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Currency Watch			
USD	EUR	GBP	JPY
86.58	90.39	107.82	0.56

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INTERNATIONAL NEWS

Did Trump's Colombia Dustup Reveal His True Tariff Motivations?

Scarcely a day has passed without a five-alarm tariff fire since President Donald Trump took office last week.

The Commander in Chief has ratcheted up trade tensions with Mexico, Canada, China, Panama, Russia (and the BRICS Alliance), as well as the entire European Union, in a matter of just seven days. But even with this game of tariff roulette as a backdrop, a Sunday afternoon skirmish between Trump and Colombian President Gustavo Petro seemed to come out of left field.

Tensions began to escalate on Friday as the planes full of Latin American migrants took off from U.S. airports—a realization of Trump's oft-repeated campaign promise to deport undocumented immigrants en masse. But with the military flights en route to Colombia, Petro said the country would refuse to receive the deportees. Trump swiftly took to Truth Social to deliver a directive: take them back or face steep duties and sanctions.

Colombia would be hit immediately with "emergency" 25-percent tariffs on "all goods coming into the United States," Trump wrote. In one week, that number would rise to 50 percent. Additionally, Colombian government officials and their contemporaries would face travel bans and visa revocations, and banking and financial sanctions would be imposed.

"These measures are just the beginning," the president warned. "We will not allow the Colombian Government to violate its legal obligations with regard to the acceptance and return of the Criminals they forced into the United States!"

Petro responded with a strongly-worded missive of his own. "You can try to carry out a coup with your economic strength and your arrogance...But I will die true to my principles," the leader said, adding that Colombia would respond with its own proportional retaliatory duties on U.S. imports.

Petro's stand proved short-lived. By Sunday evening, the situation had been diffused. Colombia's Foreign Minister, Luis Gilberto Murillo, told reporters at a press conference that the U.S. and the South American nation had "overcome the impasse." Colombia would accede to Trump's demands to avoid the new duties.

"As you saw yesterday, we've made it clear to every country that they will be taking back [their] people, that we're sending out the criminals, that the illegal aliens coming from their countries were taken back, and they're going to take them back fast," Trump said during a lengthy address at a GOP retreat in Florida on Monday. "If they don't, they'll pay a very high economic price, and we're going to immediately install massive tariffs, it will be placed on them and other sanctions. But the tariffs, I told you—most beautiful word in the dictionary."

Tariffs as leverage

The dustup with Colombia's government may serve as a window into Trump's motivations, his propensity to use economic sanctions as political leverage, and a harbinger of what's to come.

Throughout his campaign, he said that the tariffs would offset income tax cuts and that, in tandem with lowering corporate tax rates, they would drive more industry back to the U.S. and line the country's coffers. He repeated those promises Monday, saying, "It's time for the United States to return to the system that made us richer and more powerful than ever before."

But the message is getting muddled as Trump wields the threat of duties against countries like Mexico, Canada and Colombia for issues beyond the scope of trade policy or even the balancing of a trade deficit. In fact, the U.S. is Colombia's biggest trading partner, with the 2006 U.S.-Colombia Trade Promotion Agreement supporting a healthy bilateral trade relationship worth $33.8 billion in 2023—and a U.S. trade surplus of $1.6 billion.

The disconnect was evident as the president continued his address on Monday, coming back to Colombia with another threat. "If they don't make their product in America, then, very simply, they should have to pay a tariff, which will bring in trillions of dollars into our Treasury from countries that never paid us 10 cents."

Though the president's original reasoning for the threat had nothing to do with making goods in the U.S., he nonetheless doubled down on his message: "We're going to protect our people and our businesses, and we're going to protect our country with tariffs."

The cost of tariff uncertainty

The erosion of trade relationships will have marked effects at retail—even if tariffs aren't the ultimate result, experts believe.

"Rapid escalation of tariff threats can very quickly translate into inflation that directly impacts Americans' day-to-day purchases," American Apparel and Footwear Association (AAFA) president and CEO Steve Lamar told Sourcing Journal.

"While Colombia is not a top trading partner in the area of clothing and shoe imports (34th and 30th respectively), it is the eighth largest supplier of some particular apparel items such as brassieres. And a huge exporter of other relevant goods this time of year such as fresh-cut flowers for Valentines Day and coffee for our morning grind," he said.

"Thankfully, a tariff war was averted this time. But the Sunday evening threats, and counter-threats, show that the pathway from coffee to chaos can be swift during these times," Lamar added. "No country—even a strong nearshoring ally like Colombia—is immune to the possibility that it could quickly be caught up in damaging tariffs."

Matt Priest, president and CEO of the Footwear Distributors and Retailers of America (FDRA), said he believes Trump "uses economic leverage to get broader geopolitical or policy wins under his belt."

"We saw that with Colombia—it broke out very quickly, and then was put to bed very quickly, and he frames that as a success," he explained. "I think that's part of his design—to create this uncertainty, this disruption, and then land the plane in an area that doesn't feel as bad as you thought it might be."

Whatever the reason behind Trump's tariff threats, they are raising questions for corporations doing business across the globe. "Our members are trying to figure out what's going to happen next. 'How do we cost goods? What will be impacted and what won't be impacted?' And that's just an uncomfortable place to be," Priest said.

However, during Trump's first term in office, when he first implemented Section 301 duties on China-made goods, "our members might have had a lot more anxiety," he acknowledged. "Now, I think there's a lot more wisdom. There's some resignation to the fact that this is how it's going to be, and we can't all jump and flip out and react to every pronouncement."

Trump's accessibility is a double-edged sword, the FDRA lead believes. Where President Joe Biden was often shielded from the press by cautious aides, the new president is "more than happy to talk to everybody," providing a window into a foreign policy strategy that is perpetually evolving. "The challenge there is that he spends a lot of time saying things, and we're commentating and analyzing, and you can lose the narrative for sure. It gets muddy," Priest said.

But he does believe the president ultimately "wants to negotiate outcomes—even if you disagree with his reasoning or the utility of jacking up tariffs to accomplish a geopolitical goal." Priest said he is hopeful about the Monday confirmation of Treasury Secretary Scott Bessent, a former hedge fund manager with significant expertise in the financial markets.

"I hope [the administration] will be more surgical" in the implementation of new duties than they were the first time around, Priest said. "But we'll have to see how that plays out."

Source: sourcingjournal.com– Jan 28, 2025

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Global home textile market to grow to US $ 235.9 billion by 2033

At a compound annual growth rate (CAGR) of 6.1 per cent, the global home textile market is projected to reach a value of around US $ 235.9 billion by 2033, up from US $ 130.5 billion in 2023, says a report from Market.US, a market research firm.

The size of the global home textile market is anticipated to increase at a compound annual growth rate (CAGR) of 6.1 per cent from 2024 to 2033, from US $ 130.5 billion in 2023 to around US $ 235.9 billion by 2033.

Rising global income levels and growing customer interest in home décor are the main drivers of this industry's success. The need for premium and personalised home textiles is still being driven by the trend towards improving interior design in residential spaces. Furthermore, eco-friendly materials and technological developments in fabric production are opening up new markets for producers.

The significance of this industry is also being acknowledged by governments around the world, who are funding infrastructure that facilitates textile production and providing incentives for environmentally friendly methods. Manufacturers are being encouraged to innovate and adhere to these updated principles as regulations are being reinforced to guarantee that home textiles fulfil safety and environmental standards.

In 2023, the demand for high-end, environmentally friendly materials propelled bedroom linen to the top of the product segment with a 45.3 per cent share. Polyester, which is preferred for its affordability and versatility, leads the material market with a 37.6 per cent share in 2023.

Supermarkets and hypermarkets are key players in the 65.5 per cent market share that offline distribution channels will hold in 2023. Strong manufacturing capabilities and a developing middle class in China and India support Asia Pacific's 45.6 per cent market share, which is valued at US $ 58.7 billion, making it the largest region in the world.

Source: apparelresources.com– Jan 28, 2025

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Italy allocates $260.8 mn for fashion industry in 2025

Italy has allocated of €250 million ($260.8 million) for the domestic fashion sector this year, minister of enterprises and 'Made in Italy' Adolfo Urso recently announced at a meeting of the Permanent Fashion Table.

Out of that, €100 million ($104.32 million) is meant for development contracts, €100 million for mini development contracts, €15 million ($15.65 million) to support a green and digital transition, and €30.5 million ($31.8 million) has been allocated for promoting sustainability in the sector.

"This significant financial commitment, implemented through concrete tools, aims to provide stability and confidence to fashion businesses, enabling them to return to growth," said the minister in an official release.

A key element in this strategy is the Small and Medium Enterprises (SME) Bill promoted by the ministry and recently approved by the council of ministers.

This bill allocates €100 million for development contracts in the fashion sector and introduces innovative measures such as generational business transition incentives, business aggregation incentives, and the long-awaited reform of the Confidi (credit guarantee) system.

The minister said in over €22 billion will be allocated to businesses across all production sectors this year.

The measures introduced include nearly €9 billion for fiscal measures under Transition Plans 4.0 and 5.0 and rewarded corporate income tax (IRES); €2.2 billion for tax credits in the Unified Special Economic Zone (ZES); over €7.5 billion for development and mini-development contracts; and €1.7 billion under the New Sabatini Scheme.

"This is a significant commitment given budgetary constraints, from which the fashion industry can also benefit," Urso emphasized. "Of this, €3 billion is exclusively for SMEs and €4 billion is specifically allocated to businesses in Southern Italy," he noted.

Regarding tax credit for research and development, Urso announced an amendment to the Milleproroghe Decree, aiming to improve existing provisions from the Budget Law. This amendment seeks to provide a sustainable solution to past issues, which continue to burden fashion enterprises.

Among other provisions, the amendment reopens the deadline for adherence to the repayment procedure; introduces a discount as an alternative to direct contributions, benefiting businesses that need to repay significant amounts; and allocates a total of €250 million for this initiative.

The labour ministry reported that the fashion sector's use of extraordinary wage support measures has been minimal last year.

According to data for 2024 and 2025 from the Istituto Nazionale della Previdenza Sociale (National Institute for Social Security), the government allocated €110 million for wage subsidies in the fashion sector—€73.6 million for 2024 and €36.8 million for 2025. However, only €2.9 million has been disbursed so far.

Therefore, both the ministries will initiate discussions with regional governments to extend wage support measures and redefine their scope to ensure full utilisation.

Source: fibre2fashion.com– Jan 28, 2025

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2024 demand for supply chain checks, audits higher in emerging markets

Last year proved strong for sourcing despite disruptions, with global procurement volumes showing a consistent upward trend, according to QIMA, whose data showed demand for supply chain inspections and audits expanding by 24 per cent year on year (YoY) among European buyers, and by 15 per cent YoY among US-based brands and retailers.

Such demand was even more vigorous among businesses in emerging markets, particularly in Latin and South America (plus 60 per cent YoY), where imports were boosted by domestic demand as well as US nearshoring initiatives.

Founded in Hong Kong in 2005, testing, inspection, certification, and compliance company QIMA has 60 offices and labs, and operates in over 100 countries.

QIMA data suggests that China remained a key sourcing partner of global supply chains in 2024, with robust growth in inspection and audit demand from buyers worldwide (plus 29 per cent YoY), across all major consumer goods categories.

Demand for China inspections and audits from EU-based buyers rose by 22 per cent YoY last year, with American businesses only slightly behind at 17-per cent YoY rise.

This suggests that despite the ongoing supply chain shifts, western brands and retailers still regard China as a reliable fallback when manufacturing capacity runs short in other supplier hubs across Asia and near-shoring regions, a QIMA release noted.

The anticipation of new US tariffs on Chinese goods may have also driven the increased demand for China procurement in 2024.

Some Western brands and retailers, in particular, have reported stocking up on made-in-China goods, building up inventory buffers to minimise business disruptions during any potential re-routing of sourcing.

Other brands and retailers, meanwhile, are adopting a wait-and-see approach, recognising that replacing China as a source won't be possible overnight.

The next stage of the US-China trade war—which is highly likely, given the current geopolitical climate—is expected to be a major factor in how global supply chains approach China sourcing in 2025, QIMA added.

Source: fibre2fashion.com– Jan 27, 2025

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Stakeholders unaligned on goals, actions on textile circularity: ESCF

Despite the urgency for shift to circularity in the fashion and textile industry, stakeholders are not aligned on critical goals or actions to achieve those, and misalignment and a lack of clarity concerning overarching goals between actors and value chain tiers hinders collaboration, according to the Enabling Systemic Circularity in Fashion (ESCF).

The interconnecting costs of the transition towards a low-impact and ultimately regenerative sector are unevenly distributed across the value chain. The unequal spread of risk slows the pace of innovation, leads to defensive mindsets and frustrates progress, ESCF found.

ESCF is a collaborative undertaking led by Forum for the Future in partnership with a committed cohort of brands, retailers and manufacturers from four continents, covering multiple supply chain tiers.

Founded in 1996, Forum for the Future is an international sustainability organisation, running out of offices in the United Kingdom, the United States, India and Singapore.

Finance and policymakers need to ensure that dialogue with critical value chain actors is inclusive and effective. Large brands and retailers are often well represented. However, the voices of Tier 2, 3 and 4 suppliers or other stakeholders like recyclers are less heard and included.

There is unexplored value in ‘safe’ spaces for challenging conversations among different value chain actors. Creating ‘safe’ spaces that allow such critical discussions to be held and builds up trust, respect and understanding and unlocks genuinely inclusive creativity, ESCF noted.

The industry needs to rethink engagement with consumers as key actors in the value chain. The sector cannot wait for market demand for sustainable products to grow if the sector is to transform to a circular one with the urgency required, it observed.

Achieving circularity means going beyond technology and business models. Intangible innovations, such as those that shift relationships, ways of working and behaviours will play a key part in unlocking change, it added.

Source: fibre2fashion.com– Jan 29, 2025

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Turkey's Rising Minimum Wage Puts Pressure On Apparel Manufacturers

Searching for economic options, apparel manufacturers in Turkey—who have been moving out of Istanbul in the last few years, cutting costs and finding ways to scale up—are scrambling for solutions in 2025.

More than economic models, it's about survival plans, according to industry analysts. That's especially true since the 3-percent minimum wage increase that went into effect Jan. 1.

Turkey's minimum wage is now 22,104 Turkish lira, or about $621.22 per month. The 2024 minimum wage was 17,002 Turkish liras (around $477.83), already putting Turkey at the higher end of wages compared with other sourcing countries. Cambodia, Vietnam, India, Bangladesh and Sri Lanka typically pay workers $200 or less per month.

"It is becoming more difficult for us to cover our costs. The statutory minimum wage now amounts to 26,005.50 Turkish liras ($730.31) gross, translating to 22,104.67 Turkish liras net, with the cost to the employer being 30,621.48 Turkish liras ($860.48)," a manufacturer told Sourcing Journal.

As Turkish manufacturers have long pointed out, their focus has become more specialized; they're focused less on volume and more on specialty orders. More than 60 percent of their output is targeted at the EU market, with nearshoring representing a critical factor for European buyers. Proximity put Turkey in good stead with these firms during the pandemic, and while orders in many countries declined dramatically, Turkey showed growth.

The new wage touches the lives of approximately 9 million workers, and an approximate 1.5 million of them work in the apparel and textile industry. It's still an uneasy truce on the wage, with the Confederation of Turkish Trade Unions, better known as Türk-İş, saying it doesn't cover the living expenses due to heightened inflation.

It is a balancing act, several economists told Sourcing Journal. While the minimum wage increase is needed to support labor, the increase could also have the knock-on effect of fueling inflation. The number crunching explains the difficulties on the ground; inflation rose from 64.77 percent in December 2023 to 75.45 percent in May 2024, finally dropping to 44.38 percent in December 2024. Forecasts for the end of 2025 expect it to drop lower, with the Central bank projecting inflation to drop to 21 percent by December.

The Turkish lira has also been dropping steeply, hovering at an approximate 35 against the U.S. dollar this week. By comparison, it was 1.1 against the U.S dollar in 2008 and 13.09 against the dollar in January 2022.

Several associations in the textile and apparel sector have called for government support in the face of increasing costs. Ramazan Kaya, president of TGSD, the Turkish Clothing Manufacturers' Association, noted that the burden arising from labor costs—especially in labor-intensive sectors—should be shared. He also said that additional taxes and reference prices applied to raw material imports should be reviewed. He called for insurance premium reductions and suggested that the provision could be shared as well.

"We can say that costs have increased by 100 percent," said another representative of TGSD. "It is difficult to compete with rival countries, and we are experiencing a minimum wage period where both employers and employees will not be happy. Our exports will enter a contraction period in 2025. Our costs have increased a lot. The minimum wage in rival countries is around $200 to $300, and we are approaching $1,000. We are having difficulty keeping up with the price. The European market is shrinking."

While many manufacturers were thinking about moving operations to Egypt, some aren't finding it to be an attractive option. "Egypt is not an easy choice. Unprofitability is a big problem," a manufacturer said. The undertones of discussions among manufacturers center around the level of expertise of the country's workers, along with working style challenges.

Meanwhile, the focus on sustainability and innovation is growing, and manufacturers said that brands are not increasing prices.

Aysegul Kaya, innovation and sustainability manager at TYH Tekstil, observed, "Since we did not see a change in the exchange rate at a similar rate, I can roughly say that our costs increased by at least 30 percent, but we could not reflect this cost increase on our orders or customers. While our customers and brands prefer to buy cheaper prices, the increase in our costs does not allow this."

Turkey's apparel sector has set an export target of $19 billion for 2025.

In 2023, Turkey ranked No. 6 in global apparel production, with 3.5 percent of market share worth $20.3 billion. It was the third largest exporter in the EU, with a share of 12.6 percent.

Manufacturers are calling for foreign exchange input costs to move in parallel for recovery, and for additional taxes to be reviewed. The losses in the sector are being negatively reflected in employment, they said. The contraction in exports is causing production losses for many companies, and investments in the sector have largely been shelved for this reason.

In 2024, Turkey's apparel industry was worth approximately $18 billion.

According to industry analysts, the apparel sector's export share dropped by 6.9 percent in 2024, accounting for approximately 7.9 percent of the country's overall exports. The textile sector has decreased by 0.6 percent, and accounts for 4.2 percent of the country's exports.

As factories have been closing down, manufacturers said that there has been a "serious employment loss in the textile sector and apparel sector in the last two years"; during that time, 62,637 workers left the apparel sector, while 85,745 people exited the textiles segment.

According to October 2024 data, 10,257 workers left the apparel industry year over year, leaving 580,624 workers. Meanwhile, 10,244 people left the textile trade, leaving 966,045 workers still employed last fall.

While some investments have come in—the International Finance Corporation (IFC) in December invested $50 million in Turkish textile manufacturer Küçükçalık Tekstil, for example—they don't adequately reflect of the needs of the industry, manufacturers said.

IFC said the move would help the company improve sustainability practices, up production capacity and create 700 new jobs. The company's director for Turkey and Central Asia, Wiebke Schloemer, said the cash infusion will also help competitiveness in the synthetic fabrics sector.

Another impact to the sector has been reflected in the prices of raw material. As the Turkish lira has dropped, so have profit margins. The appeal of nearshoring, wherein delivery to Europe within three to four days was a real advantage, has been tempered by costs.

“We cannot utilize our supply advantage due to being expensive,” a manufacturer told Sourcing Journal. “If our sector can receive the support it expects in 2025, we can remain at the same level as 2024 and end the shrinkage process. Otherwise, we may shrink by 5 percent in 2025 compared to [2024].”

“The current picture shows that 2025 will also be an extremely difficult year,” he said.

Source: sourcingjournal.com– Jan 28, 2025

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Sri Lanka Apparel achieves 5% export growth in 2024

Sri Lanka's export earnings from apparel in 2024 reached USD 4.7 billion, recording a year-on-year growth of nearly 5%, according to the Joint Apparel Association Forum (JAAF). Adding the country's direct exports of textiles takes the overall export value to just over USD 5 billion. This underscores the resilience of the country's textile and apparel industry amidst both local and global challenges.

Growth analysis

While these positive reports have been welcome news for stakeholders across the apparel industry, if 2019 was used as a baseline - the last 'normal' pre-pandemic and economic crisis year - Sri Lanka's apparel export in 2024 communicates a more circumspect account for in 2019 Sri Lanka managed to export USD 5.3 billion resulting in last year's exports reporting 10.3% shortfall.

These stark facts highlight the need for more concentrated interventions to reclaim lost ground and chart a course to match and exceed the pre-pandemic export trajectory that Sri Lanka was on. However, key patterns in market performance reveal promising signs

- US Market: Exports to the US, Sri Lanka's largest destination, grew by 5.23% year-on-year to USD 1.9 billion in 2024. Despite this, the figure remains 19.4% below 2019 levels, emphasising the potential to regain further ground.

- UK Market: Growth in exports to the UK was robust at 7.65%, now nearing parity with 2019 levels, aided by sustained demand for ethically and sustainably manufactured garments.

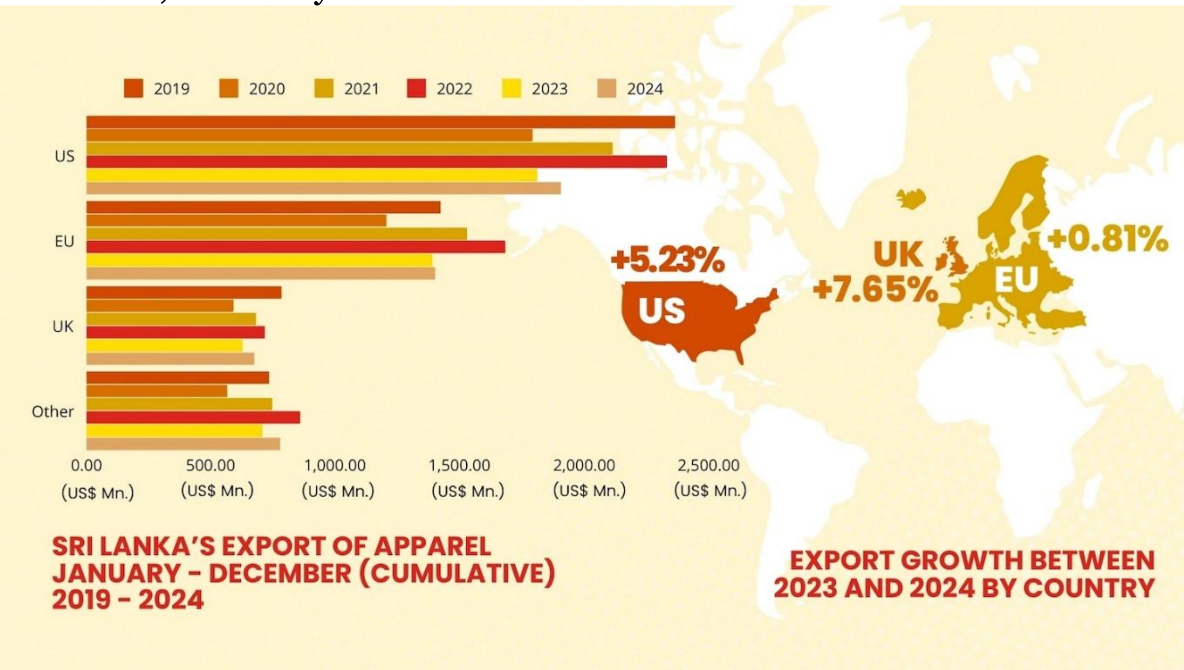
- EU Market: While growth in the EU was modest at 0.81%, the sector has maintained a foothold in a highly competitive and increasingly regulated market.

- Emerging Markets: Exports to other destinations grew by 10.13%, demonstrating both new market penetration, and the trend for the industry to label pack and ship direct to third countries on behalf of our customers.

Eravur Textile Zone

The JAAF emphasises that localised fabric production remains critical for the industry's long-term recovery and competitiveness. Located on over a span of 300 acres, the zone has been designed and will provide opportunities for multiple verticals relating to the manufacture of textiles. Manufacturers can establish textile dying, washing, knitting, weaving and other associated plants in this dedicated area. This landmark project can save significant foreign exchange, reduce production lead times, and enhance the value proposition of Sri Lankan exports to global buyers increasingly demanding traceability and sustainability.

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



Trends and insights

Analysis of growth trends over the past five years indicates that while the sector has shown remarkable resilience, its trajectory reflects a gradual recovery process and the pandemic-induced dip in 2020 saw exports fall to USD 4.1 billion, a 22% drop from 2019. Exports peaked temporarily in 2022 as markets overestimated the covid recovery, only to see setbacks in 2023 due to global inflationary pressures and reduced consumer spending. The 5% growth in 2024, reflects also the downward pressure on pricing that the industry is currently seeing.

JAAF underscores the importance of continued collaboration between the industry and government stakeholders. Key policy actions - such as enhanced market access, enabling infrastructure projects like the Eravur Textile Zone, transparency and predictability with electricity pricing, and the easing operational bottlenecks as those currently experienced in the Colombo Port, - are paramount for long-term growth.

The recent adjustment to electricity tariffs is a welcomed step by the industry, particularly as Sri Lanka's energy costs have been higher compared to competitor countries. JAAF has long advocated for the independence of the Public Utilities Commission of Sri Lanka (PUCSL) to ensure the country adopts the most cost-effective generation mix, passing on these savings to consumers through a fair, cost-reflective tariff.

Sri Lanka and Indonesia have jointly submitted an application to the UK DCTS authorities for the cumulation of Indonesian fabrics with Sri Lanka. If approved, this would allow apparel made in Sri Lanka using Indonesian fabric to access the UK market duty-free.

"Reclaiming pre-2019 levels and setting higher benchmarks is a challenge that requires a collective effort," Lawrence added. "Strategic investments and reforms can position Sri Lanka's apparel sector to cross USD 6 billion in export earnings, strengthening its reputation as a global leader in quality and ethical manufacturing."

As Sri Lanka aligns itself with global sustainability and traceability mandates, the opportunity to grow remains significant, provided strategic actions are undertaken to support both large and emerging players within the industry.

Source: knittingindustry.com– Jan 28, 2025

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Exports from Bangladesh's EPZs grow 22.41% YoY in H1 FY25: BEPZA

Exports from Bangladesh’s export processing zones (EPZs) grew by 22.41 per cent year on year (YoY) in the first half (H1) of this fiscal (FY25) to $4,126 million, according to the Bangladesh Export Processing Zones Authority (BEPZA).

BEPZA executive chairman Maj Gen Abul Kalam Mohammad Ziaur Rahman said BEPZA contributed 29 per cent of total foreign direct investment (FDI) of the country in FY24.

“BEPZA exported products worth $7.07 billion, which is 16 per cent of the total $44.47 billion export income in FY 2023-24,” he was quoted as saying by a domestic news agency.

BEPZA signed agreements with 28 foreign companies to invest $568.49 million in Bangladesh.

Thirty eight countries invested in EPZs under BEPZA during the period. Among these, 108 were Chinese, 61 South Korean, 29 Japanese, 19 Indian, 19 British, 17 US and seven Sri Lankan, he said.

Uninterrupted energy supply remains a challenge, and if that can be addressed, investment flow will not be hit, he noted, adding that the authority has nearly 50 investment proposals at present.

Source: fibre2fashion.com– Jan 27, 2025

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NATIONAL NEWS

Union Minister of Commerce & Industry Shri Piyush Goyal concludes successful visit to Oman

Union Minister of Commerce and Industry, Shri Piyush Goyal concluded a successful visit to the Sultanate of Oman from 27-28 January 2025.

During the visit, Shri Goyal co-chaired the 11th Session of the India-Oman Joint Commission Meeting (JCM) with H.E. Qais bin Mohammed Al Yousef, Minister of Commerce, Industry, and Investment Promotion of Sultanate of Oman. The JCM saw productive discussions on enhancing bilateral cooperation in trade, investment, technology, food security, renewable energy and other key areas. The Minister held a productive bilateral meeting with Minister Qais during which he undertook a detailed review of the bilateral trade and economic relations between India and Oman and identified concrete steps to further strengthen the mutually beneficial business ties.

The two Ministers also exchanged views on a bilateral India-Oman Comprehensive Economic Partnership Agreement (CEPA), which is under advanced stages of negotiations. Both Ministers agreed to expedite the discussions for an early signing of the CEPA which will be a new milestone in bilateral trade relations and has the potential to significantly scale-up two-way trade and investments.

On the sidelines of the visit, both sides signed the Protocol to amend the India-Oman Double Taxation Avoidance Agreement (DTAA), aligning it with international standards on cross-border taxation, simplifying tax procedures, and promoting greater cooperation in tax matters.

Minister Goyal called-on His Highness Sayyid Asa'ad bin Tarik Al Said, Deputy Prime Minister for International Relations and Cooperation Affairs and Special Representative of His Majesty on January 28, 2025. HH Sayyid Asaad had led the Omani delegation to India for the G-20 Summit in September 2023.

Shri Goyal also held bilateral meetings with H.E. Sultan bin Salem Al Habsi, Minister of Finance, and H.E. Ali bin Masoud Al Sunaidy, Chairman of the Public Authority for Special Economic Zones and Free Zones (OPAZ), to deepen economic ties.

The Minister participated in the India-Oman Joint Business Council (JBC) meeting which was hosted by the Oman Chamber of Commerce and Industry (OCCI), with support and participation of a delegation from FICCI. The JBC, which is traditionally held on the sidelines of the India-Oman JCM, provided an excellent platform for wide ranging discussions among the two business communities and provided exposure to investment opportunities and incentives of both India and Oman.

Shri Goyal met with a select group of CEOs and business leaders of Oman at a Business Roundtable hosted by the Ambassador of India at the Indian Embassy premises. This interaction provided an opportunity for the Minister to directly engage with key business leaders of Oman to apprise them of the India opportunity and seek their suggestions for bilateral cooperation.

Minister Goyal also addressed the Future Leaders Programme at the Royal Academy of Management, Oman, highlighting India's growth story and sharing insights on leadership and its role in shaping a better world.

The Commerce Minister visited the Sultan Qaboos Grand Mosque in Muscat which is an icon of cultural and architectural heritage of Oman. He will also offer prayers at the historic Shiva Temple in old Muscat, later this evening, underscoring the deep-rooted cultural and people-to-people ties between India and Oman.

The successful visit of the Shri Goyal reinforced the strong foundations of India-Oman relations, paving the way for enhanced collaboration in trade and investment.

Source: pib.gov.in– Jan 28, 2025

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India and ASEAN's growing fashion partnership poised for further growth

A look at the growing potential of India's fashion, apparel, and textile trade with ASEAN countries

India's relationship with the Association of Southeast Asian Nations (ASEAN) is blossoming, driven by the 'Act East Policy' and a shared vision for economic growth. Here is a look at the exciting potential for collaboration in the fashion, apparel, and textile sectors, drawing insights from the provided article, current data, and expert opinions.

India-ASEAN trade partnerships

In India-ASEAN trade, apparel and textiles are key sectors and it is driven by several factors. Uppermost is the complementary economies as India's strength in raw materials and skilled labor complements ASEAN's manufacturing prowess and growing consumer markets. The India-ASEAN Free Trade Area (AIFTA) has significantly reduced trade barriers, boosting bilateral trade. Also, they have shared cultural heritage and aesthetics that facilitate a deeper understanding of consumer preferences. And initiatives like UPI-PayNow linkage enhance financial transactions, making cross-border trade smoother.

Table: India ASEAN trade overview

Indicator	Value
India-ASEAN total trade (2018-19)	$96.79 bn
Projected India-ASEAN total trade (2025)	$300 bn
Cumulative FDI from Singapore to India (2000-2024)	$ 159.94 bn
ASEAN's projected growth rate (2024)	4.60%

In fact, Singapore's robust trade and investment relationship with India exemplifies the potential for collaboration. As the largest source of FDI into India, Singaporean companies are actively investing in India's fashion and textile industries.

On similar lines, platforms like Shopee and Lazada are witnessing an increase in cross-border fashion trade between India and ASEAN. Indian ethnic wear and textiles are gaining popularity in Southeast Asia, while ASEAN's trendy apparel finds a market in India.

The way forward

However, despite the collaborations there are some challenges in future growth. Non-tariff barriers are bug bear as technical regulations and standards can hinder trade. Harmonization efforts are crucial. Improving connectivity and streamlining supply chains are must to further enhance trade efficiency. Simultaneously, promoting ethical sourcing and sustainable production practices is essential for long-term growth.

Source: fashionatingworld.com– Jan 28, 2025

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Indian cotton sector to grow amidst global market stability, says Cotton Incorporated

A new report by Cotton Incorporated, 'Cotton As A Possible Bellwether for Global Economies: Why International Cotton Markets Matter', brings good news for India's cotton industry. The report predicts a stable global cotton market in 2025, with favorable pricing and increasing global demand, offering opportunities for Indian cotton growers and textile manufacturers.

Report findings

Supply: Global cotton production is projected to increase in the 2023-24 crop year, with favorable weather conditions in key producing countries like the US and India. However, potential disruptions like pest infestations and water scarcity could impact output.

Demand: Despite a slight uptick in demand, the global cotton market is expected to remain relatively balanced in the coming years. The study notes that mill use, a key indicator of demand, is projected to increase modestly.

Pricing: Cotton prices have been volatile in recent months, influenced by factors such as fluctuations in the US dollar, changes in speculative activity, and shifts in demand from major consuming countries. The study anticipates continued price volatility in the near term.
Global cotton production outlook

The U.S. Department of Agriculture expects a rise in global cotton production in 2024/25, with an increase of 3.12 million bales to 116.2 million. World mill-use is also projected to grow by 1.4 million to 115.2 million.

United States: A significant increase in production is expected, primarily due to the unusually small crop in 2023. Hot and dry conditions in West Texas impacted the previous year's harvest.

China: As the world's largest cotton producer, China's production increased by 300,000 bales last year. The country also holds reserve stock, making it well-supplied for 2025. However, a housing market crisis and cautious consumer spending could affect demand.

India: The second largest cotton grower faces challenges due to weather and government intervention through minimum support prices (MSPs). This could lead to the government holding cotton stock and potentially selling at a loss.

Pakistan: Cotton production decreased due to seed quality issues, flooding, and extreme heat.

Brazil: With its ability to plant two crops a year, Brazil could be a key player in 2025. The country's record crop last year and its impact on global prices are noteworthy.

Region Production (mn bales) Mill use (mn bales) World 119.5 115.9 United States 18.5 3.3 India 26.5 25 China 30 39

The study highlights India's growing importance in the global cotton market. With a projected increase in both production and mill use, India is poised to play a significant role in meeting global cotton demand.

China remains the world's largest consumer of cotton. However, the study notes that recent policy changes and shifts in domestic consumption patterns could impact China's cotton imports in the coming years.
Stable global market benefits Indian growers

Cotton Incorporated forecasts stable cotton prices in 2025, a welcome change from recent volatility.

This stability is crucial for Indian farmers who have faced fluctuating incomes due to unpredictable market conditions. Experts point out this stability should enable better planning for Indian cotton growers. Predictable pricing allows farmers to make informed decisions about planting and invest in their operations with greater confidence.

India's role in the global cotton landscape

The report acknowledges India's position as the second largest cotton grower globally. While acknowledging recent weather challenges impacting Indian production, the report highlights the role of India's Minimum Support Price (MSP) system in supporting farmers' livelihoods.

The report also points out challenges for India, including the potential for government-held cotton stocks to be released into the market at a loss, impacting prices. However, the projected increase in global mill use, particularly in countries like China, offers a significant opportunity for India to increase exports and strengthen its position in the global cotton value chain. "Indian textile manufacturers should capitalize on this growing demand by focusing on quality and sustainability to compete effectively in the international market."

The study's findings have significant implications for various stakeholders in the cotton value chain, including farmers, textile mills, and consumers. Understanding the dynamics of the global cotton market is crucial for making informed decisions and navigating the challenges and opportunities that lie ahead.

Source: fashionatingworld.com– Jan 28, 2025

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Budget 2025: Flourishing North-South trade critical for India's growth aspirations

Union Budget 2025: India had embraced an export led growth model since the 1990s. It served well during an era when the rich northern economies were increasingly benefiting from the comparative advantage associated with labour intensive goods from poorer south. Powered by the 1991 reforms, India became a major participant in this North-South trade flows, and consequently witnessing a surge in low-skill manufacturing exports such as apparel, textiles, leather, and footwear, to compliment a surge in IT services exports.

Budget 2025: A Crucial Opportunity for India-US Trade Ties

The Union Budget FY26 will present a good opportunity for India to showcase its intent on expanding fair trade ties with US, with Trump's inauguration scheduled few days before it. While India has been actively reducing tariffs on US imports, in many cases from 100% to 50%, in this budget some customary adjustments to tariffs particularly for imports of transport equipment, electrical machineries and electronics could be a sign of truce from India ahead of an imminent trade war which USA is determined on waging!

Budget of Globalisation: Driving Growth and Development

Globalisation helped usher in a new era in India's growth and development and improved the standard of living with better access to basic necessities like health, education, and livelihoods. World Bank data suggests that India's foreign trade as a percentage of its GDP rose from 11% during the 1960s to approximately 50% by the 2020s.

Budget Reforms for High-Precision Merchandise

The second phase of a successful export led growth strategy demands the country to gradually transition from low skilled basic goods to more high precision merchandise. While India may have faltered in this phase multiple times in the past, a focussed policy approach over last 10 years has been instrumental in gradually overcoming the bottlenecks.

Government sponsored skilling programmes, performance linked incentive schemes, expanding sea and airport infrastructures and international trade treaties are gradually helping India rise up the value chain in its manufactured goods basket. India's commodities exports to the world have been shifting rapidly. For example, engineering goods now account for 24% of total exports, compared to 13% in FY01.

Budget Impacts on Export Trends

Similarly transport equipment and electronics exports account for 6% and 7% respectively today (versus 2% in FY01). At the same time, share of textile (low skilled product) exports declined from 13% in FY01 to 4% in FY23, and so did agricultural product exports.

However, India's success as an exporter of high value goods and services is highly dependent on the demand from rich nations in the north. It is necessary to maintain trade surplus or at least neutral trade balance with these major markets. Incidentally, USA is the largest northern market for India, buying 17% of India's total exports.

Some of the other rich nations like UK (3% of India's exports), Germany (2.3%) and France (1.6%) are much smaller export destinations. Indian made pharmaceuticals, metal products, auto parts, electronic goods and marine products have a ready market in USA, and any disruption could cast a shadow over India's domestic economy, at a time when economic activity is anyways slowing down. In this situation, India will need to find amenable solutions to not only maintain, but also grow this market.

This would certainly require deft negotiations with US counterparties, an arduous task at a time when the world's largest economy is adamant on adopting an import substitution policy. The Budget must reflect these trade realities, ensuring India's strategies align with global shifts. Only through a robust Budget can these trade aspirations materialise into tangible growth.

Source: economictimes.com– Jan 28, 2025

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What does Union Budget 2025 have in store for India's trade policy?

In the upcoming Union Budget, the finance ministry may take steps to revive export-boosting schemes, such as the Interest Equalisation Scheme (IES), offer financial support to exporters, and enable flexibility for certain service sector units in special economic zones (SEZs).

Since the IES expired on December 31, the commerce department is seeking approval for a slightly modified version of the scheme to cover at least micro, small, and medium enterprises (MSMEs).

The IES is an interest-subvention scheme under which exporters are given benefits in the interest rates charged by banks on their pre- and post-shipment rupee export credits. Lenders are subsequently compensated by the government. The scheme was launched in 2015 for five years to reduce stress among exporters, especially in labour-intensive sectors and MSMEs.

Previously, the scheme applied to 416 identified tariff lines and MSME manufacturer-exporters for all export lines. However, last year, the government extended the IES until September 30 for MSME exporters, while other exporters, covering 410 tariff lines, were excluded. The scheme was then extended for another three months, but fiscal benefits were reduced.

The commerce department is hoping for approval of the IES and an announcement on it as early as possible. If the finance ministry agrees, it could be included in the Budget documents.

The department has been in discussions with the finance ministry to take steps to ensure that service sector units, particularly IT/ITeS, are able to claim income tax exemptions. This could be achieved by allowing service sector companies to reinvest their export profits in the additional employment of workers, rather than in plant and machinery.

Union Budget 2025: Collateral-free loans for MSMEs

Moreover, according to reports, the Budget may announce collateral-free loans for exporters and MSMEs.

These measures are being sought at a time when exporters are grappling with global economic uncertainties, with export growth slowing.

During the pre-Budget meeting with the finance minister in North Block last month, exporters also expressed a desire for the IES to continue.

The Federation of Indian Export Organisations (FIEO) has sought additional funds for marketing and trade promotion of certain export items, particularly for the United States (US) export market. As research and development (R&D) and product innovation are key to sustaining exports, FIEO has requested that the government introduce a tax deduction of 200-250 per cent for R&D spending under section 35(2AB) of the Income Tax Act.

The Apparel Export Promotion Council (AEPC) has proposed the extension of the concessional tax rate of 15 per cent under section 115AB of the Income Tax Act for new manufacturing units to encourage the setting up of new garment units.

AEPC has also demanded the removal of section 43B(H) of the Income Tax Act in the upcoming Budget. This section relates to payments to MSME companies, which must be made within a maximum of 45 days to claim any deduction in tax. This has increased tax liabilities and disrupted the cash flow of exporters.

Source: business-standard.com– Jan 29, 2025

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AEPC asks govt for labour law reforms, improvement in skilling schemes to boost exports

Apparel exporters' body AEPC on Tuesday suggested the government to introduce reforms in labour laws, improve schemes for skilling the workforce and make policy for fabric import flexible to boost exports. Apparel Export Promotion Council (AEPC) Chairman Sudhir Sekhri said that the exports target of USD 40 billion for ready-made garments by 2030 is an ambitious aim, though the industry is making all possible efforts to achieve that.

The government should "introduce reforms in Indian labour laws, improve schemes for skilling the workforce and make policy for fabric import flexible and industry friendly," he said.

To discuss ways to increase exports, the council held a round-table discussion with the major apparel brands here.

The council said that India's biggest strength is its design prowess and raw material base and it must be leveraged.

"Among the major asks of brands is the need for building capacity and fast-tracking manufacturing. Also, the skilled labour shortage which is hampering India's growth story needs to be addressed. Brand leaders also suggested that FTAs (free trade agreements) are working in our favour and orders have grown in volume," it added.

Many brands suggested that Made-in-India sweaters are the most sought-after items in recent times and the industry should be ready to cater to this rising demand.

India's export of sweaters during April-November this fiscal was USD 11.45 million.

Source: economictimes.com– Jan 28, 2025

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Nitin Spinners to invest ₹1,100 crore over two years to double woven fabric capacity

Nitin Spinners to invest ₹1,100 crore over two years to double woven fabric capacity

Nitin Spinners, a Rajasthan-based manufacturer of cotton yarn, knitted fabrics, and finished woven fabrics, plans to invest ₹1,100 crore over the next two years to expand capacities.

Dinesh Nolkha, Chairman and Managing Director of Nitin Spinners said, "This particular capex will be located at one of our existing facilities in Chittorgarh district in Rajasthan. We will be nearly doubling our capacity of the woven fabrics, which we already have."

Currently, the company is operating its spinning facilities at more than 95% utilisation and its fabric division at over 90% utilisation. Given the capacity constraints, Nitin Spinners aims to increase its capacity and diversify its product portfolio.

The addition of fashion fabrics, which were previously missing, is a key part of this expansion. Once fully operational, the new capacity is expected to generate an additional ₹1,000 crore in revenue.

The company expects stability in cotton and yarn prices going forward. Nolkha said, "Cotton prices have been continuously sliding. If you see, in last one year they have gone down by about 15% and similarly, yarn prices have also gone down by nearly 8 to 10%. Now we are feeling that this is a kind of a bottom of the prices internationally, as well as in India."

Nitin Spinners experienced a sluggish demand in 2023, with exports of cotton yarn significantly declining. Currently, the international demand is gradually recovering, with European markets stabilising and the US market showing signs of resurgence. The company has seen strong demand for a variety of textile products in the US.

Domestically, the market has remained stable. However, some of Nitin Spinners' garment exporters have recently received substantial orders from international brands, which is driving increased demand in the domestic market as well.

In the October-December 2024 quarter (Q3FY25), the company reported a revenue of ₹838 c

Nitin Spinners' current market capitalisation is ₹2,141 crore. Its shares have gained 8% over the last year.

Source: cnbctv18.com– Jan 28, 2025

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India ITME Society Brings a Global Stage for Textile Innovation & Collaboration with GTTES 2025

Mumbai (Maharashtra) [India], January 28: The Indian International Textile Machinery Exhibitions Society (India ITME Society) yet another time is poised to take the textile industry by storm with the third edition of the Global Textile Technology & Engineering Show (GTTES 2025), a landmark event for the textile industry from the 21st to 23rd February 2025 at the Bombay Exhibition Centre, Goregaon (East), Mumbai, India. This event by the India ITME Society promises to be a global platform for the textile industry and engineering sector across the world showcasing the latest advancements, innovations, and opportunities with the aim to redefine global textile innovation.

Talking about this event, Mr Ketan Sanghvi, Chairman and members of the steering committee of India International Textile Machinery Exhibitions said, "GTTES 2025 is a transformative event, aimed to be responsive to the changing needs of the global textile and machinery industry. Beyond yarn and fibers, it will cover state-of-the-art advancements in weaving, processing, finishing, garments, knitting, and technical textiles with eco-friendly practices and sustainable growth. The event will witness extensive participation with top exhibitors coming up with innovative solutions, product launches, and precious networking opportunities. It is to be a part of India's textile ecosystem, which would help the nation achieve its vision of becoming a global leader in textile technology and engineering by 2047."

Ever since 1980, the Indian ITME Society has organized some massive shows and events like India ITME, ITME Africa & Middle East, and GTTES trying to capture the World's attention to strengthen fabric preparation & processing by expanding India's wings in knitting, and garmenting techniques, attracting international exhibitors, visitors, and investors.

GTTES 2025 marks an important journey for India's Textile Industry, the third edition of GTTES is set to elevate the Indian Textile Ecosystem by bringing together 175 exhibitors across eight major categories. With special emphasis on advanced weaving, machinery, sustainable processing solutions, digital printing, and knitting technologies, are featuring 42 exhibitors in weaving and 38 in processing alone.

The Indian textile market is poised on a growth trajectory toward US$ 350 billion by 2030, while textile exports are expected to reach US$ 100 billion. GTTES will take center stage to drive technological innovation to help achieve this vision in 2025. The event will be a showstopper, as green technologies and sustainable solutions are going to be the biggest highlights of this event, making GTTES the hub for advanced textile technologies.

Leading suppliers of textile technologies from countries including Germany, Switzerland, and China shall ensure that GTTES 2025 is an outright world-level event. Over 27 countries such as Australia, Bangladesh, China, Germany, the US among others will also be represented during the event which is estimated to attract more than 25,000 professionals. As part of it, B2B meetings involving international delegations from Sri Lanka, Ghana, and Ethiopia shall aim at further cementing trade collaboration with India.

As the exhibition comes closer, GTTES 2025 is eager to showcase product launches from top industry players in the country Shuttleless Looms Pvt Ltd, Samruddhi Engineering, Om Corporation, Ingersoll-Rand (India) Limited, Sumaria Global Sales LLP, to name a few. There also will exclusive investment promotion program by the Chhattisgarh Government to highlight the opportunities in the state. It will not only be a trade exhibition but an energizer to fuel the Indian Textile Industry toward the world market.

The exhibition is set to start from 21st to 23rd February 2025, at Bombay Exhibition Centre in Mumbai, India, whether you are a manufacturer, distributor, investor, or industry professional, GTTES 2025 is the place to be.

Don't miss the chance to witness the groundbreaking innovations and valuable partnerships that will shape the future of the textile industry.

A remarkable exhibition showcasing the needs of the Textile Industry, an exclusive forum to explore the fascinating world of textiles through stunning displays, interactive installations, and thought-provoking artwork. It is an opportunity to immerse yourself in creativity and inspiration.

The exhibition promises to be an unforgettable journey and it is dedicated to magnifying the business and trade for Textile Machinery Manufacturers, through interaction with agents/dealers not only from India but also from across the Globe.

It serves as a platform for companies to demonstrate their products, network with potential clients and partners, and stay updated on industry trends of Textile Business. The textile industry also accounts for 13% of industrial production, 2.3% of GDP, and 12% of foreign exchange inflows into the nation. India has a 4% share of the global trade in textile and apparel.

Source: business-standard.com– Jan 28, 2025

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