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INTERNATIONAL NEWS

Key statistics and trends in trade policy 2020

With the notable exception of the increase in bilateral tariffs between the United States and China, tariffs have remained substantially stable during the last few years with tariff protection remaining a critical factor only in certain sectors in a limited number of markets. On the other hand, the use of regulatory measures and other non-tariff measures remains widespread.

As of 2019, trade costs directly related to tariffs were at about 2 per cent for developed countries and at about 4 per cent for developing countries. Tariff restrictiveness remains substantial in many developing countries, especially in South Asia and sub-Saharan African countries.

Moreover, tariffs remain relatively high in some sectors where tariff peaks are present. Those sectors include some of key interest to low income countries such as agriculture, apparel, textiles and leather products. Tariffs also remain substantial for most South–South trade.

International trade is subject to and influenced by a wide array of policies and instruments reaching beyond tariffs. Technical measures and requirements regulate about two thirds of world trade, while various forms of sanitary and phytosanitary measures (SPS) are applied to almost all agricultural trade.

Border measures contribute substantially to trade costs. On average the compliance costs of such measures are generally higher than tariffs. The World Trade Organization (WTO) remains an important arbiter of trade disputes, however the past few years have seen a general decrease in the number of trade defence investigations brought to the WTO.

The process of deeper economic integration has remained strong at the regional and bilateral levels, with an increasing number of preferential trade agreements (PTAs) being negotiated and implemented.

Most of the recent PTAs address not only goods but also services and increasingly deal with rules beyond reciprocal tariff concessions to cover a wide range of behind the border issues. As of 2019, about half of world trade has occurred under some form of PTA.

This report is structured in two parts. The first part provides a discussion and statistics on the Regional Comprehensive Economic Partnership. The second part presents and discusses trends in selected trade policy instruments including illustrative statistics.

The second part is divided into four chapters: tariffs, trade agreements, non-tariff measures, and trade defence measures.

Trade trends and statistics are provided at various levels of aggregation illustrating the use of the trade policy measures across economic sectors and geographic regions.

Click here to download the report

Source: unctad.org– Jan 20, 2021

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IMF calls for strong fiscal, monetary support by nations

The International Monetary Fund (IMF) recently urged countries to continue strong fiscal and monetary efforts to support their economies given the continued uncertainty about the risks posed by a resurgence in COVID-19 cases and new variants. “The global economy is at a critical juncture,” IMF spokesman Gerry Rice told reporters at an online briefing.

“There remains a great deal of uncertainty ... and the prospect for a still very difficult period ahead with infection surges and people continuing to suffer,” Rice said.

IMF would release an updated global economic forecast on January 26 that would reflect recent developments, including development and distribution of COVID-19 vaccines and fresh stimulus measures in the United States and Japan, he said.

In October, IMF forecast a 4.4 per cent global gross domestic product (GDP) contraction for 2020, followed by a rebound to growth of 5.2 per cent for 2021.

It was “certainly no time to let up on our efforts,” Rice said, calling for continued strong monetary and fiscal measures.

US economic stimulus funds approved at the end of 2020 - and reports of additional possible measures - were encouraging, he said.

In Japan, Rice said IMF was forecasting a gradual recovery in 2021, with some upside relative to its last projection of 2.3 per cent growth, given strong growth in the third quarter and a third stimulus package announced in December.

Source: fibre2fashion.com– Jan 20, 2021

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£300,000 textile training academy to open in Leicester

The Leicester city council will establish a £300,000 training academy, called the Leicester Fashion Technology Academy (LFTA), in Spinney Hills, where many of the city's troubled textile and apparel manufacturers are based. The council is working with training provider Fashion Enter Ltd and clothing company Ethically Sourced Products Ltd on the scheme.

The pilot project will offer apprenticeships and accredited training for people working in the local textile industry. The new academy, based on the top floor of Ethically Sourced Products' factory premises in Stonebridge Street will also work closely with local textiles and fashion manufacturing businesses.

More than 1,000 garment workshops exist in the city, which is home to the second-largest concentration of textile and fashion manufacturing businesses in the United Kingdom.

The sector has been in the spotlight over the last year over concerns about worker exploitation by some textile company managements and the government and the city council continued a blame game.

The council says it is working to improve conditions in the industry locally and recognise its importance to the city economy, according to UK media reports.

Fashion-Enter Ltd, a not-for-profit social enterprise based in both London and Newtown, Wales, is recognised as a centre of excellence for the development of skills in the fashion and textile industries. Fashion-Enter set up an academy north London in 2015 and Leicester will be the second city it has launched such an operation.

The new academy will offer people the opportunity to work towards entry-level qualifications in industry skills including pattern-making, fabric inspection, laying and cutting, machine maintenance and stitching. LFTA is scheduled to open in early summer, following refurbishment of the new premises.

Source: fibre2fashion.com– Jan 20, 2021

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Brazilian textile and apparel industry projections indicate recovery in 2021

Abit (Brazilian Textile and Apparel Industry Association) announced the numbers for the Brazilian textile industry in 2020, in addition to the sector recovery projections for 2021. With the pandemic, production was affected and many companies started producing masks and other PPE to avoid stopping in the period.

The sector closed 2020 with an estimated 1.87 million tons of manufactured products by 2021, this figure is expected to increase to 2.09 million tons and 5.81 billion pieces. The figures are similar to those presented in 2019, when the country produced 2.05 million tons and 5.94 billion pieces.

In the annual revenue, it is estimated R$ 55.3 million in textile manufactured and R$ 152.1 billion in clothing products, which will represent, respectively, increases of 10.5% and 24% compared to the figures recorded in 2020.

The association says, although the numbers seem high, in fact the comparison is on a low basis. This is because the sector had been trying to recover since 2010 and in 2019 it was regaining a more solid growth, but was hit by the pandemic, being one of the most affected.

Another highlight is the number of jobs, which after a significant drop in 2020, will grow again in 2021. The expectation is of 25 thousand new jobs, around 65% of the volume reduced last year. The association also points out that this growth will be gradual.

Even with the challenges of the year, the textile and apparel sector can contribute to the pandemic by making masks for sale and donation. The number of the produced item jumped from 6.5 million to 140 million in four months, with around 140 companies converting their production to this demand.

Source: fashionatingworld.com– Jan 20, 2021

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UK shoppers face delays, extra fees on EU fashion items

UK shoppers are reportedly facing delays and extra fees of up to £5 on fashion items shipped from the European Union (EU). And new paperwork and extra customs and border security arrangements arising out of Brexit are being blamed for this chaos. The trouble has cropped up at a time when businesses are witnessing a spike in online orders while the country is in lockdown.

Parcels with the wrong documentation are being returned to sender when they reach the border in many cases. What has added to the problem is the high levels of sickness among postal workers due to COVID-19, a top UK newspaper reported.

Under new rules, anyone sending parcels from the EU to the UK needs to fill in forms including proof of origin and the reason for sending the package. Retailers selling to the United Kingdom now have to pay customs duties and fill out declaration forms, as well as registering for value-added tax (VAT) in the UK. VAT relief on imported goods under £15 has also been abolished.

Some retailers and delivery firms are charging extra from customers to cover the cost of the red tape.

The charges will depend on the country, whether the package is a gift or commercial goods and its value. Goods under €35–which were previously exempt from VAT–are now taxable.

Source: fibre2fashion.com– Jan 20, 2021

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Fair Trade USA 'Breaking Down Walls' Between Factories, Brands and Consumers

As social justice and inclusivity have dominated industry conversations, the concept and actual measurement and certification of Fair Trade could be more than just a way to improve manufacturing in various industrial sectors.

Fair Trade's mission of improving the workplace and lives of factory workers offers relevance for the social movements of today, while also continuing to take on the apparel and other industries it aims to raise to better levels of operation. That was the message of "Journey to Fair Trade and Sustainability," part of the Texworld NYC virtual webinar series held last week.

Asked by moderator Thimo Schwenzfeier, show director for organizer Messe Frankfurt, if the public understands what fair trade is, Paul Rice, founder and CEO of Fair Trade USA, described it as a "global movement of brands like Madewell and amazing producers line Saitex and tens of millions of consumers who are increasingly looking for products that are consistent with their values, products that reflect their interest in a better world and a more sustainable world."

"Fair Trade is a philosophy, it's a movement, it's an expression of ethical trading and sustainable sourcing," Rice said. "Fair Trade is also a standard–a 300-point checklist of compliance criteria that manufacturers like Saitex agree to comply with."

In turn, these certified manufacturers get to sell on Fair Trade terms to some 1,400 brand and retail partners. Those partners in turn, agree to pay more money, Rice added.

"The essence of Fair Trade is the notion that sustainability and responsibility needs to be rewarded," he said. "The other hallmark of Fair Trade is our certification," a seal that is imprinted in jeans, for example, "and that activates the consumer."

Rice said the latest surveys have shown that 63 percent of U.S. consumers know the Fair Trade label. In practice Fair Trade also means better livelihoods for workers, better working conditions and more respect for workers, he added. Sanjeev Bahl, founder and CEO of denim manufacturer Saitex International, said social justice and inclusivity have never been raised to such a high level, but there are few tools to integrate these goals .

“Fair Trade is a tool that empowers businesses to be a force for good and allows inclusivity at the highest degree,” Bahl said.

He noted that the 2 percent premium that is paid to Saitex by brands because it is Fair Trade certified goes directly into the hands of the workers, who, according to Rice, have a system in place to decide how it is distributed. Since the partnership between Saitex and Madewell began, workers have received $700,000, which has been utilized for healthcare, education and well-being, Bahl said.

“It’s collapsed the walls…the relationship between the brand and consumer, the relationship between the brand and the factory,” he said. “There’s now direct transparency” between the factory and the consumer. “For us, it’s given a voice of equality and inclusivity to our workforce and has built a relationship between our workers and Madewell.”

Liz Hershfield, senior vice president of sourcing and supply chain at Madewell, said the aspect of being able to contribute to workers’ supplemental income was a key reason Madewell chose to work with Fair trade over other socially conscious organizations when the brand decided it wanted to go that route.

In addition, Fair Trade’s focus on workplace safety and “an environment where the workers can have a voice and air a grievance and not be afraid of retaliation,” was another vital reason, Hershfield said. “By partnering with Fair Trade and factories like Saitex, we are able to support safer, more sustainable factories that align with our brand values,” she said.

In 2019, Madewell rolled out it first Fair Trade denim program with Saitex that has been successful in many levels, Hershfield noted. Rice said the 10-year-old Fair Trade apparel program has reached more than 100 factories in 12 countries. It is working with 120,000 workers, mostly women, “but in the global picture of the apparel industry we’re just getting started.”

“What encourages me in the mission to transform the apparel industry, is when I hear back from factory owners that Fair Trade is not just good for the worker, but it’s also good for the factory. It’s increasing retention, it’s lowering recruitment and training costs, it’s helping the factory ensure more stable commercial relationships with buyers,” he said.

Source: sourcingjournal.com– Jan 20, 2021

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Nine Asian apparel, textile associations team up to promote better purchasing practices

Apparel and textiles manufacturers of six Asian countries, including Bangladesh, have come together for an initiative to push for better global buyers' purchasing practices.

The nine member associations from six countries have: China National Textile And Apparel Council (CNTAC), Myanmar Garment Manufacturers Association (MGMA), Pakistan Textile Exporters Association (PTEA), Pakistan Hosiery Manufacturers and Exporters Association (PHMA), Towel Manufacturers Association of Pakistan (TMA), Vietnam Textile and Garment Association (VITAS), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Garment Manufacturers Association of Cambodia (GMAC).

The textiles and garment industry is characterised by power imbalance between the brands and buyers on the one end and the textile and garment producers on the other and this had increased amid the pandemic.

They wanted to come together as associations and manufacturers in Asia, to agree on common positions regarding payment and delivery terms so that they have a stronger voice in individual and in collective discussions with brands and buyers on improving purchasing practices.

The platform hops the common position would be powerful as the countries represent over 60 per cent of all global apparel exports by manufacturers. Until March 2021, the platform would work in five working groups — defining the 'red lines', requests and recommendations on topics such as payment and delivery practices, planning and information exchange and third-party negotiations. Based on the output of the working groups, the second phase of the initiative would drive the roll-out in the industry.

Source: fashionatingworld.com– Jan 20, 2021

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Brazilian companies host first digital edition of Colombiatex de Las Américas

The first fully digital edition of Colombiatex de Las Américas, the largest event of the textile sector in Latin America, took off on a positive note. It hosted 21 Brazil participates, supported by Texbrasil (The Internationalization Program of the Brazilian Textile and Fashion Industry) – the result of a partnership between Abit (Brazilian Textile and Apparel Industry Association) and Apex-Brasil (Brazilian Trade and Investment Promotion Agency).

The 33rd edition event is fully digital where brands have the possibility to exhibit their launches and innovations and negotiate with people interested in their products. According to the event's organization, more than 2000 qualified buyers, from Colombia and all over the world, are participating.

To support the brands Brazilian companies at Texbrasil will perform several digital actions. In line with the theme of the edition, which will highlight innovation and sustainability in 2021, the program has developed an exclusive e-book with content presented by the companies.

Year 2021 marks the 20th anniversary of Texbrasil's participation at the event, confirming the commercial importance between Brazil and Colombia and the success of their partnership. In 2020, the 44 companies that participated in the physical edition made $8.96 million in business and prospected another $62.84 in sales.

Source: fashionatingworld.com– Jan 20, 2021

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Vietnam's garment-textile sector eyes $39 bn in exports

Vietnam's garment-textile sector has set a target of $39 billion in export revenue this year, equal to the 2019 figure, according to the Vietnam National Textile and Garment Group (Vinatex), which recently said the country's garment-textile exports was worth only $35 billion last year due to the pandemic, US-China trade tensions, trade protectionism and Brexit.

However, the figure last year was remarkable given global demand dropped by over 22 per cent, it said.

Vietnam was the only among the world's top five garment-textile exporters not to have ceased production last year.

Vinatex recorded a total revenue of 15.5 trillion VND ($670.7 million) and combined profits of 628.9 billion VND, equal to 106 per cent and 164.8 per cent of the set targets respectively, a news agency reported.

Vinatex chairman Le Tien Truong urged the government to cut long-term interest rates, saying garment-textile firms would find it hard to access loans after a year of low business efficiency.

Under government management, the sector has reduced non-production costs, especially those for logistics services through the national logistics network, and other non-tariff costs.

Source: fibre2fashion.com– Jan 20, 2021

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Pakistan: Cotton spinning: searching for large orders?

The words “highest” and “lowest” ever(s) have fast become cliches when it comes to Pakistan’s cotton industry. Few will be surprised to find out that at 4.75 million bales, Pakistan recorded its highest ever calendar year cotton import volume in 2020.

That the country will record its lowest (in 36 years) domestic cotton output in 2020-21 season has also been repeated – especially in this space – ad nauseum. But missing from this discussion of peaks and bottoms is the matter of pricing, which may soon ring alarm bells for the ballooning import bill.

Pakistan’s spinning industry should be commended for taking full advantage of the downward slide in global commodity markets that began with the onset of the Covid pandemic (and the ensuing lockdown). Importers were able to average out their pricing, procuring raw material at lowest unit prices since at least 1HFY18, which also helped induce growth in exports by the value adding industry. But the bonhomie may not last.

Domestic cotton output of less than 6 million bales in 2020-21 means that the import volume recorded during the year of pandemic (CY20) may only be the tip of the ice-berg.

During 2HFY21, Pakistan may have to brace itself for import of another 4 million bales, which may not only balloon the fiscal year cotton import bill to the tune of $2 billion but may also affect the competitiveness of value adding segment.

Why? Look no further than the outlook of global cotton prices. Consider that commodity prices are already on an upsurge globally, with Cotlook A Index closing at 20-months high in December 2020.

Textile demand has picked up universally, as global consumption is slated to rise by almost 15 percent over last year amid forecast of weaker output due to lower area sown. 2020 was not a great year for most cotton farmers across the globe, resulting in many switching to substitute crops due to losses in previous season.

This means that if the price surge continues January onwards, domestic spinning industry may have to spend a lot more dollars to procure record levels of imported cotton. Add to this the poor interest expressed in import of cotton yarn despite removal of regulatory duties and tariffs by MoC over the past few months.

Never mind also that cotton yarn prices (quite obviously) move in tandem with the underlying commodity prices and have been pointing upwards since at least August 2020.

Put together, increasing input prices poses risks to the nascent recovery of exports by the value adding segment, as price volatility may force spinners to stay on the side lines, creating a supply shortfall in local market.

Given the grim prospects of domestic cotton output in next season, is it time for Pakistani spinners to search for and place large order and long term contracts in the international market?

Source: brecorder.com– Jan 20, 2021

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NATIONAL NEWS

CCI plans to export ten lakh bales of cotton

India, Bangladesh may ink MoU.

The Cotton Corporation of India (CCI) plans to export at least 10 lakh bales of cotton during the current season.

Pradeep Kumar Agarwal, CMD of CCI, told The Hindu it had procured almost 85 lakh bales of cotton at minimum support price (MSP) since the beginning of the current cotton season (October 2020-September 2021). With cotton prices rising, the CCI had reduced the purchases at MSP.

Better prices

"The farmers are getting better prices," he said.

"Hence, CCI's daily purchase has dropped to 40,000 to 50,000 bales a day from about two lakh bales a day a few weeks ago," he added.

The CCI is active mainly in Telangana and Maharashtra. It will continue to be present in the market till the end of the season. Of the cotton procured so far, it had sold 12 lakh bales to the domestic textile sector.

The CCI has till now exported about 25,000 bales. It is looking at a minimum of 10 lakh bales for export this season, a majority of which would be to Bangladesh.

The governments of India and Bangladesh are expected to sign a memorandum of understanding in this regard. There could be exports to other countries through merchant exporters, Mr. Agarwal added.

Source: thehindu.com – Jan 20, 2021

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Maharashtra cabinet offers guarantee to ₹1,500 crore loan by Cotton Growers Marketing Federation

The Maharashtra Cabinet on Wednesday decided to stand guarantee to the ₹1500 crore loan, which will be raised by Maharashtra State Co-operative Cotton Growers Marketing Federation Ltd for paying minimum support price (MSP) to the cotton growing farmers in Maharashtra.

The loan would be raised from Bank of Maharashtra with an interest rate of 6.35 per cent, a press statement issued by the Chief Minister of Maharashtra's office said.

The statement said that in addition, the guarantee fee to be paid to the Cotton Marketing Federation on the sanctioned government guarantee has also been waived.

Due to satisfactory rainfall and favourable weather conditions in the state, 400 lakh quintals of cotton is expected to be produced this season.

Due to lower international cotton prices, lower open market cotton prices and increase in guaranteed prices by the central government, the State Co-operative Cotton Growers Marketing Federation will have to procure more cotton at guaranteed prices this season than last season, the statement added.

Source: thehindubusinessline.com– Jan 20, 2021

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ECLGS: Banks sanction 71% of Rs 3 lakh cr emergency credit scheme for MSMEs; disburse this much amount

Credit and Finance for MSMEs: The Modi government has enabled sanctioning of 71.3 per cent of its ambitious Rs 3 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) for Covid-hit MSMEs and other businesses as of January 8, 2021.

Under ECLGS 1.0, around 12 public sector banks, 23 private sector banks, and 31 non-banking financial companies (NBFCs) sanctioned loan amount of Rs 2,14,083 crore to 90,57,300 borrowers out of which Rs 1,65,886 crore was disbursed to 42,46,831 borrowers, according to the data shared by the Finance Ministry on Wednesday.

This is up from 80,93,491 loans involving Rs 2,05,563 crore sanctioned as of December 4, 2020 while 40,49,489 loans were disbursed involving Rs 1,58,626 crore.

Launched in May 2020 to support small businesses disrupted by the pandemic and the following lockdown, ECLGS 1.0 was amended on November 26, 2020, and extended till March 31, 2020, with the introduction of ECLGS 2.0 that was expanded in scope.

Under 1.0, an emergency credit line is offered to MSMEs and other businesses from banks and NBFCs up to 20 per cent of their entire credit outstanding as of February 29, 2020. MSMEs with up to Rs 25 crore outstanding and Rs 100 crore turnover were eligible. However, the turnover cap was removed post amendment in November.

Under ECLGS 2.0, Rs 3,344 crore was disbursed to 1,188 borrowers out of Rs 15,571 crore sanctioned to 2,772 borrowers as of January 8, 2021. The amended version focused on entities in 26 stressed sectors identified by the Kamath Committee along with the healthcare sector with credit outstanding of more than Rs 50 crore and up to Rs 500 crore as of February 29, 2020.

The scheme also mandated borrower accounts to be less than or equal to 30 days past due as of February 29, 2020, that is, they should not have been classified as SMA 1, SMA 2, or NPA by any of the lenders as of February 29, 2020.

SMAs are special mention accounts, which show signs of incipient stress, that lead to the borrower defaulting in servicing the debt. While SMA-0 are accounts having payments partially or wholly overdue for 1-30 days, SMA-1 and SMA-2 accounts have payments overdue for 31-60 days and 61-90 days respectively.

The revised scheme also has a five-year repayment window up from four years in ECLGS 1.0. National Credit Guarantee Trustee Company (NCGTC) is the guarantee provider under the ECLGS scheme.

Source: financialexpress.com– Jan 20, 2021

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Tamil Nadu textile firms seek govt help to tap man-made fibre clothing segment

The textile manufacturers of Tamil Nadu have called for conducive government policies to make India a major player in man-made fibre (MMF) textiles and clothing products globally. They sought certain tweaks in the soon to be implemented labour laws and permission for liberal import of MMF yarn by removing anti-dumping duty on MMF raw materials.

In an interaction with the Parliamentary Panel on Labour on January 19, industry body National Committee on Textiles & Clothing (NCTC) wanted a level playing field in the globalised environment and said there is tremendous scope for India to grab the opportunities thrown by the global trends to move away from China in the post COVID-19 days.

"India accounts for only 2.2 per cent of the global MMF textile trade, and the Ministry of Textiles has proposed a Focus Product Incentive Scheme for 40 HS (tariff) lines of MMF garments and 10 HS lines of Technical Textiles under the Production Linked Incentive Scheme recently announced by the government. The global trade of these 50 HS line products is around $222 billion and the existing share of India is very dismal," the committee pointed out.

NCTC said the anti-dumping duty and customs duty protection given for the domestic manufacturers and 18 per cent GST on man-made fibres and 12 per cent GST on MMF yarn have been curtailing the growth of the MMF sector in India.

"India could not import even speciality fibres that are not manufactured in the country under nil duty. These MMF raw materials are produced by a very few manufacturers. Cotton produced by over 6 million farmers does not attract any duty and made available cheaper than the international price. MMF is expensive upto 23 per cent", the committee informed the Parliamentary Panel.

The industry wanted the Standing Committee on Labour to recommend removing anti-dumping duty and also slotting the entire MMF value chain under 5 per cent GST rate on par with cotton value chain apart from addressing inverted duty structure issues at processing and capital goods.

They said that based on their earlier representations the government has already removed the anti-dumping duty on PTA, acrylic fibre and rejected the proposed anti-dumping duty on PSF and MEG, thus enabling global competitiveness for the polyester segment.

The committee also sought certain amendments in the new Codes to ensure ease of doing business. "Fixing uniform minimum wages across the country for all trades and jobs is essential to create a level playing field. There is a huge variation in the rates of minimum wages between states and also between trades and job roles within the state.

NCTC appealed to the Standing Committee on Labour to advise state governments to avoid applying Juvenile Justice Act that defines the child labour as 18 years below while Factories Act permits employment of adolescent workers aged between 16 and 18 years, subject to certain conditions," said S Sunanda, secretary general of Conferedation of Indian Textile Industry (CITI).

In addition to CITI, Apparel Export Promotion Council (AEPC), The Cotton Textiles Export Promotion Council (TEXPROCIL), The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC), Powerloom Development & Export Promotion Council (PDEXCIL), Indian Technical Textile Association (ITTA) and Tirupur Exporters' Association (TEA) are part of the National Committee on Textiles & Clothing (NCTC).

Source: businesstoday.in– Jan 20, 2021

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Upward thrust of Indian textile item prices in Dec: Ind-Ra

The prices of textile products in India continued their upward momentum in December 2020 due to a healthy domestic demand and sustained export growth, according to the December 2020 edition of the credit news digest on India's textile sector published by India Ratings and Research (Ind-Ra). Exports of raw cotton were higher by 2.5 times year on year (YoY) during August-November 2020.

Cotton prices increased marginally on a month-on-month (MoM) basis and remained higher on a YoY basis during December 2020, supported by a healthy export demand for cotton and yarn coupled with Cotton Corporation of India's (CCI) procurement at minimum support prices (MSP) during the current cotton season.

The agency expects cotton prices to hold steady in the short run, despite the likelihood of a surplus production in the ongoing cotton season.

Cotton arrivals were higher during October-December 2020 by 44 per cent YoY, supported by higher procurement from CCI. CCI procured 52 per cent of the cotton arrivals during December 2020, setting a benchmark and string to support MSP for cotton.

Furthermore, private traders swayed away from taking huge positions due to a subdued domestic demand and rising cotton prices, Ind-Ra said in a press release.

Domestic cotton yarn production continued to grow by 1.3 per cent MoM and 4 per cent YoY, respectively in December 2020 on back of the higher export demand. Also, yarn prices continued their healthy growth in December 2020.

Exports increased by 10 per cent YoY in October 2020 and are likely to moderate during the fourth quarter of this fiscal with the closure of the winter season.

However, there is an increasing cotton yarn demand from Asian countries that used to depend on supplies (cotton/yarn) from the Xinjiang region of China, and this is likely to benefit Indian spinners over any further de-linking by global players.

Man-made fibre (MMF) production increased by higher single digits on an YoY basis during October last year on back of a recovering demand. The price of polyester staple fibre (PSF) rose on a MoM basis, mimicking the healthy rise in crude oil prices during November-December 2020. While the segment recovered with delay in the third quarter of this fiscal, large players with a healthy balance sheet size have increased their exports, leading to a 4.4 per cent YoY rise in export volumes during the first seven months of this fiscal.

Production of cotton-knitted fabrics increased for the fifth month in a row in November, led by a surge in demand from the opening of retail stores and malls. Furthermore, demand for blended fabrics recovered in November 2020 and was 20% per cent YoY higher, led by the festive and marriage season demand.

Fabric players would remain weak for the second half of this fiscal due to social distancing and the fear of a second-wave of pandemic and emerging of a new coronavirus strain.

The apparel segment wholesale price index recovered to pre-COVID levels in November 2020, led by the festive and marriage season demand. Ind-Ra continues to expect apparel prices to remain benign in the second half of this fiscal, leading to inventory liquidation. The agency expects apparel and readymade garments exports to fall by 22-25 per cent YoY in this fiscal.

Home textiles players continued to witness a steady recovery over October-December 2020, led by consumers' willingness to pay for health and wellness across the US and European Union territories, Ind-Ra added.

Source: fibre2fashioncom– Jan 20, 2021

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Flipkart-Aditya Birla Fashion deal gets Competition Commission of India nod

Competition Commission of India on Wednesday said it has approved the acquisition of 7.8 per cent minority stake in Aditya Birla Fashion by Flipkart Investments Private Ltd (FIPL).

Aditya Birla Fashion had in October last year approved plans to raise Rs 1,500 crore by issuing a 7.8 per cent stake on a preferential basis to Walmart-owned Flipkart Group.

“Commission approves acquisition of a 7.8 per cent minority stake in Aditya Birla Fashion and Retail Ltd by Flipkart Investments Private Ltd,” the regulator said in a tweet.

With this infusion, Flipkart Group will own a 7.8 per cent equity stake in ABFRL on a fully diluted basis. The promoter and promoter group companies of ABFRL will hold about 55.13 per cent upon completion of the issuance, ABFRL said in a regulatory filing earlier.

Aditya Birla Fashion and Retail Ltd (ABFRL) is engaged in the business of manufacturing and retailing branded apparels, footwear and accessories, through its retail stores, multi-brand outlets, departmental stores, online retail platforms and e-commerce marketplaces, across India.

FIPL is a wholly-owned subsidiary of Flipkart Private Limited (FPL), and FPL belongs to Walmart Group.

Walmart Group undertakes various business activities in India, such as wholesale trading of products, providing e-commerce marketplace services, and digital payments services.

Separately, the fair trade regulator cleared Ares SSG Capital Management (Singapore) acquisition in Altico Capital India.

“Commission approves acquisition of Altico Capital India by Ares SSG Capital Management (Singapore),” it said in a tweet.

Source: financialexpress.com– Jan 20, 2021

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'AatmaNirbhar' push to R&D exports

India has exported raw materials, from cotton to coal for long. In recent decades, the nation became known as an offshore services provider, especially in information technology. Yet, as the pandemic made it clear, perhaps it is time for the nation to get 'AatmaNirbhar' in scaling a fresh new horizon—its Research & Development (R&D) prowess.

The options range from attracting international companies to set up their R&D centres in India, and oh yes, lure back that globally caricatured brainy Indian geek back home. The eventual aim: to become a net exporter of R&D.

For too long dependent on the services sector for its GDP growth story, the carnage left behind by the coronavirus seems to be pushing an alternative growth model. Prime Minister Narendra Modi set the blueprint with 'AatmaNirbhar Bharat', with an accent on pushing manufacturing in the country rather than just services. Becoming an R&D base could be a defining point of the whole exercise.

In recent days, anyone from NITI Aayog to TRAI to the PM's scientific adviser have spoken about the need for focusing on R&D. The mission plan itself is to hike R&D expenditure to 2 per cent of GDP by 2022, as per the recommendations of the PM's economic advisory committee.

At a round-table meeting with export organisations this week, K. Vijay Raghavan, the government's principal scientific advisor pointed out how one of the striking lessons for the future we have been taught by the Covid-19 pandemic was the need to step up investment in R&D in order to prevent such crises. This could be done through global collaboration as well as exchange of services.

He's not alone. On Tuesday, TRAI chairman P.D. Vaghela placed increasing investment in R&D to expand technology development capabilities and leveraging Indian IT's capabilities for a global market as one of the steps to be taken for "speedy progress and to make India self reliant."

On Wednesday evening, NITI Aayog vice-chairman Rajiv Kumar spoke of ways to attract Indian talents back home to do R&D in various states, to bolster India's eventual R&D export capabilities.

R&D exports are more relevant today than ever, says Vijay Raghavan, adding how the attention of policy makers so far has been on high-tech merchandise exports. India's scientific manpower has been doing exceedingly well globally and they have already created a niche in the global R&D sector.

Sharad Kumar Saraf, president of the Federation of Indian Exporters Organisation (FIEO) added that R&D was extremely important to change the profile of India's exports to put more focus on high technology exports. The plan is clear—now capitalise on this global strength for a domestic 'AatmaNirbhar' push.

However, it won't be an easy task. Despite the push to increase R&D spending to two percent of the GDP, India is still not a big player in the global arena of research and development. Its R&D service exports stood at just 5 billion dollars in 2019, as per data with FIEO.

Source: theweek.in– Jan 20, 2021

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‘India has potential to export double of the domestic consumption worth $100 billion’

India needs to strengthen its port sector by ensuring proper connectivity to the national highways to spur growth in the electronics manufacturing and export of final goods.

“Besides connecting ports in the country well, we need to establish good connectivity with global port hubs such as Salalah in order to get access to the markets in Africa and the Gulf region,” Nitin Kunkolienker, President of MAIT (Manufacturers’ Association of Information Technology), told BusinessLine.

With foreign companies moving out of China, India stood a good chance to emerge as an alternative manufacturing destination.

“We can become a good exporter player, too. Currently, we are exporting electronic goods worth $15 billion, which doesn’t reflect our true potential. We have the potential to export two-three times the size of domestic consumption of about $100 billion,” he said.

The government must start an Electronic Manufacturing Mission and promote industry-academia collaboration. “Much of the products that we export now are not value added. There is a huge scope for export of value-added products that bring in more revenues,” he said.

He said the academic institutions need to bring in design element to produce a workforce that help the electronics manufacturing industry move up the value chain.

Growth in consumption

The MAIT President said there would be a steep growth in consumption in the country in 2021-22 as the salaried class would begin to spend their pent up savings.

“The government employees and those in the corporate sector accumulated savings as they could not go out during the pandemic. Now that vaccines are being introduced, we are confident that consumption will resume from this August onwards,” he said.

On the electronic manufacturing clusters that the government was promoting, the MAIT President felt that the management of clusters should be given to the entrepreneurs. “Babus (bureaucrats) should be kept out because the entrepreneurs can make the clusters a success. You hold them (entrepreneurs) accountable but the government must ensure there is no role for bureaucrats,” he felt.

Minimum wages

Stating that the practice of enforcing minimum wages legislation suited the requirements of a particular era in the past, he termed it a negative legislation. “We should do away with such negative legislations. We must promote manufacturing in a big way. It will trigger demand for human resources and ensure better wages,” he said.

“There won’t be any need for negative legislations when you make manufacturing sector more productive. When you add value, you automatically create demand for human resources,” he said.

Source: thehindubusinessline.com– Jan 20, 2021

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Government planning tighter FDI rules for ecommerce sector

India is likely to tighten the foreign direct investment (FDI) rules for e-commerce to check companies set up by the online marketplaces from trading on their own platform.

The Department for Promotion of Industry and Internal Trade (DPIIT) may issue a clarification through a Press Note, expressly prohibiting e-commerce platforms from holding stake in a seller, directly or indirectly.

“There are concerns that some e-commerce companies are not following the rules and hold indirect stakes in affiliates. This has come to our notice,” said one official.

Press Note 2 of 2018 had banned entities related to an e-commerce marketplace from selling its goods on that marketplace. Further, the restrictions also applied to those entity whose inventory was controlled by the marketplace.

The inventory of a vendor will be deemed to be controlled by the marketplace if more than 25% of the vendor’s purchases are from the marketplace entity, including its wholesale unit.

These measures were instituted to create a level-playing field and ensure that FDI-funded e-commerce entities functioned only as marketplace.

The Confederation of All India Traders (CAIT) has repeatedly complained to the government that e-commerce companies were violating FDI policy.

“The 25% definition is not working and blatant violations are taking place which is not in line with the spirit of law. We want to give clarity once for all,” said another official. "There is a scope for improving the current framework...," said a senior government official.

The department will hold consultations with all stakeholders before it issues the clarification. “When B2C ecommerce is not allowed, these companies have circumvented the rules by setting up affiliates. We want to ensure a level playing field for all,” the second official said.

E-commerce marketplaces can't mandate any seller to sell any product exclusively on its platform only.

"While many loopholes have been plugged over the years, marketplaces have come up with new structures to sidestep the rules such as having their own brands, third party manufacturing, curate more brands and increase margins, that makes many rules redundant," said an expert on FDI issues.

Source: economictimes.com– Jan 19, 2021

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Garment industrialists demand anti-dumping duty on VSF, stable cotton rates

Irate over rising rates of yarn, which is hiking the cost of production, garment manufacturers are now demanding anti-dumping duty on the viscose staple fibre (VSF) and stabilised rates of cotton. According to them, the constant fluctuation in the rates of both yarns and cotton are killing the garment industry and immediate steps need to be taken by the central government.

According to Harish Dua, executive council member of Apparel Export Promotion Council (AEPC) , "Cost of production of garments has witnessed huge surge recently only due to ever increasing rates of yarn.

Recently, our costs have gone up by 10-15% on account of various factors, but the biggest one being rise in the rates of raw material like yarn. This has become a huge headache for our industry and the need of the hour is the removal of anti-dumping duty on VSF.

Owing to the growing demand for VSF and its blended textiles and clothing market opportunities, the demand for it has increased steeply not only in India, but also across the globe.

As the imported yarn price was cheaper due to high anti-dumping duty prevailing on the domestic VSF, the weaving and knitting sectors have been importing large volumes of VSF spun yarn.

The import of VSF spun yarn has increased from 2 million kilos during 2016-17 to 56 million kilos during 2019-20. In the post-Covid market scenario, VSF price has increased from $1.15 to $ 1.50 per kilo during the last few months."

According to Narinder Mittal, general secretary of Ludhiana Business Forums, "In addition to curbing the hike in the rates of yarn, another issue that needs to be addressed immediately is controlling the volatility in the cotton market, which is giving us sleepless nights.

There has been steep increase in cotton price within a short span of time, which are in excess of Rs 5,000 per candy. This is a huge spurt. If the cotton rates are not stabilised, the cost of production of spinning mills will keep on rising and, as a result, the raw material purchased by us from them will cost more and our cost of production too will rise.

Under the present circumstances, when there is a crisis due to coronavirus, we cannot take the risk of increasing rates of our end products. As a result, we will have to bear the increase and in case we do otherwise and increase our rates, our sales will drop. Therefore, it is our request to the government to immediately do something to control the rates of cotton in the country."

Source: timesofindia.com– Jan 21, 2021

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Standing Committee on Labour holds meeting with textile industry

The Parliamentary Standing Committee on Labour held a meeting with the heads of the textile industry associations on Tuesday at Tiruppur. The industry sought efforts to boost production of man-made fibre (MMF) textiles in the country.

According to a press release from the National Committee on Textiles and Clothing (NCTC), the committee headed by Bhartruhari Mahtab visited some of the industries in Coimbatore and Tiruppur too.

The officials from the Union Ministry of Textiles explained the schemes and recommendations made by the Ministry to enhance the global competitiveness of the Indian textile and clothing industry and boost MMF production in the country.

The Principal Secretary, Handlooms and Textiles Department, Government of Tamil Nadu, briefed about the efforts taken by the State Government to increase MMF manufacturing facilities in the State.

He indicated that two mega textile parks were planned under the Mega Textile Parks scheme. The State will focus on increasing technical textile production.

The Standing Committee on Labour Chairman said the Committee will consider the recommendations made by the industry, make suitable recommendations so that Tamil Nadu, especially Tiruppur and Coimbatore, see growth in MMF textiles manufacturing, the press release said.

The NCTC said the Ministry of Textiles has proposed a Focus Product Incentive Scheme for 40 HS lines of MMF Garments and 10 HS lines of technical textiles under the Production Linked Incentive Scheme recently announced by the Central Government. The global trade of these 50 HS line products is around $ 222 billion and the existing share of India is very less.

The anti-dumping duty and customs duty protection given for the domestic manufacturers and 18 % GST on man-made fibres and 12 % GST on MMF yarn have curtailed the growth of the MMF Sector in India.

The NCTC appealed to the Standing Committee on Labour to recommend removing anti-dumping duty and also bringing the entire MMF value chain under 5% GST rate on a par with cotton value chain. It also wanted the inverted duty structure issues at processing and capital goods levels to be addressed.

It also sought certain amendments in the new Codes to ensure Ease of Doing Business. Members of trade unions appealed to the Standing Committee to withdraw the new Labour Codes proposed. They also wanted construction of ESI hospital at Tiruppur at a location that will benefit all the workers.

Source: thehindu.com– Jan 20, 2021

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Kerala allocates ₹112 cr for coir sector in 2021-22 budget

Kerala has allocated ₹112 crore for the coir sector for fiscal 2021-22. This includes ₹41 crore for mechanisation and ₹38 crore as price fluctuation fund. In addition, ₹50 crore from the Coir Board for cluster formation and ₹100 crore from the National Cooperative Development Corporation will be made available, said state finance minister TM Thomas Isaac.

Presenting the state budget recently, Isaac said coir production in the state would touch 50,000 tonnes in 2021-22. The production has increased to 30,000 tonnes now from 7,000 tonnes in 2015-16, he was quoted as saying by media reports from the state.

At least 10,000 additional jobs will be generated. Coir workers in the state are getting ₹300 a day with the assistance of Income Support Scheme and that will be raised to an average of ₹500 without any subsidy, Isaac said.

The budget also proposed to set up an extensive coir cluster on 10 acres at the Industrial Growth Centre, Pallippuram. A factory for the commercial production of coir binder-less boards will be set up at Kanichukulangara.

Besides, ten mechanised cooperative production factories will be started in 2021-22. A special scheme for the renovation of small-scale production units will be formulated. For this, ₹20 crore has been earmarked.

To expand the market for geo-textiles, a coir fair will be organised digitally in Alappuzha in February.

Source: fibre2fashion.com– Jan 21, 2021

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