



HANDLOOM EXPORT

— NEWS LETTER —

VOLUME NO.1



JUNE 2024

Calendar of events

(Subject to Approval from the Ministry)

S.No	Event Name	Place	Date
1	Texworld	France	01 - 03 Jul 2024
2	HGH India	India	02 - 05 Jul 2024
3	Pure London	UK	14 - 16 Jul 2024
4	Hometextiles Sourcing	USA	16 - 18 Jul 2024
5	Mega Show	Bangkok, Thailand	17 - 20 Jul 2024
6	Special Sourcing Show, Varanasi	India	August 2024
7	Special Sourcing Show (B2B & B2C)	Germany	06 - 08 Sep 2024
8	WHO's NEXT	France	08 - 10 Sep 2024
9	Special Sourcing Show (B2B & B2C)	USA	12 - 15 Sep 2024
10	Hometextile&Design	Russia	17 - 19 Sep 2024
11	Special Sourcing Show (Abroad) (B2B & B2C)	Canada	24 - 27 Oct 2024
12	Hong Kong Mega Show	Hong Kong	27 - 30 Oct 2024
13	International Apparel & Textile Show	Dubai	12 - 14 Nov 2024
14	Global Sourcing Expo	Australia	19 - 21 Nov 2024
15	AFL Artigiano (B2C)	Italy	30 Nov - 08 Dec 2024
16	HEIMTEXTIL	Germany	14 - 17 Jan 2025
17	Domotex	Germany	16 - 19 Jan 2025
18	WHO's NEXT	France	January 2025
19	Spring Fair (Source Home & Gift)	UK	02 - 05 Feb 2025
20	Ambiente	Germany	07 - 11 Feb 2025
21	India Textile Sourcing Fair (RBSM)	India	05 - 07 Mar 2025
22	Special Sourcing Show, Cochin / Kannur (B2B & B2C)	India	March 2025

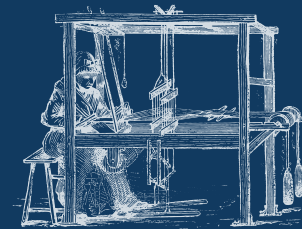


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E : Lalit Kumar Goel
E E : V. Lakshmi Narasimhan
 : N. Sreedhar,
 Executive Director
E E : Dr. M.Sundar,
 Joint Director
 S. Sudhalakshmi
 P. Sangeetha

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CHAIRMAN'S COLUMN

Dear Members,

Handloom Export Promotion Council celebrated its 59th establishment day on 7th May 2024 and this noteworthy milestone symbolises Council's commitment to promote the Indian handloom products in the international market to nearly six decades. A social media campaign was launched highlighting the activities of the council and the Government of India's initiatives in promoting the Indian Handloom products.

The handloom export for the period April 2023- March 2024 was recorded to Rs.1146.33 cr. which contracted by 20.7% when compared with the previous year export of Rs.1445.53 cr. Among top 10 markets for handloom products, the market share of USA was accounted for about 29% while the market share of European countries (Seven including UK) was about 32% followed by UAE (11%) and Australia (3%). The global slowdown, high inflation, cotton price fluctuations, etc. are the factors affecting the export. It is indeed that the export volume pressing the need of intensifying our efforts to increase the handloom export. Hence, it is very important that all HEPC members start using handloom HS code for their handloom exports.

As part of marketing activities, Council participated in Home InStyle, Hongkong during 20-23 April 2024 with member exporters and as per feedback from HEPC participants', the participants had spot order and business enquiries worth Rs.3.18 crore with footfall of 113 visitors.

HEPC in association with COMASIA, the organizer of Mega Show, Bangkok and Hong Kong has organized sponsored road show at Karur highlighting the features and opportunities available in the show. I hope this event would be helpful to the member exporters to explore the new market opportunities.

Today's business environment is becoming more and more competitive and sustaining in the market is not as easy as before, particularly for the exporters. In order to combat these challenges, we need to collectively voice our insights, requirements and suggestions. The input from the member exporters is crucial for identifying common issues and formulate strategies to address them. Hence, I request the member exporters to share their views to boost the handloom export in the coming years.

With warm regards,

Lalit Kumar Goel
Chairman



Handloom Export Promotion Council

Welcomes the Hon'ble Newly Elected Ministers



HEPC wishes Shri Piyush Goyal on his consecutive term as the Minister of Commerce & Industry of our nation. His guidance and monumental support has helped the Handloom Industry of India to grow in a rapid pace in the past few years.

Shri Piyush Goyal

Hon'ble Union Minister for Commerce & Industry



Welcoming Hon'ble Shri Giriraj Singh as the Minister of Textiles. His guidance and leadership will help to achieve handloom exports to greater heights.

Shri Giriraj Singh

Hon'ble Union Minister for Textiles



Welcoming Hon'ble Shri Pabitra Margherita as the Minister of State for Textiles. HEPC is optimistic that the Domestic and Export Front will reach greater heights under his able guidance.

Shri Pabitra Margherita

Hon'ble Union Minister of State for Textiles

59th Establishment Day



HEPC's 59th Establishment Day

On May 7, 2024, the Handloom Export Promotion Council (HEPC) marks its 59th establishment day. Founded on May 7, 1965, under the aegis of the Development Commissioner for Handlooms, Ministry of Textiles, Government of India, HEPC has been pivotal in promoting the export of Indian handloom products. With its head office in Chennai and a regional office in New Delhi, HEPC has been dedicated to advancing the global reach of Indian handwoven goods.

HEPC facilitates participation in approximately 20 international events annually, supported financially by the Ministry of Textiles and the Ministry of Commerce & Industry. The council organizes Buyer-Seller Meets abroad in collaboration with Indian Missions and hosts Reverse Buyer-Seller Meets in India. These initiatives particularly benefit startups and emerging exporters from regions like the North Eastern Region (NER), Jammu & Kashmir, and Ladakh.

Annually, HEPC conducts 10 to 20 seminars in major export centers. These seminars focus on the latest trends, trade updates, and export knowledge, aiding the industry in developing samples aligned with current trends for international display. HEPC actively addresses buyer inquiries, trade issues with ministries and embassies, GST refund issues, export incentives, and trade disputes. Policies and programs from both the central and state governments are shared with member exporters via mass circulars. The council also publishes a newsletter, "Handloom Export," and a buyer e-magazine featuring handloom production clusters and GI handloom products to about 2000 registered overseas buyers.

Efforts have been intensified to reach key handloom clusters in underserved areas such as Jammu & Kashmir, Ladakh, Uttarakhand, Telangana, Karnataka, and other North Eastern states. This outreach has been crucial in bringing sustainable handloom products to the international market, benefiting over 400 member exporters annually.

On its 59th Establishment Day, HEPC extends its gratitude to the Hon'ble Prime Minister, the Minister of Textiles and Commerce & Industry, and the Minister of State for Textiles for their invaluable support and various measures to promote handloom exports. We extend our heartfelt gratitude to the dedicated weavers, innovative manufacturers, and dynamic exporters who have tirelessly worked to promote Indian handlooms from the loom to the global market.

This milestone celebration marks nearly six decades of dedicated service towards enhancing the global footprint of Indian handloom products, reflecting the rich cultural heritage and craftsmanship of India.



Fair Participation

Home InStyle connects the industry, creates business opportunities, sparks new ideas and empowers uprising talents. Rebranded from the world-renowned sourcing platform Hong Kong Houseware Fair, Home InStyle is a global melting pot for intriguing product experiences offered by the lifestyle houseware pieces, featuring people-centric designs, functionality, aesthetics, sustainable concepts, cultural nuances and captivating philosophy. In 2024, Home Textiles and Furnishings Fair was merged to Home InStyle as one of the highlighted zones.

Home InStyle organised by the Hong Kong Trade Development Council (HKTDC), concluded at the Hong Kong Convention and Exhibition Centre on 23rd April 2024. The four-day fairs attracted some 24,000 buyers from 100 countries and regions, with a significant presence from Mainland China, Japan, Indonesia, Taiwan, and the United States.

Global buyers actively participated in the fairs, proving Hong Kong's status as the creative capital of Asia.

“ Survey reveals optimistic sales growth outlook

An independent research agency commissioned by the HKTDC interviewed some 740 exhibitors and buyers. Of the respondents, 64% believe overall sales will increase in the next 12 to 24 months.



Among Home InStyle respondents, 36% identify business leads driven from e-tailing as the most significant business opportunity this year while 42% of Fashion InStyle respondents believe the major opportunity lies in recovering purchasing power from customers.

Home InStyle respondents predicted that kitchenware and tableware (22%) would have the biggest growth potential this year, while simple design (25%), smart home products (24%), and environmentally friendly and energy-saving products (22%) will be the most popular trends. Fashion InStyle respondents identified urban clothing (35%) and womenswear (33%) as having the highest growth potential.

In terms of the market outlook, respondents from the Home InStyle believe sales prospects are promising in the Middle East (89%), Mainland China (79%) and ASEAN (76%) markets. Meanwhile, respondents from Fashion InStyle consider Taiwan (75%), Latin America (74%), and ASEAN (72%) as markets with favourable sales prospects.



Expanding business networks and pioneering new markets

Home InStyle and Fashion InStyle attracted exhibitors from 17 countries and regions, including emerging markets such as Mainland China, ASEAN and the Middle East. The fairs boasted over 2,200 exhibitors. Aligning closely with sustainable development trends, both fairs featured an extensive range of eco-friendly products. Notably, Home InStyle directly responded to the Hong Kong SAR Government's newly implemented plastic-free regulations on disposable tableware, offering alternative solutions to industry buyers.

Council participated in Home Instyle event along with eight exporters who had shown keen interest to participate in this fair, on self-sustainable basis without any grant. As per the feedback from HEPC participants, spot order and business enquiries worth Rs.3.18 crores were generated by the eight participants under the aegis of HEPC. About 113 visitors reportedly visited the stalls of HEPC participants. The HEPC participants took standard booths and exhibited in an area of 78 sq.m. and displayed hometextile products predominantly.



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EXPORT AWARENESS & FACILITATION

Seminar

Handloom Export Promotion Council organized a seminar on Export Awareness and Facilitation at Classic Hotel, Imphal on 16.05.2024. The seminar was organized with the financial assistance under National Handloom Development (NHDP) Scheme of Ministry of Textiles, Govt. of India to create awareness among the Master weavers, Exporters, Aspirant exporters, NGO's and cluster executives about exports and the facilities / assistance available from various Department of Government of India, for the benefit of all concerned.

Shri N.Sreedhar, Executive Director, HEPC felicitated the dignitaries and other guests with flower bouquets & shawls. Executive Director, HEPC started the program with his speech to the gathering about the objectives of the seminar and also delivered the welcome speech of the seminar. He explained HEPC's efforts to help exporters from the North-Eastern region and also informed that Special Sourcing Show will be organized from 20-22 June, 2024 at Guwahati and all stake holders may participate to get the direct linkage with the buyers.



Shri K.Lamlee, Director
O/o. Director of Handloom & Textiles, Manipur



Shri P. Daripa, Dy. Director
WSC, Imphal



Shri K.Lamlee, Director, O/o. Director of Handloom & Textiles, Manipur has delivered a key note address. He has also seeking HEPC's help on the export marketing sector from the Imphal region and asked Handloom manufactures to get the membership of the Council. He has also thanked HEPC for organizing awareness program for the benefit of the stakeholders from the state of Manipur and he assured all the support.

Dr.Sundar Murugesan, Joint Director, explained HEPC's efforts to help exporters from the North-Eastern region and gave a power point presentation on the activities of the HEPC. He had thoroughly explained the HEPC's activities, fair participation, membership categories and procedures and also briefed about the market potential of handloom products from the North-East region. Further, he briefed about the upcoming events with showing of HEPC activities video including Special Handloom Sourcing Show at Guwahati.



Shri K.Lamlee, Director, O/o. Director of Handloom & Textiles, Manipur



ED, HEPC & JD, HEPC interacted with attendees and answered all the questions raised by them. ED, HEPC also requested all of them to take HEPC membership so that they can regularly participate in international event as well as they will get all the information such as important notifications of Ministry of Textiles, Department of Commerce, DGFT, Customs etc.

Shri P. Daripa, Dy. Director, WSC, Imphal gave a power point presentation on India Handloom Brand and Handloom Mark. In the presentation, DD, WSC explained the steps to be followed for obtaining the India handloom brand tag, Handloom Mark and also other schemes including welfare schemes available for Weavers/Artisan.

He also interacted regarding issues in obtaining the IHB and handloom mark and assured every possible support to the stakeholders for the same.

Shri Shanti Kumar Singh, Dy. Manager, NHDC gave a presentation on NHDC's supply of yarn scheme and benefits. In his presentation, he has briefed about the eligibility criteria, yarn passbook, quantity of the raw materials, transport subsidies etc to the gathering. He also informed that NHDC's various scheme covers the handloom entrepreneurs. He had interacted with the stakeholders and answered the questions raised by them. Dr. Sundar, Jt. Director delivered the vote of thanks to the dignitaries / guest and attendees for their participation in the seminar. Nearly 50 attendees, comprising of Master weavers, Aspirant exporters, NGOs and cluster executives / Designers / Govt officials attended the seminar.



Further after the seminar ED, HEPC, JD, HEPC, Sr. Executive, HEPC, Dy. Director, DOH, Imphal and Dy. Director, WSC had visited Handlooms units covering under Handloom Mega Cluster Scheme. During the meeting, officials have given suggestions to improve the products suitable for International Markets. Further, HEPC team met few CDE's & Designers of Mega Cluster. HEPC team also visited the Crafts Handloom Village in Imphal.



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Road Show

Report

On May 10, 2024, the Handloom Export Promotion Council (HEPC) organized a roadshow in Karur in response to the request by COM ASIA, the organizer of Mega Show Bangkok & Hong Kong. The event, held at Residency Karur, saw an impressive turnout of 44 exhibitors, making it a significant gathering for industry exporters from the Karur Region.

The collaboration between COM ASIA and HEPC resulted in a vibrant platform where participants could explore numerous opportunities within the Mega Shows. The event commenced with a warm welcome from Shri V.Lakshmi Narasimhan, Vice Chairman of HEPC, setting an encouraging tone for the proceedings.



Ms. Khushboo Dholakia from COM ASIA captured the audience's attention with a detailed presentation highlighting the prominent features and myriad opportunities available at the Mega Shows. Her engaging presentation was followed by an interactive question and answer session, allowing participants to delve deeper into the subject matter and gain clarity on various aspects.





Shri P. Rangasamy, Joint Director of HEPC, then took the stage to present HEPC's Annual Calendar of events for the upcoming year, unveiling an exciting lineup of events planned by HEPC to further promote the handloom industry.



Following this, Shri P. Gopalakrishnan, Former Chairman of HEPC and President of KTMEA, delivered an enlightening address, sharing invaluable insights garnered from his extensive experience and concluded the speech by highlighting new marketing opportunities made available to exporter members for reaching out to global market through HEPC. These initiatives aim to enhance international market reach, and drive sustainable growth, underscoring HEPC's commitment to advancing the Handloom & Textiles sector.

The roadshow concluded on a positive note, with exhibitors expressing their satisfaction with the event's outcome. Notably, 7 exporters showed interest in participating in Mega Show Hong Kong, while 1 expressed interest in the Bangkok edition. The event ended up with a dinner.





Registered Member Exporter of HEPC

Success Story

Mulya Creations

mulyacreation11@gmail.com

Can you provide an overview of your Handloom / Textile export business and its journey so far?

We are a startup based in Dehradun, pioneering the innovative use of recycled flowers to create beautiful textile prints. Since our inception in 2020, our journey has been both exhilarating and educational. Our mission is to make a sustainable impact through fashion, redefining the industry with our eco-conscious approach.

At the heart of our vision is the transformation of floral waste into wearable art, reducing environmental impact while fostering creativity. We are proud to have received recognition from the state government for our efforts, which are shaping positive changes in our society. This acknowledgement fuels our passion to continue pioneering sustainable practices in the world of fashion. We're excited about what lies ahead as we forge ahead on this impactful journey.

What inspired you to start your journey in the Handloom / Textile export industry?

As a graduate from NIFT in the Textile Department, my passion for textiles has driven me to embark on a business venture that not only solves problems but also prioritizes sustainability. This journey is also shaped by my pursuit of a Master's in Social Work, which has inspired me to curate a business that catalyzes social reform through initiatives like women's empowerment, skill development, and sustainability.

“ As a women-driven organization, we are committed to creating value in people's lives through our sustainable practices. we can flourish together and make a meaningful impact towards a more sustainable future.

Alisha Maindoliya, Founder, Mulya Creations



What sets your Handloom / Textile products apart from others in the market?

Our venture is at the cutting edge of innovation, transforming the fashion industry with a unique approach that combines sustainability and social impact. We are pioneering the recycling of flowers to create captivating and distinctive prints, setting new standards for eco-conscious fashion. By utilizing biodegradable fabrics and adopting zero carbon footprint practices, we're not just designing garments; we're fostering a movement towards responsible consumption. This initiative represents a rare intersection of artistry, environmental stewardship, and social change, demonstrating that fashion can be a force for good in the world.

Could you share a significant milestone or achievement that you're particularly proud of?



We began our journey as a startup, and our efforts were recognized when we won the Startup Uttarakhand 2020 competition, receiving an award from the state government. We are proud to be registered under Startup India and Uttarakhand, reflecting our commitment to innovation and entrepreneurship.

Collaborating with esteemed institutions like IIM and partnering with Sewa International, we have made a tangible impact on the interior regions of Uttarakhand. Venturing into exports marked a significant milestone for us, and we eagerly anticipate achieving more such proud moments as we continue to grow and expand our reach.

What were some of the biggest challenges you faced during your journey, and how did you overcome them?

As a first-generation entrepreneur hailing from a tier 3 city, navigating the world of business posed unique challenges. Marketing our venture globally from this setting presented significant hurdles. However, these challenges have fueled our determination to innovate and overcome barriers, proving that location is no constraint to ambition and creativity.



How do you maintain the quality of your Handloom / Textile products to meet international standards?

We are committed to delivering top-quality products that adhere to international standards. Our unique techniques have captivated clients, inspiring collaborative efforts to explore new possibilities within this innovative range. This mutual understanding drives us to continually push boundaries and exceed expectations in our offerings.

Can you share a memorable experience related to building relationships with clients or entering new markets?

Our first international order with our client from Geneva was truly a transformative experience. Collaborating closely with our clients, we gained valuable insights into international quality standards and explored new product developments together. Beyond a business relationship, they became trusted partners and friends, supporting us in expanding our reach to larger and more diverse audiences. This collaborative spirit has been instrumental in our growth and success on the global stage. Currently exporting to USA Market. Further, we are looking forward to supply our products worldwide.

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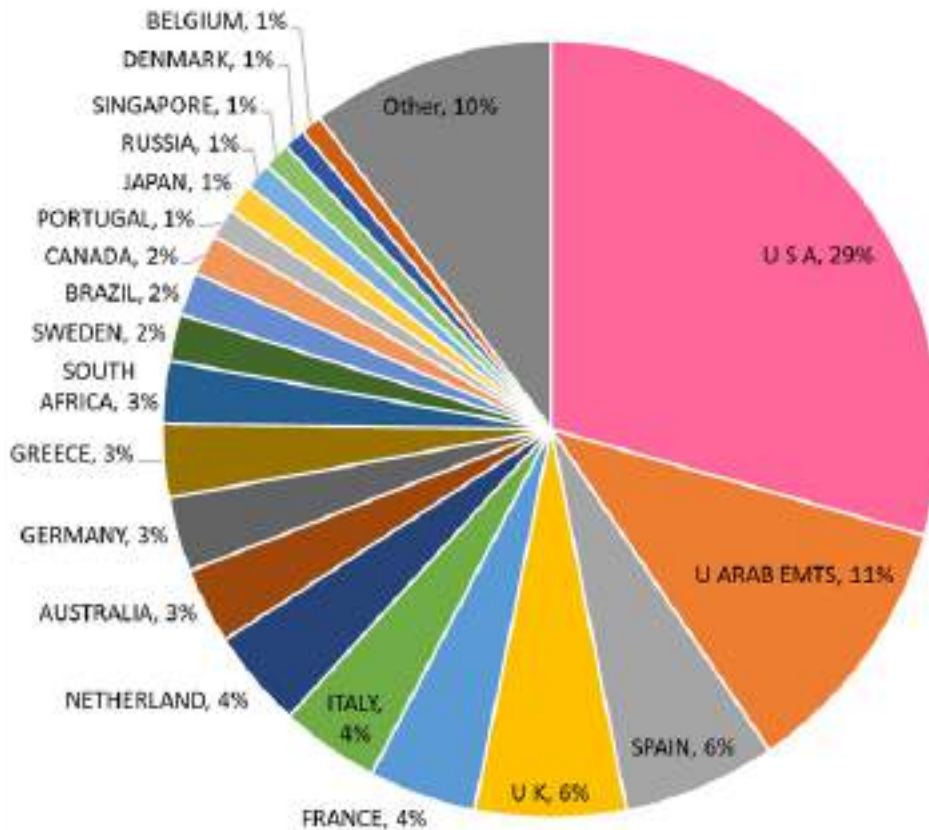
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Country Wise - Handloom Export Data (Top 20) as of April 2023 - Mar 2024

Statistics



Top 20 Countries as of Mar 2024

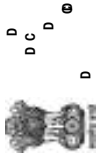
S.No	Country	INR Cr.	USD mn.
1	U S A	337.10	40.71
2	U ARAB EM	127.09	15.37
3	SPAIN	73.24	8.85
4	U K	72.06	8.70
5	FRANCE	51.42	6.21
6	ITALY	47.37	5.72
7	NETHERLA	47.05	5.68
8	AUSTRALIA	36.38	4.39
9	GERMANY	35.73	4.32
10	GREECE	35.04	4.24
11	SOUTH AFI	29.72	3.58
12	SWEDEN	22.50	2.71
13	BRAZIL	20.37	2.46
14	CANADA	19.58	2.36
15	PORTUGAL	14.32	1.73
16	JAPAN	14.10	1.70
17	RUSSIA	13.09	1.58
18	SINGAPOR	12.82	1.55
19	DENMARK	10.42	1.26
20	BELGIUM	10.30	1.24

- ▶ Top 20 countries account for Rs. 1029.71Cr. (90%) of Rs. 1146.33Cr. export during April 2023 – Mar 2024.
- ▶ Top 10 Countries constitutes Rs. 862.48Cr. (75%) of Rs. 1146.33Cr. Export during April 2023 – Mar 2024.
- ▶ The top 10 importing countries of Handloom products from India as of Apr 2023 - Mar 2024 are USA, UAE, Spain, UK, France, Italy, Netherland, Australia, Germany and Greece.
- ▶ Among the top 10 markets, USA account for about 29% market share while Europe countries (Seven including UK) account for about 32% market share followed by UAE (11%) and Australia (3%).

HS code wise Handloom Export for the period April 2022 - Mar 2023 vis-à-vis April 2023 - Mar 2024

S#	Category	HS Code	Products	Apr 2022 - Mar 2023			Apr 2023 - Mar 2024			% growth in terms of rupee	% growth in terms of dollar
				Qty	INR (Cr)	US \$ (Mn)	Qty	INR (Cr)	US \$ (Mn)		
1		50079010	Other Woven Fabrics Of Handloom	678458	71.95	8.96	559394	57.71	6.97	-19.79	-22.19
2		51129050	Other Woven Fabrics Of Cotton	3776	0.24	0.03	714	0.07	0.01	-70.23	-70.91
3		52084121	Sarees Of Handloom	19553	0.39	0.05	40218	0.39	0.05	-1.20	-7.31
4		52084921	Real Madras Handkerchiefs Of Cotton	0	0.00	0.00	0	0.00	0.00	0.00	0.00
5		52085920	Sarees Of Handloom	488125	3.50	0.44	85468	0.60	0.07	-82.97	-83.56
6		52091111	Dhoti, Handloom	250632	2.05	0.25	403466	3.81	0.46	86.46	80.65
7	Fabrics	52091112	Saree, Handloom	145334	1.54	0.19	234670	2.42	0.29	57.13	53.17
8		52091113	casement of handloom	44316	0.20	0.02	66829	0.23	0.03	18.66	15.43
9		52091114	Sheeting (Takia, Leopard Cloth)	121	0.00	0.00	33726	0.12	0.01	12097.11	11935.29
10		52091119	Other Fabrics, Handloom	700330	13.27	1.65	622567	12.35	1.49	-6.89	-9.73
11		52095111	Lungis Of Handloom	634381	8.80	1.10	104214	2.13	0.26	-75.83	-76.64
12		58021950	Terry Towelling And Smil Ter	0	0.00	0.00	0	0.00	0.00	0.00	0.00
	Subtotal			2965026	101.94	12.70	2151266	79.83	9.64	-21.68	-24.06
13		57024230	Carpets, Rugs And Mats Of Handloom	2138335	189.89	23.68	2200214	167.30	20.20	-11.90	-14.70
14	Floor Coverings	57050024	Cotton Durries Of Handloom	7137778	236.29	29.58	5367856	177.36	21.42	-24.94	-27.59
15		57050042	Mats And Mattings Including	4737421	179.56	22.44	3541491	134.88	16.29	-24.88	-27.43
	Subtotal			14013534	605.74	75.70	1109561	479.54	57.90	-20.84	-23.51
16	Clothing Accessories	62141030	Scarves Of Silk, Handloom	1411962	106.06	13.17	1365794	105.96	12.82	-0.09	-2.65
17		62160020	Gloves, Mittens And Mitts Of Handloom	17659	0.16	0.02	24267	0.20	0.02	22.38	19.99
	Subtotal			1429621	106.22	13.19	1390061	106.16	12.84	-0.05	-2.61
18		63022110	Other Bed Linen, Printed: Of Handloom	555216	63.98	8.01	130303	15.97	1.94	-75.04	-75.71
19		63025110	Other Table Linen: Of Cotton	545841	30.76	3.85	255716	17.10	2.07	-44.41	-46.41
20		63026010	Toilet Linen And Kitchen Linen	204050	11.29	1.39	383323	14.10	1.70	24.85	22.55
21		63029110	Other Bed Linen, Table Linen	230941	14.51	1.80	91468	7.20	0.87	-50.37	-51.78
22		63041940	Bed Sheets And Bed Covers Of Handloom	2377165	74.90	9.37	1538622	72.31	8.73	-3.45	-6.84
23		63049211	Counterpanes Of Handloom	3632	0.57	0.07	6566	0.14	0.02	-76.15	-76.64
24		63049221	Napkins Of Handloom	1049670	14.20	1.77	1129860	12.65	1.53	-10.94	-13.63
25		63049231	Pillow Cases And Pillow Slips	942242	24.03	2.99	1372027	33.90	4.10	41.09	37.03
26		63049241	Table Cloth And Table Cover	1464570	50.11	6.25	737911	32.83	3.96	-34.48	-36.60
27		63049281	Cushion Covers Of Handloom	4601597	100.23	12.52	3948235	82.38	9.93	-17.81	-20.65
28		63049291	Other Furnishing Articles Of Handloom	28527987	222.97	27.86	7564229	177.19	21.40	-20.53	-23.21
29		63049991	Other Furnishing Articles Of Handloom	17552	1.66	0.20	29422	2.50	0.30	50.23	48.79
30		63049992	Other Furnishing Articles Of Handloom	150908	11.88	1.49	43262	4.73	0.57	-60.14	-61.63
31		63071030	Floor Cloth And The Like Of Handloom	315428	10.54	1.31	214107	7.79	0.94	-26.08	-28.33
	Subtotal			40986799	631.63	78.89	17445051	480.80	58.06	-23.88	-26.40
	Total			59394980	1445.53	180.47	32095939	1146.33	138.45	-20.70	-23.29

Source



Navigating the Impact of CBAM

Insights for Textile and Garment Exporters

Article

“ Imported goods subjected to Tax in the EU

The EU's Carbon Footprint Mandatory, a tax on greenhouse gas-emitting imported goods, could increase textile and garment product costs, but addressing challenges can mitigate negative economic impacts.

The EU's Carbon Border Adjustment Mechanism (CBAM) proposes taxing high-emissions imports, aiming to prevent carbon leakage, reduce emissions. Textile exporters worry about costs, supply chains, and job losses. While CBAM has benefits, its complexity and trade concerns need addressing, and non-EU countries must prepare to mitigate its impact.

A carbon border tax under the Carbon Border Adjustment Mechanism (CBAM) is a proposed duty on imported goods that emit greenhouse gases (GHGs) during their production process. The proposal is a part of the European Green Deal, a comprehensive plan approved by the European Commission in 2020 with the goal of making Europe the first climate-neutral continent by 2050.

Why is it needed?

The need for a carbon border tax arises from the European Union's target to reduce carbon emissions by at least 55 per cent by 2030 compared to 1990 levels. While progress has been made, with emissions already falling by 24 per cent, there is a concerning trend of increasing emissions from imported goods, which currently contribute to 20 per cent of the EU's CO2 emissions.

The primary objective of the CBAM is to prevent carbon leakage, which occurs when companies relocate their production to countries with less stringent climate policies to avoid the costs associated with carbon emissions. The mechanism aims to achieve this by imposing a tax, the Carbon Border Tax (CBT), on imported goods that emit greenhouse gases. By increasing the cost of importing such goods, the CBAM incentivises companies to produce them within the EU instead, promoting sustainable production practices.

Furthermore, it aims to level the playing field for EU businesses, which are already subject to the EU Emissions Trading System (ETS) which is a cap-and-trade system that sets limits on the total amount of greenhouse gases that businesses in the EU can emit. Companies exceeding their emission limits must purchase allowances from companies that have emitted less. The CBAM will impose a similar cost on imported goods, ensuring that EU businesses are not at a competitive disadvantage.

Another important aspect is its potential to reduce emissions. By making the importation of greenhouse gas-emitting goods more expensive, the CBAM encourages businesses to adopt more sustainable production methods within the EU. This, in turn, can lead to a reduction in emissions associated with the production of these goods.

How will it work?

The EU border tax will be implemented gradually over a period of four years, commencing in October 2023. Initially, it will apply to a limited range of goods, including iron and steel, cement, aluminium, and electricity. However, the coverage of goods subject to the CBAM will be expanded progressively. Importers of goods falling under the CBAM will be required to provide a declaration regarding the amount of greenhouse gases (GHGs) emitted during the production of those goods.

The European Commission will then calculate the CBAM payment based on the weekly average auction price of EU ETS allowances, which is expressed in euros per metric ton of CO₂ emitted. Importers will need to surrender a corresponding number of CBAM certificates as proof of payment. Finally, the revenue generated from the CBAM will be utilised to support the climate objectives of the European Union. This approach aims to ensure that imported goods are subject to a cost that reflects their associated carbon emissions, similar to the cost borne by EU businesses under the EU ETS. By implementing this mechanism, the EU intends to incentivise imported goods to adhere to the same climate standards as those applied within the EU.

Why is it worrying textile and garment exporters?

The EU's CBAM is set to create significant repercussions for textile and garment exporters. Under the CBAM, imported goods in the sector that emit greenhouse gases (GHGs) during production will be subjected to a tax. As a result, selling textile and garment products in the EU will become more expensive for exporters, who will be responsible for paying the tax on the associated carbon emissions.

The impact of the CBAM on textile and garment exporters, however, will depend on various factors, including the carbon intensity of their production, compliance costs, and alternative market options. Nevertheless, it is expected that the CBAM will result in higher prices for these products in the EU, potentially leading to reduced demand and subsequent job losses in exporting countries. One of the primary concerns of textile and garment exporters is the increased cost burden the carbon border tax will impose on their products in the EU market. As the tax applies to goods imported into the EU, which often involve energy-intensive processes, it could hinder the competitiveness of these exporters compared to the European businesses.

Another worry for textile and garment exporters is the potential impact on their supply chains. Many products in this industry are manufactured in countries with less stringent climate regulations, leading to higher emissions during production. The carbon border tax could make it more costly for exporters to source products from these countries, further complicating supply chain dynamics. Job losses in the textile and garment industry is another significant concern. Given that the industry is a major employer in many countries, the carbon border tax could prompt businesses to relocate to countries with lower production costs, impacting the economies of exporting nations.

In response to these concerns, the textile and garment industry is urging the EU to reconsider the carbon border tax, citing its perceived unfairness and detrimental impact on both the industry and economies. The industry has also called for EU support in emission reduction efforts. Additionally, textile and garment exporters from developing economies fear that the carbon border tax could be utilised as a protectionist measure by the EU, making it even harder for them to compete with European businesses, despite their ongoing emission reduction measures.

While the EU is considering the concerns of the textile and garment industry, it remains committed to addressing climate change. Therefore, the implementation of the carbon border tax is likely to continue, albeit with potential support measures to aid the industry in reducing emissions. On the other hand, given the complexity and potential implications of the CBAM, it is crucial for textile and garment exporters to comprehend its effects and take proactive steps to mitigate the tax's impact. This could involve investing in more efficient production methods, transitioning to renewable energy sources, or diversifying export markets.

The way ahead

The future of the CBAM is characterised by potential benefits and challenges. On the positive side, the CBAM can effectively increase the cost of carbon-intensive imports, leading to a reduction in carbon emissions. It also has the potential to level the playing field between companies subject to carbon pricing and those that are not, while promoting the development of clean energy technologies. However, the CBAM also presents challenges that need to be addressed. Its implementation could prove complex and challenging, and there is a risk of it being perceived as discriminatory or resulting in carbon leakage. Additionally, some businesses and consumers may oppose the CBAM due to the potential impact on prices and trade. Considering the complex nature of the CBAM, its future direction will depend on several factors. Countries outside the EU can prepare for its impact by gaining a comprehensive understanding of the policy, assessing their exposure to it, and developing mitigation plans.

This may involve adopting their own carbon pricing systems, investing in clean energy technologies to reduce emissions, or engaging in trade negotiations with the EU to address concerns related to carbon leakage. By proactively addressing the challenges and opportunities presented by the CBAM, countries can position themselves better to navigate its impact and potentially minimise any negative consequences on their economies.

The EU's Carbon Border Adjustment Mechanism (CBAM) proposes taxing high-emissions imports, aiming to prevent carbon leakage, reduce emissions. Textile exporters worry about costs, supply chains, and job losses. While CBAM has benefits, its complexity and trade concerns need addressing, and non-EU countries must prepare to mitigate its impact.

Source

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Other Meetings



Dr. M.Sundar, Joint Director, HEPC participated in panel session on 14th May 2024 in the National Workshop for deliberating the scope of "Export Marketing of Handicraft and Handloom Products of Self Help Groups (SHGs)" organized by NIRDPR Delhi Branch (Under Ministry of Rural Development) at India Habitat Centre, New Delhi.



Council Participated in Webinar on better access for air cargo imports to Brazilian markets organised by Embassy of India, Brazil on 20th May 2024.





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