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INTERNATIONAL NEWS

AAFA, NRF, RILA, USFIA hail WRO on XUAR cotton products

The American Apparel & Footwear Association, the National Retail Federation, the Retail Industry Leaders Association and the United States Fashion Industry Association have praised welcomed the recent blanket government withhold release order (WRO) affecting all cotton and cotton products from the Xinjiang Uyghur Autonomous Region (XUAR).

"The companies we represent remain outraged by the reports of forced labor in the XUAR—and reports that Uyghurs are being trafficked to other regions—and have long made eradicating forced labour in our supply chains a top operational and public policy priority," the trade bodies said in a joint statement.

"The industry is pioneering and implementing new technologies and innovative approaches to decipher where supply chains are susceptible to forced labor, particularly as it relates to XUAR.

We look forward to working with the US Customs and Border Protection (CBP) to make sure enforcement is smart, transparent, targeted, and effective. We urge CBP to share with industry the evidence gathered, and the evidentiary thresholds used, that led to today's announcement," the statement said.

"Additionally, we ask CBP to share enforcement actions so that industry can further inform their due diligence and amplify and expand CBP's enforcement efforts," it added.

Source: fibre2fashion.com– Jan 19, 2021

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PRC's recovery faster than most big economies: IMF

Though China is recovering fast ahead of most large economies, the recovery is unbalanced and facing significant downside risks, according to the International Monetary Fund (IMF), which recently projected an 8 per cent growth rate for the world's second largest economy in 2021. The main concern around the Chinese recovery is the lack of balance, IMF said.

The recovery is still relying mostly on public support. Private investment has strengthened recently, but consumption is lagging. Growth rates and consumption recently have been higher, but the level of consumption compared to its pre-crisis trend is still rather low, Hlge Berger, mission chief for China and assistant director at IMF's Asia and Pacific department told reporters during a recent conference call on the publication of the 2020 China Article IV Staff Report.

"China is recovering fast ahead of most large economies, but the recovery is still unbalanced and facing significant downside risks. We are seeing growth at around 2 per cent in 2020 and around 8 per cent in 2021. December numbers have been surprising on the upside, so there are some upside risks to that forecast," Berger was quoted as saying by global newswires. On the other hand, he said that there are significant downside risks. Domestically, there is a pandemic risk that is still around. Also, the external environment has generally become a little bit more difficult for China and its economic relations with other countries.

"This is a large reason for the fact that we think that there's still an output gap this year of 1.8 per cent. That's the difference between what the economy potentially can have in terms of GDP and what we are actually expecting in terms of demand. So that's where this lack of balance comes in, and this has important implications for the way macro policies should be conducted," Berger said. In the short term, he said, the IMF does not withdraw macroeconomic policy support prematurely in China. And this is the advice that other countries are getting from the IMF, so this is a bit of a global concern, but it applies to China as well.

"The second implication of our analysis of the outlook and the risks around it is that we need to make sure that we adjust the composition of macroeconomic support away from investment towards household support. This will directly help consumption. This has implications, of course, for our policies to strengthen the social safety net," Berger added.

Source: fibre2fashion.com– Jan 18, 2021

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US Cotton Trust Protocol Welcomes First 28 Latin America Members

The U.S. Cotton Trust Protocol said the first Latin America-based textile mills have joined the organization formed in 2019 to set new standards for more sustainably grown cotton.

The 28 companies include 12 from Mexico, four each from El Salvador and Peru, three each from Guatemala and Colombia, and one each from Honduras and Ecuador. They are Central America Spinning Works El Salvador, Cone Mills, Colhilados, Fabricato, Gama Textil, Global Textiles, Grupo Industrial Miro, Grupo Vivatex, Hilanderia de Algodon Peruano, Honduras Spinning Mills, Industrias Cannon de Colombia, Industrias Merlet, Industria Textil del Pacifico, Junior de Mexico (OGGI Jeans), Manufacturas Kaltex, MT Textiles, OA, Playeras Mark, Premium Knits, Quality Knits, Ropa Siete Leguas, SJ Jersey Ecuatoriano, Tavex, Textufil, Textiles Marie Lou, Textil del Valle, WT Sourcing and Zagis.

"We are pleased that these companies have joined the Trust Protocol as the textile industry works to improve the transparency in their supply chain that brands and retailers are asking for," Dr. Gary Adams, president of the U.S. Cotton Trust Protocol, said. "The Trust Protocol is providing verified, reliable data about cotton growers' responsible growing practices in six key areas–water use, greenhouse gas emissions, energy use, soil carbon, soil loss and land use efficiency–and shows how sustainability is constantly improving through the entire supply chain."

Mills and manufacturers that become members have access to the Trust Protocol credit system to validate consumption of cotton and associated credits. The combination of a specialized credit accounting system and the Permanent Bale Identification (PBI) system enables brands to gain transparency throughout the supply chain to finished product.

Last month, the Trust Protocol also announced the membership of Gap Inc. as part of its integrated sustainability strategy and to help achieve the company's commitment to use only 100 percent sustainably sourced cotton by 2025. December also saw the announcement of the first 10 U.S. mills to join the Trust Protocol: Buhler Quality Yarns, Cap Yarns, CCW, Contempora Fabrics, Cotswold Industries Inc., Frontier Yarns, Hamrick Mills, Inman Mills, Parkdale Inc. and Swisstex Direct.

The Trust Protocol has been invited to join Cotton 2040 and its CottonUp guide, and is also on the Textile Exchange's list of 36 preferred fibers and materials from which more than 170 participating brands and retailers can select as part of its Material Change Index program.

The Trust Protocol helps bring quantifiable and verifiable goals and measurement to responsibly grown cotton production and drives continuous improvement in key sustainability metrics. It also underpins and verifies U.S. cotton's progress through sophisticated data collection and independent third-party verification.

Brands and retailers will gain access to U.S. cotton with sustainability credentials proven via Field to Market, measured via the Fieldprint Calculator and verified with Control Union Certifications. The Trust Protocol is overseen by a multi-stakeholder board of directors comprised of representatives from brands and retailers, civil society and independent sustainability experts, as well as the cotton-growing industry.

Source: sourcingjournal.com– Jan 18, 2021

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China's Shuangfei Garment Factory to invest in Myanmar

China's Shuangfei Garment Factory will invest $1.42 million for making underwear at Myanmar's Hlaing Tharyar Industrial Zone, according to the Yangon Region Investment Committee (YRIC). The proposal was approved at a meeting of the committee in accordance with the Myanmar Investment Law. The project will generate 889 employment opportunities, the committee said.

During the pandemic, the Yangon region has been working hard to ensure investment from local and abroad. YRIC approved six investments from China and Taiwan in the industrial sector. The businesses approved at the meeting are manufacturing of LED and lighting accessories, bags and garments.

The total investment amounts to $15.727 million and is expected create 3,876 job opportunities, according to a report in a English-language daily in the country.

Source: fibre2fashion.com– Jan 19, 2021

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2020 holiday retail sales grew 8.3% in US: NRF

Retail sales during 2020's November-December holiday season in the US grew at an unexpectedly high 8.3 per cent over the same period in 2019 to $789.4 billion, exceeding the National Retail Federation's holiday forecast despite the coronavirus pandemic. The numbers include online and other non-stores sales, which were up 23.9 per cent at $209 billion.

"Despite unprecedented challenges, consumers and retailers demonstrated incredible resilience this holiday season," NRF president and CEO Matthew Shay said in a statement. "Faced with rising transmission of the virus, state restrictions on retailers and heightened political and economic uncertainty, consumers chose to spend on gifts that lifted the spirits of their families and friends and provided a sense of normalcy given the challenging year. We believe President-elect Biden's stimulus proposal, with direct payments to families and individuals, further aid for small businesses and tools to keep businesses open, will keep the economy growing."

The 8.3 percent holiday season increase was more than double the 3.5 per cent average holiday increase over the previous five years, including 2019's 4 per cent gain. NRF chief economist Jack Kleinhenz said consumers shifted into high gear in December, giving the holiday season a strong finish that could be a good sign for the continuing recovery of the economy this year.

"There was a massive boost to most consumer wallets this season," Kleinhenz said. "Consumers were able to splurge on holiday gifts because of increased money in their bank accounts from the stimulus payments they received earlier in the year and the money they saved by not traveling, dining out or attending entertainment events.

Some families are still struggling, as are some retail sectors. But the promise of a new round of stimulus checks after a deal was struck before Christmas helped increase consumer confidence. Consumers were also encouraged by the news of COVID-19 vaccines becoming available, which helped offset concerns about increased infection rates and state restrictions on activity."

Kleinhenz said holiday-related spending picked up in the third and fourth weeks of December, after it was too late to expect delivery of online purchases by Christmas. Consumers turned to quick in-and-out trips to stores and took advantage of buy online, pick up in-store/curbside services retailers have perfected over the past several months.

In November last year, NRF had forecast that sales during the 2020 holiday season – defined as November 1 through December 31 – would increase between 3.6 per cent and 5.2 per cent over 2019 to a total between $755.3 billion and $766.7 billion. The forecast called for online sales to increase between 20 per cent and 30 per cent to between $202.5 billion and $218.4 billion. The numbers exclude automobile dealers, gasoline stations and restaurants.

Retail sales during December were down 1.6 per cent seasonally adjusted from November but were up 8.6 per cent unadjusted year-over-year. That built on a year-over-year gain of 8 per cent in November despite November's month-over-month decline of 0.9 per cent from October. As of December, the three-month moving average was up 8.9 per cent over the same period in 2019.

NRF's numbers are based on data from the US Census Bureau.

Source: fibre2fashion.com– Jan 18, 2021

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Cambodia: Trade with South Korea dips, set to rebound under new FTA

Bilateral trade volume between Cambodia and South Korea amounted to $884.88 million in 2020, down 17.77 per cent from $1.032 billion in 2019, according to data from the Korea International Trade Association (KITA).

According to the data, Cambodia exported $317 million of goods to the South Korean market last year, a drop of 5.4 per cent, while Korean exports to the Kingdom totaled $567 million, down 18.6 per cent from $696 million in 2019.

Cambodian Chamber of Commerce vice-president Lim Heng said declines in exports were due to fallout from the Covid-19 outbreak.

However, he expects Cambodia's exports to recover when the Cambodia-South Korea Bilateral Free Trade Agreement (FTA) eventually takes effect. The two sides held a fourth round of FTA talks in November last year, and negotiations are expected to be completed this year.

"We hope that an FTA between Cambodia and South Korea will double Cambodia's exports to Korea, and we hope export goods will exceed imports when this agreement comes into force," Heng said.

He noted that Cambodia's primary exports to South Korea include garments, footwear, travel goods, beverages, rubber, medicines, agricultural products and components for electronic equipment. Imports from South Korea include vehicles, electronics, kitchen equipment and plastic products, among others.

Hun Lak, CEO of Richfarm Asia Co Ltd, a company investing in Keo Romiet mangoes, told The Post that some Cambodian agricultural products already have a market presence in South Korea and demand is strong.

"In recent years, we have seen items like fresh vegetables and mangoes exported to the Korean market, and their consumers have been satisfied that Cambodian products are of high quality and meet international standards," he said. Lak added that his company plans to expand exports of fresh mangoes to the Korean market this year after previously establishing market access.

“We are in talks with Hyundai to collaborate on mango-pest control machinery to export to Korea. We plan to export fresh mangoes this year, which may begin with harvest season next month. However, I’m worried about the lack of direct flights to South Korea,” he said.

Preliminary aggregate trade data announced by Prime Minister Hun Sen at a special live news conference late last year pegged the Kingdom’s total international trade volume at $32 billion, of which exports amounted to roughly half.

Hun Sen declared that strong growth had been achieved by major agricultural products with a total value of $3.81 billion.

Rice exports increased 11.11 per cent to 675,000 tonnes worth $514 million. Cassava exports exceeded seven million tonnes worth nearly $2 billion.

Exports of cashews amounted to 218,884 tonnes worth $288 million, and 850,000 tonnes of exported mangoes were worth $473 million. Foreign sales of 313,000 tonnes of yellow bananas generated $551 million.

Source: fibre2fashion.com– Jan 18, 2021

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Amazon most mentioned brand in 2020 in UK DMA survey

Amazon turned out to be the most mentioned brand in the UK Data and Marketing Association's (DMA) latest customer and engagement research report titled 'How to win Trust and Loyalty', with 15 per cent of consumers naming it, followed by John Lewis (4 per cent), Sainsbury's (4 per cent) and Tesco (3 per cent). The research was sponsored by dotdigital and Collinson.

Somewhat surprisingly, despite Amazon's near-ubiquity across so many areas of consumption, the brand hasn't gained any further traction with customers over the last two years, DMA said in a press release.

Consumers were asked a simple question: "Thinking about all the brands and companies you use, which would you say is your favourite or you're most loyal to?"

When the same question was asked back in 2018, the top choices looked very similar. Indeed, consumers mentioned Amazon (14 per cent) followed by equal percentages selecting Marks & Spencer (4 per cent), John Lewis (4 per cent) and Sainsbury's (4 per cent).

Hypothetically, a reason behind such consistency can be explained by consumers' view of Amazon more as a service provider rather than a brand to engage with. Data also reveals consumers' loyalty to Amazon as being driven by convenience (54 per cent) rather than a genuine connection (46 per cent).

Data also revealed that about a third of consumers (35 per cent) report not feeling loyal enough to any brand to name it as their favourite. This group's voice is a clear testimony of the daily challenge brands must deal with: connecting with customers, gaining their trust, and being thought of when it's time to purchase.

Consumers offered a range of reasons, from simply not feeling strongly about brands to wanting to try new ones.

Source: fibre2fashion.com– Jan 18, 2021

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Digital transformation must to improve apparel sectors supply chain

A new collaborated study by YCP Solidiance and Brother Machinery Asia highlights the importance of digital transformation in the global apparel manufacturing sector. It states, the transformation must start from the beginning in some cases with the setting up of factory machinery. The study charts the course towards an efficient, digitalised supply chain in the industry.

Importance of digitalization

The study mainly focuses on the Asia Pacific region -- the hub of global apparel manufacturing -- with key players like China, India, Bangladesh, Vietnam who have emerged as the sourcing centres for top apparel brands. China in fact, is the apparel manufacturing leader "with expertise, experience, modern infrastructure, efficient supply chain management and high productivity." India on the other hand has come up as a strong competitor. Vietnam and Indonesia are emerging with their governments focusing on the segment. Sri Lanka, Pakistan, Bangladesh offer even cheaper alternatives.

The study states, these markets together hold the giant share of global apparel manufacturing industry worth $9.5 billion. With strong CAGR of around 5 per cent since 2016, the sector is expected to be worth $10 billion in 2021.

However, even though the numbers indicate growth, a closer look throws up an industry in crisis. "Low labour costs that make Asian markets so dominant in apparel manufacturing are rapidly on the rise – in China particularly and across ASEAN markets. At a more fundamental level, the sector remains primitive from a technology perspective, riddling it with inefficiency and subjecting it to all manner of risks," says the study.

While factories are still labour-intensive, supply chains are fragmented this, at a time when efficiency at lower costs is being given precedence everywhere. Hence, the way forward is 'digital transformation'. As Satoshi Kuriga, Partner, YCP Solidiance points out with business strategies becoming tougher and the high-cost of Asian labour markets, digitization is perhaps the only long term solution. He says, implementing advanced technology, such as integrated IoT systems, has increased apparel production by 5 per cent and cut cost and time by 88 per cent.

What's more, the pandemic has made the situation worse with lockdowns across Asia, the apparel industry lost over 70 per cent of its functions and "decreased the total sewing machine operating hours in Bangladesh, India, Indonesia, and Vietnam to 27 per cent." Therefore, digital transformation is the immediate necessity for factories in the region reflected in the marked increase in digital investments. The study states, with many starting their digital journey from scratch, a step-by-step approach will unfold.

Way forward with digitization

Digitization should begin with a few steps. First is to set up the hardware to automate basic functions in the production process. The hardware then needs to be backed up with advanced robotic and artificial intelligence technology, to efficiently coordinate the machines through data and training. Step three is to integrate the hardware and software function and implement Internet of Things (IoT) technology.

"Once these steps are complete, manufacturers can move on to the final stage of coordinating the entire supply chain ecosystem – from sourcing to retail – using technology such as blockchain to transparently record and monitor information as well as AI and data analytics to make the process more efficient."

All this will add up to a digitized supply chain that improves efficiency and productivity, while minimising both costs and risks. "Such a setup would be a gold standard for fashion brands, and the race is on."And with many brands wanting to move away from China in a post-pandemic market to mitigate risks will be looking at safer alternatives. And other countries in the region investing in digital transformation can fill this gap.

Source: fashionatingworld.com– Jan 18, 2021

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HCM City to support Uniqlo's business expansion in Vietnam

Chairman of the Ho Chi Minh City People's Committee Nguyen Thanh Phong recently pledged to support the expansion of Japanese global apparel retailer Uniqlo in south Vietnam's largest economic hub. He made the promise while receiving Osamu Ikezoe, general director and chief operating officer of Uniqlo Vietnam. The city will turn a shopping centre of Southeast Asia in future, he said.

"Every year, the city regularly organises dialogues with Japanese businesses, as well as regularly works with the Japan External Trade Organization (JETRO) to listen to Japanese businesses' difficulties and solve their problems, with the desire to provide them the most favorable environment," he was quoted as saying by Vietnamese media reports.

Phong added that the new investment plans of Uniqlo will be a positive highlight in the Vietnam-Japan relationship, helping the relationship between the two sides continue to develop further.

He also hoped that Uniqlo consider cooperating with Vietnamese enterprises producing raw materials.

Source: fibre2fashion.com– Jan 18, 2021

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Asian Manufacturers Fight Back Against Payment Terms

In an unlikely move for such disparate and competitive countries—Asian manufacturers banded together on Monday to launch an initiative to work collaboratively from the region that accounts for more than 60 percent of global sourcing of garments and textiles.

Restless after Covid-19, and the immense pressure they have been facing from all sides to keep labor employed, manage sudden cancellations of orders, manage costs and sudden bankruptcies, and meet pressure for best practices, manufacturers are determined to handle the second wave, and the coming years, differently.

"This common position will be powerful," Miran Ali, spokesperson for the initiative, told Sourcing Journal. A prominent factory owner in Bangladesh, Ali is also on the board of directors of the Bangladesh Garment and Manufacturers and Exporters Association (BGMEA), and the RMG Sustainability council (RSC). "We have all had similar experiences during the Covid-19 crisis, which has brought us closer together. The situation has been difficult before, but Covid-19 changed everything.

"However, it does not end with Covid-19," he added.

Dubbed the STAR Network, the grouping from six countries—China, Bangladesh, Vietnam, Myanmar, Pakistan, and Cambodia—includes nine member manufacturer organizations, and aims to ensure better purchasing practices in the textile and garment industry. China, Bangladesh and Vietnam are among the top five exporters of textiles and apparel worldwide.

Talks with other countries for inclusion in the initiative are still underway.

Although it seems an unlikely alliance—as these countries in Asia have been bitter rivals competing for business from global brands and retailers, undercutting pricing, with efforts to be stronger on the supply chain, and other issues—Ali said that the bigger common objective takes precedence.

"We will always compete for business—that will always be there. So, among the things we are looking at are not items on specific pricing, for example, but rather a focus on payment terms—like the 180-day payment cycle, the cancellation of orders, etc.

By working in this way, we can make sure the business becomes more transparent, more responsible as a whole," he said.

The focus will be on better purchasing practices in the textile and garment industry, which has been characterized by a power imbalance between the brands and buyers on the one end and the textile and garment producers on the other, he said, with a look at how a correction can be made.

Immediate action begins with defining 'red lines': the areas that have not been previously crossed, such as a focus on payment and delivery practices, third-party negotiations that often leave the manufacturer in the lurch, and better ways to focus on sustainability that can work as much in favor of the manufacturer as the buyer and the end consumer.

Although the STAR network has already existed as an entity funded by GIZ, the new entity has an additional collaboration with the International Apparel Federation (IAF).

GIZ, (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH), is a German development agency headquartered in Bonn and Eschborn that provides services in the field of international development cooperation; IAF is a global federation for apparel manufacturers, brands, their associations, and the supporting industry.

The secretariat for the new initiative is to be based out of Netherlands.

Source: sourcingjournal.com– Jan 18, 2021

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Absence of indicative price affects cotton sowing in Egypt

The Egyptian government has been announcing an indicative price for buying cotton before the planting season commenced every year. However, for the first time, the government had not announced indicative prices in marketing year (MY) 2019-20. This has affected cotton cultivation in MY 2020-21, which is expected to decline 35 per cent to 65,000 hectares.

The indicative price was a subtle attempt by the Egyptian government to urge the textile industry to buy cotton from farmers at the indicative price, However, it was not a price support or commitment from the government to buy the crop.

In MY 2020-21, total cotton area harvested in Egypt is expected to decrease by approximately 35 per cent to 65,000 hectares (ha), from 100,000 ha in MY 2019-20, according to Fibre2Fashion's market analysis tool TexPro.

The low cotton prices was another reason for farmers sowing less cotton. In MY 2019-10, price averages were $133 per 50 kg of lint cotton to $146 per 50 kg of lint cotton for extra-long varieties, and $120 per 50 kg of lint cotton to $133 per 50 kg of lint cotton for long-medium staple cotton.

In MY 2020-21, cotton consumption of Egypt is expected to plunge by 5,000 bales to 6,25,000 bales, a drop of 1 per cent over last year attributed to lower domestic demand due to decrease in demand from public spinners.

Click here to read the complete article on challenges faced by Egyptian cotton in 2020

Source: fibre2fashion.com– Jan 18, 2021

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Bangladesh: RMG is rebounding after a setback

The economic growth of Bangladesh, to a certain extent, depends on the export of apparels which account for approximately 80.0 per cent of the country's total annual export earnings. It also constitutes about 11.17 per cent of the country's Gross Domestic Product (GDP). The sector employs around 4.0 million people, where some 85.0 per cent is women. The export of apparels increased persistently during the last three decades, from US$ 868 million in FY91 to $34.13 billion in FY19.

The export-oriented industry's journey started in 1978 with 10,000 men's shirts worth 13 million Francs to a French company from Reaz Garments Ltd. However, Desh Garments Ltd was the first fully export-oriented garment factory in the country. In 1983, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) was formed, which is now one of the country's largest trade associations representing the readymade garment industry. Today, the association collaborates with local and international stakeholders, including brands and development partners, to pave the way for developing the Bangladesh apparel industry. Currently, BGMEA has around four thousand registered garment factories.

The industry has grown quite rapidly and mostly in a structured way, and there were some setbacks also. The most devastating incident was the collapse of Rana Plaza in 2013, which caused the death of 1,150 garments workers. Following the 'Rana Plaza' collapse, international pressure to improve the factory's working conditions intensified. As a result, two international bodies, namely Accord (an initiative of European retailers) and Alliance (an initiative of North American buyers) emerged.

These two bodies worked with Bangladesh to improve the working conditions and safety of the factory workers. As a result, many factories have improved the working conditions, health and workplace safety. Even some garments factories go green by setting up environment-friendly production units.

A recent report by USGBC (LEED) showed that out of the top 27 environmental friendly establishments globally, 14 belong to Bangladeshi garments and textile factories. Better working condition and green factories enhance the image of the Bangladeshi clothing industry in the global market. BGMEA set a target of $50 billion export by 2021.

However, the outbreak of Covid-19 has already made the target quite uncertain, and it is necessary to revise it downward for the practical reason. On March 08, 2020, Bangladesh reported its' first positive case. After that, the government also declared public holidays which ended at the end of May 2020. As a result, the economic slowdown was quite apparent. Many Small garment factories were closed, and as the lockdown continued, some factory owners stopped making payment to their workers.

To support the economic activities, the government allocated Tk 50 billion (approx. US$ 595.0 million) stimulus package for export-oriented industries including assistance towards salaries and funding of two-year loans to factory owners at 2.0 per cent interest.

At the start of the pandemic, as China was not shipping its raw materials to the outside world, Bangladesh suffered as our country depends on China for backward linkage materials. This situation pushed smaller garments on the verge of extinction. Many small clothes did, and with these going down, workers working there have lost their jobs as well. Apart from this, leading buyers worldwide had banned shipments or cancelled a significant sum of orders.

Nevertheless, learning from past mistakes, more backward linkage garments manufacturers are now gradually coming up. It shows that there is a place for those units which manufacture chains, buttons etc. Banks are also coming forward in this endeavour.

A reversal in adverse work orders is also helping to revive the industry and the economy gradually. A combined effort of the government, central bank, commercial banks and other stakeholders are now paying off. Besides disbursing the allocated stimulus money, the commercial banks have also offered a moratorium period to the borrowers to ease repayment pressure. Nevertheless, a long way is ahead to go before complete recovery.

Source: thefinancialexpress.com.bd– Jan 18, 2021

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NATIONAL NEWS

Budget: Textile sector wants uniform GST structure, removal of dumping duty on inputs

Industry hopeful that Finance Ministry will listen to demands to push domestic manufacturing further

The Textile Ministry has taken up the industry demand for implementing a uniform GST (Goods & Services Tax) structure for apparels and textiles to address the problem of higher duties on inputs and abolishing anti-dumping duties on viscose staple fibre (VSF) with the Finance Ministry for redressal in the forthcoming Budget.

“The inverted GST structure in the textile industry and the anti-dumping duty on viscose staple fibre are two major irritants for textiles and garments manufacturers. The Textile Ministry has been holding discussions on the two issues with relevant bodies and the Finance Ministry. Hopefully the matter will be resolved in the forthcoming Budget,” an official told BusinessLine.

Finance Minister Nirmala Sitharaman will present the Budget for 2021-22 on February 1 and her stress is expected to be on giving a further push to domestic manufacturing and the ‘Atmanirbhar Bharat’ drive.

In the last Budget, the Finance Ministry had removed anti-dumping duties on purified terephthalic acid (PTA), which is an important input in the manufacture of textile fibres and yarns. The move hit domestic manufacturers of PTA such as Reliance Industries, JBF and Indian Oil but benefited thousands of fibre, yarn and garments producers who could source the input much cheaper.

In November 2020, the government withdrew ant-dumping duty on acrylic fibre to enable sweater and shawl manufacturers get the raw material at competitive prices.
Duties on VSF

“There is now a big demand from textile bodies for removal of anti-dumping duties on VSF to benefit the entire value chain given the growing demand for VSF and its blended textiles,” the official said.

Textile associations such as the Southern Indian Mills Association, Indian Texpreneurs Federation, and Northern India Textile Mills' Association have given representations to the Centre seeking removal of anti-dumping duties on VSF to prevent stoppage of production across the value chain and save jobs from getting lost.

“Till the Budget is announced, we will not know whether the demand of the textile sector will be met but the government has already demonstrated that it understands the need to do away with anti-dumping duties on critical inputs. If around two decades of protection has not made the domestic producers of the inputs competent, then there is no point of continuing to shield them,” the official said.

On the demand for implementation of a uniform GST structure for textiles, the official said the present rates were creating an inverted duty structure, where taxes on inputs are higher than that on output, and blocking working capital. “The Textile Ministry had earlier taken up the matter with the GST Council and there is an expectation that it might be addressed in this year’s Budget,” the official said.

At present, man made fibre is taxed at 18 per cent, spun yarn and filament yarn at 12 per cent and final output, including garments, at 5 per cent. “As far as refunds are concerned, there is no certainty when that would happen,” the official said.

Indian textiles and apparel industry account for about 2.3 per cent to the GDP, 13 per cent of industrial production and 12 per cent of export earnings, as per government figures. There are an estimated 4.5 crore people engaged directly in the textile industry and another six crore in allied sectors.

Source: thehindubusinessline.com – Jan 18, 2021

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Cotton yarn makers see revenue cross 2019-20 mark

Beating the pandemic blues, cotton yarn makers in Gujarat are set to surpass their revenues of 2019-20. According to estimates from the All Gujarat Spinners' Association (AGSA), the industry's turnover was Rs 29,000 crore in 2019-20. Spinning units in the state have already achieved this by the end of the third quarter of 2020-21, riding on increased demand and higher prices of cotton yarn.

Cotton yarn prices have increased by 56% from April to November 2020, when prices stood at Rs 265 per kg, according to AGSA. "Cotton yarn price was Rs 195 in the first half of March 2020, after which it fell to Rs 170 in April soon after the lockdown. With a sharp increase in price recently, the industry has regained momentum. At this price, realisation from orders has increased for cotton yarn makers.

Consequently, revenues of Q4 of 2020-21 will be growing at 25% from the corresponding quarter last year," said Saurin Parikh, president, AGSA.

Cotton yarn prices rose over the past two months or so due to an unprecedented increase in demand, especially in the export market. "Pipeline stocks dried up a few months of the lockdown and demand sharply increased. Currently, all units are operating at full capacity while at least 70% of the stock is being exported to countries like Vietnam, Bangladesh and China," said Parikh.

The surge in demand also helped industry players make up for revenue lost during the lockdown and after it. Industry players said that with fatter margins due to higher prices, the industry turnover for 2020-21 will grow by 10% against 2019-20.

"Realisation and margins have increased significantly with the rise in prices. This is because of increasing demand. Better realisation helped manufacturers compensate for their losses," said Ripple Patel, managing director of a yarn manufacturing unit. Gujarat is home to at least 140 spinning units with an installed capacity of some 50 lakh spindles according to AGSA. Daily production is at 40 lakh kg.

Source: timesofindia.indiatimes.com– Jan 19, 2021

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FinMin releases weekly instalment of Rs 6,000 cr to states to meet GST compensation shortfall

The Finance Ministry on Monday released the 12th instalment of Rs 6,000 crore to states to meet the GST compensation shortfall, taking the total amount released so far under this window to Rs 72,000 crore. The Centre had set up a special borrowing window in October 2020 to meet the estimated shortfall of Rs 1.10 lakh crore in revenue arising on account of implementation of Goods and Services Tax (GST).

The ministry in a statement said it has released the 12th weekly instalment of Rs 6,000 crore to the states to meet the GST compensation shortfall. Out of this, an amount of Rs 5,516.60 crore has been released to 23 states and Rs 483.40 crore has been released to the 3 Union Territories (UT) with Legislative Assembly (Delhi, Jammu & Kashmir & Puducherry), who are members of the GST Council.

The amount has been borrowed this week at an interest rate of 4.43 per cent.

"Till now, 65 per cent of the total estimated GST compensation shortfall has been released to the States & UT with Legislative Assembly. Out of this, an amount of Rs 65,582.96 crore has been released to the States and an amount of Rs 6,417.04 crore has been released to the 3 UTs with Legislative Assembly," the ministry said. Thus, the total amount released so far in 12 instalments is Rs 72,000 crore at an average interest rate of 4.70 per cent.

The remaining five states — Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim — do not have a gap in revenue on account of GST implementation, the statement said.

In addition to providing funds through the special borrowing window to meet the shortfall in revenue on account of GST implementation, the Centre has also granted additional borrowing permission equivalent to 0.50 per cent of Gross States Domestic Product (GSDP) to the states to help them in mobilising additional financial resources.

Permission for borrowing the entire additional amount of Rs 1,06,830 lakh crore (0.50 per cent of GSDP) has been granted to 28 states under this provision, the statement said.

Source: financialexpress.com– Jan 18, 2021

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India needs to work hard to reposition itself global in textile value chain

Experts feel, product development, digitalization, niche products and world class R&D institutions are way forward to reposition India in global textile value chain. Digitalization across value chain is the key to growth and competitiveness in textile industry in India. It increases interaction with buyers and allows companies to work closer to consumer through e-commerce.

They also feel given the huge local market of 1.3 billion people, Indian textiles industry has revived post-COVID with the help of new product segments in knit-based industry as focus on comfort wear has grown substantially. If Indian companies want to achieve scale then end to end approach is required and it needs to be supported by world-class R&D institution set up in public private partnership.

Cotton being the strength of industry the focus needs to be sustained. While proactive product development is the key to growth, sustainability along with compliance can create huge differentiation for India among global peers.

Similarly, synthetics industry growth is the key and India needs to increase its share of manmade fibers to grow in global market. India can also look at collaboration with neighbouring countries across supply chain to push textile industry's growth.

India needs to reposition itself through anchor led model, which will involve MSME's to develop scale. Complete digitization of supply chain will make Indian companies more competitive and give services as per buyers need. Creating sustainability across supply chain and adopting collaborative approach is the way forward. Likewise the country needs to broaden its product basket increase global footprint and look beyond US and EU for growth.

Source: fashionatingworld.com– Jan 18, 2021

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Tamil Nadu urges Centre to allow states borrow up to 5% of GDP in 2021-22

The Tamil Nadu government on Monday urged the Union finance minister Nirmala Sitharaman to allow all state governments to borrow up to 5% of GDP in 2021-22 as well as to enable states to sustain expenditure on capital works and on Covid-19 prevention measures. In a pre-Union Budget meeting, Tamil Nadu deputy chief minister O Pannerselvam, who also holds the finance portfolio, pointed out that while the early signs of economic revival are apparent, the finances of the state governments will take more time to recover. Given the situation, he requested the finance minister that no abrupt fiscal correction should be attempted during 2021-22. The transition back to fiscal targets should be a gradual glide path over two to three years.

Outlining issues related to GST, he said the expectations of revenue growth with the implementation of GST have been belied. The reasons for this tepid revenue growth have to be analysed in detail. The state governments will need to have their revenues protected, particularly in these difficult times. He said alternatives, including continuance of the compensation mechanism and devolving further taxation powers on states, will have to be discussed in the GST Council in order to ensure that states are not put to hardship in 2022-23. "I urge Union finance minister to address this very crucial issue with the urgency that it warrants and to ensure that the interests of the states are not affected," Pannerselvam said .

The levy of cesses and surcharges by the central government deprives the states of their legitimate share of the Centre's tax revenue. Collections by way of cesses and surcharges have increased substantially as a proportion of the gross tax revenue of the Centre in recent years. All such cesses and surcharges should be merged into the basic rate of tax, so that the states also receive their due share from the additional revenue.

He urged the finance minister that no further conditions are imposed by the Centre for the release of grants recommended by the Finance Commission. This would ensure that the states receive their full share of the grants in a timely fashion. Tamil Nadu was yet to receive grants of `2,577.98 crore recommended by the 14th Finance Commission for rural and urban local bodies in the state. In fact, performance grants recommended by the 14th Finance Commission have not been released in the last 3 years to any state so far, which is unfair. "I request the Government of India to release the arrears pertaining to the 14 th Finance Commission grants at the earliest," he said.

Source: financialexpress.com– Jan 18, 2021

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Government of India strengthens cargo handling capacity of Chabahar Port, Iran

India has supplied a consignment of two Mobile Harbour Cranes (MHC) to Iran's Chabahar port, with a total contract value of over USD 25 Million under a contract agreement for supply of 6 MHC. The consignment of cranes arrived from Marghera port, Italy has been unloaded successfully on 18th January, 2021 at Chabahar port and presently undergoing trials run.

With 140 metric tons lifting capacity, multipurpose equipment and accessories like Mobile Harbour Cranes (MHC) will enable India Ports Global Limited (IPGL) to provide seamless services for Container, Bulk and General Cargo at Shahid Beheshti Port of Chabahar.

This is a step towards India's commitment towards infrastructure development of Shahid Beheshti Port of Chabahar.

The bilateral contract between the Islamic Republic of Iran and Republic of India was signed on 23rd May 2016 with a total value of USD 85 million for Equipping, Mechanizing and starting Operations at Shahid Beheshti Port of Chabahar development Phase- I. To achieve this ambitious aim, an SPV namely India Ports Global Limited (IPGL) Mumbai was incorporated under the ambit of the Ministry of Ports, Shipping and Waterways.

Minister of Ports, Shipping and Waterways (I/C), Shri Mansukh Mandaviya stated that Chabahar Port is a strategic port with great national importance. The delivery of consignment of heavy equipment, including cranes shows India's commitment to the strategic connectivity of Chabahar port project that will provide access to markets in Central Asia. Development of Chabahar port is the anchor for the expansion of economic and mutual relations between India and Iran and it will give a further boost to the maritime trade between both the countries.

The location of Chabahar Port has strategically advantage and high potential to provide connectivity among India, Iran, Afghanistan, Uzbekistan and other CIS countries specially Eastern CIS countries to increase trade between these countries.

Source: pib.gov.in– Jan 18, 2021

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Power loom federation opposes anti-dumping duty on viscose yarn

Stating that imposition of anti-dumping duty on viscose spun yarn will have negative impact on Micro, Small and Medium Enterprises (MSMEs) and large group of scattered small and marginal producers, members of the Tamil Nadu Federation of Powerlooms Associations has urged the Ministry of Finance not to go ahead with the Director General of Trade Remedies (DGTR) recommendation on imposing anti-dumping duty on imports from China, Indonesia and Vietnam.

In a letter to the Minister of Finance and Corporate Affairs, New Delhi, members said that two-third of the country's yarn needs are fulfilled by domestic procurement while the rest is imported from other countries.

The letter said that due to increase in the demand for yarn, the price of domestically available yarn was hiked frequently worrying the powerloom unit owners.

Imposition of anti-dumping duty will worsen the situation leading to job loss. Hence, the letter urged the ministry to drop the decision of imposing anti-dumping duty on viscose spun yarn.

Source: thehindu.com– Jan 18, 2021

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SIMA seeks Rs 9,000 crore for ATUFS

In the upcoming Union Budget, the Southern India Mills' Association (SIMA) has sought allocation of Rs 9,000 crore for the Amended Technology Upgradation Fund Scheme (ATUFS). Of this, nearly Rs 6,000 crore is needed to meet the committed liabilities under earlier versions of the scheme.

It is also imperative to know that in the last few years, textile sector has not got allocation of more than Rs 7,000 crore. The Association has also sought working capital for mills to buy cotton and the creation of a National Textiles Fund. This will help meet the financial needs of textile units for infrastructure creation and technology adoption.

The Association highlighted bamboo fibres can be compared with viscose fibres as the source of raw material is nearly the same. The bamboo fibre is made of bamboo pulp and viscose is made of wood or eucalyptus pulp. So, based on this factual criterion, 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, importers were directed to clear the product as artificial staple fibre. Hence, a specific code is needed for bamboo fibre, it said.

Source: fashionatingworld.com– Jan 18, 2021

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Welspun India recognized as 'Influential Innovators'

At Clarivate South and South East Asia Innovation Award 2020

Welspun India added another feather to its illustrious cap by being named amongst the most 'Influential Innovators' at the Clarivate South and South East Asia Innovation Award 2020. Welspun won the award in the Corporation segment and was the only player from the textile industry.

Welspun has always focused on consumers' needs and catered to them with innovations like Nanocore technology, which prevents dust mites and other allergens from entering home linens.

Additionally, the company introduced an industry-defining, multi-level traceability process Wel-Trak that tracks finished products back to the raw material as well as HygroCotton technology which traps the air in its core thereby making terry towels bloom after every wash and regulates a bedsheet's temperature naturally.

Source: business-standard.com– Jan 18, 2021

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