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NEWS CLIPPINGS

	NATIONAL NEWS
1	Yarn prices surge in India as supplies fail to match demand, inventories dry up
2	WTO: India frequently changing tariffs creates trade uncertainties
3	Shri Piyush Goyal describes Quality & Productivity as two very important legs on which the future of Indian industry will stand
4	Indian economy riding against COVID wave: finance ministry
5	Govt eases custom compliance, security requirements for MSMEs with relaxed AEO accreditation process
6	Indian ministry seeks government views on logistics policy
7	Recover increasing production
8	Employment of skilled workers: Cabinet approves MoU between India and Japan

INTERNATIONAL NEWS

The EU China deal means India needs to focus on its own FTA and fast

Seven years and 35 rounds of negotiations between the European Union and China finally culminated in the Comprehensive Agreement in Investments (CAI). The deal was announced by the two signatories this week, opens the Chinese market further to EU investors.

German Chancellor Angela Merkel played a key role in finalising the deal before the rotating EU presidency went to Portugal. Days before a new administration takes charge in Washington, this is a significant diplomatic achievement for Beijing.
Deal with strategic significance

The importance of the accord between the two economic heavyweights cannot be underestimated. As per estimates, EU-China bilateral trade in 2019 was over $630 billion. Bilateral investments in the last 20 years were about €260 billion — EU companies have invested more than €140 billion in China, and Chinese FDI in the EU is about €120 billion.

The accord expected to come into force in early 2022, indicates the bloc's determination to focus on economic opportunities in Asia despite large scale criticism of Beijing's human rights. For the EU, it could also mean mudding its relationship with the new US administration, which had urged Europeans to consult them over China's economic practices.

Indeed, the CAI is not an FTA. But it will serve an important tool to open Chinese market for EU companies. As European Commission president Ursula von der Leyen points out the deal "will provide unprecedented access to the Chinese market for European investors". The Global Times editorial calls it "a New Year gift from China and the EU to the whole world" and "a portrayal of the two sides' common strategic courage."

For EU nations, the deal gives access to Chinese market for foreign investors across sectors. Moreover, it also tackles underlying Chinese policies which Europe and the US feel distorts market in favour of China with its industrial subsidies, state control of enterprises and forced technology transfers.

China gains geopolitically as it becomes more mainstream and may limit risks resulting from a tougher EU stance on Chinese investments in Europe. It also strengthens their longstanding call to begin negotiations on a FTA with the EU, which has insisted on an investment deal first. What's more the CAI, linked with the Regional Comprehensive Economic Partnership (RCEP), is an opportunity the EU could not ignore easily.

The CAI will put in place a single EU-China investment framework replacing 25 bilateral investment treaties. Under the CAI, China has offered comprehensive commitments in manufacturing, particularly in transport, chemicals, as well as telecommunication and health equipment. It has eliminated or phased out joint venture requirements or equity caps in the automotive sector, banking, insurance, securities and asset management. The real estate services, rental and leasing services, advertising, market research, management consulting and translation services, cloud services are all opened.

Of course, the deal still has to be passed by the European Parliament, where it could face some objections due to China's human-rights record. However, the buzz is the deal incorporates a Chinese pledge on labor standards meant to address human rights concerns, including a ratification of related United Nations-backed conventions.

India angle

Of course, the upcoming Portuguese presidency of EU has put relations with India on priority. However, India will need to focus anew on its EU strategy given that FTA negotiations are in the cold storage since 2013.

With liberal investment opportunities in Chinese market, 'decoupling' from China narrative will become weaker in Europe. Beyond geopolitics India will need to make its market more attractive for European companies, including a serious intent of signing FTA.

Source: fashionatingworld.com– Jan 06, 2021

HOME

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£4.6 bn in new lockdown grants to support UK businesses

British businesses in the retail, hospitality and leisure sectors will receive a one-off grant worth up to £9,000, chancellor of the exchequer Rishi Sunak has announced. This follows Prime Minister Boris Johnson's recent announcement that these business will be closed until at least February half-term to help control the novel coronavirus.

A £594-million discretionary fund has also been made available to support other affected businesses, an official release said.

All this comes in addition to £1.1 billion further discretionary grant funding for local authorities, Local restriction support grants worth up to £3,000 a month and extension of the furlough scheme.

The cash is provided on a per-property basis to support businesses through the latest restrictions, and is expected to benefit over 600,000 business properties, worth £4 billion in total across the United Kingdom.

Source: fibre2fashion.com– Jan 06, 2021

HOME

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Marks & Spencer Pledges to Avoid Xinjiang Sourcing

Marks & Spencer formally committed Wednesday to keeping its sourcing activities away from China's embattled Uyghur-heavy region.

A coalition of 72 Uyghur rights groups and more than 100 civil society organizations and labor unions—including the Clean Clothes Campaign, Worker Rights Consortium and Anti-Slavery International—issued its "Brand Commitment to Exit the Uyghur Region" call to action in July. By signing on, companies would agree to cut all ties with suppliers implicated in forced labor and end all sourcing from the Xinjiang Uyghur Autonomous Region, from cotton to finished garments, within 12 months.

M&S became one of the first companies to formally sign the agreement, it announced Wednesday. The British retailer claimed it already does not work with any supplier in or source from Xinjiang and that it is committed to tackling indirect supply risks.

“At M&S, sourcing ethically and sustainably is core to how we do business and the promise we make to our customers, that’s why we do not source cotton from Xinjiang,” Richard Price, managing director of clothing and home at M&S, said in a statement. “When it comes to sustainable and ethical clothing, we can only achieve real change at scale by working with others, which is why we are proud to be formally supporting the coalition and providing additional assurance to our customers they can purchase from M&S with confidence.”

Every factory M&S works with is independently audited at least once a year, it said, with follow-up visits from a team of 19 individuals who together have more than 275 years of experience in ethical trading. Furthermore, the retailer lists all its suppliers on an online interactive map with information on more than 800 factories covering more than 700,000 workers.

“We welcome the leadership shown by Marks & Spencer today to commit publicly to the call to action, providing assurance to its consumers that M&S products will not be linked to the abuses of Uyghurs,” Jasmine O’Connor, CEO at Anti-Slavery International, said in a statement. “The call to action sets out a clear path of action for brands to follow in line with the UN Guiding Principles on Business and Human Rights and we call upon other major brands to follow suit with M&S and commit to the call to action urgently.”

The Chinese government is believed to hold at least 1.8 million Uyghurs, Kazakhs and other Turkic Muslim minorities in internment camps and prisons as part of a broader campaign of coercion, torture and indoctrination. A December report from the Center for Global Policy think tank indicated that more than half a million ethnic minority workers in China’s Xinjiang Uyghur Autonomous Region are forced to pick cotton by hand through a state-sponsored labor transfer and “poverty alleviation” scheme.

Xinjiang produces 85 percent of China’s cotton, which in turn accounted for more than 22 percent of the world’s supply in fiscal year 2019. Roughly one in five cotton garments sold globally contains cotton or yarn from Xinjiang, the Coalition to End Forced Labour in the Uyghur Region said, adding that “virtually the entire apparel industry is tainted by forced Uyghur and Turkic Muslim labour.”

Late last month, the Fair Labor Association prohibited the sourcing and productions of goods, whether directly or indirectly, from Xinjiang. The multi-stakeholder initiative counts Adidas, Fast Retailing, Gildan, Hanesbrands, Lululemon, Nike, Patagonia and Under Armour among its affiliates. Several of these brands are listed on the End Uyghur Forced Labour coalition's website as companies the coalition is concentrating its advocacy efforts on. Both Adidas and Nike have denied selling products made with forced labor from Xinjiang.

The U.S. House of Representatives overwhelmingly passed a law designed to end the use of Uyghur labor in corporate supply chains by a 406-to-3 margin in September. The Uyghur Forced Labor Prevention Act, which would ban all imports with content from Xinjiang unless the brand importing the product could prove it was not made with forced labor, has not yet passed through the Senate.

In December, the End Uyghur Forced Labour coalition announced it had written to 17 companies, including Adidas, Amazon, Apple, Campbell Soup, Coca-Cola, Gap, Heinz, Inditex, Kohl's, L Brands, Nike, Nordstrom, PVH, Ross, Target, TJX and Walmart, to demand "they come clean about their stance" on the proposed law. According to The New York Times, Nike and Coca-Cola are among the companies lobbying to weaken the bill.

Also last month, the United States Customs and Border Protection announced a Withhold Release Order blocking imports of all products containing cotton produced by the Xinjiang Production and Construction Corps (XPCC). The XPCC is a Chinese government paramilitary organization that produces one-third of China's cotton, employs 12 percent of Xinjiang's population and generates 17 percent of the region's gross domestic product.

"The ban on XPCC cotton products raises the stakes for global retailers and brands to disentangle their supply chains from Uyghur forced labor," Allison Gill, forced labor program director at Global Labor Justice–International Labor Rights Forum, said in a statement. "But for companies to have Uyghur forced labour-free products, companies need to stop back-channeling to kill legislation and affirm their own standards by signing the call to action and divesting from supply chains using Uyghur forced labour."

Source: sourcingjournal.com– Jan 06, 2021

HOME

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Garment unit inaugurated in Sri Lanka's Puttalam district

A garment factory to train and employ over 400 youths in Sri Lanka's Puttalam district was inaugurated on January 1 in Karamba in Puttalam under a project under President Gotabaya Rajapaksa's 'Gama Samaga Wedapola' (workplace within the village) initiative. It was set up by the Presidential Task Force on Economic Revival and Poverty Eradication.

The task force was set up in April last year to revive the economy and eradicate poverty while paying special attention to the challenges posed and opportunities that emerged in Sri Lanka in the wake of COVID–19 outbreak.

There is scope for expansion of the factory to accommodate a maximum of 1,000 youths from the district, according to a report in a Sri Lankan newspaper.

Source: fibre2fashion.com– Jan 07, 2021

HOME

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Cambodian PPSP signs land lease contract with PRC's Marvel

The Phnom Penh SEZ Plc (PPSP) recently signed a lease agreement for an additional 3.7 hectares of land with Chinese knitwear manufacturer Marvel Garment. PPSP chairman Tan Kak Khun signed the deal last month with Yan Delin, general manager of Marvel Garmen, the local arm of leading Chinese clothing manufacturer Shenzhou International Group Holdings Ltd.

PPSP is behind the Phnom Penh Special Economic Zone (PPSEZ), an industrial park in Kambol district's Kantaok commune on the outskirts of the capital.

As more production lines are completed, Marvel Garment has stressed its urgent need to increase its pool of workers from 3,000 early in October to 6,000 soon, a PPSP press release said.

Marvel Garment is stepping up preparations of dormitories and surrounding facilities to accommodate its target of 10,000 workers by the end of the year, PPSP said.

PPSP on December 21 broke ground on a new rental warehouse which is expected to be operational in July. Construction is slated to be completed in seven months.

Source: fibre2fashion.com– Jan 07, 2021

HOME

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Iran: Garment exports stand at over $40m in 7 months

Majid Nami also mentioned the exit of foreign brands of clothing from the country in the past two years, as well as the government's decision to ban the import of clothing, which provided a great opportunity for Iranian producers.

Nami has previously announced that the production of garments in Iran increased 70 percent during the first eight months of the current Iranian calendar year (March 20-November 20, 2020), compared to the same period of time in the past year.

He said the ban on foreign brands import and the closure of borders due to the spread of the coronavirus and the reduction of smuggled garments have contributed to this success.

Since the beginning of this year, garment production has fluctuated, but in general, the production situation has been satisfactory for the producers, he stated.

“Today, the share of Iranian brands in the market has increased significantly compared to the last year”, Nami underscored.

As announced by the spokesman of the Islamic Republic of Iran Customs Administration (IRICA), Ruhollah Latifi, Iranian garments are exported to Iraq, Kuwait, Australia, Armenia, Azerbaijan, Uzbekistan, Russia, Afghanistan, Pakistan, Turkmenistan, Kyrgyzstan, Germany, Korea, Japan, UAE, UK, Venezuela, Ivory Coast, Italy, Turkey, Canada, Qatar, Oman, Nigeria, Switzerland, Pakistan, Georgia, Spain, and Denmark.

According to the chairman of Tehran’s Union of Garments Manufacturers and Sellers, domestic units are supplying 70-80 percent of the requirement for clothing inside the country.

“After the ban imposed on the imports of clothing, domestic units are taking all endeavors to boost the quality and quantity of their products in a way that we saw no shortage in clothing market before the new year holiday (early March),” Abolqasem Shirazi has said.

Source: tehrantimes.com– Jan 06, 2021

HOME

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Orders increase but raw material sourcing still an issue for Vietnam

Export-oriented garment units in Ho Chi Minh City have seen a spurt in orders in the fourth quarter of 2020, especially from the US. While this is good however, rising prices have meant raw materials have become scarce, and costs have increased 15-20 per cent in associated industries like packaging, adhesive tapes and chemicals, leading to rising production costs and lower profits. In fact for many enterprises revenue just about covers their costs.

The Vietnam Textile and Apparel Association (VITAS) states, the country’s garment and textile industry imports raw materials, including yarn, fabric, and auxiliary materials, mainly from China. Fabric imports account for nearly three-fifths of the total imports of $13.5 billion in 2019, and fibre imports 55 per cent.

With new free trade agreements (FTAs), Vietnam can use raw materials from many countries, as companies have been using raw materials from China for a long time, they reportedly become passive in raising production when orders rise due to scarcity of raw materials. Moreover, raw materials from India, South Korea and European nations do not match either in quality or prices with China.

As per VITAS in 2020, demand from Europe and the US decreased 45 per cent and 40 per cent respectively for garments, and 27 per cent and 21 per cent for footwear. In future, the country’s garment and textile industry is expected to face difficulties when supply of raw materials is inadequate and imbalanced, and there is a blockage in the phases of weaving and dyeing.

Source: fashionatingworld.com– Jan 06, 2021

HOME

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Store closings to continue in 2021

COVID-19 accelerated the rationalization of retail's over-stored environment and the pace of closures isn't expected to slow down. "We're not done yet. It's going to get tougher. When the volume of purchases drops dramatically after Christmas, the expenses remain," Terry Lundgren, Macy's former CEO, told CNBC. He says retailers who have a weak balance sheet today aren't going to get relief in January.

On the upside, there will be opportunities to grow again, green shoots, from that perspective of store closures and that would be soon, Lundgren added. Before the pandemic, expansion of online shopping had dragged down in-store traffic, while during the pandemic accelerated online shift and decimated in-store selling for many retailers.

As much as 40 major retailers have filed for bankruptcy and more than 11,000 store closures were announced in 2020. US retail sales of apparel and accessories fell 30 per cent year on year from January through October that may lead to substantial store closure announcements and bankruptcy filings.

It really comes down to how long COVID persists and if we see vaccine roll out and a lot of cases come down, people start shopping more, that will alleviate some strain on the retail sector.

Source: fashionatingworld.com– Jan 06, 2021

HOME

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Bangladesh RMG Sector Is Looking Past 'Production and Profit'

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has released its first sustainability report, detailing the country's apparel sector's moves to become more environmentally conscious and socially responsible in a sourcing landscape that is rapidly changing.

BGMEA president Dr. Rubana Huq believes that the businesses that thrive in 2021 will broaden their focus beyond "production and profit," and instead look to "measure and manage the impacts of a business or industry on people and planet and accordingly set goals to perform better in the coming days."

Social change

The ready-made garment industry in Bangladesh, which was established in the early 1980s, has burgeoned into a $34-billion business employing roughly 4.1 million people—about 65 percent of whom are women, Huq said. The garment sector represents 84 percent of the country's export business, with primary destinations for apparel products being North America and Europe.

While Bangladesh's apparel sector was on an upswing during the period of BGMEA's reporting, which ended in 2019, the sector has since endured a pummeling by the coronavirus, as well as the brand partners that pulled out of contracts and canceled orders in its wake. The BGMEA estimated that the country would see an "irrecoverable loss" of $5 billion by the end of 2020. Jordanian apparel factories announced a plan to take on 12,000 new workers from Bangladesh over the course of 2021, in an effort that will be fully funded by the private sector.

The BGMEA aims to continue to foster this growth, the report said, while protecting workers' rights through partnerships with the International Labour Organization (ILO) and other global groups. The cooperation aims to empower workers to advocate for their rights through collective bargaining and to help them gain access to financial aid and other services to keep their families out of poverty.

The group, which boasts more than 4,600 member factories, has various facilities to support the apparel workforce, including 12 health care centers for workers and their families, along with five schools for the children of garment workers. The group provides insurance coverage to apparel workers, along with paid parental leave.

Education will prove important for the sector in the coming years, the BGMEA alleged. According to the Asian Productivity Organization (APO) database's 2018 numbers, the average hourly productivity for a Bangladeshi garment worker is $3.40—the lowest rate of its global competitors from China, Myanmar, Vietnam, India and Pakistan. That's because the country's millions of workers hail from mostly underprivileged backgrounds and have not received an education that would foster their ability to improve their skills or efficiency, the BGMEA said. The group has invested nearly $15 million in upskilling workers since 2014.

Bangladesh has also had to address rampant and persistent safety issues in its factories, with the BGMEA characterizing the country's rise to prominence in garment production as "not rosy." A major structural collapse at the Rana Plaza factory in Dhaka in 2013, which killed more than 1,000 garment workers, triggered a move by manufacturers to embrace more stringent safety standards and practices. Each of the country's factories spent an average of more than $600,000 for remediation work since the disaster, BGMEA said.

Safety platforms have also been put in place by the Bangladeshi government, as well as by global brands and the ILO, that have prompted 3,800 of the country's export-oriented garment factories to be inspected for building, fire and electrical safety—and inspection and remediation reports are posted on a publicly accessible forum to ensure transparency.

Sustainability

The BGMEA has also taken a firm stance on sustainability in recent years, Huq added, as the fashion industry grows more conscious of its impacts on the world's ecology. The group has looked to international stakeholders like the United Nations and the International Finance Corporation (IFC) in pursuing standards for Bangladesh's garment supply chain, and signed onto the UN's Framework Convention on Climate Change (UNFCCC), with the promise of reducing greenhouse gas emissions by 30 percent by 2030.

According to the BGMEA, Bangladesh now boasts the highest number of Leadership in Energy and Environmental Design (LEED) green garment factories of any country—an effort that was driven as much by the desire to reduce ecological impact as the need to ensure worker safety in these workplaces. Bangladesh has more than 140 green buildings so far, and more than 500 factories are in the pipeline to receiving certification. LEED-certified buildings use up to 40 percent less energy than conventional buildings and make use of renewable energy, and are constructed with lesser negative impacts than typical projects.

With Germany being a primary market for Bangladesh's apparel exports, the BGMEA signed onto the Green Button Initiative—a state-owned certification program that investigates the sustainable properties of garments—on behalf of its members.

“BGMEA and its member factories are very much in line with the climate change mitigation and environmental pollution control targets of both the government and the buyers,” it wrote, adding that it recognized that sustainable production “will attract more buyers in ready-made goods sector and will contribute to the growth of export.”

To ensure that its members continue to advance when it comes to sustainability, the organization advocates for new collaborative policies through its associations with NGOs, donors and buyers. In 2019, BGMEA formed the Ready-Made Goods Sustainability Council (RSC) with other industry stakeholders, which works to improve the factories’ environmental performance and coordinate projects with global partners.

The group has also been pushing Bangladesh’s government to implement policies to support technology upgrades in the apparel industry, with some success. In 2020, the Bangladesh Bank has agreed to a funding program for the textile and ready-made goods industries, dubbed the Technology Upgradation Fund (TUF), which gives factories low-interest loans to help upgrade machinery, systems and software to help automate certain processes and improve efficiency—ultimately curbing waste.

BGMEA wrote that it is also working with industry insiders and local governments to advance water conservation initiatives to better manage use of the resource. Chemical management guidelines for the industry are in development with the help of the chemical engineering department of the Bangladesh University of Engineering Technology (BUET).

“While doing business we should not forget its impacts on people and planet,” Huq wrote, adding, “If there is no planet, there are no people.”

“This understanding drives our commitment to sustainability and take actions in line with that,” she said, adding that BGMEA will continue to take action within the industry to “transform lives for the better.”

Source: sourcingjournal.com– Jan 06, 2021

HOME

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Pakistan: New textile policy envisions trillion-rupee subsidies for exporters till year 2025

The government is set to unveil an ambitious Textile and Apparel Policy 2020-25 laden with cash subsidies and lower rates on utilities worth Rs960 billion to boost production and exports of value-added textile products.

The proposed policy, which will be the third such policy, estimates three scenarios that the measures will lift the textile and clothing exports to a minimum of $15.7bn and a maximum of $20.8bn by end of the year 2025.

Well-placed sources told Dawn that the Federal Board of Revenue (FBR) has sought one week's time to analyse the revenue implications of the proposed measures under the policy. One of the major recommendations of the textile division is the restoration of the zero-rated regime for the five export-oriented sectors. The facility was withdrawn in the year 2019.

The FBR will take up the issue of zero-rated regime revival with the International Monetary Fund," the sources said, adding the stakeholders also want its revival to cope with the impact of Covid-19.

The FBR has claimed to have processed the highest-ever refunds of the industry. In the last two years, the government paid Rs97bn in pending liabilities of previous governments, while the previous two governments only paid Rs68bn.

The policy is laden with measures to tackle issues confronting the textile sector amid Covid-19 that has resulted in supply chain disruptions, affected global prices of commodities hitting trade adversely, while also addressing the issues of the withdrawal of SRO-1125 and cost of doing business.

Furthermore, the policy should attract domestic and foreign investment in the textiles value chain and the development of value-added sectors, with a prime focus on small and medium enterprises (SMEs). However, the incentives only focus on reducing the cost of doing business in existing industries and no specific link is proposed to either enhance exports or expand production lines.

The past policies only subsidised export proceeds instead of widening the production line. Currently, the textile and clothing industries are operating at full capacity to meet buyers' demands.

Under the policy, the government has proposed an amount of Rs200bn to subsidise electricity supply to the export sectors for the next five years. The electricity will be provided at cents 9/kWh. Similarly, an amount of Rs150bn will be allocated for providing gas at a concessionary rate to the industry.

The government will provide RLNG at $6.5/mmBtu and system gas at Rs786/mmBtu during the next five years. It has been proposed to allocate Rs400bn for payment of Drawback of Local Taxes and Levy (DLTL) scheme, which is simply a cash subsidy on exports proceeds from the country.

Currently, the government provide cash subsidy under the DLTL which was launched by the previous government.

It was also decided in principle that to bring no change in the existing Export Finance Scheme (EFS) and Long Term Financing Facility (LTFF) schemes. It is proposed to allocate an amount of Rs200bn to ensure short-term credit availability and long-term finance facility to exporters.

It is also under consideration to revive LTFF and refinance scheme for SMEs and indirect exporters. Textile machinery and spare parts, accessories, dyes, and chemicals will also be included in LTFF schemes of the State Bank of Pakistan.

Similarly, a brand development fund will be launched besides revitalising Pakistan Textile City Ltd (PTCL) and Karachi Garment City Ltd (KGCL). Special Economic Zone (SEZ) status will be granted to PTCL and KGCC as well.

International buying houses will be consulted to develop an incentive package to encourage them to open offices in Pakistan. The Ministry of Commerce will formulate an aggressive road map to get market access to developed and developing economies.

The mass level training -programme will be launched specially for industrial stitching and mostly for women. Measures also -proposed to promote marketing strategy.

The first-ever E-Commerce Policy is under implementation phase, and this will provide open access to textile manufacturers/exporter to tap available business opportunities across the globe. Amazon has already started registering Pakistani manufacturers and exporters including textiles.

The previous two Textile Policy 2009-14 and 2014-19 was formulated with the aim of enhancing exports to $25bn and $26bn, respectively. The targets set were ambitious and it could only remain on papers.

For achieving these targets, the financial commitment of Rs188bn for the first policy and Rs65bn for the second policy was made by the government. However, the commitments were not fulfilled, and timely payments were not doled out in the financial support schemes.

Source: dawn.com– Jan 07, 2021

HOME

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Pakistan: Value-added, non-traditional products push up exports

An increasing trend has been witnessed in the export of value-added and non-traditional products that helped in increasing Pakistan's exports last month.

Exports of value-added and non-traditional products have increased including Tobacco & Cigarettes (212.2 per cent), Ethyl Alcohol (128.6 per cent), Stockings & Socks (49.8 per cent), Home Textiles (38.1 per cent), Women's Garments (37.8 per cent), Jerseys & Cardigans (37.3 per cent), Gloves (25.5 per cent), T-shirts (16.9 per cent), Rice (15.5 per cent) and Fruits & Vegetables (13.4 per cent) as compared to December 2019.

According to the data of Ministry of Commerce, Pakistan's exports in December 2020 have increased by 18.3 per cent to $2,357 million as compared to $1,993 million in December 2019, showing an increase of $364 million. This is the highest export ever in December. According to the ministry decreasing trend was noted in the export of mostly non-value-added products like Cotton (-93.3 per cent), Dry Fruit & Nuts (-78.5 per cent), Maize (-61.2 per cent), Plastics (-41.4 per cent), Cement (-8.5 per cent) and Raw Leather (8.5 per cent).

Exports increased to Indonesia (151.6 per cent), China (92.5 per cent), Russia (63.2 per cent), United Kingdom (46.9 per cent), Germany (37.6 per cent), Netherlands (37.5 per cent), Belgium (32.8 per cent), Australia (30.5 per cent), Poland (27.9 per cent) and the United States (27.2 per cent). There was a decrease in exports to Kenya (-40.5 per cent), South Korea (-38.8 per cent), Thailand (-24.0 per cent), Japan (-2.3 per cent), Bangladesh (-20.3 per cent), Sri Lanka (-19.9 per cent), United Arab Emirates (-10.5 per cent) and Afghanistan (-5.1 per cent).

Export data for the period July-December 2020 showed that the exports increased by 4.9 per cent, from $12,104 million as compared to $11,533 million during the same period last year. This is despite the uncertainty and contraction in Pakistan's major market caused by the COVID-19 pandemic.

During July-December 2020, the exports of value-added and non-traditional products increased especially in Clothing Accessories (242.3 per cent), Food preparations (120.9), Tobacco & Cigarettes (84.5 per cent), Tents & Canvas (57.5 per cent), Jerseys & Cardigans (33.1 per cent), Stockings & Socks, (27.2 per cent), Pharmaceuticals (25.1 per cent), Women's Garments (22.2 per cent), Home Textiles (16.1per cent), Ethyl Alcohol (14.1 per cent) and Textile Made-up (8.9 per cent) as compared to the same period last year.

As compared to the same period in the previous year, during July-December 2020, the export decrease was observed in mostly non-value-added products, such as Cotton (-96.1 per cent), Maize (-47.3 per cent), Raw Leather (-30.8 per cent), Cotton yarn (-26.0 per cent), Cotton Fabric (-7.8 per cent) and Plastics (-6.1 per cent).

During July-December 2020, Pakistan's Top ten markets based on export growth are Philippines (39.7 per cent), Indonesia (39.2 per cent), Denmark (22.8 per cent), United Kingdom (20.8 per cent), Australia (19.1 per cent), United States (18.4 per cent), Poland (16.3 per cent), Germany (15.1 per cent), Netherlands (12.9 per cent) and China (7.5 per cent) as compared to the same period last year.

The markets showing declining exports in the July-December 2020 were Thailand (-46.9 per cent), Yemen (-45.7 per cent), Malaysia (-28.6 per cent), Sri Lanka (-25.9 per cent), United Arab Emirates (-21.9 per cent), Bangladesh (-18.2 per cent), Saudi Arabia (-8.2 per cent) and Spain (-7.4 per cent).

Source: nation.com.pk– Jan 06, 2021

HOME

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NATIONAL NEWS

Yarn prices surge in India as supplies fail to match demand, inventories dry up

Yarn prices, mainly those of cotton yarn, have increased sharply in the last few weeks as inventories dried up and supplies have failed to match demand and spinning mills delayed resumption of their operations across the country.

“For example, yarn of 30s count quoted at Rs 175 a kg during the peak of novel Coronavirus pandemic but now quoting around Rs 250,” said Anand Poppat, a Rajkot-based trader of raw cotton, yarn, and spinning waste.

“Yarn prices have gone up by 10 to 20 percent since spinning mills delayed resumption of operations after being closed for a long time. This led to a mismatch of demand and supply,” said Dr K Selvaraju, Southern India Mill Association (SIMA) Secretary-General.

SIMA is the apex body of textile mills in south India and accounts for nearly 70 percent of India’s total spindle capacity of 46 million. Poppat said there was a sudden rise in demand for yarn from the garment and cloth sectors resulting in the non-availability of stocks. “Initially, prices rose to Rs 220-230 and then periodically by Rs 2 to Rs 5 a kg to current levels,” he said.

Selvaraju said that the supply-demand mismatch cropped up as garment and fabric manufacturers resumed production operations quicker than the spinning sector.

“So, all the yarn inventory with the spinning mills dried up. The other reason why yarn prices have increased is that prices of raw materials such as cotton and man-made fibres have also shot up,” he said, agreeing that yarn prices had also dropped during the peak-COVID period.

According to the SIMA Secretary-General, cotton prices have increased by 30 percent and viscose prices by 25-30 percent.

Raw cotton (kapas) prices had dropped from levels of around Rs 4,500 a quintal to Rs 3,750 last year between March first week and April last week after the Union Government imposed a lockdown to contain the spread of novel Coronavirus (COVID-19).

Though the lockdown was eased since May, most of the industrial units began functioning only in September. Currently, raw cotton prices are quoted between Rs 5,250 and Rs 5,700 a quintal in Rajkot markets in Gujarat, the largest producer in India, against the minimum support price of Rs 5,515.

In terms of ginned or processed cotton, which spinning mills use, prices are currently ruling at Rs 42,800 to Rs 43,200 for a candy (356 kg), up from around Rs 32,000 during the peak-COVID period.

Globally, too, cotton (ginned) prices have recovered more than 50 percent since they slumped to 49 US cents a pound (Rs 28,325 a candy) in March-April. Cotton prices in New York ruled at 80.36 cents a pound (Rs 46,450 a candy) at closing on January 5.

Tiruppur Exporters Association Executive Secretary S Sakthivel said the problem faced by garment producers in Tiruppur, which exports garments worth over Rs 25,000 crore annually, was that of yarn availability.

“Though yarn prices have increased by Rs 30-35 a kg, we are facing problems of supply. Mills are insisting on a cash payment which is adding to our inventory costs,” he said.

Garment makers in Tiruppur have urged the spinning mills and the Ministry of Textiles to ensure that there was no problem in supplying yarn. SIMA’s Selvaraju said that the supply shortage problem was due to panic buying by fabric and garment manufacturers. “There is no problem with day-to-day supply. We have ample cotton supplies to meet demand,” he said.

All the stakeholders in the industry held a meeting on December 25 and they resolved to work with “perfect understanding”. “We told the stakeholders to avoid panic buying,” the SIMA official said.

Spinning mills are working only at 80-85 percent of their capacity since they are facing a shortage of workers. “It will take time for the industry to utilise full capacity. Migrant workers have not returned yet. Even public sector units such as National Textile Corporation mills have not resumed operations,” Selvaraju said.

Attributing the shortage and consequent price rise to inventory building, the SIMA Secretary-General said that the situation would be under control in a month’s time.

"This problem will exist only for a month. Once the mills start running fully, all these issues will be solved," he said, adding that ample supplies of cotton will help them tide over the current situation.

India's had a record 107.50 lakh bales (of 170 kg) carryover stocks from last season (October 2019-September 2020). This season, too, the industry could be left with at least 96.5 lakh bales carryover stocks.

This is on the back of cotton production being estimated at 356 lakh bales this season against 360 lakh bales last season. Exports are projected to be 54-60 lakh bales against 50 lakh bales last season and they are expected to provide some relief.

Source: moneycontrol.com– Jan 06, 2021

HOME

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WTO: India frequently changing tariffs creates trade uncertainties

New Delhi an active user of anti-dumping measures, says report

India's frequent changes in tariff rates and use of other trade policy instruments such as export tariffs and minimum import prices, to manage demand and supply and protect its economy, create uncertainty for traders, the World Trade Organization (WTO) Secretariat has observed in its latest trade policy review of India.

The WTO, in its 175-page report on developments in India's trade policy since the last review in June 2015, said India continues to be an active user of anti-dumping measures and is currently the main user in the WTO.

The seventh review of the trade policies and practices of India, which began on January 6, will continue for three days, till January 8, and will be based on the report by the WTO Secretariat and a second one by the Government of India.

Strong fundamentals

In its report, India said the fundamentals of the Indian economy were strong and this had ensured macroeconomic stability. "During the period under review, the government has focused on carrying out structural reforms and ensuring inclusive growth.

These reforms, along with a host of measures taken by the government after the outbreak of Covid-19, should enable the country to bounce back on its targeted growth path," the report pointed out.

The WTO Secretariat, too, observed that strong economic growth led to an improvement in socio-economic indicators in India, such as per-capita income and life expectancy. It, however, said given India's continued need for better infrastructure, subsidies will need to be reduced and better targeted to free up resources for investment.

On India's use of anti-dumping measures, the report pointed out that during 2015-19 (as of December 2019), India initiated 233 investigations, as opposed to just 82 in 2011-14 (June). "Most of the investigations initiated during the review period relate to products originating in China, followed by those originating in the Republic of Korea and the EU-28," the report said.

The simple average applied MFN tariff (Most Favoured Nation import tariffs applied on all WTO member countries) increased to 14.3 per cent in 2020-21, from 13 per cent in 2014-15. The report said while at the time of the last review, the average tariff had also increased to 13 per cent in 2014-15 from 12 per cent in 2010-11, it was mainly due to an increase in the tariffs affecting agricultural products (36.4 per cent in 2014-15). However, in 2019-20, the increase in average tariff was due to an increase in the average tariff of non-agricultural goods, which rose to 10.8 per cent from 9.5 per cent.

"The Trade Policy in India would continue to endeavour to build synergies with ongoing initiatives, with a strong focus on diversification of exports, and with an aim to properly anchor the elements of foreign trade within a composite approach to economic development," India's report said.

Source: thehindubusinessline.com– Jan 06, 2021

HOME

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Shri Piyush Goyal describes Quality & Productivity as two very important legs on which the future of Indian industry will stand

Minister of Commerce & Industry, Railways, Consumer Affairs and Food & Public Distribution Shri Piyush Goyal today said that Quality & Productivity are going to be two very important legs on which the future of Indian industry stands. Addressing a webinar of Udyog Manthan, he said that we must take forward our journey to build 'Brand India' and make production & services extremely efficient & effective in delivery. Through this, we can serve the world on the strength of our quality & value of our products, he added.

Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry is organizing Udyog Manthan - a marathon of focused sector-specific webinars for promoting Quality and Productivity in Indian Industry in association with Quality Council of India, National Productivity Council, and Industry bodies. It began on January 4, 2021 and will continue upto March 2, 2021.

The webinar series comprising 45 sessions, will cover various major sectors in manufacturing and services. Udyog Manthan will identify challenges, opportunities; draw upon solutions and best practices. It will enable learning across industries and sectors for enhancing quality and productivity to promote 'Vocal for Local' and realizing the vision of 'Aatmanirbhar Bharat'.

Shri Goyal said that Udyog Manthan will be a harbinger of change in the way we work, in our mindset & will truly be remembered for the base that it will set for India to engage as a global player with high productivity & high quality. He said that this webinar series will be taken up with the true spirit that our Industry & Businesses have displayed time to time. This webinar will be considered successful in the actual implementations of the recommendations that come out of the discussions in Udyog Manthan, he mentioned.

Quoting the Prime Minister Shri Narendra Modi who has said “India does not want to merely fill global markets with its products. We want Indian products to win the hearts of people around the world.”, Shri Goyal said that this is possible by adopting the high quality and improving productivity in a big way. He said that it is time that India, which aspires to be an integral part of the resilient global supply chain & aspires to serve markets around the world, also looks at improving the quality standards. He said that a very liberalised FDI framework has been provided for promoting investments in different sectors, including single-brand retail, coal, mining & manufacturing. We are opening up rapidly in a number of sectors & encouraging investment into India, the minister added.

Talking about the Governance transformation, the Minister said that Good Governance, Quick Governance & Transparent Governance are all hallmarks of a good government. In the last few years, the world has seen governance transformation in India into one in which global recognition & trust has been achieved, he added.

Source: pib.gov.in– Jan 06, 2021

HOME

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Indian economy riding against COVID wave: finance ministry

India's finance ministry said in its monthly economic review for December that the country's economy is 'riding against' the COVID-19 wave as reflected in the declining number of new cases as well as a V-shaped economic recovery, but the spread of the new mutation of the virus, first reported in the United Kingdom, poses a key downside risk.

The improvement in the high frequency indicators raises optimism that economic performance will be much better in the second half of the current fiscal.

"The effective management of COVID-19 spread despite the festive season and onset of winter season, combined with sustained improvement in high frequency indicators and V-shaped recovery along with easing of lockdown restrictions distinguish Indian economy as one riding against the COVID wave," the report said.

"The management of the COVID-19 spread has been effective despite the festive season and onset of winter season. The downside risk, however, remains the spread of the UK variant and fatigue from social distancing guidelines," it added.

The economy reported its sharpest economic contraction of 23.9 per cent in the April-June quarter before improving marginally to report a contraction of 7.5 per cent in the July-September quarter.

Source: fibre2fashion.com– Jan 06, 2021

HOME

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Govt eases custom compliance, security requirements for MSMEs with relaxed AEO accreditation process

Trade, Import and Export for MSMEs: The Central Board of Indirect Taxation & Customs (CBIC) in order to promote import and export related ease of doing business among MSMEs with respect to their Authorised Economic Operator (AEO) accreditation has eased the custom compliance and security requirements involved in the process. A circular issued by CBIC's Directorate of International Customs (DIC) in December 2020, noted that "the relaxation has been carried out to ensure that the MSMEs are facilitated through rationalized compliance requirements and minimum but effective security requirements." A copy of the circular, signed by DIC Joint Commissioner Manish Kumar, was seen by Financial Express Online.

AEO is a voluntary programme under the aegis of the World Customs Organization (WCO) SAFE Framework of Standards that aims to secure and facilitate global trade by enhancing international supply chain security and facilitating the movement of goods. Under AEO, a business engaged in international trade is approved by Customs as compliant with supply chain security standards and granted AEO status and certain benefits. "It enables Indian Customs to enhance and streamline cargo security through close cooperation with the principle stakeholders of the international supply chain viz. importers, exporters, logistics providers, custodians or terminal operators, custom brokers and warehouse operators," according to CBIC.

The relaxations made by CBIC, as per the circular issued on December 15, for AEO accreditation for MSMEs included first, relaxing the eligibility requirement of handling a minimum of 25 documents during the last financial year to 10 documents. However, it is subject to handling at least five documents in each half-year period of the preceding financial year. Second, the requirement to have "business activities for at least three financial years preceding the date of application" has been relaxed to two financial years. Third, the qualifying period for legal and financial compliance has been reduced from the "last three financial years" to the last two financial years.

Also, the time limit for processing of T1 and T2 AEO applications for MSMEs has been reduced to 15 working days from one month and three months from six months respectively. The relaxations will apply to MSMEs who have "a valid MSME certificate from the line-ministry. Further, the approved MSME must ensure their continuous MSME status during the validity of its AEO certification, if granted," said CBIC.

AEO certification includes multiple tiers including T1 wherein businesses are verified on the basis of document submission only while in T2, onsite verification is also done apart from document verification. AEO certification allows units for direct port delivery of imports to ensure just-in-time inventory management by manufacturers, the inclusion of direct port entry for factory stuffed containers meant for export by AEOs for AEO T1, T2 and T3, the investigation related to AEO status holder is fast-tracked within six-nine months, dispute resolution related to AEO status holder is completed or adjudicated within six months, and more.

Source: financialexpress.com– Jan 06, 2021

HOME

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Indian ministry seeks government views on logistics policy

The Indian commerce ministry has reportedly sought views of different departments on its proposed National Logistics Policy that aims at enhancing productivity and competitiveness of manufacturers by reducing logistics costs. The development comes at a time when high logistics cost is affecting competitiveness of domestic goods in the global market.

In the last budget, the government had announced that it would come up with a National Logistics Policy.

The proposed policy talks about developing national and state master plans for multi-modal connectivity; formulation of an umbrella national logistics law; comprehensive standards for the sector; and developing information technology applications to provide solutions that include track and trace for trucks.

It also proposes development of short-term training courses for creation of a talented workforce, and promotion of green logistics enterprises and infrastructure.

To improve logistics for international trade, it proposes augmentation of physical facilities and land custom stations, improvement in inter-agency coordination to streamline inspection and testing, they said.

The ministry would seek cabinet approval for the policy, a news agency reported.

Source: fibre2fashion.com– Jan 06, 2021

HOME

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Recover increasing production

Recover, a leading material sciences company and producer of sustainable, premium recycled cotton fibre and cotton fibre blends, is scaling operations through a partnership with Story3 Capital which brings significant funding to the company. The investment will help Recover meet the surging demand from the global fashion industry for recycled fibre.

This strategic partnership will accelerate Recover's efforts to transform the fashion industry by solving one of the world's biggest environmental issues. Story3 Capital brings significant investment, resources, and best-in-class operators to achieve Recover's growth initiatives.

The adverse environmental impact of the fashion industry is staggering, and the industry is lagging behind its climate action commitments and Sustainable Development Goals (SDGs). Cotton is one of the most damaging crops grown, requiring large amounts of water, pesticides, and land. As an example, one t-shirt requires 2,700 litres of water, equivalent to what an average person drinks in three years.

Recover recycles industrial and pre- and post-consumer cotton waste, replacing the need to cultivate cotton, limiting the use of dyes through its ColorBlend system, and reducing textile landfill waste. Through its proprietary technology using a combination of art and science, Recover provides cost competitive, maximum performance fibres for both rotor and ring spinning applications. Per the Higg Material Sustainability Index, Recover's recycled cotton fibre has the lowest environmental impact score in the world.

As a result of the investment, Recover will increase its production to 200,000 metric tons of recycled cotton fibre per year by 2025. This will save nearly three trillion litres of water each year, equivalent to the drinking water consumed by 3 billion people on an annual basis, and allow 500,000 acres of land to be directed away from cotton cultivation for other uses.

Peter Comisar, founder and CEO of Story3 Capital and former partner at Goldman Sachs said, "Recover is uniquely positioned to be the global sustainability leader in cotton recycling by acting as an agent of change within the industry, and quickly becoming the gold standard in closing the loop on fashion."

Ben Malka, operating partner at STORY3 Capital and executive chairman of Recover stated, "We immediately saw the potential to impact the pent-up demand for recycled cotton by scaling production and working with the industry to innovate and migrate to Recover fibres."

Recover is part of a fourth-generation family-owned company with a 70-year long history in textile recycling technology. Under the leadership of the Ferre family, Recover has specialised in creating premium recycled cotton fibre from textile waste using proprietary technology and innovative mechanical recycling machinery.

The fibre is ultimately spun into yarn by supply chain partners and transformed into finished apparel garments and home textiles. Recover has supplied its recycled cotton and cotton blend fibres to illustrious brands such as Wrangler, H&M Group, Tommy Hilfiger, G-Star, The Northface, Billabong and Bonobo.

"My family has been innovating for generations to perfect the Recover process, which is primed to be fashion industry's biggest resource in meeting its sustainability goals," said Alfredo Ferre, CEO of Recover. "We're proud to offer potential partners the highest quality and lowest-impact fibre available in today's market, and we look forward to increasing our sustainability footprint thanks to our partnership with Story3 Capital."

Source: fibre2fashion.com– Jan 07, 2021

HOME

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Employment of skilled workers: Cabinet approves MoU between India and Japan

Japan to grant new residence status to skilled workers in 13 sectors

The Cabinet on Wednesday approved an MoU between India and Japan on a mechanism for cooperation between the two countries to facilitate the employment of skilled Indian workers in 14 specialised sectors in Japan.

"The present Memorandum of Cooperation would set up an institutional mechanism for partnership and cooperation between India and Japan on sending and accepting skilled Indian workers who have qualified in the required skill and Japanese language test, to work in 14 specified sectors in Japan. These Indian workers would be granted a new residence status of 'Specified Skilled Worker' by the Government of Japan," an official statement added.

A joint working group will be set up to look into the implementation of the MoU. "The Memorandum of Cooperation (MOC) would enhance people-to-people contact, foster mobility of workers and skilled professionals from India to Japan," the statement added.

The 14 sectors identified include nursing care, materials processing; industrial machinery manufacturin,; electric and electronic information, construction, shipbuilding and ship-related industries, automobile maintenance, aviation, lodging, agriculture, fisheries, food and beverage manufacturing and the food service industry.

Source: thehindubusinessline.com– Jan 06, 2021

HOME

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