global market," argues Sudhir Sekhri, Chairman of the Apparel Export Promotion Council.

It will also ensure supply chain stability as easing restrictions can ensure a stable supply of raw materials, mitigating potential disruptions caused by trade tensions or production fluctuations in China. As Kavita Gupta, textile industry analyst point out, "Diversification takes time. In the short term, relying on Chinese imports can provide stability and allow us to meet rising export orders.

Also access to a wider range of raw materials can support the growth and diversification of India's textile industry. "QCOs can limit our access to specialized fibres and yarns crucial for innovation. Easing restrictions can foster product development and cater to niche markets," asserts Rajesh Sharma, CEO of a leading textile manufacturer.

However, there are others who argue against easing import policies as maintaining QCOs can protect and promote the growth of India's domestic fibre and yarn production. "Easing import restrictions will undermine our efforts to boost domestic manufacturing. We need to nurture our own capabilities," says Alok Mishra, Secretary of the Ministry of Textiles.

Also, QCOs help ensure the quality of imported raw materials, safeguarding the reputation of Indian textile products. "Relaxing standards can lead to an influx of sub-standard materials, compromising the quality of our exports," warns Smita Joshi, quality control expert.

Continuing with QCOs encourages diversification of sourcing and reduces reliance on a single country, say others. "Long-term strategic interests necessitate reducing our dependence on China. We need to explore alternative suppliers and invest in domestic production," emphasizes Vijay Kumar, trade policy analyst.

The point is the evolving trade dynamics between the US and China presents a complex scenario for India's textile industry. While the potential for increased exports and investment is significant, careful navigation of the raw material dependence on China is crucial.

By adopting a proactive and strategic approach, India can mitigate risks, capitalize on opportunities, and emerge as a stronger player in the global textile landscape.

Source: fashionatingworld.com – Jan 24, 2025

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YoY UK retail sales volumes fall 24% in Jan from Dec's 15% drop: CBI

UK retail sales volumes fell at a faster pace of 24 per cent year on year (YoY) in January this year from a 15-per cent drop in December last year, dropping for the fourth consecutive month, according to the Confederation of British Industry's (CBI) latest Distributive Trades Survey.

Retailers expect annual sales to fall again in February, at a broadly similar rate of 26 per cent.

Online retail sales volumes declined at a quicker pace of 22 per cent in the year to January from a 8-per cent drop in the year to December, and are expected to fall by 46 per cent next month.

"The retail sector saw a further deepening of the recent sales downturn in January. Retailers cited weak demand and downbeat sentiment as continuing strains on business conditions," CBI principal economist Martin Sartorius said in a CBI release.

"With recent growth figures showing the urgent need to inject momentum into the economy, the government should look at policy levers that would help shore up confidence across key sectors, including retail. As firms brace for an April costs hike due Budget measures coming into force, it is crucial to press ahead with reforms to the unfair business rates system and deliver much-needed flexibility to the Apprenticeship Levy," he added.

Orders placed upon suppliers declined at an accelerated rate of 43 per cent in the year to January from a 26-per cent drop in the year to December. Retailers anticipate cutting back on orders at a more moderate pace of 25 per cent in February.

Retail stock volumes remained elevated relative to expected demand in January (plus 26 per cent from plus 13 per cent). Stock positions are set to soften next month (plus 18 per cent).

Source: fibre2fashion.com– Jan 26, 2025

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Does Shein Use Xinjiang Cotton? It Depends.

It was the British parliamentary hearing heard round the world. Unable to respond to what one visibly aggravated lawmaker said were "very, very, very simple questions," including whether Shein sourced its cotton from China's controversial Xinjiang region, Yinan Zhu, the e-tail leviathan's general counsel for Europe, Middle East and Africa, was lambasted for "being disrespectful," "obfuscating wildly" and "bordering on contempt."

Two weeks after the Jan. 7 to-do, Zhu provided Liam Byrne, Member of Parliament for Birmingham Hodge Hill and Solihull North and chair of the House of Commons's Business and Trade Committee, with some—if not all—of the answers he and his colleagues were seeking. And it's clear that perhaps the questions were not so simple after all, at least from the China-founded firm's vantage point.

So do Shein products contain Xinjiang cotton? Or, to put it another way, do they contain Chinese cotton, more than 90 percent of which hails from Xinjiang? It depends. Zhu wrote that the company does not "prohibit" the use of Chinese cotton "specifically where such use would not contravene the laws and regulations of the jurisdictions in which we operate." But what this means is that Shein requires that contract manufacturers of merchandise destined for the United States, where the Uyghur Forced Labor Prevention Act makes any content from Xinjiang verboten, only source cotton from "approved" regions such as Australia, Brazil, India, the United States, and in limited cases, certain countries in the EMEA and Southeast Asia regions.

"We have developed a proprietary materials traceability system that provides visibility into the origin of the cotton used in our products to ensure our compliance with applicable and relevant U.S. laws, including the UFLPA," Zhu said. "This system integrates supply chain documentation relating to yarn, fabric and finished products to help ensure that those products do not contain cotton sourced from unapproved regions."

The UFLPA was signed into law in 2021 amid mounting allegations of what the U.S. government has characterized as "genocide" against Uyghurs and other Turkic Muslim minorities, complete with a campaign of "imprisonment, torture, enforced sterilization, and persecution" that Beijing has repeatedly and vociferously denied. Unless compelling evidence is provided, the rule says, any product manufactured in whole or in part in Xinjiang is assumed to be the result of forced labor and therefore barred from infiltrating the American market.

Zhu said that any supply chain partner that signs Shein's code of conduct has to agree that it will not use forced labor, including prison and bonded labor, and that it will comply with the International Labour Organisation's forced labor conventions in their direct or indirect procurement activities. To complement this agreement, the Singapore-headquartered company has also adopted the so-called Shein Responsible Sourcing, or SRS, program, which "facilitates compliance" by establishing "clear definitions and penalties" for violations and provides for "comprehensive" on-site audits conducted by both its in-house auditors and "internationally renowned" third-party auditors from the likes of Bureau Veritas, SGS, TÜV Rheinland and Qima.

Cotton from "unapproved regions," like Xinjiang, still manages to sneak in, Zhu admitted. Since 2022, Shein has partnered with Oritain, a New Zealand-based origin-testing firm that's been called "CSI, but for cotton." In November 2023, Oritain found that less than 2 percent of the Missguided owner's cotton tested positive for unapproved cotton, lower than the industry average. Zhu, in a belated response to Byrne's parliamentary query about the latest figures, said that testing conducted during 2024 found the outlawed amount to be around 1.3 percent, though she didn't explicitly call out Xinjiang. "Xinjiang," in fact, is used only twice in the 12-page document, with both instances in the context of the Business and Trade Committee's questions. "Uyghur" is mentioned only once, in reference to the UFLPA. What is unsaid is likely on purpose.

Zhu said that Shein decided in 2024 to expand its testing regime with Oritain to a five-year program that "reinforces our commitment to ensuring the highest levels of compliance from manufacturing to sale." Any indication that a contract manufacturer is using forced or child labor is also considered an "immediate termination violation" that, prior to October 2023, had resulted in a suspension of orders and a 30-day opportunity for remediation but now leads to an immediate termination of the business relationship.

"Since we adopted the stricter approach in October 2023, we have identified two cases of underage labor in our supply chain, which resulted in immediate termination of the non-compliant suppliers, in line with our current SRS policy," Zhu said. "Both individuals were working for the respective manufacturer for less than six weeks before an audit discovered the violation."

Byrne intends to write back to Shein to ask if it sends products made with Xinjiang cotton to the United Kingdom, a spokesperson for the Business and Trade Committee told Reuters on Friday. The timing of Zhu's testimony also dovetails with Tuesday's announcement that the Joint Committee on Human Rights will be launching a new inquiry to examine how the United Kingdom's legal and voluntary frameworks underpin its response to forced labor in international supply chains.

"The complexity and range of global supply chains have meant that consumers in the U.K. may be buying goods made using forced labor," David Alton, chair of the committee, said in a statement. "We want to see if current legislation is effective and whether lessons could be learned from the approaches taken by other countries. We also want to explore how businesses can manage the risk of forced labor in their supply chains and better protect consumers."

IPO a go?

Shein products, because they're dispatched in small, low-value shipments, fall into a liminal space for enforcement in the United States. They're still beholden to the UFLPA, but they can also bypass more intense scrutiny because of the so-called de minimis loophole that allows items worth less than $800 to enter the United States duty-, tax- and relatively fuss-free. This could change with de minimis reform that seeks greater visibility into the 4 million parcels that enter the United States daily through that route. Or Shein's ultra-fast, ultra-cheap business model could be upended by President Donald Trump's promised 10-60 percent "punitive" tariffs on China, its largest manufacturing base.

On Thursday, Donald Tang, the company's executive chairman, appeared unfazed, saying that Shein's offerings can remain at their cut-rate prices—think $15 maxidresses and $10 sneakers—as long as the proposed tariffs are "applied equally."

"Affordability is a big anchor....It's the whole package of it, it's a value for [your] money," Tang told CNBC reporter Sara Eisen during an interview at the World Economic Forum in Davos, Switzerland. Still, he demurred when asked about Shein's much-talked-about public float on the London Stock Exchange, saying only that "being a public company embraces the very universal and unique mechanism for accountability."

Zhu also declined to respond to Byrne's question about why Shein stopped seeking a listing on the New York Stock Exchange, which appeared to be Plan A. But then a bipartisan phalanx of U.S. legislators, from Democrat Congresswoman Jennifer Wexton to Republican Senator—and now Secretary of State—Marco Rubio, voiced their concerns about Shein's reported "state influence" (read: China) and potential use of Uyghur forced labor, even writing to the Security and Exchange Commission to urge it to require independently certified evidence that Shein was free and clear of either or else scupper the IPO altogether. Of its London aspirations, Zhu was also tight-lipped.

"Shein is not able to comment on news reports regarding any possible listings," she said. "We regularly evaluate the capital markets to identify suitable opportunities for a listing of our shares. While we cannot confirm plans for a listing at this time, we are pleased to share with the committee our view that the United Kingdom is a priority market for the business, and we look forward to a period of sustained growth here."

Stop Uyghur Genocide is one organization that is intent on freezing a London listing. Its lawyers at Leigh Day had sent the Business and Trade Committee a dossier containing what it said demonstrated "clear, identifiable links" between Xinjiang cotton production and forced labor, along with "publicly available evidence" that connected Shein's supply chains to the same. The Financial Conduct Authority, Stop Uyghur Genocide said, should block Shein's listing because there is "good reason" to believe that its supply chains benefit from modern slavery, violating Britain's 2002 Proceeds of Crime Act.

"We have strong concerns about the possibility that Shein's supply chain may be linked to forced labor practices reported in the Uyghur region of China," Rahima Mahmut, executive director of Stop Uyghur Genocide, said after the hearing. "It is vital that these concerns are fully examined by our institutions, and we are pleased that evidence we provided was used by the select committee in its robust interrogation of Shein."

In a response published by the Business and Trade Committee on Friday, Julia Hoggett, CEO of the London Stock Exchange, said she couldn't comment on specific companies but that Britain's regulatory standards are "among the highest in the world," with scrutiny on those that seek to access public markets "significantly higher" than that imposed on those privately owned.

Nikhil Rathi, chief executive of the Financial Conduct Authority, also sidestepped any specific mention of Shein, saying that the agency's role is to "ensure that the requisite disclosures have been made so that potential investors can understand the risks." But it also has its limits.

"A key part of the regime is that the issuer and the directors are responsible for the factual accuracy of the statements made in a prospectus and are subject to a range of legal liabilities as a consequence," he said. "It is for the issuer and its directors to confirm that the information provided is accurate. Beyond the process described above, the FCA does not undertake independent verification of the factual statements in a prospectus: in fact, we have no investigatory powers that would enable us to do so."

A dissatisfied Bryne has written back, Reuters said, to ask the bodies what protections the United Kingdom has against corporations that might flout modern slavery laws.

"What we want to know is whether you ask firms to prove that there are safeguards against the use of forced labor and we want to know whether you ask firms whether they're using goods or products from Xinjiang in their supply chains," he said. That would ensure that "if and when the day comes that Shein seeks to float on the LSE we have the right safeguards around forced labor in place on the statute book."

Source: sourcingjournal.com– Jan 24, 2025

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China largest online retail market for 12 years in a row: Govt

China has been the world's largest online retail market for 12 years in a row, with such sales reaching 15.5 trillion yuan ($2.16 trillion) last year, according to the country's commerce ministry.

The country's wholesale and retail industries have made steady progress driven by various policies, providing strong support for expanding domestic demand and forging a new development paradigm, vice commerce minister Sheng Qiuping told a press conference.

Sheng said the added value of the wholesale and retail industries reached 13.8 trillion yuan (~$1.9 trillion) in 2024, accounting for 10.2 per cent of the gross domestic product and playing a key role in smoothing circulation, creating jobs and reducing logistics costs, according to a state-controlled news outlet.

Source: fibre2fashion.com– Jan 26, 2025

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USA: Are Stronger Exports Signaling Improved Cotton Demand?

Cotton hit a positive note this past week in the export sales report, but we will need more. Too, there is another positive note that merits a few comments as well. While weekly export sales were very strong, export shipments continued to lag the average weekly amount required to reach USDA's estimate of annual export estimate of 11.0 million bales. The market continues to fight to hold the 67-68 cent level, slipping below 67 cents on occasion and then easing just above 69 cents just to tease us into thinking a bull is somewhere in the mix.

However, we have cautioned on several occasions that the March and May contracts are only teasing us as the bull will not surface until more demand can be uncovered. The long held and frequently challenged 66-67 (66.26 cents) support level remains the key for any hope for a challenge of 70 cents. The market is building price resistance above 69.25-69.50 cents that has become equally strong in blocking prices from moving higher, just as the 66-67 cent level has been in keeping prices from falling lower. Thus, the battle will continue within the very narrow two cent 67-69 cent range.

Of course, it should be expected that price movement on either side of the range should be expected. Yet, note that a close below 66.26, basis the March futures contract, would violate the technical support that, here to date, has been extremely supportive of preventing even lower prices.

The weekly export sales report showed net sales of upland at a marketing year high of 348,900 bales. If fact, the past month has seen very good sales. The week's primary buyers were Vietnam (95,200 bales), Pakistan (75,400), Turkey (66,900), Bangladesh (36,500), and Nicaragua (23,400). Two other countries were also double-digit buyers – Peru (11,600 bales) and China (10,400). Twenty countries purchased U.S. cotton on the week.

If the market can put together a few more such weeks, then comments about "improved demand" will surface. I would be tempted to do that now, except mills continue to complain about very poor yarn orders. Too, while prices initially moved higher after the report's release, they were lower by closing time. Too, these sales were made at the very low-price level of 67-68 cents. Yet, as previously stated, market bullishness must begin somewhere. However, a move to 71-72 cents will imply demand is stronger than I have advised you.

Let's hope demand is improving. However, actual shipments of cotton remain poor. With six months and two weeks left in the marketing year, actual shipments have totaled only 3.3 million bales of upland and 182,000 bales of Pima for a total of 3.5 million bales compared to the USDA estimate of 11.0 million. Granted, the strong shipment months are now set to begin, but the current shipment pattern remains very questionable for higher prices. Too, the On Call cotton reports are void of any positive news. The report is very clear that the demand to sell futures contracts is very bearish.

Cotton growers do have a cherry in the marketing system that some have used very successfully – and should be used by more. We have discussed BCI over the years and initially questioned its purpose. BCI first thought American cotton production was very inefficient and economically wasteful. Once the organization realized that the U.S. cotton production system was the highest or one the most efficient and sustainable cotton production systems in the world, the BCI marketing designation gained strength in the U.S.

Many growers now certify their production under the BCI banner. It is recognized by mills and others in the marketing system as the only organization that rewards growers for high quality and sustainable production. Millions of dollars have been paid to U.S. producers using BCI. Your cotton buyer or cooperative is familiar with BCI.

I don't know why some in the U.S. do not like BCI. Growers and cotton buyers that use BCI sing its praise and cash the premium check. If your cooperative or buyer does not work with BCI, their competitor does. Find a buyer that does. Using BCI will help many growers collect more premiums from the market. Check on the certification. It represents sustainable production and rewards the growers for such.

Mills/retailers/consumers reward the cotton grower with such participation. Too, it promotes the use of cotton around the world.

Source: cottongrower.com– Jan 26, 2025

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Japan's apparel imports inches up 3.5% to $23.6 bn in 2024

During the calendar year 2024, Japan saw an increase in its imports of clothing and accessories by 3.5 per cent to 3,674,140 million yen (approximately $23.619 billion). These imports accounted for 3.3 per cent of the nation's total imports, which amounted to 112,423,844 million yen, according to provisional data from Japan's Ministry of Finance.

However, Japan's imports of textile yarn and fabric last year decreased by 0.4 per cent, totalling 1,157,919 million yen and accounting for 1.0 per cent of total imports.

Conversely, Japan's exports of textile yarn and fabric rose by 6.9 per cent during the same period, reaching 839,583 million yen. In contrast, exports of textile machinery fell by 17.7 per cent to 270,557 million yen, contributing 0.3 per cent to total exports.

Japan registered a growth of 9 per cent in its imports of clothing and accessories, totalling 281,141 million yen (approximately $1.807 billion), during December, the last month of 2024. These imports contributed 2.9 per cent to Japan's total imports of 9,779,667 million yen in the same month.

The country's imports of textile yarn and fabric in December 2024 increased by 5.5 per cent year-on-year, totalling 96,937 million yen and accounting for 1.0 per cent of total imports.

Japan's exports of textile yarn and fabric rose by 2.9 per cent during the same period, reaching 79,616 million yen. The exports of textile machinery inched up by 0.4 per cent to 25,974 million yen which was 0.3 per cent to the total exports of 9,910,603 yen in the same period.

For fiscal 2023-24 (April-March), Japan's imports of clothing and accessories amounted to 3,564,850 million yen (approximately $23.107 billion), a decrease of 1.7 per cent. Imports of textile yarn and fabric fell by 10.4 per cent to 1,143,805 million yen. In the same fiscal, Japan exported textile yarn and fabric worth 802,178 million yen, while exports of textile machinery totalled 320,947 million yen.

In fiscal 2022-23, Japan's imports of clothing and accessories reached 3,619,550 million yen (approximately $25.05 billion), and imports of textile yarn and fabric totalled 1,275,608 million yen. During that fiscal, Japan exported textile yarn and fabric worth 776,999 million yen, while textile machinery exports amounted to 306,781 million yen.

Source: fibre2fashion.com– Jan 27, 2025

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Sri Lanka's apparel exports up 5% YoY to $4.7 bn in 2024: JAAF

Sri Lanka’s apparel exports grew by 5 per cent year on year (YoY) to $4.76 billion last year, according to provisional data released by the Joint Apparel Association Forum (JAAF).

Such exports to the United States, the European Union (EU) and to the United Kingdom rose by 5.23 per cent YoY to $1.9 billion, 0.81 per cent YoY to $1.4 billion and 7.65 per cent YoY to $675 million respectively last year.

Exports to other countries also rose by 10.13 per cent YoY to $778.4 million in 2024.

Exports performance in 2024 trails the apparel industry’s best years: 2022 saw shipments worth $5.6 billion, 2020 saw $5 billion, and 2019 witnessed $5.3 billion, domestic media outlets reported.

In December last year, the country’s apparel exports grew by a modest 2 per cent YoY to $424 million. Exports to the United States in the month were down by 4 per cent YoY to $167.4 million and to the United Kingdom by 10 per cent YoY to $49 million. However, exports to the EU grew by 9 per cent YoY to $132 million in the month and to other markets by 17 per cent YoY to $76 million.

However, overall December 2024 performance is lower than those in 2021 and 2022.

Source: fibre2fashion.com– Jan 25, 2025

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Pakistan: Weekly Cotton Review: Spot rate decreases amid low trade volume

The overall trend showed a mixed situation in cotton prices previous week. Business volume was limited as textile mills were making cautious purchases. Most transactions were being conducted on credit.

All Pakistan Textile Mills Association (Aptma) continues to demand Export Finance Scheme (EFS) from the government but has received no response. According to Aptma, due to an uneven playing field, 40% of the industry is currently shut down. They complain that the government is prioritising foreign agriculture, industry and employment over the livelihood of Pakistani people.

According to sources, Pakistani textile sector is expecting around $3 billion worth of orders from Heimtextil. Meanwhile, preparations for early cotton sowing are under way.

Head Transfer of Technology Central Cotton Research Institute Multan Sajid Mahmood said effective measures are necessary to make cotton cultivation profitable and to implement farmer-friendly policies to revive and develop the local cotton industry.

The local cotton market experienced a mixed trend in prices over the past week. Textile spinners are primarily making deals on credit, and ginners are also selling cotton on credit, considering the current market situation.

The trading volume remained relatively low. In fact, textile spinners are importing a significant amount of cotton from abroad, while weavers are also importing a substantial quantity of cotton yarn. Even fabric is being imported.

The reason behind this is the availability of EFS facility on imported cotton, yarn, and fabric, whereas 18% sales tax has to be paid on local cotton, yarn, and fabric.

Aptma is demanding that the government abolish the EFS facility on imported cotton yarn and provide an 18% sales tax rebate on local cotton, along with the EFS facility.

The former chairman of Aptma said in a statement that approximately 30 lac bales of cotton yarn are being imported. Aptma is appealing to the government to provide a level playing field and, in particular, to provide energy at rates that are not significantly higher than those of regional countries.

Due to the costly electricity hundreds of mills have already shut down, and more mills are continuing to close. The textile sector is on the brink of collapse. If the government continues to neglect the textile sector, particularly the textile spinning sector, it will completely shut down.

Alternatively, the country will become heavily reliant on imported cotton. The Pakistan Cotton Ginners Association has released figures on cotton production in the country up to January 15th, which show that 54 lac bales of cotton were produced during this period, a 34% decrease compared to the previous year. Sources suggest that the total production was expected to be around 55 lac bales.

Efforts are under way by the government to promote cotton cultivation and increase cotton production.

A comprehensive action plan has been developed for this purpose by the government during 2025-26. Recently, the FPCCI Agriculture Task Force and PCGA held a press conference to discuss the revival of cotton in the country. They emphasised the need to eliminate taxes on the cotton business and make concerted efforts to increase cotton production.

According to the received information, the Pakistani textile sector is expected to secure approximately $3 billion worth of orders at Heimtextil.

Cotton prices in Pakistan are currently fluctuating within a certain range across different provinces. The price per maund for cotton varies depending on its quality and payment terms.

The rate of cotton in Sindh is in between Rs. 17,500 to Rs. 19,000 per maund. The price for 40 kilograms of Phutti ranges from Rs. 8,000 to Rs. 8,800.

The rate of cotton in Punjab is slightly higher, ranging between Rs 17,800 and Rs 19,000 per maund. Phutti is being sold in between Rs. 8,000 and Rs. 9,300 per 40 kilograms.

In Balochistan, cotton prices are similar to those in Sindh, with a range of Rs. 17,500 to Rs. 19,500 per maund. Phutti prices are slightly higher, ranging from Rs. 8,000 to Rs. 9,500 per 40 kilograms.

It's important to note that the prices of products like Binnola, Khull, and oil have remained stable.

The Karachi Cotton Association's spot rate committee has decreased the spot rate by Rs. 300 per maund, setting the new spot rate at Rs. 18,200 per maund.

Naseem Usman, the chairman of the Karachi Cotton Brokers Forum, has stated that there has been a general decline in international cotton prices. The New York cotton futures price remained between 67 and 68 US cents per pound.

According to the USDA's weekly export sales report, three lac forty eight thousand and nine hundred bales were sold for the 2024-25 year. Vietnam topped the list by purchasing ninety four thousand and five hundred bales.

Pakistan came in second, buying seventy five thousand and four hundred bales. Turkey was third, by purchasing sixty six thousand and eight hundred bales. For the 2025-26 year, seventh nine thousand and eight hundred bales were sold.

Pakistani exporters clinched $3 billion in export orders at Heimtextil, the world's largest textile trade fair held in Frankfurt, Germany, according to Imran Mehmood, Central Chairman of the All Pakistan Bed-sheets & Upholstery Manufacturers Association (APBUMA).

Mehmood hailed the achievement as a vital boost to Pakistan's textile sector, emphasising that Faisalabad's year-long textile operations depend heavily on orders secured during this event. He also highlighted the government's ambitious plan to increase exports from $30 billion to $100 billion over the next five years, while urging for immediate measures to support the sector.

Moreover, Head of the Technology Transfer Department, Central Cotton Research Institute Multan Sajid Mahmood stated that to sustain and develop the domestic cotton industry, it is imperative to implement strategic and farmer-centric policies that ensure the profitability of cotton farming.

A critical policy initiative in this regard, particularly for the South Punjab region, would be the imposition of a complete ban on the cultivation of non-cotton crops such as sugarcane, rice, maize, and others within the cotton belt, in accordance with the principles of crop zoning.

He emphasised that instead of offering sales tax exemptions on imported cotton, a comprehensive policy should be introduced to impose a complete ban on cotton imports. Alternatively, such a ban should remain in place until locally produced cotton is available in sufficient quantity to meet the needs of the domestic industry.

Sajid Mahmood also highlighted the importance of dismantling the monopoly of middlemen in the cotton market to enable farmers to directly benefit from fair pricing. He stressed the need for a well-defined policy framework to increase the domestic cotton supply and enhance its profitability.

He further explained that policymakers must prioritize strengthening cotton research institutions and ensure their alignment with global scientific and technological advancements. He underscored that upgrading the current research infrastructure is crucial, as sustainable growth in cotton production cannot be achieved without substantial investment in research and development (R&D).

Additionally, he suggested that advanced production technologies should be adopted to align cotton cultivation with modern agricultural standards. Farmers, he noted, must receive scientifically-grounded guidance, especially in light of the challenges posed by climate change, rather than relying on traditional advisory methods. Sajid Mahmood recommended introducing comprehensive training programs to enhance farmers' technical skills and awareness, enabling them to adopt modern farming techniques and increase yields.

He concluded by stating that while the initial implementation of a ban on imported cotton may present short-term challenges for the textile industry, this policy will contribute to the long-term sustainability of both the national economy and the textile sector. He stressed that the collective efforts of all stakeholders in the cotton value chain towards promoting local cotton will be vital for the successful formulation and implementation of a national cotton policy.

By focusing on locally grown cotton, Sajid Mahmood added, the domestic cotton supply would, within a few years, be able to fully meet the textile industry's needs. This shift would not only reduce dependence on foreign raw materials but also lead to significant savings in foreign exchange, thereby stabilizing and growing the cotton economy on a strong foundation.

However, the Aptma has demanded that the government take action against the factors that are crippling the non-operational industry. 40% of spinning mills are already shut down. The entire cotton economy is at risk. Spinning and weaving sectors are collapsing due to the imposition of an 18% sales tax on domestic inputs for exports, while imported inputs enjoy duty-free and sales tax-free status.

There is a strong incentive to import as exporters who purchase local inputs face a delay of over six months in sales tax refunds and only receive a partial refund of 70%.

The significant increase in intermediate goods imports has resulted in billions of dollars of lost investments, thousands of job losses, and a drain on foreign exchange reserves. To address this, a fair sales tax model should be implemented. A level playing field demands that the Export Facilitation Scheme (EFS) for imported cotton, yarn, and other intermediate inputs be subjected to the same sales tax regime as locally produced goods.

By adopting India's graduate sales tax rate model, we can reduce corruption and, paradoxically, Pakistan is promoting foreign agriculture, industry, and employment at the expense of its own people's livelihoods."

Source: brecorder.com– Jan 27, 2025

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NATIONAL NEWS

Piyush Goyal to visit Oman to push forward India-Oman FTA discussions

Commerce and Industry Minister Piyush Goyal will travel to Muscat, Oman, starting Monday to give "further impetus" to the free trade agreement (FTA) talks between India and Oman.

“The talks on the India-Oman Comprehensive Economic Partnership Agreement (CEPA), which are at an advanced stage, are likely to get further impetus during the visit. Both sides are negotiating and exploring a commercially significant, balanced, equitable, ambitious, and mutually beneficial CEPA,” the commerce department said on Sunday.

An official statement said Goyal will be on a two-day visit to meet his counterpart Qais bin Mohammed bin Moosa al-Yousef and hold wide-ranging discussions on trade, investment, and the global economic situation.

Goyal’s visit comes against the backdrop of the proposed FTA between India and Oman hitting a deadlock. This is because the West Asian nation has asked New Delhi to revise its market access offer on certain products, even though the negotiations were completed in March last year. Revising India’s offer would mean restarting inter-ministerial consultations to firm up the country’s revised stance.

One of the main areas of contention has been the pressure on New Delhi to provide greater market access for polyethylene and polypropylene—intermediates used to manufacture plastics, medical devices, electronics, and automobile components. These petrochemical products attract a 7.5 per cent import duty in India.

The formal commencement of the India-Oman FTA negotiations began in November 2023. The negotiations on the text of most chapters were concluded by India and Oman by January 2024. The plan was to sign the agreement as soon as the new government in India assumed charge in New Delhi in June. However, fresh demands from Oman for a revised offer have stalled the deal.

"This visit underscores the importance that India attaches to its trade and investment ties with Oman, one of our important trading partners in the Gulf Cooperation Council (GCC), with bilateral trade estimated at over $8.94 billion in 2023-2024," the statement said.

On the sidelines, Goyal is also expected to meet Sultan bin Salim Al Habsi, Minister of Finance and Chairperson of the Ministerial Committee for CEPA, Sheikh Dr Ali bin Masoud Al Sunaidy, President of the Public Authority for Special Economic Zones and Free Zones (OPAZ), and hold interactions with representatives of Oman's industry and the Indian community.

Source: business-standard.com– Jan 26, 2025

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Exports to US rises 5.57% to $60 bn during Apr-Dec in FY25 on high demand

The country's exports rose by 5.57 per cent to $59.93 billion during April-December this fiscal on account of healthy demand in the American market for domestic goods, according to government data.

During December, the shipments increased by 8.49 per cent to $7 billion, the data showed. On the other hand, imports during the first nine months of 2024-25 grew by 1.91 per cent to $ 33.4 billion, while in December it was up by 9.88 per cent to $ 3.77 billion.

According to experts, going by the trend, the total trade between the two countries will continue to grow in the coming months also.

The bilateral trade during April-December 2024-25 stood at $ 93.4 billion, as against $ 94.6 billion between India and China. The experts added that the possible trade war between the US and China will give huge export potential for Indian exporters.

The US is the largest trading partner of India from 2021-22. The US accounts for about 18 per cent of India's total goods exports and over 6 per cent in imports and about 11 per cent in bilateral trade.

Some experts raised concerns that if the US would impose additional duties on certain Indian goods, as threatened by US President Donald Trump, it can impact trade.

In December last year, Trump had said India charges "a lot" of tariffs, reiterating his intention to impose reciprocal tariffs in retaliation for what New Delhi will impose on the import of certain American products.

"India should respond firmly and in equal measure," economic think tank Global Trade Research Initiative (GTRI) Founder Ajay Srivastava said.

In 2018, when the US taxed Indian steel and aluminium, India retaliated by raising tariffs on 29 US products, recovering equivalent revenue.

Source: business-standard.com– Jan 26, 2025

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India eases export obligation under EPCG, textiles to get relief

The Government of India has relaxed and provided relief in the average export obligation (EO) under the Export Promotion Capital Goods (EPCG) scheme for those sectors where total exports in that sector/product group has declined by more than 5 per cent in compared to the previous year.

In the textile-apparel sector, several products under chapters 60, 61 and 62 have recorded decline of more than 5 per cent in 2023-24 over the previous year.

EPCG scheme is a programme that allows exporters to import capital goods at a reduced customs duty rate. The scheme's goal is to help India's manufacturing industry become more competitive by making it easier to import capital goods for production. Under the scheme, exporters have export obligations to meet out in the following years.

According to the circular issued by the Director General of Foreign Trade (DGFT) on January 21, 2025, all regional authorities have to re-fix annual average export obligations for EPCG authorisations for the year 2023-24 accordingly. The circular has been sent to DGFT's regional offices and customs authorities

Regional offices, while considering requests of reduction in the obligation, will ensure that in case of shortfall in EO fulfilment, policy circulars issued earlier should also be considered before issuance of demand notice.

Textile fibre, fabric and garments under the certain chapters had witnessed fall up to 93 per cent in fiscal 2023-24 over the fiscal 2022-23. Therefore, textile exporters will also get relief by the decision.

Source: fibre2fashion.com– Jan 25, 2025

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Weaker rupee seen as boost for exports, but reality is more complex: FIEO

A weaker rupee is often seen as a boost for Indian exports by making goods more competitive globally, but the reality is more complex, the apex exporters' body FIEO said on Friday.

Federation of Indian Export Organisations (FIEO) President Ashwani Kumar also said the recent depreciation of the domestic currency against the US Dollar represents a complex economic scenario with mixed outcomes.

"A weaker rupee is not a one-size-fits-all solution to boost exports. A strategic, multi-pronged approach is needed to address the root causes of depreciation while mitigating its adverse effects," he said.

Explaining it further, he said, that if the rupee depreciates by 2 per cent and the currencies of key competitors decline by 3-5 per cent, Indian exporters lose competitiveness in global markets.

"This relative disadvantage erodes any potential price advantage Indian goods might gain," Kumar added.

The domestic currency has depreciated over 4 per cent last year.

The rupee closed at 86.22 (provisional) against the US dollar on Friday, weighed down by a stronger American currency.

Kumar added that the depreciation also results in a rise in input cost, exchange rate volatility, inflationary pressure, and external debt burden.

Many Indian exporters depend on imported raw materials and components. A weaker rupee significantly raises these input costs, often nullifying the perceived benefits of depreciation.

"Fluctuating exchange rates create uncertainty, making it difficult for exporters to price their products competitively and plan for the long term," he said adding that the depreciation inflates the cost of imported goods like oil and commodities, driving up production costs and fuelling domestic inflation and this reduces consumer purchasing power.

He added that a weaker domestic currency increases the cost of servicing foreign currency-denominated external debt, creating additional pressure on businesses and the government.

Exports contracted for the second month in a row by about one per cent year-on-year to USD 38.01 billion due to global uncertainties, while imports rose by about 5 per cent to USD 59.95 billion.

Source: business-standard.com– Jan 24, 2025

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High raw material costs hurting India's competitiveness, says Arvind's Kulin Lalbhai

Kulin Lalbhai, Vice Chairman of Arvind and Chairman of the Gujarat Confederation of Indian Industry (CII), pointed out that rising costs of raw materials are impacting India's competitiveness.

He noted that cotton, viscose, and polyester—the three key raw materials for the textile industry—are among the most expensive in India, largely due to import taxes in the upstream value chain.

Lalbhai suggested that removing import duties on raw materials could help lower costs and boost value addition in the textile industry while maintaining competitiveness to capture market share from global competitors.

India holds significant potential in the domestic textile market, particularly in manmade fibres (MMF), which account for 60% of global trade. However, Lalbhai pointed out that the Indian MMF industry remains underdeveloped due to high raw material costs.

Despite having advanced capabilities in spinning and weaving, Indian manufacturers face challenges in achieving price parity with competitors like China, Taiwan, and Vietnam.

"So, we do need to look across the value chain, where do we focus on local value addition, where do we have a level playing field on cost and unless we are competitive, the manmade fibres will not scale up," Lalbhai said.

There's also a need to attract large global investors, including companies from Taiwan and Vietnam, said Lalbhai while stressing the importance of creating a conducive investment environment through plug-and-play infrastructure in PM MITRA (PM Mega Integrated Textile Region and Apparel) parks.

He highlighted the critical role of free trade agreements (FTAs) with Western nations in addressing the 11% duty disadvantage India faces in exports to the European Union and the UK. These measures could unlock substantial growth potential for the sector.

Plug-and-play infrastructure is a system designed for easy setup and quick integration with existing systems.

The government has already taken steps to boost the textile industry through the Production Linked Incentive (PLI) scheme, launched in September 2021.

The scheme focuses on promoting MMF apparel, fabrics, and technical textiles. In its first round, it received 74 applications, with an estimated investment of ₹28,000 crore and government incentives worth ₹7,000 crore. However, the industry is now seeking the inclusion of additional sectors, such as garments, under the PLI scheme.

Sivaramakrishnan Ganapathi, Vice Chairman and Managing Director of Gokaldas Exports, who joined the discussion, said the apparel industry's primary challenge is not demand but capacity.

He pointed out the need to create more production capacity and workforce in core clusters where the industry is thriving. "If we are able to encourage more people to come work in the core clusters where this industry is thriving – that will go a long way in doubling the apparel industry output from an export standpoint," he said.

The market capitalisation of Arvind stands at approximately ₹9,838.55 crore, with its shares gaining nearly 26% over the past year.

Arvind's peer Gokaldas Exports has a market capitalisation of ₹7,294.58 crore, and its shares have risen by around 12% in the same period.

Source: cnbctv18.com– Jan 24, 2025

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Textile mills seek special power tariff to promote home-grown industries

Indore: Madhya Pradesh Textile Mills Association has urged state government to implement a separate tariff for the textile industry under Power Intensive Tariff category to bolster home-grown industries struggling with elevated power tariff and operational costs. The textile industry association in the state in a letter to the Madhya Pradesh Electricity Regulatory Commission advocated for a specialised tariff under Power Intensive Tariff category.

"The geopolitical tensions and the Red Sea crisis has adversely affected the financial viability of industries universally, and Madhya Pradesh is experiencing similar ramifications. These disruptions have diminished industrial production, demand and exports. To fortify local industries, a distinctive tariff for the textile industry under Power Intensive Tariff Category should be established," said Madhya Pradesh Textile Mills Association secretary MC Rawat.

The association said that the proposed electricity rate hike for 2025-26 would be detrimental to industries and significantly impact their productivity. The hearing for the proposed tariff hike is scheduled on Feb 11, 2025. Discom has proposed a 7.52 per cent tariff hike for 2025-26. The proposed fixed charges include an increase of Rs 46.00 per KVA on 33 KV supply and Rs 53 on 132/220 KV supply. The proposed tariff eliminates the Time of the Day rebate of 10 per cent during 10pm to 6am (next day), which was applicable throughout 2024-25. The changes were implemented without proper load curve analysis, pre-publication, or soliciting stakeholder objections and suggestions, the textile association said.

"The state possesses surplus power, which is marketed at reduced rates, and Discom's proposal to impose 20 per cent surcharge during peak hours is unacceptable. Additionally, minor construction for expansion, renovation and modification is perpetually necessary in industries as part of industrial operations. Considering this, HT consumers should be permitted 10 per cent load of contact demand for such activities," said Rawat.

Source: timesofindia.com– Jan 26, 2025

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