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US 73.04 | EUR 88.68 | GBP 99.88 | JPY 0.70

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INTERNATIONAL NEWS

Biden to Propose Broad $1.9 Trillion Stimulus With $15 National Minimum Wage

President-elect Joe Biden plans to propose a sweeping $1.9 trillion stimulus package to revive the economy and offset the stifling effects of the coronavirus pandemic.

The so-called “American Rescue Plan” earmarks $1,400 in payments for workers and their families on top of the $600 payments from December, in addition to higher jobless benefits and an extension of the program through September. It also proposes $400 billion that will support a program to accelerate vaccine distribution, $350 billion to help state and local governments to bridge their budget shortfalls, and a $15 national minimum wage.

The proposal comes a day after the House of Representatives voted overwhelmingly to impeach outgoing President Donald Trump for a second time for inciting an insurrection at the U.S. Capitol on Jan. 6.

Biden’s plan indicates a major shift in policy from the Trump Administration, and advances the idea that economic recovery is dependent on the ability to end the pandemic—and key to that is accelerating vaccines to all Americans through community centers that can facilitate mass vaccinations. It also acknowledges the pleas of many state and local officials, including New York Governor Andrew Cuomo, that they need economic aid, too—exhortations that Trump has ignored.

The National Retail Federation praised the plan as “an encouraging signal” that the incoming administration will move swiftly to bolster consumers and businesses.

“Jobs have been lost, businesses have been closed and our economy has struggled,” said NRF president Matthew Shay. “We support providing critical government assistance in the form of direct payments to families and individuals whose lives have been disrupted, further aid for small businesses across the country, and tools to keep businesses open and the economy growing.”
Shay also stressed the “invaluable role” retail is playing to augment the vaccine rollout that will protect more of the population quickly. “In our discussions with the Biden transition team and congressional leaders,” he added, “there is unanimity in the recognition that we must all work together to overcome the challenges brought about by Covid-19.”

The president-elect is expected to formally announce the plan, the first of two major spending initiatives, during a speech set for Thursday night from Wilmington, Del. The second one will likely come in February, and that one is expected to tackle much-needed infrastructure reforms, climate change, job creation and racial equity.

Despite a Blue Wave win after the Democrats claimed two Senate seats last week in a Georgia electoral runoff, Biden encounter difficulty in garnering Senate support. While the Democratic Party, with a 50-50 division, gets the tie-breaking vote from Vice President-elect Kamala Harris, Biden must find a way to sway moderate Republicans.

Chris Krueger, managing director at the Cowen Washington Research Group, said that bipartisan support might scale back the package to $900 billion.

Meanwhile, Biden will be hoping he can move fast on the stimulus plan and vaccination program. The Centers for Disease Control on Thursday predicted that the U.S. Covid-19 death toll could rise by 92,000 by Feb. 6, escalating total deaths to 477,000.

The U.S. coronavirus mortality rate stands at nearly 4,000 a day, a staggering number that’s far higher than the spring when New York City was the global epicenter of the pandemic. Data shows that someone dies from Covid-19 every minute in Los Angeles County. Highly transmissible strains like the variant out of the U.K. appear to be driving up infection rates.

Source: sourcingjournal.com– Jan 14, 2021
China 2020 exports up despite virus; surplus surges to $535 billion

China’s exports rose in 2020 despite pressure from the coronavirus pandemic and a tariff war with Washington, boosting its politically volatile trade surplus to USD 535 billion, one of the highest ever reported.

Exports rose 3.6 per cent over 2019 to USD 2.6 trillion, an improvement over 2019’s 0.5 per cent gain, customs data showed Thursday. Imports edged down 1.1 per cent to just over USD 2 trillion.

China’s exporters benefited from the relatively early reopening of its economy and demand for masks and other Chinese-made medical supplies. Exporters have taken market share from foreign competitors that still face curbs imposed to fight the pandemic.

Exports surged 18.1 per cent in December over a year earlier to USD 281.9 billion. Imports rose 6.5 per cent to USD 203.7 billion.

Source: financialexpress.com – Jan 14, 2021
12.2% of merchandise returned in 2020 in US was apparel

US consumers returned an estimated $428 billion in merchandise to retailers last year, approximately 10.6 per cent of total US retail sales in 2020, according to the National Retail Federation (NRF), which found apparel comprised 12.2 per cent of the total returned merchandise. Of the returns, roughly 5.9 per cent were fraudulent, equating to $25.3 billion.

While the total rate of returns is in line with recent years, online returns more than doubled in 2020 from 2019 and are a major driver of the overall growth of returns. In 2020, e-commerce accounted for $565 billion or 14 per cent of total US retail sales. Approximately $102 billion of merchandise purchased online was returned, with $7.7 billion (7.5 per cent) labeled as fraudulent.

NRF and Appriss Retail released a report on such data.

“Last year, we saw an increase in returns of online purchases as the pandemic forced more consumers to shop online,” said Mark Mathews, NRF’s vice president of research development and industry analysis. “Retailers view the return process as an opportunity to further engage with customers, as it provides additional points of contact for retailers to enhance the overall consumer experience.”

The survey found that for every $1 billion in sales, the average retailer incurs $106 million in merchandise returns. Additionally, for every $100 in returned merchandise accepted, retailers lose $5.90 to return fraud, NRF said in a press release.

The top categories of merchandise returned include auto parts (19.4 per cent), apparel (12.2 per cent), home improvement (11.5 per cent) and houseware (11.5 per cent). More than a fifth of returns were completed through credit cards, followed by cash (12.7 per cent) and debit cards (7 per cent). The vast majority of retailers expect to see the bulk of returns during January this year. The survey of 62 retailers was conducted between October 19 and November 2 last year.

Source: fibre2fashion.com– Jan 15, 2021
JCPenney is working to clean up its fashion supply chain

JCPenney is partnering with the Apparel Impact Institute to improve its supply chain sustainability performance. The work with the institute (Aii) will help improve performance related to energy, water and chemicals in 2021 and beyond.

“We are pleased to see JCPenney take this leadership position by recognizing the serious environmental impacts of wet processing activities in Tier 2 production by joining our Clean by Design program,” Lewis Perkins, Aii’s president, said. “As the world seeks to build back with better solutions, JCPenney is ‘leaning in’ to this opportunity to improve existing facilities in the ways that will have the most positive impact for both sustainability and production cost.”

Aii is a strategic partner of the Sustainable Apparel Coalition (SAC), an industry collaboration of brands and retailers. SAC’s Clean by Design program helps members like JCPenney, Target, Gap and Levi Strauss provide strategic suppliers with subsidized environmental engineering support. The support is aimed at improving energy efficiency, as well as the transition to more sustainable fuel sources, such as biomass and solar energy. Costs of programs are shared between the company, supplier and Aii.

JCPenney has been a participant in the Clean by Design program since 2015. It began working with a select group of Chinese suppliers and is now in collaboration with Daysun, Masood, Nishat and Soorty to enroll four additional facilities into the program in Pakistan and Vietnam.

The mass merchant said in a company blog post on Thursday that the selected mill and laundry facilities are strategic production partners for the retailer’s private brands, and are located in “high water stress communities.”

These facilities “have demonstrated a commitment to improving their sustainability performance. These types of Tier 2 facilities often represent the largest emissions hot spots, making them prime candidates for Aii’s Clean by Design program,” JCPenney said, adding that enrollment in the program will continue on a yearly basis.

JCPenney’s retail operations are now owned by Simon Property Group and Brookfield Asset Management, and the retailer is searching for a new CEO.

Source: sourcingjournal.com– Jan 14, 2021
German economy shrank 5% in pandemic year 2020

The German economy, Europe’s largest, shrank by 5 per cent in the pandemic year 2020, ending a decade of growth as lockdowns wiped out much business and consumer activity. As dreary as they were, the numbers suggest consumers could be ready to unleash a strong recovery when the lid finally comes off.

The statistics office Destatis said Thursday that only the construction sector showed an upturn as industry and services saw deep declines. Agriculture, financial services, real estate and information and communication suffered smaller drops in output.

Industry fell 9.7 per cent while services including cultural and sporting events, which have suffered widespread cancellations, fell 11.3 per cent.

Looking ahead, the stage could be set for a substantial economic rebound since consumers might be ready to spend once the pandemic recedes, having increased their saving rate to a historic high of 16.3 per cent during 2020. Albert Braakmann, head of the group for economic estimates and prices, said consumption could increase significantly.

In the fourth quarter, growth roughly stagnated, said Michael Kuhn, head of the GDP and output calculation group at the agency. He said that since very little data was available for December, when the latest round of lockdowns hit, the agency was not making an official estimate. The fourth-quarter figure is to be announced on Jan. 29.

The pandemic downturn, which followed 10 straight years of annual growth, was smaller than that experienced during 2009, when the economy shrank by 5.7 per cent The 2020 figure compares to modest growth of 0.6 per cent in 2019.

In 2020, the economy seesawed between lockdowns and a robust upswing that still left growth below the previous year. The worst quarter, the second, saw a quarter-on-quarter plunge of 9.8 per cent followed by a rebound of 8.2 per cent in the third.

Source: financialexpress.com– Jan 14, 2021
As order recover, Philippines garments, hard goods exports grow 15 per cent

Philippines’ garment and hard goods exports are expected to grow 15 per cent to about $1.4 billion this year with buyers reinstating cancelled orders. The country is looking at 2021 as a recovery year for garments and hardgoods/furniture and housewares. As per Robert Young, President, Foreign Buyers Association of the Philippines (FOBAP) $280 million worth new orders were received by domestic factories.

He said, the 2021 outlook for troubled mid to high fashion items was dim, therefore a price recosting/re-levelling is a must. Only the basics and essentials, such as undergarments, fast fashion are now staying alive. He went on to add, there have been confirmed export orders for soft goods mostly garments worth $200 million for the first quarter.

The buyers are Wacoal, Adidas, Ralph Lauren, Ann Taylor, JCPenny, among others. Last year, Philippine exported garments worth $900 million. Bulk or almost 70 per cent orders were from the US, and the rest came from European Union, Canada, Australia, among others.

Source: fashionatingworld.com– Jan 14, 2021

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Global PPE Trade And Production On The Rise

While total world trade declined by 14% in the first half of 2020 compared to the same time period in 2019, imports and exports of medical goods increased by 16%, reaching US$ 1,139 billion in value.

Trade played a critical role in meeting skyrocketing demand for products considered critical in the Covid-19 pandemic, with global trade in these products growing by 29%.

Total imports of face protection products in the first half of 2020 increased by 90% compared to the same period last year. Trade in textile face masks has grown about six-fold.

China was the top supplier of face masks, accounting for 56% of world exports. To ramp up mask manufacturing, China leaned heavily on imports of intermediate input materials: its imports of nonwoven fabric tripled in April 2020 compared with the same month of 2019, with Japan and the United States as the leading suppliers. China was also the sixth-largest importer of face masks in the first half of 2020.

Among the different types of face masks, textile masks are the most traded despite facing the highest tariffs. Leading importers of Covid-19-critical products registered double-digit import growth compared to 2019, including 62% in France and 52% in Italy.

Chinese exports of Covid-19-critical medical products more than tripled based on year-on-year data for the first half of the year, from US$ 18 billion to US$ 55 billion.

Global production of PPE is on the rise as every country strives to be self-sufficient in these vital products, and reduce dependency on China and other suppliers.

Global trade in the first half of 2020 registered a 14% year-on-year decline and was 15% lower than trade in the second half of 2019.

Trade in medical goods, not surprisingly, surged, growing 15.8% year-on-year in the first half of 2020, much higher than the 2% growth registered in the first half of 2019. Preliminary figures for 97 economies registered US$ 1,139 billion in trade (including exports plus imports) of medical products.
These figures correspond to a 7.5% share of world trade for the same period and more than the 5.3% share in 2019.

Trade in pandemic-critical products surged 29%

Trade in products considered critical in the pandemic response grew rapidly in the first half of 2020, with a year-on-year increase of 29% (imports and exports increased by 31% and 27%, respectively). Total trade for these products in the first half of 2020 alone, valued at US$ 381 billion, was equivalent to 63% of trade in the full year of 2019.

Among these critical products, imports of face masks almost doubled (a 90% year-on-year increase from US$ 39 billion to US$ 74 billion) in the first half of 2020, while exports increased by 84%, from US$ 38 billion to US$ 70 billion. Total trade of face masks was worth US$ 140 billion.

Face masks are supplied mainly by China

As one of the critical protective measures recommended by the World Health Organization (WHO), wearing face masks has become part of “the new normal”. Although seemingly straightforward, the manufacturing of face masks requires several types of inputs and a relatively sophisticated process. Many countries depend mainly on imports to meet mass demand; this was especially true during the early phase of the pandemic.

In the first half of 2020, total imports of face masks reached US$ 74 billion, a 90% increase from the same period last year. China is the world’s top supplier of face masks, accounting for 56% of the world total export value (US$ 70 billion) for the first half of 2020.

For the top 10 importers of face masks (excluding China itself), China is consistently the top supplier, accounting for more than 50% of imports, except into Mexico, which sources more masks from the United States. China accounts for more than two-thirds of imported face masks in many leading markets, including almost three-quarters of face mask imports in the United States and Italy, and 80% in its Asian neighbour, Japan.

China is an important buyer of face masks too

In the first half of 2020, China was also the sixth-largest importer of face masks, registering US$ 2.5 billion worth of imports, in particular at the
beginning of the pandemic and mainly from Germany, Japan, the Republic of Korea, and the United States.

To ramp up face mask production, China-sourced intermediate materials from other countries. For instance, China’s imports of nonwoven fabric, the main material for textile face masks classified under HS subheading codes 5603.11, 5603.12 and 5603.91, surged in March and April 2020, more than doubling in the first half of 2020 compared to 2019. Half of these products was imported from Japan and the United States.

Textile face masks are the most traded type

According to the World Customs Organization (WCO), face protection products, or face masks, are normally classified under three HS subheading codes, specifically HS 3926.90 (for plastic face shields), HS 9020.00 (for gas masks) and HS 6307.90 (for textile face masks). It should be noted that these HS subheading codes cover not only face masks which are of current interest, but also other products made from similar materials or of similar characters.

The product description of HS 6307.90, under which textile face masks are classified, is “Other made up articles of textile materials, incl. dress patterns, n.e.s. [i.e. not elsewhere specified]”. As the subheading could cover a wide range of textile products, identifying the actual share of textile face masks is not straightforward. Nonetheless, looking at previous statistics, it is highly likely that the exceptional year-on-year growth rates of 618% for exports and 569% for imports during the first half of 2020 were driven by the surge in demand for textile face masks.

Such a conclusion is also reinforced by the increase over the previous half-year – in the first half of 2020, exports were 562% higher, and imports 536% higher, than in the second half of 2019 – which was vastly higher than growth rates registered in 2018 and 2019.

No comparable export surge has been found for the other two HS codes. HS 9020.00 showed an increase of 28.5%, which was likely driven by the export of gas masks, but the magnitude was much lower than that of textile masks. Exports under HS 3926.90, where plastic face shields are classified together with other miscellaneous plastics products, actually declined in the first half of 2020. However, this subheading covers a large amount of trade in a wide range of products, and the overall decline could obscure an increase in face shield exports.
US PPE imports rose more than 300% in 2020

US imports of PPE grew at a modest rate of 2.18% in 2019. However, in 2020 (Jan-Oct) imports went up by 311.59%, due to the pandemic. Face masks accounted for almost 45% of the total PPE imports, followed by disposable apparel at 23.43%.

According to OTEXA data, China is the largest supplier of PPE to the US. Other suppliers of surgical drapes and towels to the US include Dominican Republic with a share of around 12%, Mexico 28% and Nicaragua 0.76%. Nicaragua started exporting surgical drapes to the US in 2020.

Governments support domestic production of PPE

While imports of PPE, including face masks, have increased exponentially in 2020, so has the production of PPE in almost every country. India, within a span of 4-5 months, became the second-largest producer of PPE and face masks in the world.

Almost every country across the globe has seen a growth in domestic production of these vital products, as governments and industries responded quickly to the growing domestic demand. Countries also wanted to reduce their dependence on China which is the largest supplier of PPE to the world.

In the US, National Council Of Textile Organizations (NCTO) is pushing for policies to support the domestic production and consumption of PPE. Similarly, in Europe, PPE is identified as an important category for the SME sector. In India, the government has been supporting the growth of this industry as soon as the pandemic broke out.

According to Scott Tesser, CEO and Co-owner of Precision Textiles based in the US, “America should no longer abrogate the production of personal protective equipment to China or any other foreign manufacturer. The only way to assure our first responders’ and healthcare frontline workers’ safety is to have a plentiful supply of PPE stored and ready to be deployed on a moment’s notice.”

Precision Textiles transitioned a portion of its manufacturing from nonwoven fabric for the automotive and bedding industries to a line of PPE fabric. Today, the company produces 4 million yards of PPE material each month. “We currently have no intention of switching back,” said Tesser.
“Over the course of my career, I have watched different production industries, especially the garment business, slowly make their way overseas, never to return. This cannot happen to the critical PPE business.”

He relates, “What our nation learned in our most dire circumstance in March was that our domestic manufacturers can rise to the challenge. It is our responsibility to continue to do so. When the virus hit our area, many US manufacturers pivoted to produce what was needed to combat the pandemic. Car manufacturers worked to create ventilators and respirators, the home furnishings industry stepped up to create hospital beds and masks, and, those of us who could, focused on working toward minimising the shortage of PPE which could be made in our factories.”

“We saw a new level of American ingenuity as car parts were used to save lives and materials used for shoes were used to create masks. In one case, workers in two different states moved into their factories for close to a month in order to ensure that some of the most needed supplies could continue being produced.

“We saw, as the outbreak continued, that domestic manufacturers were able to work together to source raw materials in order to build up stock of PPE materials so that our communities could get the supplies they needed. While these actions made us “essential businesses” during the initial months of the pandemic, they also opened our eyes to the responsibility we now have before us: to remain essential to our community until we reach the other side of this pandemic and beyond. We can and we will make these products here in America.”

Source: kohantextilejournal.com – Jan 13, 2021
U.S. Bans Xinjiang Cotton Products, Tomatoes Over Forced Labor

The U.S. will bar entry of all cotton products and tomatoes from China’s Xinjiang region, a sweeping move that prompted protests from Beijing and fresh vows to defend its companies.

The U.S. ban is the latest in a series of actions where the U.S. is raising pressure on China over alleged ill-treatment of its ethnic Uighur Muslim minority. The U.S. says the Chinese government has detained more than 1 million Uighurs and other ethnic and religious minorities in “re-education” camps, allegations that Beijing denies.

The goods to be held at U.S. ports of entry include apparel, textiles, tomato seeds, canned tomatoes, and tomato sauce, Acting Customs and Border Protection Commissioner Mark Morgan said. The so-called withhold-release order will also apply to products manufactured in other countries that use cotton and tomatoes from Xinjiang, he said.

“Forced labor is a form of modern slavery,” Acting Deputy Homeland Security Secretary Kenneth Cuccinelli said on a call with reporters Wednesday. “‘Made in China’ doesn’t just indicate country of origin -- it’s a warning label.”

China criticized the U.S. decision Thursday, with a government spokesman saying it “violated trade rules, market economy principles, damaged global industrial supply chains and damaged the interests of companies and consumers” of all countries.

“The so-called forced labor is manufactured and fabricated by certain Western institutions and people, including the U.S.,” Foreign Ministry spokesman Zhao Lijian said in Beijing. “The purpose is to crack down on relevant Chinese parties and companies and curb China’s development. The U.S. side created this lie and then took actions based on this lie.”

The action is a blow for the U.S. clothing industry, given that one-fifth of the world’s cotton comes from the region. The U.S. imported $9 billion of cotton products in the past year and $10 million of tomatoes from China, said Brenda Smith, the executive assistant commissioner in the office of trade at CBP.
In a statement, the American Apparel & Footwear Association, the National Retail Federation, Retail Industry Leaders Association and U.S. Fashion Industry Association asked the CBP to share the evidence and thresholds used to arrive at its findings. They also requested that the agency “share enforcement actions so that industry can further inform their due diligence and amplify and expand CBP’s enforcement efforts.”

The ban is “very significant,” AAFA President and CEO Steve Lamar said in an emailed response to questions. “All companies that use cotton in their supply chains need to take notice.” The association represents more than 590 firms.

In September, CBP said it planned WROs covering all cotton, textile and tomato products from the country’s northwestern Xinjiang region. CBP has already issued WROs against three Xinjiang-based hair-product and garment producers in 2020.

Xinjiang is China -- and Asia’s -- largest tomato production and processing region, generating about 70% of the country’s total shipments of the commodity. Tomatoes are also the largest export commodity for the region, with an annual value of more than $500 million. COFCO Tunhe, Chalkis Health Industry Co. and Xinjiang Tianye dominate the tomato industry in the region with a 60% market share.

China is the world’s top exporter of tomato paste, accounting for nearly 40% of the global trade, according to local media reports. Xinjiang exported more than 80% of its tomato paste to Russia and Italy in the first 8 months of 2019.

“China strongly urges relevant countries to immediately stop this wrongdoing,” Commerce Ministry spokesman Gao Feng told a regular briefing Thursday. “We will take all necessary measures to resolutely safeguard the legitimate rights and interests of Chinese companies.”

‘Genocide’

In December, the U.S.-based Center for Global Policy published a report alleging new evidence from Chinese government documents and media reports of hundreds of thousands of Uighurs in Xinjiang being forced to pick cotton by hand through coercive state-mandated labor.
President-elect Joe Biden has labeled China’s mass detention and re-education program for Xinjiang’s Uighur minority as “genocide” and called for an international effort to make a united stand against the campaign.

In addition to ensuring targeted enforcement, the incoming administration should consider a “whole-of-world” approach to align the U.S.’s allies on ending forced labor in Xinjiang, the AAFA’s Lamar said.

“It is important that this is be a coordinated effort to ensure that products made with forced labor are not sent into China for domestic consumption or used elsewhere in the world,” he said.

Source: bloomberg.com– Jan 13, 2021
UK unveils policies to end supply-chain links to Xinjiang

British firms will face penalties if they fail to meet new government regulations showing their supply chains are free from forced labour, UK foreign secretary Dominic Raab recently said, announcing measures to tackle human rights abuses against the Uighur minority in China’s Xinjiang region. Guidance has been issued on how to carry out due diligence checks.

The government wants to exclude suppliers where it finds evidence of rights violations in their supply chains and also to review export controls to prevent the shipping of any goods that could contribute to such violations in Xinjiang.

“Our aim, put simply, is that no company that profits from forced labour in Xinjiang can do business in the UK and that no UK business is involved in their supply chains,” Raab told lawmakers, without offering details.

Mounting evidence, including first-hand testimony and non-profit reports, supports claims of unlawful mass detention in internment camps, widespread forced labour and forced sterilisation of women on an ‘industrial scale’, Raab was quoted as saying by British media reports.

The evidence ‘paints a harrowing picture’ and showed the practice of ‘barbarism we had hoped lost to another era’, Raab said.

After a speech by British minister James Cleverly targeting alleged human rights violations in Xinjiang, China's ambassador to the United Nations Zhang Jun responded by warning the United Kingdom not to interfere in its internal affairs and terming the allegations a baseless ‘political attack’.

Among the measures announced, the United Kingdom will impose penalty on firms with a turnover of at least $49 million that fail to publish an annual transparency statement as required by the Modern Slavery Act. Details of the fines have not yet been specified.

A fifth of about 18,625 companies required to comply with Britain's anti-slavery law have not issued statements, according to Transparency in the Supply Chain (TISC), a public database.

Source: fibre2fashion.com– Jan 13, 2021
Sri Lanka’s apparel exports slowdown with second wave of lockdowns

With a second wave of lockdowns in the West especially Europe, demand for Sri Lankan-made apparel in its key customers in the US and European Union has been hampered.

Data shows from May to November, Sri Lanka’s monthly apparel exports picked up quickly to earlier year levels within a month since the first wave of lockdowns ended but the momentum started fading from October and the gap further increased in November.

Sri Lanka’s apparel exports was worth $403.7 million in June, doubling from what that of May and increased further to $469.2 million in July, just 1.4 per cent off from the same month in 2019.

The momentum was maintained in August and September, with earnings recording at $440 million and $433.7 million, respectively, which were off by 11.9 per cent and 3.7 per cent, respectively, compared to the same months in 2019.

However, the country started feeling pressure from October, as the US, UK and EU, collectively accounting for half of total exports, began going for lockdowns.

October and November showed Sri Lanka’s apparel exports fell to $358.2 million and $324.9 million, respectively, increasing the gap from 18.9 per cent to 32.8 percent in the two months from the same two months in 2019.

The lockdowns significantly altered the buying habits in the West, as people shunned in-person visits while purchasing more food stuff and other house improvement items, instead of spending on fashion, a commodity which is of limited use when sheltering-in-place.

Source: fashionatingworld.com– Jan 14, 2021
US denim exports from Bangladesh drops

With overall apparel shipment reducing in Bangladesh denim apparel import by the US continued to fall consistently in November 2020. US imported $264 million worth denim apparels in November, declining 10.90 per cent on year-on-year and 19.53 per cent on month-on-month basis.

After witnessing a yearly growth for three consecutive months in denim apparel shipment to US, Bangladesh plunged by 2.66 per cent in November clocking $54.80 million revenues.

The bigger concern for Bangladesh is monthly decline of 24 per cent in November 2020 as compared to October 2020 at a time when Mexico – which stands at the second spot – just dropped by 2.35 per cent monthly.

Nevertheless, Bangladesh is still the top denim shipper to US as, cumulatively, it hit $522.77 million in January-November 2020 period and the value is around $100 million more than Mexico. Mexico’s denim shipment decreased 10.46 per cent in November 2020 over November 2019 and was worth $50.77 million.

Vietnam, the third top denim apparel shipper to the US was also down 2.97 per cent on year-on-year basis and denim apparel shipment totalled $33 million in November 2020, while it saw a plunge of 20.78 per cent on month-on-month basis.

Meanwhile, China experienced a steep drop both year-on-year 36.46 per cent and month-on-month it was down 25.75 per cent to clock $28.15 million in November 2020.

Source: fashionatingworld.com– Jan 13, 2021
EIU report: Vietnam rises as an alternative to China, beating India

Vietnam has emerged as a low-cost manufacturing base in Asian supply chains, beating India and even China in indicators, including foreign direct investment (FDI) policy and foreign trade and exchange controls, according to the Economist Intelligence Unit (EIU).

In fact, Vietnam’s rise as an alternative manufacturing hub to China predates a trade war between Washington and Beijing in recent years, it says in a report. Vietnam’s incentives for international firms for setting up units to manufacture hi-tech products, pool of low-cost workers and proliferation of free trade agreements (the latest one is with the EU) place it at an enviable position among Asian peers, the report suggests.

According to the EIU, while Vietnam scored 6 on a scale of 10 in the FDI policy, both India and China have scored 5.5 each. Similarly, India scored just 5.5 in foreign trade and exchange controls, while Vietnam scored 7.3 and China 6.4.

As for the labour market, Vietnam’s score was 5.6, against India’s 5.4. However, China here scores over both India and Vietnam with 5.7. While both Vietnam and India see a huge infrastructure deficit, New Delhi scored less than Hanoi (3 vs 3.5 out of 10).

Of the 14 countries in Asia that the EIU has focussed on, as many as 12 (except for Indonesia and Bangladesh) have outscored India in the FDI policy and labour. In foreign trade and exchange controls, only Pakistan performed worse than India, and in infrastructure, only Bangladesh scored less than it.

The EIU report highlights that Vietnam will continue to offer generous arrangements for international firms with incentives for investment, “with the downside that local supply linkages in more advanced manufacturing will remain limited for the next decade”.

The country’s low-skilled manufacturing wages will remain competitive for years to come, although scarcity of specialised labour will persist as a disadvantage of the business environment.
“Vietnam’s proliferating membership of free trade agreements represents a strong point of its trade relations, reducing export costs. There are only modest risks to this advantage, mainly in the form of trade tensions with the US,” the report said.

For instance, the EU-Vietnam FTA offers footwear manufacturers in Hanoi the biggest gain. Around 40% of exports to the EU in this category faced 30% tariffs, which were reduced to 0% from August 2020.

The apparel sector of Vietnam, a competitor of India in this segment, will also get greater benefits. Vietnam is also a part of the China-dominated RCEP and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership involving 11 nations, including Japan.

Source: financialexpress.com– Jan 14, 2021
Bangladesh Conducts Field Trials Of Bt Cotton Even As India Drags Its Feet On New GM Crops

Bangladesh has begun field trials for two varieties of Bt (Bacillus thuringiensis) cotton with the country’s Cotton Development Board (CDB) getting the genetic material from India’s JK Agri Genetics, which is based in Hyderabad.

The development comes even as India has been dragging its feet in permitting newer varieties of genetically-modified crop, especially cotton, since 2006.

The CDB had obtained CryIAc Bt gene, the same that went into Bollgard Bt cotton in India in early 2000s, from the Hyderabad-based firm under the material transfer agreement.

According to the US Department of Agriculture, CDB began trial on 7 August 2018 with two varieties JKCH 1947 Bt and JKCH 1950 Bt, which resist bollworm and armyworm in the crop.

A greenhouse trial was completed successfully and on 4 March last year, the cotton board got the permission of Bangladesh’s National Committee on Biosafety clearance to start confined field trials for the current crop year (August 2020-July 2021).

Objective Behind The Trials

Bangladesh’s objective behind these trials is to develop efficient genetically-modified cotton as part of its efforts to increase cotton production to nearly 250 lakh bales (170 kg each) by 2040.

Currently, it produces 190 lakh bales with nearly 45,000 hectares under cultivation. Production has more than doubled since 2010-11 when it produced 85.5 lakh bales with the area under cultivation rising 10,000 hectares.

Bangladesh’s move on Bt cotton comes after it has tasted success with Bt brinjal, whose cultivation in India has been banned. The crop could be up for commercial cultivation as early as next season starting August this year.
A move to allow its Bt brinjal commercial cultivation in India led to a hue and cry being raised, resulting in the Supreme Court imposing a 10-year moratorium in 2009.

Since then, research and development activities on GM have almost come to a standstill.

Lessons For India

For India, there are concerns as well as lessons to be learnt, say experts in the field. “Bangladesh has been importing cotton from India which is Bt. It is a good policy decision on its part,” said C D Mayee, South Asia Biotechnology Centre president and renowned cotton scientist.

“Bangladesh’s decision to go for Bt cotton shows its progressive thinking. It is trusting science and is the right thing to do,” said Ram Kaundinya, Federation of Seed Industry of India (FSII) director-general.

Mayee said that even Kenya had begun growing Bt cotton and it was progressing “very well”. “It is quite good on Bangladesh’s part to cultivate Bt cotton. We need that in India, too,” he said.

Kaundinya said the Indian government was unfortunately vacillating on allowing cultivation of GM crops and seemed to lack trust in its regulator.
“We have to let our farmers grow Bt cotton free. Freedom of market means freedom of technology. Let our farmers too have such a freedom,” said Mayee.

HTBT Cotton Controversy

His comments come on the heels of cotton farmers in Maharashtra, Andhra Pradesh, Telangana and Gujarat demanding from the Union government that they be allowed to grow the latest Bt cotton variety, the herbicide tolerant or HTBT.

HTBT cotton is not allowed to be cultivated in India since the government has not approved its commercial release. However, it has been cultivated in 90 per cent of the area under cotton in Maharashtra this season (July 2020-June 2021).

“Our farmers should be able to grow all types of GM crops. It will help them to gain a lot. It will also reduce the cultivation costs,” said Seema Narode, West Maharashtra president of Shetkhari Sanghatana, a farmer organisation that supports latest technology in farming.

“This is where agricultural reforms will come into play and benefit farmers immensely. This will help private players come in with market linkages,” said P Chengal Reddy, Consortium of Indian Farmers’ Association chief adviser.

“In the long term, farmers will be able to get modern technology from the companies. Likewise, marketmen, retailers and exporters will urge the farmer to go for better quality and latest technology,” he said.

Indian government and farmers should take note of the advancement in Bangladesh in adopting latest technology to become globally competitive. “Why are we not looking at these aspects?” wonders Reddy.

Bangladesh, which imports 23 per cent of its raw cotton requirements from India, is one of the top apparel exporting nations leaving even New Delhi lagging behind. Its status as least developing country is aiding its efforts, though.

During the first 10 months of 2020, Bangladesh exported $22.4 billion worth of apparels. In comparison, India apparel exports in 2019 were a little over $16 billion.
Concerns For India

The concern for India comes from the fact that this could result in Bt cotton seeds being smuggled across its porous borders with Bangladesh and thus put farmers at risk.

“If Bangladesh begins commercial cultivation of Bt cotton, its seeds can find their way into India. But farmers are at huge risk since they could go for it and without any legal backing or guarantee, they could be at the receiving end if the crop fails. Also, if the seeds turn out to be fake who will they question?” wondered Shetkhari Sanghatana’s Narode.

Narode’s fears are not unfounded since Bt brinjal, which is being cultivated in Bangladesh over the last few years, have found their way into a few states such as Gujarat, Haryana and Telangana.

There is some forward movement with regard to Bt brinjal in India, which can help farmers from various pest attacks that the traditional brinjal crop faces, especially in saving pesticide and insecticide costs.

The Union government has now allowed biosafety field trials of two new indigenous Bt brinjal varieties in eight states.

According to Union Minister of Agriculture Narendra Singh Tomar, trials in Bt Brinjal have been allowed between 2020 and 2023 if the states concerned issue no objection certificates (NOC).
However, seed firms which are into production of genetically-modified crops feel permission from the states will not be forthcoming easily if any of them is scheduled to go to the polls during the period.

The companies themselves would be reluctant since any change of government would leave them at the risk of the NOC they get being cancelled and losing the investments they make in the trials and research. Incidentally, Bangladesh’s Bt brinjal was developed with Indian company Mahyco’s technology.

Bt brinjal has proved to be a hit in Bangladesh and experts have no doubt that Bt cotton could also become popular given the gains that Indian farmers have got from it.

In fact, cotton has been India’s only Bt crop so far and it has helped cotton production to rise to record levels of 398 lakh bales in 2013-14 after it was stagnating below 150 lakh bales until 2000-2001.

Over the last few years, cotton productivity has taken a hit as no new variety, especially Bt, has been approved.

Cotton per hectare yield currently is 486 kg against 566 kg during 2013-14. In contrast, Bangladesh’s per hectare yield is over 700 kg.

Experts say that this is one reason why India urgently needs to introduce newer varieties. “Yield in new varieties is high,” said Mayee.

Source: swarajyamag.com– Jan 14, 2021
EU remains important market for Pakistan’s textile sector: Ambassador Janjua

EU remains important market for Pakistan’s textile sector: Ambassador Janjua

Ambassador of Pakistan to Belgium, Luxembourg and the European Union Zaheer A Janjua Thursday said the textile sector of Pakistan had immense potential for further expanding its share in the European Union (EU) market.
He said this during a virtual meeting with the Pakistan Textile Council Chief Executive Officer Saleha Asif and other board members, a press release issued by Pakistan embassy in Brussels said.

Appreciating performance of the textile sector during the COVID-19 pandemic, Ambassador Janjua underlined that Pakistan’s exports in textile and clothing products to EU had increased in recent months.

He said the surge in textile exports was the result of governments’ smart lockdown strategy, reopening of industry, as well as recently announced energy package to help exporters recuperate from the effects of the pandemic.

He said Generalised Scheme of Preferences Plus facility had been instrumental in substantial growth of Pakistan’s exports to the EU, especially in the textile sector.

Emphasizing the need for making textile sector internationally competitive, he emphasized upon the need for innovation, value addition, diversification and modernization to make Pakistan’s products more attractive.

Saleha Asif apprised the ambassador about plans for enhancing textile exports through R&D and its efforts to secure greater market access in the European bloc.

Source: app.com.pk – Jan 14, 2021
Bangladesh: Longer home stays raise use of casual wear

People limiting movements to their homes for social distancing needs apparently proved a boon for local knitwear manufacturers, as their shipments have fared relatively well in 2020 on the back of increased demand globally.

Knitted garments are those of the soft, comfortable and stretchable kind meant mostly for indoor use such as t-shirts, polo shirts, inner-wear, sportswear, sweaters and hoodies.

Their use has risen significantly because people have increased the amount of time they spend at home and prefer to wear such comfortable clothing.

Its outdoor counterparts are the stiffer woven garments such as formal shirts, trousers, denim jeans, suits, chiffon and georgette dresses.

Both type of fabrics witnessed a slump in exports as a part of the pandemic's fallouts.

But knitwear shipments, which dropped 31 per cent year-on-year to $5.7 billion in the January-June period, scored a rebound in the year's second half.

In figures, this was nearly a 4 per cent year-on-year growth to $8.52 million, out of the total $15.54 billion garnered from garments, shows data from the Export Promotion Bureau (EPB).

On the other hand, export earnings from woven continues to linger in the negative, slumping 29 per cent year-on-year in the first half and 10.22 per cent in the second when it fetched $7.01 billion.

Summing up the whole year, both subsectors of the apparel industry, the biggest export earners, suffered from the pandemic, although on a lesser extent by knitwear.
The EPB data shows the 2020 earnings from knitwear to have declined 13 per cent year-on-year while that from woven by 20 per cent.

Bangladesh’s major advantage in knitwear manufacture and shipment is a shorter lead time as the raw materials can be easily availed from local markets, which is not possible for woven.

Local spinners can supply nearly 90 per cent of the demand for raw materials such as yarn and knitted fabrics, which has drastically improved the lead time, saving as much as 20 days.

Maintaining a strict lead time, starting from the placement of orders to the shipping of goods within the time specified by buyers, is very important in the competitive world of garments.

In case of woven, a majority of the raw materials need to be imported from abroad, mainly China and India, as local weavers can meet just about 40 per cent of the demand.

Over the last four decades, local entrepreneurs invested more than $8 billion in the country's primary textile sector, mainly in spinning for the knitwear sector.

During the pandemic, the disruption to supply chains such as import of fabric from China, Bangladesh's single largest source for it, had a detrimental effect on woven garment production and shipment.

Besides, shipments of woven items such as formal shirts and trousers has fallen for a downturn in demand as people are increasingly opting to work from their homes and limiting movement outdoors.

Local manufacturers are cashing in on increasing orders being placed for knitwear items by western retailers and brands.

Some factories, especially the bigger units, are already completely booked till the next season.

The Daily Star spoke to some garment suppliers to get an insight of the success in knitwear shipment.
"We have done very well in July, August and September and we exported more than what our projection was," said Bakhtiar U Ahmed, chief operating officer of Fakir Apparels.

"Currently, the shipment of knitwear is not so well as the buyers are staying conservative in the wake of the second wave of the pandemic virus. It is like a go-slow approach," he said.

Usually, his company exports knitwear items worth $125 million a year but in 2020, they managed to reach $114 million.

"However, we have increased our target in 2021 to $133 million. I am very much hopeful that my company can achieve the target as work orders are coming in with the arrival of vaccines for Covid-19 in the markets," Ahmed told The Daily Star over the phone.

Moreover, he predicts that people would start spending more money on clothing items once they start going outdoors as before for the presence of vaccines, said Ahmed, adding that currently some 10,000 workers were employed in his factory.

He said Europe, his main export destination, was hit hard by the second wave and many countries had announced going into another bout of lockdowns.

As a result, the buyers now were a bit conservative in placing orders, he said.

On another note, Ahmed apprehends that price hikes of some 30 per cent of yarn and over 8 per cent of chemicals might end up acting as deterrents to increasing knitwear exports.

Although yarn prices have gone up in the local markets, the supply is still normal, said Ahmed, who mainly exports fleece jackets, trousers, sweat shirts, jackets, trousers and polo shirts.

During this pandemic, knitwear shipments increased to European markets, the single largest export bloc for Bangladesh’s garment items, said Md Fazlul Hoque, managing director of Plummy Fashions.

He cited, among others, the factors of increased demand for longer stays at home and the lead time advantage.
Hoque said to have set a target for exporting knitwear items worth $27 million in fiscal 2020-21. "I am hopeful that I can achieve the target as we will do better from the second half of the year," he said.

Usually knitwear items are the casual dresses, said Mohammad Hatem, senior vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

Apart from the reasoning cited in this report, he attributed the increasing exports to Bangladesh's prices being lower than that of other countries.

As a result, buyers have continued doing business with Bangladesh even during this pandemic, Hatem said.

Yarn prices went up in local markets mainly because of a cotton price hike in international markets, said Abdul Hai Sarker, former president of the Bangladesh Textile Mills Association (BTMA), a platform of spinners, weavers and the primary textile sector.

Cotton traded at 70 cents and 71 cents per pound between January and September last year but it jumped to 85 cents and 86 cents per pound over the last three months.

Sarker observed that international cotton prices might maintain the uptick in the coming months for higher demand.

The demand for knitwear items went up as people are able to use those as casual wear and do not need to wash those frequently like woven garment items, Sarker also said.

People can wear a knitwear item 15 times before it required washing but in case of woven, this could not happen, he said.

Source: thedailystar.net – Jan 13, 2021

HOME
Turkey keen to expand textiles, jute trade with Bangladesh

Turkey has showed keen interest to expand its trade and cooperation with Bangladesh in textile and jute sectors.

This was revealed today when Turkish ambassador to Bangladesh Mustafa Osman Turan called on textiles and jute minister Golam Dastagir Gazi at secretariat here, an official handout said

During the meeting, the minister said Bangladesh keen to export more diversified jute products to Turkey.

Gazi expressed his hope that Turkey would invest in Bangladesh for further development of the country’s textiles and jute sector.

They also discussed various matters related to bilateral issues and mutual interest between Bangladesh and Turkey.

Source: theindependentbd.com– Jan 13, 2021
Bangladesh: Home textile shipments get an unexpected bump amid pandemic

Last year, Bangladesh’s exports earning from home textile products posted a 15 per cent growth to $936 million, which is very close to its target of $1 billion, according to Export Promotion Bureau.

The novel work from home culture in much of the Western world has turned out to be a mini blessing for Bangladesh’s home textile exporters: shipments are up.

Bangladesh, the second-largest exporter of apparel goods, has been able to take the advantage of rising demand for cosy home textile as it has a range of quality products at reasonable prices.

Home textile products include bed linen, bed sheet and other bedroom textiles, bath linen, carpets and rugs, blankets, kitchen linen, curtains, cushions and cushion cover and covers for quilts.

Last year, Bangladesh’s exports earning from home textile products posted a 15 per cent growth to $936 million, which is very close to its target of $1 billion, according to Export Promotion Bureau (EPB).

In contrast, apparel, which brings home the lion’s share of export earnings, posted a 17 per cent drop in receipts to $27.5 billion in the same year.

However, during the July-December period of fiscal 2020-21, home textile shipments registered a 48 per cent growth to $547.48 million.

“In averting infections, people remained captive in their homes. Corporate offices allowed employees to work from home. Peoples’ movement as well as travel was restricted due to the pandemic,” said Mohammed Rashed Mosharrof, general manager (marketing) and head of operations of Zaber and Zubair Fabrics.

The company employs about 8,500 people in producing home textile products and export products worth $200 million a year.

These limited the use of outwear products but increased the demand for casualwear and the use of home textile products.
“Bangladesh cashed the opportunity and recorded a good growth in earnings,” he added.

The global home textile market size was valued at $94.73 billion in 2018 and is expected to register a compound annual growth rate of 5.01 per cent from 2019 to 2025, according to grandviewresearch.com.

“We have enough capacity to cater to the bulk of the demand, while our workers are more adaptable in technology or any kind of innovation,” said Belayet Hossain, managing director of RTT Textile Industries.

Besides, the production costs are lower than in China.

On top of that, global buyers are reducing dependency on China and are looking for alternatives in Asia.

“If we can ensure a suitable investment environment and the government can provide support in tackling the Covid-19 economic fallout, we have a great opportunity to grow in export destinations,” Hossain added.

The rise in cotton prices can pose to be a challenge for Bangladesh’s home textile exporters, according to M Shahadat Hossain, chairman of Bangladesh Terry Towel and Linen Manufacturers and Exporters Association (BTTLMEA).

If the government supports the sector, home textile exports can hit the billion-dollar mark, said Hossain, also the managing director of Towel Tex.

Source: dhakatribune.com– Jan 14, 2021
NATIONAL NEWS

Textiles industry to be stable in FY22, expected to touch pre-Covid level: ICRA

Rating agency ICRA on Wednesday said the textile industry's performance will recover to pre-Covid levels in the next fiscal on account of boost in demands from domestic as well as export markets.

The agency assigned outlook for the sector as "stable" for FY2022.

The recovery in the domestic textile sector, that picked up pace in Q3 FY2021, is likely to continue in the upcoming quarters, said ICRA.

This will be supported by the opening up of economies and markets, improved consumer confidence levels and continued pick up in discretionary spending, it added.

Commenting on it, ICRA Senior VP & Group Head, Corporate Sector Ratings, Jayanta Roy said the textile sector appears to be on a firm footing with the worst of the pandemic impact behind us, and favourable progress on vaccination rollouts.

"As demand continues to normalise in domestic as well as export markets, we expect the textile sector performance to recover to pre-Covid levels in FY2022 at a broader level. Accordingly, ICRA’s textiles sector outlook for FY2022 is Stable," he said.

After witnessing a major setback in Q1 FY2021 following the Covid-19 pandemic and the ensuing lockdowns, the domestic textile sector started reporting a gradual recovery from Q2 FY2021 onwards.

This was supported by opening up of the markets and resumption of activity across the value chain.

"Based on an analysis for samples of large, listed players across segments, ICRA expects cotton spinning and apparel export segments to report relatively lower contraction in FY2021 vis-a-vis other segments (including fabrics and domestic apparels), considering higher dependence of these segments on exports," it said.
Similarly, the recovery is slated to be faster for these segments in FY2022. "Revenues for the cotton spinning and the apparel export segments in FY2022 are likely to grow by 15-20 per cent, following a contraction in mid-teens, estimated for FY2021," it added.

While operating margins for spinners are likely to revert closer to pre-Covid levels, those for apparel exporters may remain marginally lower than the pre-Covid levels amid a competitive operating environment, wherein buyers could be expected to negotiate for steeper discounts.

"For fabric and domestic apparel categories, the revenue growth in FY2022 is projected at 30-35 per cent and 35-40 per cent, respectively, with these segments estimated to report steeper contraction vis-a-vis other segments in FY2021," it said.

Source: moneycontrol.com – Jan 14, 2021
ICRA says India's real GDP to expand by 10.1% in FY2022

Indian rating agency ICRA Ratings recently said it expects the country's real gross domestic product (GDP) to grow by 10.1 per cent in fiscal 2021-22. However, the value of GDP in the next fiscal will only mildly surpass the level that had been recorded in 2019-20, it said. The real GDP witnessed a 7.8 per cent pandemic-driven shrinkage in this fiscal.

“The seemingly-sharp expansion will be led by the continued normalisation in economic activities as the roll-out of COVID-19 vaccines gathers traction, as well as the low base,” the agency’s principal economist Aditi Nayar said in a report.

She expects a multi-speed recovery in fiscal 2021-22, with the contact-intensive sectors, discretionary consumption and investment by the private sector trailing the rest of the economy, in the arduous march back to attaining, and sustaining, pre-COVID levels.

“On a sobering note, we project the aggregate value of the Indian GDP in real terms in FY2022, to be only mildly higher than the level recorded in FY2020,” Nayar added.

The agency expects the headline consumer price inflation (CPI) to decline to 4.6 per cent in FY2022 from 6.4 per cent in FY2021, while exceeding the mid-point of the Monetary Policy Committee's (MPC) medium target of 4 per cent, for the third consecutive year.

A favourable base would moderate the retail food inflation to an average of 4.7 per cent in FY2022 from 8 per cent in FY2021, despite the pressures from edible oils, and protein items such as pulses, it said.

With the CPI inflation expected to remain above the MPC's 4 per cent target during FY2022, the agency expects an extended pause for the repo rate.

It expects the “stance of monetary policy to be changed to neutral from accommodative in the August 2021 policy review or later, only after there is greater certainty on the durability of the awaited economic revival.”

The report said the Reserve Bank of India may initiate steps, in a calibrated manner, to reduce the magnitude of the systemic liquidity surplus.
Nayar said the government security yields will take a cue from the size of the borrowing programme of the central and the state governments for FY2022, as well as the outlook for inflation.

The agency expects the twin deficits to display a divergent trend in FY2022.

“As the revenue shock ebbs, we project India's general government (centre states) fiscal deficit to moderate to 8.5 per cent of GDP in FY2022 from the 12-12.5 per cent of the GDP expected in the current year,” Nayar said.

However, with imports expected to revive in tune with the anticipated recovery in domestic demand, the current account balance is forecast to slip back into a modest deficit of USD 15-20 billion (or 0.6 per cent of GDP) in FY2022 from a surplus of USD 35-40 billion in FY2021, she said.

Source: fibre2fashion.com – Jan 15, 2021
Record govt purchases of cotton, paddy from Punjab

Rajvir Singh Golta sold 52 quintals of narma/kapas (raw un-ginned cotton) over three pickings from his five-acre land in Jhumba village of Punjab’s Bathinda district. He got the full minimum support price (MSP) of Rs 5,665 per quintal for his medium-long staple fibre crop that was procured by the Cotton Corporation of India (CCI) between early-October and mid-December.

The 42-year-old is pleased that the CCI entered the market on time at the season’s start when narma rates were Rs 4,600-4,800/quintal. That’s a view also echoed by Nirmal Singh Tiwana, a farmer from the same village who sold 21 quintals of the crop, grown on two out of his four-acre holding, to the CCI at the Centre’s MSP.

And it is not just cotton. Government agencies have procured an all-time high 202.78 lakh tonnes of paddy from Punjab at the MSP of Rs 1,988/quintal for 2020-21.

Yet Golta and Tiwana are part of the ongoing farmer agitation against the Centre’s three farm laws. “I received the MSP this time, but not in the previous years, when CCI people would enter only after we had sold at below MSP to private traders. This agitation is to ensure that we are paid MSP every year and our crop is procured on time,” said Golta, back after spending three days at the Tikri protest site on the Delhi-Haryana border.

According to Tiwana, who has been organising supplies for the langar (community kitchen) at Tikri, CCI was active this season only “because of our protests”. The government, he said, basically wanted to “show” that there’s nothing wrong with its farm laws.

Cotton arrivals in North-West India begin from late-September. Out of Punjab’s estimated kapas crop of 52.50 lakh quintals this time, about 32.50 lakh quintals had been marketed till December-end. The CCI purchased 27.5 lakh quintals (almost 85 per cent) of that.

In Haryana, which is expected to produce 125 lakh quintals, the state-owned corporation has procured 52.73 lakh quintals of the 85 lakh quintals that have arrived so far. Even in Rajasthan, where 85.55 lakh quintals of the overall 135 lakh quintals crop has been marketed, the CCI has procured nearly two-thirds of the arrivals in the main Ganganagar cotton belt.
These large-scale and timely purchases by CCI have not only helped small growers like Golta and Tiwana realise the MSP, but have also led to open market prices rising above the MSP.

Private traders and ginners are currently buying medium-long staple kapas (26.5-27 mm fibre length) from the Bathinda market at Rs 5,800/quintal, as against the official MSP of Rs 5,665. Even long-staple varieties (27.5-28.5 mm), with a higher MSP of Rs 5,725/quintal, are trading at Rs 5,900-5,950.

“Prices going above the MSP will only benefit farmers with larger holdings. But I don’t mind that. For me, what matters is getting an assured price at the time of bringing my crop to the mandi immediately after harvesting. MSP is necessary for farmers who have no capacity to hold on to their crop and wait for prices to go up. We need money to run our kitchen and sow the next crop,” Golta said.

An official of the CCI at Bathinda told The Indian Express: “We have made record purchases this season. In fact, we have stopped buying in the past 10-12 days. There’s no need when prices are ruling above MSP. Small and marginal farmers have anyway sold their crop to us.”

The firming up of prices is being attributed to increased export demand, especially from China. The US Department of Agriculture has projected its cotton imports to surge from 15.54 lakh tonnes in 2019-20 (August-July) to 22.86 lakh tonnes this year. The global benchmark ‘Cotlook A index’ price is now at 88.1 cents per pound, up from 79.5 cents a year ago and the sub-60 levels of early-April at the peak of the Covid-19 crisis.

Manmeet Singh, who farms five acres at Ganga village of Bathinda’s Nathana tehsil, was paid the MSP for his 53 quintals of kapas procured by CCI. But he, too, has been making to and fro trips to the Tikri border. “The Modi government’s farm laws will lead to mandis shutting down and the government stopping whatever little procurement it is doing today. It will leave us completely at the mercy of private traders and corporates,” he claimed.

Source: indianexpress.com– Jan 15, 2021
Union Budget: industries submit demands

With just a few more days for the Union budget, industries in Coimbatore and Tiruppur districts have submitted their demands to the government.

The Southern India Mills' Association has sought allocation of ₹9,000 crore for the Technology Upgradation Fund Scheme. Of this, nearly ₹6000 crore is needed to meet the committed liabilities under earlier versions of the scheme. "Since the industry is on path to recovery, necessary fund allocation and speedy disbursal of the subsidy will not only support the industry but will also help the Indian economy to grow at a faster rate," it said.

It also sought working capital for the mills to buy cotton and creation of a National Textiles Fund. This will help meet the financial needs of textile units for infrastructure creation and technology adoption.

The association pointed out that bamboo fibres can be basically compared with viscose fibres as the source of raw material is nearly the same. Bamboo fibre is made of bamboo pulp and viscose is made of wood or eucalyptus pulp.

Based on this factual criteria, the imported bamboo fibre has been classified by the Customs Department under Tariff Headings 5504 9090 or 5504 1000. Due to the absence of a specific entry for the Bamboo Fibre in the Customs Tariff Act, 1975, the importers were directed to clear the product as artificial staple fibre. Hence, a specific code is needed for bamboo fibre, it said.

The Tiruppur Exporters Association has appealed to the government to support development of housing facilities for workers.

If the industries invest in developing housing for the workers, it should be treated as allowable business expenditure similar to Section 37 of the Income Tax Act. Since research and development is essential for Tiruppur to develop further, the government should set up a research and development centre and incentivise such efforts of individual units.

All units should benefit under the Emergency Credit Line Guarantee scheme, irrespective of the size of the unit.
The Coimbatore District Small Industries Association (CODISSIA) has asked the government to come out with an MSME policy, treating the units as priority sector. The main challenge for the MSMEs is prices of raw materials and hence the government should take steps to bring the prices to pre-COVID levels. The NSIC warehouses should be open to MSMEs to store the finished products.

The Southern India Engineering Manufacturers Association (SIEMA) said pumpsets should be classified as essential agricultural machinery as these are used on agricultural lands for irrigation. The deductions permitted on scientific expenditure has been reduced to 100% from 200%. It should be restored to 200% and the process simplified so that the units get the DSIR approval easily.

The Emergency Credit Line Guarantee Scheme should be revised to provide loans upto 40% of the sanctioned limit and the interest rate should be 7.5%.

Source: thehindu.com– Jan 13, 2021

Union Budget to be presented on February 1

It is official, the Union Budget for FY 2021-22 will be presented on February 1. According to a statement by Lok Sabha Secretariat, the Vth session of 17th Lok Sabha will commence on Friday, the January 29, 2021. “Subject to exigencies of Government Business, the Session is likely to conclude on Thursday, the April 8, 2021,” it said.

The session will address with customary joint sitting with the President addressing both Houses of Parliament on January 29. Both the houses continue to sit till February 15 before recess.

“In order to enable the Standing Committees to consider the Demands for Grants of Ministries/Departments and prepare their Reports, the House will adjourn on February 15th to meet again on March 8th,” the statement said.

Source: thehindubusinessline.com– Jan 14, 2021
India’s medium-term growth to slow to around 6.5% after initial rebound: Fitch

Fitch said India’s coronavirus-induced recession has been among the most severe in the world

The Indian economy will suffer lasting damage from the coronavirus crisis and after an initial strong rebound in FY22 (fiscal year ending March 2022) growth will slow to around 6.5 per cent a year over FY23-FY26, Fitch Ratings said on Thursday.

“A combination of supply-side scarring and demand-side constraints - such as the weak state of the financial sector - will keep the level of GDP well below its pre-pandemic path,” it said in commentary on the Indian economy.

Fitch said India’s coronavirus-induced recession has been among the most severe in the world, amid a stringent lockdown and limited direct fiscal support.

The economy is now in a recovery phase that will be further supported by the rollout of vaccines in the next months.

“We expect gross domestic product (GDP) to expand by 11 per cent in FY22 (April 2021 to March 2022) after falling by 9.4 per cent in FY21 (April 2020 to March 2021),” it said.

India’s economy had been losing momentum even ahead of the shock delivered by the Covid-19 crisis. The rate of GDP growth sank to a more than ten-year low of 4.2 per cent in 2019, down from 6.1 per cent the previous year.

The pandemic bought a human and an economic catastrophe for India, with nearly 1.5 lakh deaths. Though the deaths per million are significantly lower than in Europe and the US, the economic impact had been much more severe.

GDP in April-June was 23.9 per cent below its 2019 level, indicating that nearly a quarter of the country’s economic activity was wiped out by the drying up of global demand and the collapse of domestic demand that accompanied the series of strict national lockdowns.
Further, a 7.5 per cent decline in GDP in the following quarter pushed Asia’s third-largest economy into an unprecedented recession.

Fitch said the medium-term recovery will be slow. “Supply-side potential growth will be reduced by a slowdown in the rate of capital accumulation - investment has recently fallen sharply and is likely to see only a subdued recovery.” This, it said, will weigh on labour productivity, lowering its projection of supply-side potential GDP growth for the six-year period FY21 to FY26 to 5.1 per cent per annum compared to our pre-pandemic projection of 7 per cent.

“Our historical analysis of India’s growth performance highlights the key role played by a high investment rate in driving growth in labour productivity and GDP per capita over the last 15 years. But investment has fallen sharply over the last year and the need to repair corporate balance sheets and firm closures will weigh on the pace of recovery,” it said.

Constrained credit supply amid a fragile financial system is another headwind for investment.

The banking sector entered the crisis with generally weak asset quality and limited capital buffers. Appetite for lending will be subdued, particularly as credit-guarantee and forbearance measures rolled out in the crisis start to be unwound.

“The economy should be able to grow somewhat faster than estimated supply-side potential over the medium term following the unprecedented downturn in FY21. But our projection for the medium-term recovery path - at around 6.5 per cent per annum over FY23 to FY26 - would leave GDP well below its pre-pandemic trend,” it said.

Source: thehindubusinessline.com– Jan 14, 2021
Industry reaches out to Centre for stabilising cotton prices

Fabric makers and garment exporters are finding it difficult to cash in on the sudden spurt in demand for fabrics, garments and other textile products from the exports market. According to the exporters, they are facing crisis due to steep increase in cotton price.

Talking to The Tribune, the exporters said post-Covid, global textile scenario has opened up enormous opportunities for the Indian textiles and clothing industry due to various reasons, including US sanctions on Xinjiang’s (China) cotton and cotton-based textile products. However, high cotton prices are acting as a deterrent to the exporters.

Since the spinning industry is left with no inventory and is struggling to reach the pre-Covid levels amid the continuing threat of Covid pandemic, there is a mismatch in the supply and demand.

“Cotton prices are higher this year as there is a significant demand of yarns from the garment makers. The high demand has pushed the prices northwards,” said Punjab Cotton Factories and Ginners Association president Bhagwan Bansal.

Perturbed over the high prices, the National Committee on Textiles and Clothing, which includes stakeholders of textile and clothing industry, has sought the intervention of Union Minister of Textiles Smriti Irani.

“Since the Cotton Corporation of India (CCI) has become a major player in the cotton procurement, the pricing methodology is essential to make the entire textile value chain competitive,” says the letter written by them.

The letter further states since fabric and garment exporters commit for orders over a longer period, the yarn prices need to be stabilised at least for a month. The CCI also needs to change the prices only on a monthly basis and ensure its stability.

Source: tribuneindia.com – Jan 14, 2021
Green shoots now visible in spinning segment: ITF

For the past four to five years, stand-alone spinning segment in India was performing very poorly (with an unsustainable EBITDA margin of 7 to 8 per cent) compared to all other segments of the textile value chain. However, now due to pent-up demand for finished goods, there is good demand for yarn, and some much-needed green shoots are visible in the segment, according to the Indian Texpreneurs Federation (ITF).

Post-lockdown, prices of cotton yarn have increased, for e.g. price of cotton yarn 30s has risen from about ₹195/kg in August 2020 to around ₹240/kg now. One of the reasons is a considerable increase in the price of cotton in the new season. Price has moved up from ₹38,500 per candy in November 2020 to around ₹45,000 per candy now.

Secondly, spinning sector started off little late and was operating with lower utilisation after the lockdown. "It started ramping up only from September onwards, but even now it is facing worker shortage in states like Tamil Nadu," ITF Convenor Prabhu Dhamodharan told Fibre2Fashion.

Speaking about the demand situation, Dhamodharan says, "Good demand is coming from all segments of the value chain, mainly driven by the pent-up demand for finished goods. Companies started working with higher inventory levels to avoid supply disruptions and easy liquidity is helping manufacturers to afford the extra inventory."

Dhamodharan terms the increase in demand as well as the price rise as the much-needed green shoots. "A healthy and financially viable spinning sector is much needed for our agri and manufacturing economy," he adds.

However, the increase in demand is not limited to India. "Prices of many products in several sectors are going up, across the globe. Prices of textile products, including cotton, polyester, and viscose at raw material stage, are also going up. Naturally, it is reflecting in yarn and fabrics prices in India too," says Prabhu Dhamodharan.

In spite of the price rise, Indian cotton and yarn is still cheaper compared to other competing countries. "So, we need to work on communicating to buyers regarding the reality and insist for better prices. Further, our competing countries also need to work with higher raw material cost, even higher than our cost. In fact, value chain upto the retail stage needs to
absorb the increase in prices, but that will happen in a phased manner," according to Prabhu Dhamodharan.

As a long-term strategy, he suggests that more companies should move towards integration and focus on value addition to capitalise on the post-COVID opportunities in finished product exports "to make this cyclical demand a structural one".

Source: fibre2fashion.com– Jan 13, 2021
Indian apparel exports to be on growth path: ICRA

India's apparel exports are expected to revert to a growth trajectory in FY2022 with a recovery in demand in key markets of the United States and the European Union, according to investment information firm ICRA.

The export demand will partly benefit from the low base effect and is likely to be supported by the increasing the focus of large buyers on diversifying their sourcing base beyond China.

But the risk of a fresh wave and surge in infections remains, said ICRA.

Following a contraction in the calendar year 2020, global apparel trade is expected to revert to pre-Covid levels in CY2021 and grow at a muted pace of one to two per cent per annum in the near to medium term in line with the past five years.

Growth in the near term is likely to be driven by volumes as realisations may decline amid softer raw material prices, downtrading, and shift in preference towards lower-value apparel.

On the other hand, said ICRA, domestic apparel demand is estimated to have reverted to pre-Covid levels in recent months supported by pent-up demand and festive buying.

Even as sustained recovery in offline retail to normal levels may take longer, domestic apparel players are expected to report a healthy recovery in FY2022. Growth in some segments like formal wear and party wear is likely to remain lower as compared to other essential product categories.

With improved demand from the downstream segments, fabric production is also likely to revert to growth in FY2022.

Within fabrics, cotton knitted fabrics and blended knitted fabrics are likely to perform better, given the shift being witnessed in consumer usage and preferences in favour of casual, active, and loungewear.

Source: economictimes.com– Jan 14, 2021
India’s kids wear market to be worth $22 billion by 2026

The Indian kids wear market valued $16.62 billion in 2020 and is forecasted to grow at CAGR of 5.89 per cent through 2026 to reach $22.53 billion by 2026, says ReportsAndMarkets.com study. Growing Rising disposable income and changing lifestyles, is propelling kids wear demand. Growth will be drive by increasing number of nuclear families and rising number of dual income households is in coming years.

The market is categorized on gender, category, season, sector, distribution channel and competition. Based on distribution channel, the market is categorized into multi brand retail outlets, online, exclusive stores, supermarkets and hypermarkets and others. Multi brand retail outlets account for the 1/3rd share in FY2020 and the trend is likely to continue until 2026.

Source: fashionatingworld.com– Jan 14, 2021