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INTERNATIONAL NEWS

Global FDI fell by 42% in 2020, outlook weak: UNCTAD

Uncertainty over the pandemic's evolution and the global investment policy environment will continue to affect foreign direct investment (FDI) flows in 2021, according to the United Nations Conference on Trade and Development (UNCTAD), which recently said the prospects for 2021 are a major concern for developing countries. Global FDI collapsed in 2020, falling by 42 per cent from $1.5 trillion in 2019 to an estimated $859 billion.

India recorded a positive FDI growth (13 per cent), boosted by investments in the digital sector.

According to the UNCTAD Investment Trends Monitor published this month, the decline in FDI was concentrated in developed countries, where flows plummeted by 69 per cent to an estimated $229 billion.
Such a low level was last seen in the 1990s and is more than 30% below the investment trough that followed the 2008-2009 global financial crisis.

Despite projections for the global economy to recover in 2021—albeit hesitant and uneven—UNCTAD expects FDI flows to remain weak due to uncertainty over the evolution of the COVID-19 pandemic.

The organisation had projected a 5-10 per cent FDI slide in 2021 in last year's World Investment Report.

"The effects of the pandemic on investment will linger," said James Zhan, director of UNCTAD's investment division. "Investors are likely to remain cautious in committing capital to new overseas productive assets."

Flows to North America declined by 46 per cent to $166 billion, with cross-border mergers and acquisitions (M&As) dropping by 43 per cent. Announced greenfield investment projects also fell by 29 per cent and project finance deals tumbled by 2 per cent.

The United States recorded a 49 per cent drop in FDI, falling to an estimated $134 billion. The decline took place in wholesale trade, financial services and manufacturing. Cross-border M&A sales of US assets to foreign investors fell by 41 per cent, mostly in the primary sector.

Investment to Europe fell by two-thirds to minus $4 billion. In the United Kingdom, FDI fell to zero, and declines were recorded in other major recipients.

But Europe's overall FDI performance masks a few regional bright spots. Sweden, for example, saw flows double from $12 billion to $29 billion. FDI to Spain also rose 52 per cent, thanks to several acquisitions, such as private equities from the United States Cinven, KKR and Providence acquiring 86 per cent of Masmovil.

Among other developed economies, flows to Australia fell (by minus 46 per cent to $22 billion) but increased for Israel (from $18 billion to $26 billion) and Japan (from $15 billion to $17 billion).

Although FDI flows to developing economies decreased by 12 per cent to an estimated $616 billion, they accounted for 72 per cent of global FDI—the highest share on record.

The fall was highly uneven across developing regions: minus 37 per cent in Latin America and the Caribbean, minus 18 per cent in Africa and minus 4 per cent in developing countries in Asia. FDI to transition economies declined by 77 per cent to $13 billion.

While developing countries in Asia weathered the storm well as a group, attracting an estimated $476 billion in FDI in 2020, flows to members of the Association of Southeast Asian Nations (ASEAN) contracted by 31 per cent to $107 billion, due to a decline in investment to the largest recipients in the sub-region.

In terms of individual nations, China was the world's largest FDI recipient, with flows to the Asian giant rising by 4 per cent to $163 billion. High-tech industries saw an increase of 11 per cent in 2020, and cross-border M&As rose by 54 per cent, mostly in information and communication technology and pharmaceutical industries.

The report says that data on an announcement basis—on M&As, greenfield investments and project finance—provides a mixed picture on forward trends and confirms the weak outlook for 2021.

"Greenfield project announcements in 2020, 35 per cent lower than in 2019, do not bode well for new investment in industrial sectors in 2021," the report says.

Although, FDI flows in developing economies appear relatively resilient in 2020, greenfield announcements fell by 46 per cent and international project finance by 7 per cent, according to the report.

The report cautions that "the far more limited capacity of developing countries to roll out economic support packages to stimulate investment in infrastructure will result in an asymmetric recovery of project-finance-driven FDI."

UNCTAD expects any increases in global FDI flows in 2021 to come not from new investment in productive assets but from cross-border M&As, especially in technology and healthcare – two industries affected differently by the pandemic.

European companies are set to attract more than 60 per cent of the technology deals in value terms, but several developing economies are also seeing an increase.

India and Turkey are attracting record numbers of deals in IT consulting and digital sectors, including e-commerce platforms, data processing services and digital payments.

Some 80 per cent of the acquiring firms are based in developed economies, primarily in Europe, but a few multinational enterprises from developing countries are active buyers.

South African investors, for example, plan to acquire stakes in healthcare providers across Africa and Asia. And Indian IT companies have announced a 30 per cent increase in acquisitions, targeting European and other markets for information technology services.

Source: fibre2fashion.com– Jan 28, 2021

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UK factories concerned over shortage of materials, workers

Concerns of UK manufacturers regarding shortage of low-wage workers and supplies have risen the most in nearly 50 years, according to a survey by the Confederation of British Industry (CBI), which recently said a measure of how manufacturers feel about their competitiveness relative to European Union (EU) rivals deteriorated at the fastest pace on record.

British companies expected output and orders to decline, CBI said. "Manufacturers across the board are continuing to battle major headwinds," CBI chief economist Rain Newton-Smith said. Manufacturing accounts for about 10 per cent of Britain's economy. A monthly index of new orders for January dropped to minus 38 from minus 25 in December, and a quarterly measure of optimism sank to minus 22 from zero in October.

However, export orders bucked the broader trend, with this balance rising to its least negative since March, though it was still below its long-run average.

The survey adds to signs that Britain's economy will contract in early 2021, hit by a surge in coronavirus cases and restrictions, and new bureaucracy for trade with the EU.

The much bigger services sector has been hit far harder by social-distancing measures and is also facing new barriers to trade with the EU.

A new experimental measure of consumer spending indicated that credit and debit card spending in early January slumped to 35 per cent below its level last February, before the pandemic.

The figures, published by the Office for National Statistics using Bank of England data, are not seasonally adjusted, so part of the fall probably reflects a normal drop in spending after Christmas, on top of the impact of new COVID restrictions which closed non-essential retailers this month.

The CBI figures showed many manufacturers reported a rush to build up stocks and complete EU orders in December, before the new customs rules took effect on January 1.

Source: fibre2fashion.com– Jan 27, 2021

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US move to join back Paris Agreement augurs well for global apparel industry

One of the most important announcements made by President Biden on his first day in office was that the US will rejoin Paris Agreement. This indeed is a positive step for global environment and US is taking the lead. For the fashion industry, this is a clear message to focus more on their sustainability goals.

Rejoining Paris Agreement a positive step

For the US rejoining the Paris Agreement is a move in the right direction as one of the biggest greenhouse emitter in the world. For the US it's important to lead from the front and set an example as their participation is important to make any progress in reducing global emissions. However, at the moment the Democrats have a thin majority in US Senate and as exemplified from former President Trump's impeachment move, passing any legislation will be a challenge.

As per a WWD report, the process of rejoining Paris Agreement takes almost a month. However, at the moment "undoing previous environmental rollbacks and rewriting law to realize the bold pledge of making the country carbon-neutral by 2050 is more daunting."

Experts believe this time round there will be more focus on industries that emit the most including the fashion industry. And as the WWD report suggests "Look for the new Environmental Protection Agency administrator, Michael Regan, to push broad sustainability policies across the U.S. economy. For fashion, this will likely highlight the need to reuse clothing, streamlining supply chains to reduce the carbon footprint." However, the fact is legislations can only work up to a point and there needs to be broad realization about the need to cut emission across industries done through public communications.

As Ariele Elia, Assistant Director, Fashion Law Institute at Fordham Law School believes when the administration signs back stakeholders in the fashion industry will realize "at some point there will be some accountability, so they need to start considering (sustainability), and considering it beyond just a marketing plan — but from the scientific perspective." Meanwhile, rejoining the Agreement will mean some responsibility from fashion companies as they will not be able to sideline the topic any more.

The WWD reports also highlights, earlier expert marketing efforts steered the blame toward consumers for overconsumption and wastefulness, “where the reality is, the volume of clothing being produced shows no sign of slowing” In fact, Boston Consulting Group and McKinsey & Co reports have suggested earlier recycling efforts lack enforcement or proper infrastructure.

Elia feels taxing on the amount of waste emitted could be a way to pin responsibility on fashion companies. She also believes, the Federal Trade Commission, could play an important role in educating consumers on sustainable fashion. Moreover, other moves by the Biden administration like revitalizing the African Growth and Opportunity Act Forum, or the US-Africa Leaders Summit initiated by Obama, because of what it means for the used clothing sector also need to be watched. However, as she sums up on “the need to ‘bridge’ policy, science and fashion business.”

Source: fashionatingworld.com– Jan 27, 2021

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Unprecedented Times: How Denim Mills are Emerging from a Pandemic Haze

When the global denim industry gathered in Munich for Bluezone in late January last year for two days of fabric innovations, trend forecasting and a pint or two with friends, no one expected it would be the final denim event of that size and international scope for some time. Hugs and double kisses were shared. The Prosciutto di Parma legs were out on display, beckoning passersby to visit the Italian mills' booths. Birthday cake candles were blown out, plans for future meetups were made and the energy was very much in line with the intimate feeling that makes European denim trade fairs feel like a family reunion.

But the signs that something was amiss were there. One major red flag was the empty booths as Chinese exhibitors were forced to drop out due to travel restrictions. And there was nervous banter about the coronavirus (as well as the prospect of World War III), but the majority of conversations lacked insight into the severity of the health crisis, how it would spread and the impact it would have on business.

Unbeknownst to exhibitors and attendees alike, a domino effect would soon begin to stretch across the global denim industry—first through Asia, then to Europe and the Americas. It would bring production to a halt and press mills to salvage any business that could be had with brands, which would face a whole other set of woes, including sweeping retail closures, the cancelation of tourist dollars and an end-consumer base grappling with drastic spikes in unemployment.

The denim industry, however, is nothing if not resilient. Much like its 147-year-old hero product—the classic blue jean—players in the denim supply chain have proven time after time their ability to adapt, innovate and sniff out solutions. Along with filling in gaps for the sudden global demand for personal protective equipment (PPE), mills invested in their digital communication tools to stay connected with suppliers and clients. And their R&D teams delved into the mindset of the pandemic consumer to develop products that would speak to the new need for protective and durable yet comfortable denim.

Denim mills would come to terms—and even embrace—the so-called reset forced by the pandemic as an opportunity to become more agile, responsible and transparent manufacturers. "No company will get through the pandemic alone, and fashion players need to share data, strategies and insight on how to navigate the storm," said Deniz Mutlu, marketing specialist for Turkish denim mill Orta. "We are in the same ship with our business partners. Collaboration more than competing is key."

Hard truths

The pandemic immediately magnified the pre-Covid weak spots that existed in the supply chain and individual businesses. For the first time, said PG Denim CEO Paolo Gnutti, executives had ample opportunity to identify their glaring inefficiencies. "We had the bad luck of having more time available to understand what was indispensable and not just the frenzy to create in excess," he said.

With most pain points directly connected to cash flow, the pressure to correct course was paramount. Like most companies in March 2020, Naveena Denim Mills was unprepared for the coronavirus crisis. Though long-standing stakeholder relationships enabled the Pakistan-based company to pivot its plans for the year, internally, the company scrambled to re-evaluate its books. "We had to rearrange our cash flow, especially in the first months of the pandemic," said Aydan Tüzün, Naveena Denim Mills executive director of global sales and marketing.

Bigger companies faced bigger problems. The scale of Soorty's operations, whose footprint spans Pakistan, Bangladesh, The Netherlands and Turkey, posed a staggering challenge as the company struggled to minimize costs when lockdowns paused production, said Ebru Debbag, Soorty executive director global sales and marketing. "As with every crisis, we have come to understand our vulnerabilities and have developed strategies to minimize the impact," she said. "We [are] structuring our operations to become more flexible, even at our scale."

When the government mandated shutdowns in Mexico for manufacturing facilities that were not considered essential, Cone Denim was unable to operate its facilities in that region for several weeks. "We quickly began working with our sister division, Burlington, on medical fabrics, which allowed us to restart after a few weeks, but the initial lack of having products deemed 'essential' in our product mix was a short-term weakness," said Steve Maggard, Cone Denim president. "We've used this opportunity to diversify our product capabilities and prevent this type of disruption in the future."

Mexico-based Global Denim was struck by the speed of the Covid-induced shockwaves. Government restrictions created limitations and obstacles for the mill's R&D, production and sales teams, and putting in place the management and protocols to work from home took some time, said Anatt Finkler, creative director for the mill. "We learned that we must be always prepared for a plan B, C, D… in case something like this happens again," she said.

Better, faster, stronger

As the pandemic's dire reality began to set in and outlooks for 2020 fell by the wayside, denim mills relied on their strengths and close-knit relationships to push forward and maintain morale.

When components and garments were tied up at ports, vertical operations became an undeniable asset. Soorty's standing investments in high-capacity product development infrastructure that included denim mills and garment facilities enabled speed and flexibility at a critical time, Debbag said.

"The pandemic is changing behaviors and this evokes devising longer-term strategies," she said. "It is essential to understand the dynamics of the consumer, their expectations, their altered lifestyles as well as what a pair of jeans will represent. The manufacturers need to become an active partner to the brands… We will demand closer relations to the brands that we work with so that we can serve them better and build a sustainable ecosystem including the consumers."

And while many industry experts forecast a return to local sourcing and manufacturing, commanding a global presence in various regions of the world proved to be a major win for several mills. "Having powerful offices in producer countries such as Turkey and Bangladesh enabled us to keep track of every stage of the supply chain, to keep communication strong and to provide the necessary support," Tüzün said.

Likewise, Cone's global manufacturing footprint and supply chains in Asia and North America were a tremendous strength. "This versatility provides great advantages to our customers and allowed Cone to deliver product uninterrupted during the pandemic," Maggard said. "Different geographic areas were affected at different times and to different degrees [but] we were able to keep product flowing to customers and prevent supply disruptions."

Pre-Covid investments in automation gave Pakistan-based Artistic Milliners a running start when the pandemic forced the mill to accelerate production and streamline its behind-the-scenes workflow. The crisis, said Ebru Ozaydin, Artistic Milliners senior vice president of sales and marketing, led the company to further reconsider some of its “redundant complexity” in design, sourcing and production.

“That’s why we are actively looking for opportunities to simplify operations throughout our manufacturing processes to avoid wasted time and resources, inconsistency, impact on environment and other negative outcomes resulting from inefficiencies,” she said.

Screen time

Though trade shows have experimented with online events and individual mills dabbled in various modes of digital marketing prior to Covid, the disruption in day-to-day operations drove the industry to collectively join the virtual bandwagon.

Adapting from in-person presentations to online-only customer interactions was the greatest challenge Advance Denim encountered during the pandemic. “Since we are a very tactile and visual business, it was difficult to shift in such a short period of time to presentations through videos and Zoom calls,” said Mark Ix, Advance Denim director of U.S. marketing.

Six months later, however, Ix expects to see digital communication become a permanent and welcome addition to the Chinese mill’s business strategy. “Even as the pandemic has passed, I feel that there will be less in-person mill weeks and more of a mix of online and in-person small meetings,” he said. “I hope that we will be able to have trade shows again, but large gatherings will be challenging in the near future.”

It’s a sentiment shared across the industry. The need for contactless communication forced Global Denim to think outside the box and accept digital as an effective means of doing business. “Before this happened we never thought working with fabric remotely could work, but we managed to get the creativity flowing and deliver a new collection that we can’t wait to start showing our customers,” Finkler said. “The pandemic has showed us how we can adapt to changing environments and how we can conduct business digitally and be very successful while doing it. It is teaching us that the merge of both physical and virtual worlds is the key to success.”

Cone's ability to deliver digital product catalogs and customer presentations that allowed the company to remain in contact with customers and highlight new products even when travel was not possible, Maggard said, was the result of the strong relationships his team has built both internally and externally.

"Our relationships and connection to the denim community are a core strength of Cone Denim and have been key to staying connected and responsive to customers during the pandemic," he said. "Our ability to quickly pivot to digital interactions and utilize our strong presence on social media has been extremely important to stay connected with customers and the denim community at large."

Ozaydin credits clear communication, positivity and a focus on collaboration as the reasons why she believes Artistic Milliners will ultimately emerge stronger from the crisis. The mill kept close ties with its customers, updating them on reopening plans, safety precautions and worker well-being efforts. "We believe in the importance of sharing news, maintaining positive relationships and conveying the message that 'we're in this together,'" she said. "Our approach has always been solution-centric, which really helped all parties."

For Calik Denim, an app it introduced in 2019 became a well-timed, vital tool for the Turkish mill's communication with clients. The app allows users to match Calik fabrics with the latest global trends, as well as request samples and access editorial and video content. It's a precursor, said Tolga Ozkurt, Calik Denim deputy general manager of sales and marketing, to how designers will create more efficiently and consumers will shop less, but better, online.

"While there is much uncertainty ahead, we use our extensive experience and innovation to help guide our customers through this unprecedented time and towards a brighter future," Ozkurt said. "The technologies we have created which address the coronavirus are so tightly aligned with the other great threat to humanity: the environmental crisis."

Product shifts

The hardships that came with Covid, however, are leading to better manufacturing practices, smarter fabrics and new business opportunities, particularly in athleisure and at-home fashion. Lockdowns essentially gifted companies the time to develop new projects that will resonate with pandemic-era consumers.

During pre-Covid times, Mutlu said Orta and its partners were already talking about seasonless styles, capsule collections, and eco-conscious materials and circularity. This mindset, she added, is a must-have for the "eco-modern" generation. The pandemic, however, accelerated Orta's actions and brought to light the fragility of people and planet. Orta's new collections address these safety and well-being concerns. Here4Good includes fabrics made with hemp and reclaimed cotton waste, recycled denim and dyes derived from food waste, while Denim Guard offers fabrics with antibacterial and antiviral protection.

"During the lockdown, we realized that we are apart but we are also together," Mutlu said. "We realized that we need to act on the health and safety of not only ourselves but people around us, our coworkers, our neighbors, the planet more than ever."

Though 2020 is not the first time the jeanswear industry has been affected by a boom in comfort-driven athleisure, it is better equipped compared to the early-to-mid 2010s when the hybrid moniker began to trickle into fashion vernaculars and consumer closets around the world.

"Denim is taking up this opportunity to rethink the function of the garment and its construction, building it starting from the sustainability of processes and the circularity of materials," Ozkurt said, adding that natural and recycled fibers, thermoregulation, extreme softness and open and comfortable construction with degradable stretch are among the important developments denim mills will use to shape post-Covid collections.

"The months we spent at home, living in close connection with ourselves and with [our families], working remotely and focusing on basic needs have amplified the demands for comfort and loungewear by the end consumer," Ozkurt said. This period, he added, was a wake-up call for brands that were not addressing this audience.

New at-home fashion and loungewear will spur denim producers to up their game in regard to soft hand and stretch, Maggard said. Cone Denim is catering to this shift by focusing on how to create fabrics that are suitable for looser, more comfortable silhouettes. "It is an exciting challenge to develop fabrics that capture Cone's authentic aesthetics, but engineered to be more lightweight, soft, and comfortable," he said.

Naveena anticipates that the demand for comfortable and functional fabrics will linger over the jeanswear industry for years to come. “Denim has always changed with the times; sometimes it adapted itself to new realities, sometimes it was a frontrunner and symbol of change,” Tüzün said. “Denim fabrics of today, with new fibers, constructions and treatment technologies, meet this demand perfectly. I think our industry will again be the first to adapt itself.”

To meet the growing demand for athleisure, Advance Denim has introduced Warp Loop, a three-layer lightweight denim that is structured for comfort and breathability. While the pandemic will not cancel jeans altogether, Ix said the mill is bracing for a consumer who wants the iconic look of traditional denim interpreted through a lens of comfort and style.

The allure and comforting appeal of athleisure during a worrisome time are not lost on Finkler, but as re-opening countries and cities begin to return to some semblance of normalcy, she is optimistic that consumers will rediscover the fashion that makes them feel most like their best selves.

“I am very positive that once people start seeing some hope from this situation, they will start leaving behind at-home fashion for their beloved jeans,” she said. “Denim gives some sense of normalcy, freedom, and it’s the most democratic fabric out there. It represents so much and people will want to translate these feelings of change through their clothing.”

The start of 2020 brought a sense of discovery to the denim industry. From biodegradable stretch and recyclable fibers and dyes, to a collision of inclusive, vintage and streetwear-influenced designs, denim mills and their partners seemingly had a new set of tools for creative experimentation.

But the pandemic, for all intents and purposes, has put a crimp in many of these endeavors as mills instead focus on recovery plans. “The pandemic itself has already been tough enough, therefore we’ve opted for shifting our energy more on transforming the way we do our business in a way that all parties in the supply chain can benefit [from] and recover better,” Ozaydin said.

Fabric producers are beginning to ramp up their capacity, but the uncertainty of the coronavirus and the quick pace at which new hot zones are springing up weighs heavily on mills’ outlooks for the remainder of 2020. Business developments during the summer have been promising, but

Tüzün anticipates that it will take several more months for Naveena to return to full capacity.

Mills are also preparing to be met with a decidedly smaller and more fragile retail landscape. “The denim and jeans industry will shrink before it can grow, and that future growth may not be volume dependent,” Debbag said. Resilience, she added, will be key for all players working with complex systems such as the denim and jeans supply chain.

The rash of store closings and bankruptcy filings is causing issues in the supply chain that will take a while to work through, Maggard said. “Uncertainty about the Covid-19 situation as well as the fact it is a U.S. election year will cause brands and retailers to be conservative and adopt a wait-and-see approach, placing orders at the last minute and not making long-term commitments,” he said. “But I also think it is a year of opportunity. The recent challenges have strengthened relationships, and those denim producers that remain viable and continue to deliver on their commitments to customers will be rewarded going forward.”

This unprecedented event has also served as a sharp reminder of how important it is for denim mills to foster strong internal teams. “Our staff is like our family, and providing the safest environment for them to return to work has been our top priority and we have succeeded in this,” Finkler said.

“Globally, I see a hard situation still in the works,” she continued. “This pandemic hasn’t shown any signs of slowing down, but in seeing our industry is going back to work, I am hopeful that by the end of 2020 we will hear some good news and start 2021 with a bright new future ahead of us all.”

Source: sourcingjournal.com – Jan 27, 2021

HOME

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Living in Blue: Levi's is the Latest Denim Brand to Enter the Home Category

Levi's and Target are on a journey. It began a decade ago with the introduction of the Denizen from Levi's value denim brand, and expanded in 2019 with the introduction of Levi's Red Tab brand at Target stores. As part of the Red Tab expansion, Target is rolling out curated in-store displays to be set in 500 stores by the fall.

But first, a limited-edition collection of home goods is launching Feb. 28.

Levi's and Target announced Tuesday that it will bow a Levi's for Target collection of home and lifestyle items. This will mark the denim giant's first home goods partnership.

The pair worked hand-in-hand to create the 100-piece collection of durably made items for the entire family across home, pets, and apparel and accessories. The assortment features items like tableware, quilts, pillows, rugs and more, "allowing guests to feel comfortable during a time when they are spending more time at home than ever before," according to a press release.

Denim heads will find nods to Levi's heritage throughout the collection, including the red bandana print used on pillows and bowls, dishes with a red selvedge line and glassware stamped with an icon that mimics the look of Levi's buttons.

In keeping with Levi's sustainable mission, items within the collection feature recycled glass, Fair Trade USA, Goodweave and FSC Wood certifications.

"We immediately connected on our mutual passion for purposeful and timeless design, with sustainability and quality at the core of everything we do," said Karyn Hillman, Levi's chief product officer, of the partnership. "We dialed up the best elements of our two iconic brands and discovered fresh new ways to create truly unique products to be enjoyed for years to come."

Levi's partnership follows a recent announcement from Wrangler that also capitalizes on the number of people spending more time at home. The heritage jean brand collaborated with Pottery Barn Teen for a line of bedding, furniture and wall décor. Sustainable brand Eileen Fisher also launched a collection of upcycled felted denim home accessories with West Elm.

In addition to home, the Levi's for Target collection will include the iconic Trucker jackets and sleepwear, along with pet apparel and accessories. Apparel in the collection ranges in size from XXS-3X for women, S-4X for men, XS-XL for kids, 0-3M-3T for babies and toddlers and XS-XL for pets.

"Strategic partnerships like our work with Levi's have long been a key part of Target's success, allowing us to offer our guests the very best national brands alongside our incredible assortment of owned brands," said Jill Sando, Target chief merchandising officer.

"Through this partnership, we're able to offer a collection of items guests can't find anywhere else, with pieces that exemplify the values and design prowess of both the Target and Levi's brands," she added.

The collection will be available at most Target stores and Target.com beginning Feb. 28, while supplies last. Most items will retail for under $25.

Source: sourcingjournal.com – Jan 27, 2021

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Xinjiang Forced Labor Requires 'Clear and Decisive Action'

In a letter submitted Wednesday to House and Senate leadership, five fashion industry trade organizations reiterated their zero-tolerance position toward forced labor and urged Congress to take quick, clear, implementable and decisive action on the crisis, likened to "genocide," unfolding in China's Xinjiang Uyghur Autonomous Region (XUAR).

The letter from the American Apparel & Footwear Association, Footwear Distributors of America, National Retail Federation, Retail Industry Leaders Association and United States Fashion Industry Association also implored Congress to ensure that any action is part of a broader U.S.-led global strategy to end forced labor in the XUAR and the larger campaign of oppression it fuels.

The letter states that collectively, the members of the associations are "continuously strengthening the measures they take to identify and eliminate forced labor from their supply chains, particularly when forced labor becomes more widespread in a specific region due to structural policies, as is the case in XUAR."

These retailers and vendors are also "investigating new technologies and implementing innovative approaches to decipher where supply chains are susceptible to forced labor," they added.

"To bolster these efforts, we support legislation that builds upon current efforts and enables clear and effective enforcement methods to supplement our own," they wrote. "Congress has already equipped the U.S. government with critical tools to target both the perpetrators and the beneficiaries of forced labor and other egregious human rights abuses. It is already illegal to import products that are made wholly or in part with forced labor."

The letter noted that the 2016 change that removed the consumptive demand clause was an important step to further facilitate U.S. Customs and Border Protection's (CBP) enforcement capabilities, which the agency has already utilized extensively as it relates to XUAR. Further, the Global Magnitsky Act enables the U.S. Treasury Department to target government officials and organizations responsible for egregious human rights violations, as well as those entities that benefit from it, with severe financial sanctions.

In the past few months, CBP has issued a number of major withhold release orders (WROs) relating to production in XUAR. However, CBP officials have acknowledged that they do not have the resources or capacity to enforce these WROs while companies are actively working to ensure compliance, according to the coalition.

"Congress can and should play a critical role to ensure these efforts are fully funded, targeted and effective, particularly to fight the crisis in XUAR," the groups wrote. "Additional efforts should take stock of measures that have already been taken, ensure administrability, and provide all stakeholders a clear, effective, and enforceable path forward on reaching our shared goal–ending forced labor in the XUAR and the larger campaign of oppression it fuels."

In support of new actions that will build upon current efforts, the letter urges Congress to take action that requires the development of a "transparent, tiered, risk-based approach to enforcement of any new forced labor provisions before implementation of those provisions" and "creates a clear, transparent, and evidence-based process for implementing both current and future regulations."

In addition, the letter calls on Congress to promote the development and implementation of cost-effective technologies and innovative approaches for traceability, and establishes the California Transparency in Supply Chains Act as a federal disclosure requirement on what companies are doing to prevent forced labor and human trafficking in their supply chains.

The groups also renewed their call for the U.S. government to lead, in cooperation with like-minded countries, the U.S. business community, and other key stakeholders, in "developing and implementing a holistic, transparent, and enforceable approach to end forced labor in China, as well as the larger campaign of oppression it fuels…Ensuring forced labor does not infect our supply chains is absolutely vital. We cannot rely upon U.S. corporate supply chains alone to stop forced labor at its source. It will take the collective effort of all parties to bring the situation in XUAR to an end."

The letter added that in the case of XUAR, "we must use all available tools to ensure goods made with forced labor inputs do not make their way to the United States."

But to truly end forced labor practices in XUAR and the larger campaign of oppression if fuels, the U.S. government must take a leading role in developing, coordinating and implementing this holistic approach, the letter stated.

"The recent designation of the atrocities in XUAR as genocide is an important step in this effort," the groups concluded. "Therefore, we urge Congress to ensure the U.S. government employs all diplomatic means at its disposal to unite our friends and allies in taking action to end what is happening in XUAR."

Source: sourcingjournal.com– Jan 27, 2021

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Pandemic slows down global T shirt market will touch 29 bn units by 2030 Study

The global T-shirt market which had maintained positive growth trajectory for two years since 2016 fell for the first time in 2019 by -3.5 per cent and reached $88.5 billion, reveals a IndeBox study 'World - T-Shirts - Market Analysis, Forecast, Size, Trends and Insights'. The study indicates overall, consumption saw a relatively flat trend. "The most prominent rate of growth was recorded in 2018 with an increase of 5.2 per cent against the previous year." In this year consumption reached its peak level of $91.7 bilion, and then dipped in 2019.

Consumption highest in China, India ranks third

Based on volume, the countries with the highest T-shirt consumption in 2019 were: China (4.4 billion units), the US (2.9 billion units) and India (1.8 billion units). The top three account for 36 per cent of global T-shirt consumption. Japan, Pakistan, Indonesia, the UK, Nigeria, Bangladesh, Germany, Mexico, Ethiopia and Turkey followed them, together accounting for 22 per cent.

In fact, based on value, China led the pack with $12.9 billion, followed by the US ($6 billion) and India raked third. However, the countries with the highest levels of T-shirt per capita consumption in 2019 were the UK (9 units per person), the US (9 units per person) and Germany (6 units per person).

Growth drivers change as per region

The study clearly indicates in the apparel daily use category, T-shirts is one of the main goods. Sports and outdoor activity also generates demand. Consumption pattern changes as per fashion trends and social life.

In the US, T-shirt market is driven by fitness trend. The need for athletic comfort becomes an important factor in the buying process. Also, with the pandemic, the ongoing trend of using activewear as everyday attire will continue and T-shirts that feature a blend of fashion and functionality will sell well. This is the reason why, top sportswear brands continue to launch new and appealing products.

Similarly in the EU market there are some clear trends. New variations and styles, and eco-fashion are being introduced. T-shirt consumption across Europe is expected to grow due to the rising fashion consciousness about T-shirt, and increasing purchasing power of the young population.

Meanwhile the market in Asia is expected to remain strong with an increase in the number of consumers. Lifestyle changes, higher disposable income and demand for trendy fashion is giving a huge boost to Asia's T-shirt market. Another major growth booster is rapid urbanization followed by rising popularity of Western lifestyles. Also, Asia happens to be a global centre for T-shirt production, thus easy availability of the product.

Pandemic's affects on T-shirt category

Much like all other sectors, COVID-19 impacted the global T-shirts market with production facing headwinds due to lockdowns. And when China started easing and opening production units there were order cancellations which resulted in a stockpile of merchandise. This may have led to overstocking of warehouses, putting pressure on prices. Therefore, when demand grows back, recovery of production may be delayed until the stocks are sold, putting pressure on T-shirts category as a whole.

As per IndexBox estimates, in 2020, global consumption of T-shirts declined somewhat against 2019. In the medium term, as the global economy recovers market is expected to grow gradually, driven by rising population, recovering incomes, and the replacement of outworn ones, together with the consumer intention to get something new after a period of limitations. Overall, market will grow over the next decade, at an estimated CAGR of +1.1 per cent from 2019 to 2030. With this the volume of T-shirts market will be around 29 billion units by 2030.

Source: fashionatingworld.com– Jan 27, 2021

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Vietnam, with surging GDP and stability, is a rising star in Southeast Asia

In its latest "Asia Economics Quarterly" report, the Hong Kong Shanghai Banking Corporation (HSBC) said Vietnam posted the fastest growth in Asia in 2020 and will once again be among the star performers in the region in 2021.

Vietnam is recognized as a role model for its pandemic control measures, and for achieving an economic growth of 2.91 percent in 2020. The economy has maintained growth for three decades, overcoming the Asian financial crisis and global financial crisis, stepping to becoming a middle-income country from an impoverished society. The big question is: will the country maintain the economic miracle?

Vietnam's rapid economic development has been driven by a range of factors. Vietnam's exports to the US surged 29.1 percent in 2019 and 24.5 percent in 2020. With exports valued at $76.4 billion in 2020, Vietnam has become the second largest source of imports of the US. The large trade surplus with the US has ensured Vietnam's overall trade surplus reached consecutive growth in five years, reaching a record high of $19.1 billion in 2020.

Geographically positioned between ASEAN and China, Vietnam depends on the market advantage of regional integration and enjoys the facilitating conditions of zero tariffs on raw materials among ASEAN member economies.

In recent years, advanced countries in ASEAN have increased investment in Vietnam. Singapore's investment in Vietnam made up 31.5 percent of the FDI in Vietnam, ranking as the largest foreign investor. As a neighboring country to China, Vietnam also benefits from the production model of "China+1." Through promoting deeper cooperation with China and taking the convenience location of marine transport, Vietnam has become a key part of Asia-Pacific trade network.

China is not only the largest source of imports to Vietnam; the world's second largest economy has been increasingly becoming an important export market. In 2020, China has surpassed EU, becoming the second largest export destination, taking up a quarter of Vietnam's exports.

In addition, Vietnam can take the geographical advantage as a land-sea connection point, with the help of the Lancang-Mekong Cooperation (LMC) and the New International Land-Sea Trade Corridor projects, undertake the vast markets of ASEAN and China, even reaching the western China region.

Vietnam's economic miracle also relies on reforms to promote a more modern business environment. Under the leadership of Communist Party of Vietnam (CPV), Vietnam enjoys political stability and social peace. The successful control against COVID-19 pandemic has won broad commendation. Vietnam unwaveringly opens its market and support free trade.

Vietnam has almost signed free trade agreements with all major economies in the world. In 2020, Vietnam signed Regional Comprehensive Economic Partnership (RCEP), approved European Union-Vietnam Free Trade Agreement (EVFTA) and UK-Vietnam trade agreement, further expanding its export market.

In order to better attract foreign investment, Vietnam has also revised the Investment Law and Law on Enterprises in 2020 to simplify the foreign investment admission process and improve business environment.

However, Vietnam's economic development also faces some challenges. In short term, the COVID-19 pandemic's impact on the world economy will linger, which means it's not time for the tourism industry to recover.

Affected by shrinking consumer demand in the US and Europe, the textile and footwear sector, which accounts for a quarter of Vietnam's exports, experienced negative growth in 2020 for the first time in 25 years. Vietnam's exports to EU experienced a decline, with the proportion shrinking from 15 percent in past years to 12.7 percent.

The surging trade surplus with the US has put Vietnam facing sanctioning measures from the US. In December 2020, Vietnam was labeled by the Trump administration as an foreign exchange rate manipulator. Vietnam's bulk exports, including wood, textiles, and footwear, were being investigated by the US.

In the long run, Vietnam's development heavily relies on foreign investment and overseas market. Foreign companies in Vietnam take up 70 percent of Vietnam's foreign trade. Among this, Samsung takes 25 percent of Vietnam's total exports. Samsung's mobile phone sales fluctuation has caused economic instability in Vietnam. In 2017, the recall of Samsung's "Note 7" has pulled down the country's GDP growth rate, evoking Vietnam's reflection on its economic security.

The 13th National Congress of the CPV will be held from January 25 to February 2, and new leaders will be elected and the next five years of economic policy will be mapped out. Vietnam is a rising star which is worth watching.

Source: globaltimes.cn– Jan 25, 2021

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Bangladesh: Central bank set to extend export development fund's enhanced credit limit

The central bank is set to extend the enhanced credit limit under its Export Development Fund (EDF) scheme for the textiles and clothing exporters by six more months to help boost proceeds from overseas sales.

The members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Textile Mills Association (BTMA) are likely to enjoy the enhanced loan ceiling until June 30 of this year instead of December 31 of last year, officials said.

"We've decided to issue a circular in this connection shortly in line with the request of the BTMA leaders in a meeting on January 24," a senior official of the Bangladesh Bank (BB) told the FE on Tuesday.

He also said the central bank has decided to extend the increased credit limit for local apparel and clothing exporters to meet their growing demand for foreign currency.

"We expect that such policy support will help revamp the country's overall export earnings in future," he noted.

Talking to the FE, Mohammad Ali Khokon, president of the BTMA, said: "We've urged the central bank to extend the credit limit until June 30, instead of December last to help boost the country's overall export earnings."

The demand for funds of apparel and clothing exporters has increased significantly following recent high prices of cotton in the global market, explained Mr. Khokon, managing director of Metro Spinning Limited.

The BB's latest move came against the backdrop of a falling trend in export earnings in recent months - mainly due to the global economic slowdown caused by the coronavirus outbreak.

Bangladesh's export earnings dropped by more than 6.0 per cent to US$3.31 billion in December 2020 from $3.52 billion in the same month of 2019 due to the Covid-19 pandemic second wave, particularly in America and Europe.

On May 17 last year, the BB enhanced the loan limit under the EDF scheme from $25 million to $30 million for the BGMEA and BTMA members for input procurement.

Meanwhile, the central bank has increased the allocation of EDF scheme by nearly 43 per cent or $1.50 billion to $5.0 billion from the previous level of $3.50 billion to support the country's exporters.

The BB has already slashed interest rates on loans under the EDF scheme to help the exporters tide over the pandemic-related disruptions.

The revised rates allow them to borrow from the low-cost fund at a rate of 1.75 per cent instead of the previous rate of 2.0 per cent.

Such an interest rate on loans under the EDF will continue until March 31, 2021, according to a notification, issued by the central bank on October 28, 2020.

The EDF financing allows manufacturers to procure inputs or raw materials against back-to-back import letters of credit (LCs) or inland back-to-back LCs in foreign exchange to produce final output for direct export and local delivery to manufacturers of final export.

Source: thefinancialexpress.com.bd– Jan 27, 2021

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Pakistan: Textile sector reports loss in global orders

Pakistan's textile sector - which alone attracts around 60% of the total export earnings - reports that they have started losing international buyers' orders to regional competitors and their new investment and expansion plans have gotten jeopardised in the wake of government's decision to cut gas supplies for power production to their individual units.

The government has offered them an alternate; to get electricity from the national grid system, as the country is facing acute gas shortage but has power production capacity in surplus. The industrialists, however, do not trust the fragile power distribution system. Besides, power from the national grid stands over 85% expensive compared to own production using gas-fired power generators better known as captive power plants (CPPs).

"(Textile) exporters have started receiving emails from international buyers for cancellation of their buying orders (in the wake of the disconnection of gas supplies)," Pakistan Apparel Forum (APF) Chairman Jawed Bilwani said in a brief statement on Tuesday.

All Pakistan Textile Mills Association (Aptma) said, "The CCOE's (Cabinet Committee on Energy) decision of moratorium on gas/RLNG supply to captive power plants (CPPs) of the export-oriented sector will result in massively regressing the export sector outlook and put a break to any future expansion or investment."

"Given the past performance and frequent breakdown, the industry does not have faith that the power sector will be able to deliver on a sustained, stable and competitive basis."

The production from captive power plants costs seven cents per unit (kWh) compared to 13 cents from the national grid. Accordingly, the supplies from the grid stand over 85% expensive than CPP, it compared.

"The previous decision of CCOE to reduce the price of power to 7.5 cents to encourage mills to shift to the grid was not implemented, and the decision to impose a gas supply moratorium for captive power of EOUs (export-oriented units) will result in an increase of over 10% in the costs of export orders," Aptma said in a statement. Industrialists belonging to different trade bodies assembled at the apex trade body Federation of Pakistan

Chambers of Commerce & Industry (FPCCI) the other day and formed alliance against the gas supplies disconnect.

“The government should withdraw the gas for captive power plants in a phased manner and not abruptly,” Pak-Kuwait Investment Company (PKIC) Head of Research Samiullah Tariq said on his Twitter handle while analysing the changing situations.

Secondly, the government should ensure that distribution companies provide connection to industries. Thirdly, the price of power from the grid should be approximately 7-8 cents per unit, he said.

This would be a win-win situation for both parties. Pakistan has a shortage of gas and has excess electricity. Electricity is the fuel of the future, no doubt about it. Renewable electricity makes it much even more lucrative, he said.

“Seven cents/unit means almost Rs11.5/kWh, out blended fuel cost is less than Rs5/unit, approximately (Rs4.37 to be exact). Remaining Rs7/unit would contribute towards capacity payments (which will help addressing circular debt),” Tariq said.

There are around 1,200 captive power plants installed at individual industrial units, which consumes 400 million standard cubic feet per day of gas (mmscfd), it was learnt.

Aptma said, “Mills have started receiving calls from banks to verify how they will fulfil the (international buyers) orders based on gas/RLNG supply and pay back of refinance facilities is being demanded. New financing facilities for investment and refinance have been abruptly put-on hold by the financing institutions.”

A very significant number of mills have recently invested mills of rupees in new gas/RLNG generation equipment based on meeting efficiency criteria as espoused by government. “The abrupt and ill-conceived change in policy will bankrupt these companies,” it added.

Source: tribune.com.pk– Jan 27, 2021

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NATIONAL NEWS

Agri-tech provides huge potential for technical textile industry: Irani

Union Textiles Minister Smriti Irani on Wednesday said the agri-tech sector provides the technical textiles industry a huge opportunity to partner with the government as well as the agrarian community and leverage their capabilities.

"I feel that agri tech is one large area where the industry can partner not only with the government, but also citizens in the agrarian part of our economy. My hope is that given the agricultural expanse of our economy, the chamber (IMC Chamber of Commerce and Industry) will assist in discussion on issues concerning agri-tech," the minister said.

She was addressing an inaugural session at the virtual conference on 'Technical Textile - The Future of Indian Textile Industry' organised by IMC Chamber of Commerce and Industry.

Irani also said agri-tech will give equal opportunities to those who are from agricultural families to leverage their capabilities.

Besides agri tech, there is a huge growth potential in med-tech, geo-tech, sports-tech, and infra-tech, among others, she said.

The minister further said it is important to reach out to small and medium enterprises (SMEs), and standards have been made known to them so that they can also be part of the growth.

"I appeal IMC to reach out to the SMEs and share the know-how of the standard manufacturing process so that the country witness a growth in the downstream as well as in the smaller components of the industry," she stated.

Irani said there were only two manufacturers of N95 masks in March 2020, which has now increased to 200.

"By transforming a COVID-19 crisis to an opportunity, India has proven its ability to innovate and rise to the challenge with limited resources and time," she added.

The government has embarked on a journey for the National Technical Textiles Mission and is committed to ensuring that skill development in technical textile commences with the introduction of six new courses, she said.

"Another 20 new courses for enhancement on upgradation of skills are currently under preparation," she added.

IMC Chamber of Commerce and Industry President Rajiv Podar said the domestic textiles and apparel industry contributes 2 per cent to India's GDP, 7 per cent of industry output in value terms and 12 per cent of the country's export earnings.

Technical textile accounts for about 13 per cent of India's total textile and apparel market and contributes to 0.07 per cent of India's GDP, he said.

There is a huge potential to fulfil a large demand gap as the consumption of technical textiles in India is still only at 5-10 per cent as against 30-70 per cent in some of the advanced countries, Podar added.

"The domestic demand for technical textile products is picking up. Companies in India have started developing technical textiles for automobiles, safety-related textiles such as used by soldiers at high attitudes, ballistic fabrics, even for healthcare such as PPE kits," he said.

He said the technical textiles sector in India is estimated to be growing at 12 per cent per annum.

To achieve the potential of nearly 20 per cent annual growth in this sector, there is a need for proactive approach towards expanding the existing market, promoting usage of technical textiles, encouraging international collaborations, and investment promotions, among others, he added.

Source: retail.economictimes.indiatimes.com– Jan 27, 2021

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FDI equity inflow in April-Nov rises 37% to $44 billion

Foreign Direct Investment (FDI) equity inflow into India in the April-November period increased 37 per cent to $43.85 billion, compared to $32.11 billion in the same period last fiscal.

"It is also the highest ever for the first eight months of a financial year..," according to an official release issued by the Commerce & Industry Ministry on Wednesday.

In the first eight months of FY21, total FDI (including reinvested earnings) rose 22 per cent to $58.37 billion, from $47.67 billion in April-November 2019, it said, adding that this, too, is the highest ever for the eight-month period in any fiscal.

"Measures taken by the government on FDI policy reforms, investment facilitation, and ease of doing business have resulted in increased FDI inflows into the country," the release said.

In April-October, FDI equity inflow was up 21 per cent to $35.3 billion.

China and India were two the major outliers in a gloomy year for FDI in 2020, as per a recent UNCTAD report on investment trends.

Global FDI

While China was the world's largest FDI recipient with flows rising by 4 per cent to $163 billion, India's 13 per cent rise resulted in FDI touching $57 billion, as per the report. Global FDI, on the other hand, collapsed in 2020, falling by 42 per cent to an estimated $859 billion, from $1.5 trillion in 2019.

The areas that attracted FDI the most in India include computer software and hardware, services, trading, chemicals and automobiles. The top sources of FDI for India are Singapore, the US, Mauritius, the Netherlands, the UK, France and Japan.

Source: thehindubusinessline.com – Jan 27, 2021

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Budget 2021: Driving growth in manufacturing

Government support for the industrial sector is crucial for reviving the economy

The year 2020 was a watershed moment for everyone around the globe. The world economy and everything around it spiralled out of control and forced the concerned stakeholders to reconsider the fundamentals of economy and business.

The manufacturing sector in India is a high growth sector and also a priority sector for the government. With programmes such as 'Make in India' and 'Atmanirbhar Bharat', this government has tried hard to provide a much-needed boost to the manufacturing sector while seeking to attract large scale foreign investment as cost of raising offshore capital tends to be cheaper than raising in India and bringing foreign exchange to the national coffers.

PLI schemes

Budget 2020 consolidated the then existing financial measures instead of introducing fresh measures. However, the measures such as production linked incentive schemes (PLI Schemes) that were launched in the later part of 2020 find their genesis in the measures introduced in Budget 2020. The PLI schemes were introduced as back-end stimulus wherein cash payment from government would downstream after the production takes place. Further, PLI schemes are posited as a smart stimulus to attract investment and revive economy and to thrust India towards becoming a manufacturing hub.

It is also believed that the government has changed its policy outlook as with the PLI schemes it is not focusing on disorganised growth in all sectors. PLI schemes propound sector specific measures and that may lead to better utilisation of time and fiscal and non-fiscal resources.

Budget 2021 is coming at a time when the Indian economy is reeling under the pressure of stagnated income and decreased demand. This Budget would be scrutinised for finer points. The industrial sector is anticipating several measures to kickstart its revival and create a long-term and sustainable ecosystem which will not only cover the supply side but also have measures to improve the demand side. The manufacturing sector has been languishing for a long time.

The government should focus its energy on increasing the annual growth rate of the sector. With the introduction of the PLI schemes, the rate saw an upward trend, but it is still off as the base was narrowed down. The effects should be seen in the long term and strengthen the fundamentals. Lowering the tax rate on industries under the PLI schemes could be a potential measure under the Budget 2021. The much-talked electronics manufacturing sector has seen a lot of action last year.

Luring foreign investments

The government has taken initiatives to attract global giants to India and set up their manufacturing units. Budget 2021 may ease the entry barriers and incorporate single window clearance so as to be a more attractive proposition for the global investors.

Strengthening the intellectual property safeguards would also allow the manufacturing companies to invest in research and development and innovate further. The government may also look at investing and encouraging private capital into the technology sector and that will become backbone of India's growth story in this decade.

The automobile sector is extremely stressed at the moment and certain measures such as reducing taxes on vehicle registration, easing emission norms may benefit the sector. The PLI schemes also focused on the pharmaceuticals sector which is at the forefront in the fight against the pandemic. This sector will be looking for some sops from the government to increase profitability and be incentivised for increasing production.

As India plans to be a leader in manufacturing sector, all eyes are on the government. The current institutional framework needs to be overhauled to promote industries. India has large amounts of unutilised land and labour that needs to be capitalised. Disruptive incidents such as labour unrest, political meddling etc. should be contained by the government as they may shake the investors confidence in the Indian economy.

Lastly, a boost to creating infrastructure will not only benefit the industry but also the masses leading to long-term sustainability.

Source: thehindubusinessline.com – Jan 27, 2021

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Textiles Committee, Ministry of Textiles signs MoU with M/s Nissenken Quality Evaluation Centre, Japan to boost export of Textile and Apparel to Japanese market

A formal Memorandum of Understanding (MoU) signing ceremony was held between Textiles Committee, Ministry of Textiles, Government of India and M/s. Nissenken Quality Evaluation Centre Japan, through video conferencing here today. The Union Cabinet chaired by Hon'ble Prime Minister in its meeting held on 2nd September, 2020 had given the approval for signing of a Memorandum of Understanding (MoU) between the two organisations. The signing ceremony was Presided over by Hon'ble Minister of Textiles and Minister of Women and Child Development , Smt. SmritiZubinIrani on the Indian side and by His Excellency Mr. YasumasaNagasaka, Hon'ble State Minister of Economy, Trade and Industry, Govt. of Japan from the Japanese side.

The main objective of the MoU is to provide required support to textile's trade and industry for ensuring quality as per the requirement of Japanese buyers through Testing, Inspection & Conformity Assessment, Training & Capacity Building, Research & Development (R&D) and Consultancy. It is expected that the MoU will strengthen the bilateral trade by enhancing India's export of Textile and Apparels (T&A) to Japan, which is the third largest export destination of the world.

This MoU will formalize mutual interaction and strengthen the relationship in accordance with their respective areas of specialisation. Both the institutions have agreed to share and exchange relevant technical information and documentation on a regular basis and carry out activities relating to standards, quality assurance norms, joint research projects on testing, development of user friendly tools for dissemination of data to the industry and facilitate sourcing across the Textiles Value Chain (TVC) from both the countries.

Speaking on the occasion of the signing ceremony,Smt. SmritiZubinIrani fondly recalled the friendship and long history rooted in spiritual affinity and strong cultural and civilizational ties between India and Japan. She also extolled about the further deepening and strengthening of the India-Japan relationship under the able leadership of Hon'ble Prime Minister Shri Narendra Modi ji. The Minister further highlighted the challenge relating to stringent quality standards for exports to Japan and expressed confidence that the MoU will help in creating awareness on the various quality parameters being sought by the importers based in Japan and extending hand-holding support to the Indian exporters to adopt and upgrade their technology so as to enhance the quality of products and satisfy the stipulations as required by the Japanese importers.

She also spoke about the synergy in the working of the two organisations and expressed confidence that it will inter alia boost the Technical Textiles sector as well and improve sourcing from India. She also urged the T & A industry to make full use of the opportunity in furthering Indian Interests. Speaking on the occasion, the Japanese State Minister of Economy, Trade and Industry, Sh YasumasaNagasaka highlighted that India is a huge market for Japanese industry and expressed confidence that going forward, there will be substantial development in the India- Japan trade relationship.

India and Japan have signed a Comprehensive Economic Partnership Agreement (CEPA) in 2011 which inter-alia facilitates import of garments from India to Japan at zero duty. Despite CEPA, the growth in trade in Textiles and Apparel (T&A) between the two countries has been moderate. Japan is third largest importer of T&A in the world and India is 6th largest exporter and there is huge untapped potential for trade which remains unharnessed. It is in this backdrop, a high level delegation from Ministry of Textiles was mounted in February, 2019 with a view to enhance exports and co-operation in textile sector and to identify areas for optimizing the benefit of CEPA. As an outcome of these developments, the Textiles Committee entered into negotiation with M/s.Nissenken Quality Evaluation Centre, Japan for providing valuable services to the textile trade and industry of both the countries through collaborative efforts between the two organisations.

About Textiles Committee

The Textiles Committee was established in the year 1963 by an Act of Parliament and is a statutory body under the Ministry of Textiles with a mandate, inter alia, to ensure quality of all textiles and textile products for domestic and export markets. The Textiles Committee is the only body providing for all the quality related needs of the entire Textiles Value Chain (TVC) in an integrated format on a pan-India basis through its network of 28 offices across the country including 19 state of art laboratories accredited under relevant national and International standards.

About Nissenken Quality Evaluation Centre, Japan

M/s Nissenken Quality Evaluation Centre is one of the leading Testing and Inspection organizations in Japan established in 1948 and providing world-class facilities and rendering valuable services to the textiles trade and industry in Japan and 7 other countries including China, Indonesia, Myanmar, Vietnam, Bangladesh, Cambodia and India.

Source: pib.gov.in – Jan 27, 2021

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Sky-high yarn rates throw textile sector off balance

Post-pandemic, the Indian textile sector is now on a recovery path. However, the demand-price equation is suffering from an imbalance at many levels of this sector. Exorbitantly high cotton yarn prices are an area of concern for fabric and garments manufacturers. They hope that the prices will stabilise in the coming months due to increased production.

Since yarn prices are yet to adjust itself in the downstream industry, textile millers and garments unit owners are "not too anxious about obtaining stocks at the moment," Commodities Control said in its first of the three cotton special series report.

Moody's Investors Service Company ICRA has revised the FY2022 outlook for the Indian textile sector to 'stable', the rating agency added that risks, however, remain given the nascence of recovery and the continuing impact of the pandemic.

"Indian as well as the global cotton output is expected to decline in CYG'21 (Global Cotton Year ending July 2021). As the demand is likely to rebound on recovery from the pandemic impact, cotton stocks are expected to decline. However, despite moderation, absolute cotton stocks as well as the cotton stock-to-use ratio are expected to remain high, owing to sizable carryover stocks brought forward from the previous year," ICRA said in its report.

It is to be noted that the cotton textiles industry is witnessing a recovery in nearly a decade. The sector underwent particularly bad phase two years prior, i.e. even before the pandemic struck.

Meanwhile cotton yarn prices are expected to stay firm tracking the bullish trend in global cotton prices. The latest World Agriculture Supply and Demand Estimates Report by the US department of agriculture (USDA) points towards lower global cotton output and improved consumption for the 2020-21 crop year.

Cotton output is seen dropping in the US as well in India, while cotton exports are seen rising in the latter. ICE cotton prices have travelled all the way from sub-50 cents to 82 cents level in mid-January.

This reflected in domestic cotton prices along with woven cotton yarn. The prices of the latter surged from ₹193.81 per kg in August 2020 to ₹267 per kg very recently in January 2021. That's a rise of 37.7 per cent in less than six months, while the yarn prices have gained 10.23 per cent since last month.

Demand for domestic and international yarn and textile products has increased sharply. According to Texprocil, exports of cotton yarn, fabrics, and handlooms has surged over 14 per cent to ₹7,260 crore. However, on yearly basis, the exports have dropped for the three quarters of the current financial year by 4.89 per cent to ₹50,506 crore. It is to be noted that decline in the export number was restricted to months prior September 2020.

ICRA, in its report, observed that yarn output during corona-led lockdown had dropped by 76 per cent. However, with the improvement in domestic and exports demand, post May 2020, yarn production bounced back. Cotton yarn production during September-October 2020 witnessed a rise of 3-4 per cent year-on-year. Total output may have slipped by 35 per cent during the seven months of the current financial year, however it has picked up pace and indicates continued rise hereon.

According to Sanjay Garg, president of North Indian Textiles Mills Association (NITMA), “the players in the sector jumped into action towards obtaining raw material once the lockdown restrictions ended. During this period, there was robust demand for cotton yarn which no one had anticipated.”

Meanwhile, a SIMA member and Tirunelveli-based mill owner Maninarayan Velayutham wonders, "what the future will be like going forward, in the backdrop of sharp spurt in cotton yarn rates."

SIMA chairman, Ashwin Chandran, however, believes that there’s no need to panic in case of procuring cotton yarn at the moment, as rise in yarn output in the next 2-3 months is expected to stabilise the prices.

He adds that units of several cotton textiles have resumed operations along with various spinning mills that were shuttered during lockdown. This will ensure uninterrupted availability of cotton yarn, cooling off heated prices for a while.

Mumbai-based garment and yarn company owner PH Udani expects the supply-demand imbalance to smooth out with improvement in production of cotton yarn in the coming months. This will eventually help put a brake on the northward rally of yarn prices, for a while.

Even the handloom sector has been at the receiving end of the challenges arising from exorbitantly high cotton yarn prices. Textiles companies based in Maharashtra’s Ichalkaranji have suffered severe pressure on their margins. Manufacturers reveal that cotton yarn and synthetic yarn prices have surged 50-60 per cent in the last 3-4 months.

It is to be noted that the current yarn rates are even 20-30 per cent higher than the rates in pre-covid times. However, its product rates have risen by just 20-30 per cent.

Having said so, mill owners along with retail store owners across the major markets agree that demand for casuals and fabrics have improved in rural India. However, they observe that raising the prices of the end-products has been difficult due to cut-throat competition. Input costs continue to be on the higher side due to shortage of labour and mill-workers.

NITMA president also agrees that after the removal / ease in lockdown restrictions, a major shift in demand has been witnessed towards villages and districts. He adds that nearly 70 per cent demand for fabric is directed towards rural India.

ICRA reports that fabric production is also likely to revert to growth in FY2022, with improved demand from the downstream segments. "Within fabrics, cotton knitted fabrics and blended knitted fabrics are likely to perform better, given the shift being witnessed in consumer usage and preferences, in favour of casual/active/lounge wear."

Having said so, it adds that the garment sector may continue to suffer from suppressed margins, even as spinning mills' margins rebound to pre-covid levels.

Although, in FY 2021-22, fabric and domestic apparel industry revenues are seen growing at the rate 30-35 per cent and 35-40 per cent respectively, revenues in both the categories had declined severely in the current financial year.

Supported by export demand, even as demand from domestic downstream segments may recover at a slower pace, yarn realisations and contribution margins are expected to remain at comfortable levels in FY2022..., ICRA's report said in its key metrics section.

Source: Commodities control Bureau

Source: fibre2fashion.com– Jan 27, 2021

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Shri U P Singh Assumes Charge of Secretary in Textiles Ministry

Shri U. P. Singh, a 1985 batch Indian Administrative Service Officer (IAS) of Odisha Cadre has taken over as Secretary, Ministry of Textiles, Government of India, here today.

Prior to this, he held the post of Secretary in the Department of Water Resources, River Development & Ganga Rejuvenation, Ministry of Jal Shakti, w.e.f. 1.12.2017. He has held important assignments in both Central and State Governments and possesses rich and varied experience.

He joined the Ministry of Water Resources & River Development and Ganga Rejuvenation on 1.6. 2016 as Additional Secretary and also held the post of Mission Director, National Water Mission (NWM).

Later he assumed the charge of Director General, National Mission for Cleaning Ganga (NMCG) on 7.10.2016. Prior to joining the Ministry of Water Resources, RD & GR he worked as Additional Secretary in the Ministry of Petroleum and Natural Gas.

He has the experience of working in different sectors like Water Resources, Finance, Steel, Transport, etc. He had been deeply involved in policy, planning and management of water resources in India.

Source: pib.gov.in– Jan 27, 2021

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Manufacturers seek doubling import duty on man-made yarn

With just less than a week to go for the Union Budget-2021, the yarn manufacturers of the region are demanding that the import duty on the man-made yarns be raised from 5-10% in order to safeguard the local yarn manufacturers, who are suffering due to high import duty on cheap quality of yarn, which costs way lower than the India-made yarns.

Giving more information, Sanjay Garg, president of Northern India Textile Manufacturers Association (NITMA), said, “We deeply admire the vision of our Prime Minister Narendra Modi and ministries of finance and textiles for numerous initiatives taken to spur the domestic textile sector.

In addition to all positive steps by the government there is an urgent need of raising customs duty on man-made yarns to 10%, which is currently at 5%. Based on the substantial data, there are huge issues being faced by the domestic man-made fibre (MMF) textile industry. The monthly average imports of virgin polyester spun yarn have increased by 972% in a span of fiver years (2015 to 2020).

Besides this, imports from Vietnam alone have increased by a mammoth 10,512%, that is 107 times.”

Garg added that, “Another worrying indicator about the problems being faced by us is that average monthly imports of MMF for 2020 are 5,212 tonne per month out of the total domestic monthly consumption of 22,000 tonne per month, which means that imports enjoy 25% of the total market share, and what is even more alarming is that this trend is increasing with great speed.

Import numbers have been rising substantially year after year due to an extremely unreasonably low prices offered by Indonesian and Vietnamese spinners on account of huge idle capacities created owing to their government’s incentives. Representations on the above have also been sent to the ministries of finance and textiles.”

Sidharth Khanna of Adisudana Industries, another yarn manufacturer, “The man-made yarn sector, which is one of the largest employment generating segment within the textile industry and its highly capital and labour intensive industry as well.

The unreasonably low-priced imports of man-made yarn into India have been causing considerable amount of injury to domestic manufacturers for the last five years or so. The industry has deep concerns over the rise in import quantities being dumped into India, which can potentially cause permanent damage to domestic thee MMF sector with a cascading effect, from closure of units to NPA', and eventually resulting in huge employment loss."

He added that, "As a recapitulation, we appeal to the ministry of finance and ministry of textiles to consider increasing the customs duty on man-made yarn from its present level of 5% to 10% immediately in the ensuing Union Budget-2021 for the growth and expansion of domestic MMF industry and to prevent mass loss of employment."

Prior to this, the spinning industry had been demanding anti-dumping duty on the import of viscose spun yarn from China, Indonesia and Vietnam. After they took up the demand with the Directorate General of Trade Remedies (DGTR), the department had taken this proposal with the central government.

Source: timesofindia.com– Jan 28, 2021

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Textile industry requests sops from Central government

As the day for presenting the Union Budget for 2021-22 is nearing, the appeals from different sections of the society are pouring in. The expectations are high from traders, especially in textile, readymade garments and fashion industry.

They have been facing many challenges since March 2020, initially because of the Covid-19 lockdown and later on due to lack of demand, job cuts, capital issues, among others. Srikanth, a Hyderabad-based Classic Polo outlet owner, says: "The pandemic has impacted our business, which is down by 40 per cent. Our expenditure, however, remained the same. Our capital is drying out and we are not able to invest in new products."

He feels that govt should announce some measures for textile and garment industry. He says, "Cotton prices have gone up by 18 per cent in international market recently, which is an extra burden for manufacturers. Hence, small and medium manufacturers now need financial support from government without the interest burden."

Telangana State Federation of Chambers of Commerce and Trade (TSFCCT) president Ammanabolu Prakash expects the government to help the traders especially in textile and garment businesses, who have been facing many challenges ranging from lack of demand to capital woes.

He says, "The Union Budget should announce three years' income tax rebate for traders who are affected by Covid-19 pandemic. The Government should provide special financial package to small and medium traders and give bank loans at 6 per cent for big and corporate traders.

The way the loans are being offered to MSMEs under SIDBI now," he adds. Prakash further says, "Textile industry has been demanding abolition of duty levied on Purified Terephthalic Acid (PTA) to remain globally competitive.

Source: thehansindia.com– Jan 27, 2021

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Covid-19: MHA eases restrictions further

The Ministry of Home Affairs (MHA) on Wednesday has issued an Order with Guidelines for Surveillance, Containment and Caution, for Covid-19 saying cinema halls will now be permitted to operate at higher seating capacity.

All other activities have been permitted outside Containment Zones, except the norms in few of the guidelines that will continue to remain in force up to February 28, effective from February 1.

Cinema halls

“Cinema halls and theatres have already been permitted upto 50 per cent of seating capacity. Now they will be permitted to operate at higher seating capacity, for which a revised standard operating procedure (SOP) will be issued by Ministry of Information & Broadcasting in consultation with MHA,” the MHA said in a statement.

All social/ religious/ sports/ entertainment/ educational/ cultural/ religious gatherings have already been permitted upto a maximum of 50 per cent of the hall capacity, with a ceiling of 200 persons in closed spaces; and keeping of the size of the ground/ space in view, in open spaces.
Now such gatherings will be allowed subject to SOP of the State/ Union Territory (UT) concerned, it said.

Swimming pools have already been permitted for use of sports persons. Now swimming pools will also be permitted for use of all, for which a revised SOP will be issued by Ministry of Youth Affairs & Sports (MoYA&S) in consultation with MHA.

SOP for B2B exhibitions

For Business to Business (B2B) exhibition too, all types of exhibition halls will be permitted, for which a revised SOP will be issued by the Department of Commerce in consultation with MHA.

For further opening up of international air travel of passengers, Ministry of Civil Aviation (MOCA) may take a decision in consultation with the MHA based on the assessment of the situation, it said.

SOPs, as updated from time to time, have been prescribed for various activities. These include: movement by passenger trains; air travel; metro trains; schools; higher educational institutions; hotels and restaurants; shopping malls, multiplexes and entertainment parks; yoga centres and gymnasiums, etc.

"These SOPs shall be strictly enforced by the authorities concerned, who shall be responsible for their strict observance," the MHA said.

There shall be no restriction on inter-State and intra-State movement of persons and goods including those for cross land-border trade under Treaties with neighbouring countries. No separate permission/ approval/ e-permit will be required for such movements, it added.

Source: thehindubusinessline.com– Jan 27, 2021

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Rs 900 crore of Saurashtra exporters stuck under MEIS

The MEIS (Merchandise Export from India Scheme) for exporters ended on December 31 but the exporters are still waiting to get the benefits under the scheme.

Rajkot Chamber of Commerce and Industry (RCCI) that represents the trade and industry of Saurashtra region wrote to the finance ministry demanding to release incentives outstanding since April 2020.

RCCI in a letter claimed that approximately Rs 900 crore is stuck under this scheme. Parth Ganatra, vice-president of RCCI said, “In 2019 from April to December, the incentives of Rs 850 crore was paid to the 1,500 exporters of Saurashtra. This year, no incentive is paid since April 2020 and crores of rupees of exporters are stuck.”

The scheme was launched in foreign trade policy (FTP) 2015-20 with the aim to provide incentives to exporters and strengthen them against cut throat competition in the international market.

The exporters under this scheme used to get duty credit scripts that could be used against paying import duty, excise duty or service tax and it was transferable to other importers also. According to exporters, they exported at a lower rate to provide competitive rates in international market considering the benefits they were supposed to get under this scheme.

The RCCI also asked government to clearly mention the benefits the exporters will get under newly launched scheme Remission of Duties and Taxes on exported Products (RoDTEP) replacing MEIS.

Source: timesofindia.com– Jan 27, 2021

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