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INTERNATIONAL NEWS

Report Examines Impact of Trump's China-Trade War

How exactly has America gained from former President Trump's much-discussed trade war with the world's second-largest economy?

A recent report from the U.S.-China Business Council (USCBC), titled "The US-China Economic Relationship," details how it claims the U.S. has benefited from trade and investment flows with China.

The council, a nonpartisan, nonprofit organization of more than 200 American companies that do business with China, said the combination of bilateral trade, investment and supply chain integration has supported economic growth, consumer choice and job creation. In 2019, exports to China supported 1.2 million jobs in the U.S. and as of 2018, 197,000 people in the U.S. were directly employed by Chinese multinational firms, the report details.

U.S. companies invested $105 billion in China in 2019, according to the USCBC, "and the profits from these investments and the contribution they make to the competitiveness of U.S. businesses help support the U.S. economy through R&D, domestic investment and dividend payments."

"With China forecast to drive around one-third of global growth over the next decade, maintaining market access to China is increasingly essential for U.S. businesses' global success," USCBC said.

The group's take is that the trade war with China hurt the U.S. economy and failed to achieve major policy goals outlined by the former Trump administration. Not noted in the report, President Biden has said he would continue the tariffs imposed by the Trump administration on the basis of China's unfair trade practices as "leverage" in negotiations with China.

Most trade policy experts do not expect Biden to impose further tariffs. The domestic textile sector has urged that the tariffs remain in place until China reforms its policies, adding that duties maintain an even playing field.

"Rather than benefiting the economy, it has reduced U.S. economic growth and employment, resulting in an estimated peak loss of 245,000 jobs," the report said. "Tariff rates remain at a multidecade high despite both

countries reaching a Phase One trade agreement in early 2020. While the agreement made important progress on longstanding trade barriers in agriculture, financial services, and intellectual property protection, it failed to address a range of administration concerns over Chinese state-owned enterprise disciplines, distorting subsidies, data and cybersecurity, and other areas of market access."

While the trade deficit with China did narrow in 2019, this was offset by an increased trade deficit with the rest of the world, leaving the overall U.S. trade deficit broadly unchanged.

USCBC said scaling back tariffs would likely benefit the U.S. economy and create jobs, something trade experts have told Sourcing Journal is possible. Even a moderate rollback in tariffs could increase economic growth and stimulate employment growth, the council said.

"Under our trade war de-escalation scenario, where both governments gradually scale back average tariff rates to around 12 percent compared with around 19 percent now, the U.S. economy produces an additional $160 billion in real gross domestic product (GDP) over the next five years and employs an additional 145,000 people by 2025," USCBC said. "U.S. household income would be $460 higher per household as result of increased employment and incomes as well as lower prices."

Escalating trade tensions and a significant decoupling with China would hurt the U.S. economy further and reduce employment, the council contended. Its trade-war escalation and decoupling scenario sees the U.S. economy producing $1.6 trillion less in real GDP terms over the next five years and results in 732,000 fewer jobs in 2022 and 320,000 fewer jobs in 2025.

"In addition to a significant near-term shock to economic output, long-term effects would permanently lower GDP, reflecting lower economic productivity," USCBC added. "By the end of 2025, U.S. households will have lost an estimated $6,400 in real income."

Source: sourcingjournal.com– Feb 04, 2021

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Denim Sourcing Opportunities are Opening for Nearly Every Country but One

Predicting future sourcing patterns in any business segment during the time of coronavirus is daunting—even for the all-American denim jeans market. And because the global pandemic came on the heels of the U.S.-China trade war and uncertainty over the transition from the North America Free Trade Agreement to the United States-Mexico-Canada Agreement (USMCA), that has clouded the outlook even more. Denim imports have been hit hard, thanks to retail's pandemic-prompted pause and the effects that had on trade.

"But we also see another important trend—a shift of sourcing from China to other suppliers, which is part of the industry response to the trade wars," said Julia Hughes, president of the United States Fashion Industry Association (USFIA). "Imports from China dropped substantially [in 2020] down by 49 percent for men's denim jeans and down by 47 percent for women's denim jeans."

Asian denim suppliers outside of China have benefitted the biggest from the fallout. "Vietnam and Cambodia, in particular, are selling more denim to the U.S. today," Hughes said. "Outside Asia, women's denim imports from Turkey are growing, and the largest surge in denim imports comes from duty-free AGOA supplier Ethiopia. Imports of men's denim jeans grew by 297 percent and women's denim jeans grew by 128 percent. We see this growth as a positive indicator for the rebound in consumer demand."

In the first half of 2020, U.S. denim apparel importers slashed orders to the point of bringing down the value of shipments entering the country by nearly 38 percent to $1.08 billion compared to the first six months of 2019, according to the Commerce Department's Office of Textiles & Apparel (OTEXA).

Cambodia, with a nearly 40 percent increase, and Vietnam, with a less than 1 percent rise in jeans imports, were the only top 10 suppliers without significant declines in the period. With the coronavirus sweeping through the country starting in March, most stores were shut until May or June, and massive unemployment caused even online shoppers to curtail purchasing, leading brands and retailers to cut back on their production around the world.

OTEXA data shows imports from top supplier Bangladesh fell 23.04 percent to $190.14 million in the period, while second-place Mexico's shipments were off 54.9 percent to $184.94 million. No. 3 Vietnam was able to squeeze out a 0.67 percent increase in the half to a value of $143.57 million, while imports from Cambodia jumped 39.52 percent to $64.03 million.

Much of that market share is being taken from China, which saw a 67.38 percent plunge in first half imports to $120.82 million. China's market share was cut in half for the year ended June 30 and now holds just a 14.52 percent piece of the jeans import market pie.

Vietnam, by contrast, saw its market share for the 12 months increase 13.54 percent to 12.14 percent, and Cambodia's market share rose 32.87 percent to 4.69 percent.

In the first half, imports from Ethiopia increased 10.97 percent to $9.36 million in the six months and shipments from Tanzania rose 37.02 percent to $6.59 million.

"Anybody that is still in China is looking to get out," said Gail Strickler, president of global trade at Brookfield Associates, who said several of her clients make denim in Africa and Egypt, as well as Vietnam. Lesotho, she noted, produces its own denim fabric, as does Egypt, so they would be most likely to pick up new business.

"However, China will continue to be the largest denim fabric supplier," she said. "When it comes to the quality and colorfastness and different treatments, the Chinese mills are the best. I also have clients sourcing denim in India, Turkey and Pakistan, but China is going to emerge as a major player in textiles."

Go West

In the Western Hemisphere, where prices have been notoriously high and manufacturing options fewer and further between, Strickler said "everyone is going to be looking for opportunities to cut costs."

"The problem is there are limited sourcing of denim in this region," she said. "I think you will see a return to Mexico, whereas there really isn't another source of denim supply in Central America. You do have some in Colombia."

Mexican manufacturers are poised to get a large percentage of any Western Hemisphere denim production for U.S. companies looking to source closer to home thanks to duty free benefits afforded under the USMCA.

What may happen as more companies look to nearshore as access to the greater world continues to be restricted, is that the industry may reorganize itself around regional manufacturing hubs, according to Robert Antoshak, managing director at textile consultancy firm Olah Inc.

“That doesn’t mean the days of the 20,000-mile supply chain are over. That’s always going to be part of the business, but the one thing I have noticed is more emphasis on hemispheric production, closer to market,” he said. “Whether that’s the future of the business or whether that’s a temporary Covid-inspired response, time will tell.” Already, Antoshak noted, he has seen signs of this shift at U.S.-based Vidalia Mills, where nearly all of its production is for the U.S. market.

Mexico and Colombia are most likely to see increases once business gets going again, and the Dominican Republic, Antoshak said, “will be back in a major way.”

The future of denim sourcing boils down to whether the industry will go back to its old ways of chasing cheap and manufacturing wherever affords that, or if it will adapt to conscious consumers’ desire for products that have a story and a transparent supply chain built on sustainability and ethics. If these new consumer values stick, Antoshak said, the old way of doing business won’t do well.

“A new business will come out that will be a lower-volume kind of model and more predicated on speed to market,” he said.

Source: sourcingjournal.com– Feb 04, 2021

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2020's Air Cargo Demand Worst in 30 Years

The International Air Transport Association (IATA) released data for global air freight markets on Wednesday showing demand for air cargo plunged 10.6 percent in 2020, compared to 2019.

This was the largest drop in year-on-year demand since IATA started to monitor cargo performance in 1990, outpacing the 6 percent falloff in global trade in goods.

Global capacity shrank 23.3 percent in 2020 compared to 2019–more than double the contraction in demand, IATA noted. Due to the lack of available capacity, cargo load factors rose 7.7 percent in 2020. This contributed to increased yields and revenues, providing support to airlines and some long-haul passenger services in the face of collapsed passenger revenues, IATA said.

Improvements toward the end of the year were demonstrated in December, when global demand was 0.5 percent below previous-year levels. Global capacity was 17.7 percent below 2019, indicating the continuing and severe capacity crunch. With the stalling of the recovery in passenger markets, there is no end in sight for the capacity crunch, IATA said.

"Air cargo is surviving the crisis in better shape than the passenger side of the business," said Alexandre de Juniac, IATA's director general and CEO. "For many airlines, 2020 saw air cargo become a vital source of revenues, despite weakened demand. But with much of the passenger fleet grounded, meeting demand without belly capacity continues to be an enormous challenge. And, as countries strengthen travel restrictions in the face of new coronavirus variants, it is difficult to see improvements in passenger demand or the capacity crunch."

Strong variations were evident in the regional performance of air cargo in 2020. North American and African carriers reported an annual gain in demand in 2020, while all other regions remained in negative territory compared to 2019.

Asia-Pacific airlines reported a decline in demand of 15.2 percent year over year and a fall in capacity of 27.4 percent. In December, airlines in the region posted a 3.9 percent decrease in international demand compared to the previous year.

“After a pause in recovery in Q3, demand is improving, driven by a rebound in manufacturing activity and export orders from China and South Korea,” IATA said. North American carriers posted a 1.1 percent increase in demand in 2020 and a 15.9 percent fall in capacity. In December, carriers in the region posted an increase of 3.1 percent in international demand–the strongest monthly performance since late 2018.

“Strong traffic on the Asia-North America routes, which was up 2.1 percent in 2020, contributed to the performance, driven by strong demand from North American consumers for goods manufactured in Asia,” IATA said. “Capacity remained constrained, down 14.1 percent in December.”

European carriers reported a 16 percent drop in demand for the year and a 27.1 percent decline in capacity. In December, airlines posted a decrease in international demand of 5.6 percent compared to the previous year. IATA said after a pause in recovery in November, seasonally adjusted demand grew 7 percent month-on-month in December, the largest rise of all regions. However, new lockdowns and adverse economic conditions in the region risk the recovery. Lack of capacity remains a challenge, as international capacity decreased 19.4 percent in December.

Middle Eastern carriers reported a 9.5 percent decline in demand in 2020 and a fall in capacity of 20.9 percent. After a slight slowdown in recovery in November, carriers in the region performed well in December, posting a 2.3 percent increase in international demand. International capacity decreased by 18.2 percent in December.

Latin American carriers reported a decline in demand of 21.3 percent in 2020 and a 35 percent fall in capacity. In December, international cargo volumes fell 19 percent compared to the previous year. Air cargo recovery in the region has been affected by adverse economic conditions in markets such as Mexico, Argentina and Peru.

African airlines saw demand grow 1 percent in 2020 and a fall in capacity of 17.3 percent. African airlines posted the strongest international growth of all regions in 2020, as well as in December, with international demand up 6.3 percent. International capacity decreased 21.6 percent in the month.

Source: sourcingjournal.com– Feb 04, 2021

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S Korea, Cambodia finalise free trade agreement

South Korea recently finalised a free trade agreement (FTA) with Cambodia to boost ailing exports amid the COVID-19 pandemic. Trade minister Yoo Myung-hee and her Cambodian counterpart Pan Sorasak held a virtual meeting and declared that Seoul and Phnom Penh have completed FTA negotiations, according to South Korea ministry of trade, industry and energy.

The two countries plan to hold an official signing ceremony in the near future. The pact also needs parliamentary approval.

Both countries launched feasibility studies on the FTA after holding a summit in March 2019. The first round of negotiations began in July last year.

"The FTA will pave the way for the two countries to overcome challenges from the COVID-19 pandemic, and seek sustainable economic growth," Yoo said. Cambodia is South Korea's 60th-largest export destination.

Major exports include beverages, textiles and cargo trucks. South Korea mostly imports clothes and shoes from the Southeast Asian nation.

Under the deal and also when combined with the upcoming Regional Comprehensive Economic Partnership (RCEP), Cambodia will lift tariffs on 93.8 per cent of all products, with South Korea eliminating duties on 95.6 per cent, media reports from South Korea said.

South Korea has been rolling out what it calls New Southern and New Northern Policies, which concentrate on expanding trade ties with emerging nations and reducing its reliance on China and the United States, which take up roughly 40 per cent of annual exports.

South Korea already held an FTA with the Association of Southeast Asian Nations (ASEAN), but it has been pushing for separate agreements as well to seek closer ties. Seoul signed FTAs with Singapore in 2006 and Vietnam in 2015.

ASEAN comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Thailand, Singapore and Vietnam. The country's exports to the bloc fell by 15.2 per cent year on year in January to $8 billion amid the

pandemic. Seoul currently awaits the official launch of the RCEP later this year.

Meanwhile, a tax agreement signed between South Korea and Cambodia to prevent double taxation went into force recently, the South Korean foreign ministry said. The pact allows countries to avoid taxing the same income twice and helps ease the tax burden on companies doing business in another country.

South Korea and Cambodia signed the agreement in November 2019, and both countries gained parliamentary approval in December last.

South Korea has now signed the double taxation avoidance pacts with all 10 members of the Association of Southeast Asian Nations (ASEAN). The first pact it signed with Vietnam went into effect in 1994.

Source: fibre2fashion.com– Feb 04, 2021

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How the EU wants to achieve a circular economy by 2050

Find out about the EU's circular economy action plan and what additional measures MEPs want to reduce waste and make products more sustainable.

If we keep on exploiting resources as we do now, by 2050 we would need the resources of three Earths. Finite resources and climate issues require moving from a 'take-make-dispose' society to a carbon-neutral, environmentally sustainable, toxic-free and fully circular economy by 2050.

The current crisis highlighted weaknesses in resource and value chains, hitting SMEs and industry. A circular economy will cut CO2-emissions, whilst stimulating economic growth and creating job opportunities.

The EU circular economy action plan

In line with EU's 2050 climate neutrality goal under the Green Deal, the European Commission proposed a new Circular Economy Action Plan in March 2020, focusing on waste prevention and management and aimed at boosting growth, competitiveness and EU global leadership in the field.

On 27 January, Parliament's environment committee backed the plan and called for binding 2030 targets for materials use and consumption. MEPs will vote on the report during the February plenary session.

Moving to sustainable products

To achieve an EU market of sustainable, climate-neutral and resource-efficient products, the Commission proposes extending the Ecodesign Directive to non-energy-related products. MEPs want the new rules to be in place in 2021.

MEPs also back initiatives to fight planned obsolescence, improve the durability and reparability of products and to strengthen consumer rights with the right to repair.

They insist consumers have the right to be properly informed about the environmental impact of the products and services they buy and asked the Commission to make proposals to fight so-called greenwashing, when companies present themselves as being more environmentally-friendly than they really are.

Making crucial sectors circular

Circularity and sustainability must be incorporated in all stages of a value chain to achieve a fully circular economy: from design to production and all the way to the consumer. The Commission action plan sets down seven key areas essential to achieving a circular economy: plastics; textiles; e-waste; food, water and nutrients; packaging; batteries and vehicles; buildings and construction.

Plastics

MEPs back the European Strategy for Plastics in a Circular Economy, which would phase out the use of microplastics.

Textiles

Textiles use a lot of raw materials and water, with less than 1% recycled. MEPs want new measures against microfiber loss and stricter standards on water use.

Discover how the textile production and waste affects the environment.

Electronics and ICT

Electronic and electrical waste, or e-waste, is the fastest growing waste stream in the EU and less than 40% is recycled. MEPs want the EU to promote longer product life through reusability and reparability.

Learn some E-waste facts and figures.

Food, water and nutrients

An estimated 20% of food is lost or wasted in the EU. MEPs urge the halving of food waste by 2030 under the Farm to Fork Strategy.

Packaging

Packaging waste in Europe reached a record high in 2017. New rules aim to ensure that all packaging on the EU market is economically reusable or recyclable by 2030.

Batteries and vehicles

MEPs are looking at proposals requiring the production and materials of all batteries on the EU market to have a low carbon footprint and respect human rights, social and ecological standards.

Construction and buildings

Construction accounts for more than 35% of total EU waste. MEPs want to increase the lifespan of buildings, set reduction targets for the carbon footprint of materials and establish minimum requirements on resource and energy efficiency.

Waste management and shipment

The EU generates more than 2.5 billion tonnes of waste a year, mainly from households. MEPs urge EU countries to increase high-quality recycling, move away from landfilling and minimise incineration.

Source: European Parliament

Source: hellenicshippingnews.com– Feb 04, 2021

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Bangladesh: Pandemic plays in favour of textile sector

The rise in freight charge amid the unavailability of containers, delays in receiving imported raw materials and the increased prices of fabrics abroad have turned the fortune for the country's primary textile sector.

As of now, the fabric manufacturers have witnessed a 20 per cent increase in demand, with calls from apparel makers for bumping up production getting more frequent by the day.

"There are some garment manufacturers, mostly the big ones, who never purchased fabrics from local sources and they are repeatedly asking us for fabrics," said Khorshed Alam, owner of Little Star Spinning Mill.

The reason being the higher prices of fabrics in the importing countries, he said, adding that the rise in freight costs and the unavailability of containers made importing fabrics more trouble than it is worth.

The price of fabric went up by at least $1 a yard, while the freight charge spiralled to $3,000 from $900 a container, according to garment makers.

The prices of fabrics went up in Bangladesh too but it is comparatively lower than elsewhere, said Alam, also a former director of the Bangladesh Textile Mills Association (BTMA).

Everyone has enough work orders for fabrics and there are no unsold fabrics or stock.

"The primary textile sector is now in a better state than what it was a few months ago," he added.

Sourcing fabrics from the local market is more convenient and hassle-free, said Shahiduallah Azim, managing director of Classic Fashion Concept.

"This brings downthe cost of business and lead time. That is why we are buying more from the local manufacturers than in the past," he added.

China is the prime source for the apparel sector's raw materials but the supply chain has been disrupted due to pandemic, said Faruque Hassan, Managing Director of Giant Group, a garment exporter.

To ensure timely shipments, manufacturers are procuring from the domestic market.

“This is a good sign for us as the strong backward linkage improves value addition as well as the industry’s strength in competing well in the global market,” said Hassan, also a former senior vice-president of the Bangladesh Garment Manufacturers and Exporters Association.

He also urged the fabrics manufacturers not to set unusual prices so that exporters do not shift their sourcing to another country.

Experts and textile sector people called upon thegarment manufacturers to continue with their patronisation of the domestic textile sector for their raw material needs.

To become the leading garment supplier to the world from its current number two position, Bangladesh needs a strong backward linkage industry for both woven and knitwear fabrics, said Ahsan H Mansur, executive director of the Policy Research Institute (PRI).

“To this end, fabrics manufacturers have to improve quality standards.”

On the other hand, the garment exporters have to change their mindset and help the local manufacturers to grow.

The BTMA President Khokon went on to urge the government to provide policy support so that Bangladesh can become self-reliant in fabrics.

At present, local fabrics manufacturers can meet 35 percent of the demand for woven fabrics from garment exporters and 90 per cent for knitwear.

Source: maritimegateway.com– Feb 04, 2021

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Bangladesh: Higher tariffs impede Bangladesh's FTAs with trading partners

A report by the General Economic Division of Bangladesh says the country will face an uphill task in convincing major trading partners and regional blocs to sign free trade agreements (FTAs) because of higher tariffs as it looks to retain duty benefits after its graduation from the LDC group, according to a government report.

According to the report titled "Impact assessment and coping up strategies of graduation from LDC status for Bangladesh, 'currently the country does not have any bilateral FTA with any country.

In December, Bangladesh struck preferential trade agreement (PTA) with Bhutan, its first bilateral trade agreement, as it looks to retain duty-free market access after it becomes a developing nation in 2024.

Under the deal with Bhutan, Bangladesh will get duty preference for 100 goods and extend the same benefit to Bhutan for 34 goods.

Bangladesh may ink PTA with Nepal soon. Besides, the government is in negotiation with 11 more countries to sign FTAs.

Post-LDC, Bangladesh may also have to negotiate a trading arrangement with the EU and the post-Brexit United Kingdom to ensure favourable access to the markets, which account for more than 60 per cent of exports from the country.

Beyond that, Bangladesh may seek more bilateral or regional FTAs if the projected trade creation (trade growth) contributes to growth and employment creation.

Source: fashionatingworld.com– Feb 04, 2021

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Pakistan: Exports under pressure

The trumpets of triumph have not died down and already the tide looks like it might be preparing to recede. For a number of weeks now, we have been hearing triumphant talk coming from the government on how exports in the month of December registered an 18 per cent increase that government fans said was the largest increase in many years. “I wish once again to congratulate the exporters and the Ministry of Commerce for this achievement”, the prime minister tweeted on Jan 7.

Of course, the real numbers, released later by the State Bank, did not show an 18pc increase, but a 6.7pc increase instead (compared to December last year). Textile exports in particular showed a 10pc increase. The government’s cheerleaders will argue that State Bank figures will always differ from those of the Pakistan Bureau of Statistics since the former tells you the dollar inflows from export proceeds, and the latter tells you customs valuation of export consignments at the port, and the proceeds from the consignments will come in with a lag. It takes a leap of faith to buy this argument, and some will be more eager to make that leap than others. But let’s not quibble over these details at the moment.

Here is what’s critically important in this conversation around exports: the bump seen in the last few months is already coming under growing stress and question marks have surfaced over how much longer it can sustain itself. A number of reasons lie behind this, and in no particular order of importance, this is what they are.

The cotton crop has seen a collapse this year, where our requirements are close to 25 million bales but less than 6m bales have come in from the harvest. The rest has to be imported, and two countries that are critically important for the supply of imported cotton are India and China. Cotton imports from India are hampered due to trade restrictions, and another problem has arisen where imports from China are concerned.

On Jan 13, the US Customs and Border Protection department forbade the entry of cotton “produced in China’s Xinjiang Uighur Autonomous Region”. In a Withhold Release Order, the CBP said they will detain all cotton products that use Chinese cotton produced in Xinjiang “based on information that reasonably indicates the use of detainee or prison labour and situations of forced labour”.

That order builds on another that was issued earlier in December 2020, which forbade the entry of all cotton produced specifically by one company — the Xinjiang Production and Construction Corps. The new order of Jan 13 expands the prohibition to all of Xinjiang, regardless of the company. Consider that China, which accounts for approximately 20pc of global cotton output, produced 5.89m tons of cotton last year, and 5m tons of this was produced in Xinjiang, meaning 84pc.

Exporters are now finding out that their buyers are asking for detailed certifications of their entire supply chain to first determine eligibility before placing orders. Of the $142m of incremental exports in December (compared to the same month the previous year), $95m are accounted for by the US. At a time when there is a dire shortage of cotton in the country already, and the two largest and most viable suppliers of cotton have been shut out of their supply chain, they are in the middle of a real situation.

Just as this reality was sinking in, another announcement hit them hard. A few weeks ago, the Cabinet Committee on Energy decided to ban fresh connections of gas as well as future supplies of gas for captive power plants in industry.

The announcement hit them hard because up until this point, the textile policy that was under consideration by the government, and in support of which the textile associations had taken out large advertisements in newspapers, actually promised industry continued gas supply at Rs786 per unit and RLNG at $6.5 for the next five years. Where they were settling in with the comforting thought that present-day subsidies they are enjoying on power and fuel will be written into policy for five more years, the government changed its mind.

Approval of the textile policy has been delayed, and according to industry insiders, the delay is on account of a handful of cabinet members (they particularly single out the new special adviser on energy, Tabish Gauhar, as the mover of this initiative to disconnect gas supply for captive power plants) mounting opposition to the proposal to continue provision of subsidised gas for captive power plants.

The decision to disconnect gas for captive power plants has been in the works for a few months at least, but up until early January the textile policy that was being hammered out did not envision any such step. So the exporters are justified in feeling a little like they have been ambushed in the

manner in which the announcement has come, and also in the manner in which it is being implemented.

In Karachi's SITE area, for example, I am told that 474 units were disconnected and then the government's team from its power and fuel side came to visit the industrialists. During that meeting a reconnection was ordered, according to those who were present, but the order has not been implemented till today since the gas company — SSGC — is said to be still trying to ascertain from K-Electric who exactly has a power connection and who is wholly dependent on captive power. Only the latter are eligible for reconnection, industry leaders say, but the process of determining this can drag on indefinitely given the speed at which our bureaucracy works.

At the same time, the IMF is mounting pressure that the entire sprawling apparatus of supports provided to export-oriented industry should be dismantled, or at least its impact on the fiscal accounts should be eliminated, which amounts to dismantling it. Exports had not amounted to what the government was presenting in the first place, but given these uncertainties, the trend has run into powerful headwinds already.

Source: dawn.com– Feb 04, 2021

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Pakistan's exports to UK touch '$1bn mark in six months'

Pakistan's High Commissioner Moazzam Ahmad Khan has said the country's exports to the UK have increased by 22 per cent touching the historic mark of $1 billion in six-month period despite the Covid-19 pandemic and lockdowns.

He was delivering his inaugural speech at Pakistan's First International Virtual Textile Expo 2021, said a statement. The event was organised by the Trade Development Authority of Pakistan (TDAP) in collaboration with the Economic and Trade Wing, London. The purpose was to create awareness about the potential of Pakistan textile sector in the UK market and connect buyers and sellers through virtual platform.

Virtual expo is a one stop sourcing event for home textiles, readymade garments and apparels, high-end fashion garments, fabrics and personal protective equipment (PPE) amid Covid-19 challenge. Around 100 leading businessmen from Pakistan and the UK attended the webinar. Congratulating the organisers of the event, the High Commissioner said the textile sector of Pakistan constituted around 60 per cent share in the country's total exports and was also one of the very few countries of the world which housed the entire value chain of textile products.

"Pakistan's exports to the UK market enjoy duty free access which resulted in exponential growth in the exports of textile products, which reflects an upward trajectory in Pakistan-UK trade relations," he added. He urged the UK businessmen to take advantage of Pakistan's investment-friendly policies and liberal trade and investment regime.

During the event, Trade and Investment Counsellor Shafiq A Shahzad made a brief presentation on the tariffs and textile trade between the two countries, highlighting the potential for enhanced trade between Pakistan and the UK. Other speakers deliberated on the capacity of Pakistani manufacturers and compliance related factors.

Saeed Khilji, Chairman Textile Manufacturing Association, Leicester, and Ms Faryal Sadiq, Vice President Sales and Marketing, Interlope, highlighted the emerging demand of Pakistan's wide range of textile and apparel products in the UK market, and underlined the need for compliance of standards to increase its market share. In the end, buyers and sellers exchanged their company profiles for B2B meetings and future engagements.

Source: thenews.com.pk– Feb 04, 2021

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NATIONAL NEWS

Scheme to Promote Textile Exports

Government announced a Special Package for garments and made-ups sectors to promote the textile exports,. The package offers Rebate of State Levies (RoSL), labour law reforms, additional incentives under Amended Technology Upgradation Fund Scheme (ATUFS) and relaxation of Section 80JJAA of Income Tax Act. The RoSL scheme has been replaced by the RoSCTL (Rebate of State and Central Taxes and Levies) scheme w.e.f 7th March 2019.

The Government decided to continue the RoSCTL (Rebate of State and Central Taxes and Levies) scheme until such time the RoSCTL scheme is merged with Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme. For this purpose, the Government has approved adhoc allocation of funds of Rs.7398 crore for FY 2020-21 for issuance of duty credit scrips under RoSCTL Scheme.

Taking a major step to boost exports, Government has decided to extend the benefit of the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all export goods with effect from 1st January, 2021. Government has also notified a special one-time additional ad-hoc incentive of upto 1% of FoB value to be provided for exports of apparel and made-ups to offset the difference between RoSCTL and RoSL + MEIS@4%, from 7.3.2019 to 31.12.2019.

Further, in order to boost exports in MMF sector, Government has removed anti-dumping duty on PTA, a key raw material for the manufacture of MMF fibre and yarn. Government has also removed anti-dumping duty on acrylic fibre, raw material for yarn and knitwear industry.

Assistance is also provided to exporters under Market Access Initiative (MAI) Scheme. Government has enhanced interest equalization rate for pre and post shipment credit for exports done by MSMEs including textiles sector from 3% to 5% w.e.f. 02.11.2018.

Benefits of Interest Equalization Scheme has been extended to merchant exporters from 02.01.2019 which was earlier limited to only manufacturer exporters.

Merchandise Export from India Scheme (MEIS) was in operation from 1.4.2015 till 31.12.2020 for exports made (including textiles products) with an objective to offset infrastructural inefficiencies and associated costs involved in exporting goods/ products which were produced/ manufactured in India.

Recent Budget (2021-22) announcements by Hon'ble Finance Minister includes scheme of Mega Integrated Textile Region and Apparel (MITRA) Parks which will enable textile industry to become globally competitive, attract large investments and boost employment generation.

The value of exports (including textiles and apparel) done by the country during the last five years is as follows:

Year	Export Value in Million USD
2015-16	262291.09
2016-17	275852.43
2017-18	303526.16
2018-19	330078.09
2019-20	313361.04

Source: DGCIS

This information was given in a written reply by the Union Minister of Textiles, Smt. Smriti Zubin Irani in Rajya Sabha today.

Source: pib.gov.in– Feb 04, 2021

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Steps to Boost Textile Industry

Government is implementing various policy initiatives and schemes for supporting the development of textile sector. These schemes and initiatives which promote technology upgradation, creation of infrastructure, skill development and sectoral development in the textile sector, create a conducive environment and provide enabling conditions for textile manufacturing in the country and help in boosting the textile sector.

The Government, through its various schemes, such as the Amended Technology Upgradation Fund Scheme (A-TUFS), Schemes for the development of the Powerloom Sector(Power-Tex), Schemes for Technical Textiles, Scheme for Integrated Textile Parks (SITP), Scheme for Additional Grant for Apparel Manufacturing Units under SITP (SAGAM), SAMARTH-The Scheme for Capacity Building in Textile Sector (SCBTS), Jute (ICARE-Improved Cultivation and Advanced Retting Exercise), Integrated Processing Development Scheme (IPDS), Silk Samagra, National Handloom Development Programme, National Handicraft Development Programme, Integrated Wool Development Programme (IWDP), North East Region Textiles Promotion Scheme (NERTPS), Rebate of State and Central Taxes and Levies (ROSCTL), Scheme for Production and Employment Linked Support for Garmenting Units (SPELSGU) etc provides environment to boost the sector. The Government had also approved a special package for textile sector with an outlay of Rs. 6000 crores to boost employment generation and exports particularly in Garmenting and Made-ups.

The following activities have been undertaken in the handloom and handicrafts sector:

Handloom Sector: Ministry of Textiles has also been implementing Handloom Marketing Assistance (HMA), a component of National Handloom Development Programme (NHDP) all across India including State of Uttar Pradesh.

HMA provides marketing platform to the handloom weavers/agencies to sell their products directly to the consumers. The objective of HMA is to develop and promote the marketing channel through organizing expos/events in domestic as well as export market and bring the linkage in a holistic and integrated manner.

Details of marketing events sanctioned in State of Uttar Pradesh under HMA, NHDP during last 2 years and current financial year are as under:-

S. No.	Financial year	No. of marketing events sanctioned	Amount released including committed liabilities (Rs.in lakh)	No. of weavers/ beneficiary covered
1	2018-19	07	73.07	14000
2	2019-20	07	51.76	15000
3	2020-21 (as on 25.01.2021)	10	93.39	6000

Further, the following activities have been undertaken in handloom sector in the State of Uttar Pradesh in the last 3 years and the current year (2017-18 to 2020-21 as on 31-12-2020): -

As per 4th All India Handloom Census 2019-20, Uttar Pradesh has 1,90,957 handloom workers.

- 13 Block Level Clusters have been sanctioned for the State and a sum of Rs. 6.02 crore has been released involving 3,186 beneficiaries.
- 38 marketing events have been sanctioned and sum of Rs. 3.81 crore has been released involving 67,500 beneficiaries.
- 10,781 weavers/artisans/entities have been on-boarded on GeM for marketing of handloom products of weavers to the Government Departments.
- During August-October 2020, 29 number of Chaupals were organized in the State to educate the weavers to avail benefits of various handloom schemes meant for their welfare and socio-economic development.
- 2,243 beneficiaries have been provided loan worth Rs. 13.50 crore under Weavers' MUDRA Scheme.
- 228 weavers have been enrolled under converged Mahatma Gandhi BunkarBimaYojana (MGBBY) and 11,536 weavers have been enrolled under PradhanMantriJeevanJyotiBimaYojana (PMJJBY)/PradhanMantriSurakhaBimaYojana (PMSBY).

- 262.90 lakh kg of yarn worth Rs. 746.18 crore has been supplied at mill gate price and 257.93 lakh kg of yarn worth Rs. 797.22 crore has been supplied to the weavers under 10% subsidy scheme under Yarn Supply Scheme (YSS). To provide raw material such as yarn and dyes & chemicals at subsidized rate/mill gate price, 100 yarn depots and 4 warehouses are functioning in the state of Uttar Pradesh.

- 2,615 weavers have been provided improved looms and accessories under HSS, Skill up-gradation training has been imparted to 3,060 beneficiary weavers, workshed is provided to 138 beneficiaries and lighting unit is imparted to 81 beneficiaries.

- A **Design Resource Centre has set up in Weavers' Service Centre, Varanasi in coordination with NIFT** with the objective to build and create design-oriented excellence in the Handloom Sector and to facilitate weavers, exporters, manufacturers and designers for creating and having access to exquisite traditional and new designs.

Click here for more details

Source: pib.gov.in– Feb 04, 2021

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10% duty will make ELS cotton costly: Industry

The Government of India has imposed a 10 per cent duty (5 per cent basic customs duty and another 5 per cent Agriculture Infrastructure and Development Cess) on raw cotton with effect from February 2, 2021. This will make imports of Extra-Long Staple (ELS) cotton costly, and may also lead to increase in prices of cotton in domestic market.

India imports ELS cotton, especially Giza cotton from Egypt and Supima cotton from the US, to the tune of 10 to 12 lakhs bales per year to meet the demands of the global customers and also the value added made-ups and apparel segments of the domestic market.

"The imposition of customs duty on import of cotton would directly influence and increase the domestic cotton prices and would be a challenging time across the entire value addition chain. The 10 per cent duty on raw cotton shall make imports of ELS cotton costly and thereby perhaps an increase in price or reduced supply of these items," Rajendra Agarwal, managing director, Donear Industries Ltd, told Fibre2Fashion.

Agreeing with him, RS Jalan, managing director of GHCL Ltd, said the increase in duty on imported cotton is "quite a dampener for the textile industry. I would have rather suggested a greater focus on increasing exports of value-added products for natural textiles along with manmade textiles." There is also an apprehension that the latest step will contribute to the shoot-up of domestic cotton prices. This might result in weakening the competitiveness and sustainability of cotton textile and export, according to Ashok Juneja, national president, The Textile Association (India).

He, however, also shares a different viewpoint. "The levy of 10 per cent duty will not benefit cotton farmers as the normal import of 12 to 14 lakh bales per year accounts for only around 3 per cent of Indian cotton production and consumption and that also for such cotton (ELS cotton) which is not produced in India. No doubt, the import of cotton by Indian spinners is expected to decline by this measure."

Gaurav Davda, head-Corporate Affairs and Strategic Initiatives, Jindal Worldwide Ltd, feels the measure will "incentivise local production and lead to optimal utilisation of raw materials. This will also help in rationalisation of input costs."

Source: fibre2fashion.com– Feb 04, 2021

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Exporters worried over losing tax flexibility after IGST tweak

Exporters are concerned about the proposed amendments in the integrated goods and services tax (IGST) in the Finance Bill that have taken away the flexibility of exporting on the payment of the integrated tax.

Earlier, exports could be made either on payment of the integrated tax or under bond. Citing liquidity crunch and higher transaction time and costs, exporters have sought restoration of the option of payment of IGST as more than half of the exporters use this route.

“A fairly large number of exporters are availing the IGST payment facility and they prefer to pay IGST since the refund was quick, it was a better option,” the Federation of Indian Export Organisations (FIEO) said in a letter to finance ministry on Wednesday.

“The process of input tax credit (ITC) involves choosing a period for filing the claim, uploading the documents and thereafter, with considerable delay, getting the payment,” the FIEO letter said.

As per the Bill, a registered person making zero rated supply shall be eligible to claim refund of unutilised input tax credit on supply of goods or services or both, without payment of integrated tax, under bond or Letter of Undertaking (LUT).

However, the government, on the recommendation of the GST Council and subject to conditions, safeguards and procedures, may notify a class of persons, goods or services who may make zero rated supply on payment of integrated tax and claim refund.

Source: economictimes.com– Feb 04, 2021

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India’s Trade Policy

India's Trade Policy Review (TPR) has been carried out by the World Trade Organization (WTO) under the Trade Policy Review Mechanism, wherein the trade related policies of Member countries are reviewed at regular intervals by the WTO. India's TPR meetings were held on 6th & 8th January 2021.

USA and the EU have flaggedcertain trade related issues, including increase in import duties, during the recently held TPR meetings.

Applied rates of customs duty in India are determined keeping in view the overall economic and other policy objectives, which include enhancing domestic value addition, creating a level playing field, ensuring availability of raw materials at competitive prices, securing economic interests of the country, ensuring supply of essential items at affordable prices. Import duties have been rationalized across a few sectors, which can be accessed at https://www.cbic.gov.in/.

Some Member countries, including USA and the EU, raised certain questions regarding MFN applied tariff rates, agricultural support programmes such as MSP, etc. Replies thereto have been given to the WTO.

The WTO Agreement on Agriculture provides the rules for trade in agriculture. India’s agriculture support programmes, including the support through MSP mechanism, are consistent with India’s obligations under the Agreement and are being notified to the WTO as required therein.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Hardeep Singh Puri, in a written reply in the Lok Sabha today.

Source: pib.gov.in– Feb 03, 2021

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One District One Product Scheme

One District One Product (ODOP) is an initiative which is seen as a transformational step forward towards realizing the true potential of a district, fuel economic growth and generate employment and rural entrepreneurship, taking us to the goal of AtmaNirbhar Bharat.

One District One Product (ODOP) initiative is operationally merged with 'Districts as Export Hub' initiative being implemented by DGFT, Department of Commerce, with Department for Promotion of Industry and Internal Trade (DPIIT) as a major stakeholder.

The Department of Commerce through DGFT is engaging with State and Central government agencies to promote the initiative of One District One Product.

The objective is to convert each District of the country into an Export Hub by identifying products with export potential in the District, addressing bottlenecks for exporting these products, supporting local exporters/manufacturers to scale up manufacturing, and find potential buyers outside India with the aim of promoting exports, promoting manufacturing & services industry in the District and generate employment in the District.

To increase exports and take export promotion to the District level, Department of Commerce through the Director General of Foreign Trade (DGFT) is engaging with State / UT Governments to implement the said initiative in all districts of the country in a phased manner, with the objective of mobilizing the potential of each district of the country to achieve its potential as an export hub. Under the initial phase of the ODOP programme, 106 Products have been identified from 103 districts across 27 States.

As far as Rajasthan is concerned, two products namely Blue Pottery (Jaipur) and MarkhanaMarbels (Nagaur) are among the identified 106 Products. All the Districts of Rajasthan are already covered under the 'Districts as Export Hub' initiative.

State Export Promotion Committee (SPEC) and District Export Promotion Committee (DEPC) have been constituted in Rajasthan.

DEPC is constituted in all Districts of India, except districts of the state of West Bengal. DEPC meetings have been conducted in 510 Districts of India, Draft Export Action Plans are prepared for 451 Districts.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri SomParkash, in a written reply in the Lok Sabha today.

Source: pib.gov.in– Feb 03, 2021

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Steps to Improve Condition of Weavers

The Government is aware of the condition of weavers across the country. In order to come out of the COVID 19 pandemic situation and for welfare of handloom weavers, the following initiatives have been taken in the recent times:

Since it is not feasible to hold conventional marketing events such as exhibitions, melas, etc. due to COVID-19 pandemic, Handloom Export Promotion Council (HEPC) took initiative to virtually connect the Handloom Weavers and exporters from different corners of the country with the International Market.

In the present financial year Handloom Export Promotion Council has organized 07 International Fairs in virtual mode, facilitating marketing and sales of Handloom Products in the domestic as well as international markets. Out of these, THE INDIAN TEXTILE SOURCING FAIR was organised with more than 200 participants from different regions of the country showcasing their products with unique designs and skills from 7-11 August, 2020. The show attracted considerable attention of the International Buyers.

HEPC also participated in the Bharat Parv Festival organized in virtual mode by Ministry of Tourism. Besides, 53 domestic marketing events have also been organized in different parts of the country for the weavers to market and sell their products.

- A social media campaign #Vocal 4 handmade was launched on the 6th National Handloom Day by the Government, in partnership with all stakeholders, to promote the handloom legacy of India and to ensure people's support for the weaving community. It has been reported that the social media campaign has resulted in renewed interest of the Indian public in handlooms and several e-commerce players have reported increase in sale of Indian handloom products.
- During August-October 2020, 534 number of Chaupals were organized in various States to educate the weavers to avail benefits of various handloom schemes meant for their welfare and socio-economic development.

- To support the handloom and handicraft sectors and to enable wider market for handloom weavers/artisans/producers, steps have been

taken to on-board weavers/artisans on Government e-Market place (GeM) to enable them to sell their products directly to various Government Departments and organizations. So far about 1.5 Lakh weavers have been on-boarded on the GeM portal.

- To enhance productivity and marketing capabilities and ensure higher returns on Weavers' through collective efforts and pooling of resources, 109 Handloom Producer companies have been formed in different States.

- To promote e-marketing of handloom products, 23 e-commerce entities have been engaged for on-line marketing of handloom products.

- Design Resource Centres (DRCs) have been set up in Weavers Service Centres (WSCs) Delhi, Mumbai, Varanasi, Ahmedabad, Jaipur, Bhubaneshwar and Guwahati through NIFT with the objective to build and create design-oriented excellence in the Handloom Sector and to facilitate weavers, exporters, manufacturers and designers for creating new designs and take benefit of erstwhile created designs.

Click here for more details

Source: pib.gov.in– Feb 04, 2021

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Labour ministry has not agreed to extend the working hours: Santosh Kumar Gangwar

The labour minister Santosh Kumar Gangwar on Wednesday said his ministry has not agreed to amendments proposed by the state governments to extend the working hours for workers under the Factories Act.

"The ministry of labour and employment has received the draft Ordinances/Bills from different state governments through the ministry of home affairs regarding amendment in the existing provisions of the Factories Act, 1948 including extension of working hours under the Factories Act, 1948," minister Gangwar said in response to a Parliament question.

"This ministry has not agreed to extend the working hours," the minister said.

While the labour ministry claims it has not approved the demand from states for extending the work hours, workers in at least a dozen states are already working on 12 hour shifts as against 8 hours since the lifting up of the lockdown.

This is primarily to address the shortage of workers who had migrated back to their homes, maintain social distancing and complete the pending orders.

In a separate statement, the minister said the Labour Bureau, which is an attached office of the labour ministry, has been entrusted with the task of conducting the four all-India surveys.

These include an all India survey on migrant workers, survey on domestic workers, survey on employment generated by professionals, and survey on employment generated in the transport sector.

"An expert group has been constituted on September 9, 2020 to examine and finalize the schedules, sampling design and other technical details of all the aforesaid surveys being conducted by the Labour Bureau," the minister said.

Commenting on the number of jobs created in the country during the pandemic, minister Gangwar said till date more than 80 lakhs vacancies have been mobilized through the National Career Service portal.

"NCS has taken various initiatives from March to December' 2020 to increase the employment opportunities for the youth," the minister said.

As per the statement, during the pandemic the NCS portal launched an online job fair module where the complete cycle of job posting to selection of candidate can be completed on the portal.

Besides, a special link for work from home jobs and online training was created on NCS portal home page to give direct access to jobseekers to these jobs, it said, adding facility for online soft skills training to enhance employability of job seekers has also been provided on the portal. All services on NCS are free of cost," it added.

Source: economictimes.indiatimes.com– Feb 03, 2021

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Promotion of Handloom Sector

The Ministry of Textiles through the Office of the Development Commissioner for Handlooms had made an Action Plan for celebration of 150th Birth Anniversary of Mahatma Gandhi from July 2019 to 2nd October 2020. The following activities were undertaken through various Weavers' Service Centres (WSCs) spread across the country during the said period:

- The Weavers' Service Centres (WSCs) organized exhibitions of samples developed by them using Khadi yarn during the course of celebration of 150th birth anniversary of Mahatma Gandhi.

- Some of the WSCs set up looms for developing samples using khadi yarn.
- Some of the WSCs used vegetable &azo free dyes on khadisaree and furnishing items, which were available for live demonstration for the visitors, students, handloom weavers, for promotion of khadi. Periodic live demonstrations were organized in handloom clusters for promoting use of natural fibreswith different techniques and pattern on handlooms.
- During the exhibitions organized by WSCs, awareness was created about the use of natural and native grown fibresfor clothing in handloom sector and creating eco-friendly environment by the use of natural dyes.
- Trainings was given to the weavers & master weavers for production of khadi fabrics/products.
- Live demonstration of vegetable dyeing was carried out during National Handloom Day and various exhibitions organized by WSCs during the celebration period.
- During international Yoga and Women's day, samples of khadi were displayed to the participants and they were made to understand the importance and the use of handloom fabrics made from natural fibres and colours.

This information was given in a written reply by the Union Minister of Textiles, Smt. Smriti Zubin Irani in Rajya Sabha today.

Source: pib.gov.in– Feb 04, 2021

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Arvind Ltd Q3 net down 30% to Rs 25 cr, textile business rebounds

Textile and branded apparel player Arvind Ltd has posted a 30 per cent dip in consolidated net profit, to Rs 24.91 crore for the third quarter ended December 31, 2020, from Rs 35.77 crore in the said quarter last year.

The company's consolidated revenue from operations dipped nearly 19 per cent year-on-year in the quarter to Rs 1,514 crore, from Rs 1,869 crore in the corresponding period last year. Sequentially, however, the company's consolidated revenue from operations rose 16 per cent in Q3 from Rs 1,305 crore in the second quarter ended September 30, 2020.

In its presentation to the stock exchanges, Arvind Ltd stated that its earnings were lower on account of the Covid-19 pandemic.

However, its business had returned to 80 per cent of October-December 2019-20 quarter with its margins too "almost fully" recovering.

For instance, Arvind Ltd's textile business had bounced back despite rise in cotton cost and other raw material, led by cost management and modest price increases. On the other hand, its denim revenues recovered to about 81 per cent in Q3 with volumes being at 88 per cent amid an average price realization of Rs 184 per meter as compared to Rs 188 per metre a year ago.

The quarter also saw its garment business stand at 89 per cent in terms of revenues along with 90 per cent volumes, especially those for jeans and knitwear recovering well. Whereas woven revenues stood at 66 per cent with 77 per cent volumes and a average price realization of Rs 146 per metre as against Rs 167 per metre last year. The company stated in its presentation that the business mix in wovens had shifted towards lower price point products.

Going forward, domestic demand is expected to continue its recovery momentum, with likely traction in key markets in European Union, UK and US depending on how the pandemic unfolds. The company stated in its presentation that it expected a cost push due to higher cotton, yarn and other input prices to keep pressure on margins even after increased price realization.

Meanwhile, Arvind Ltd. expected revenues to improve sequentially in Jan-Mar quarter, with earnings before interest, tax, depreciation and amortization (EBITDA) margins for textiles likely at 12 per cent and for advanced materials at 14 per cent.

The company also expected its net debt to further reduce by about Rs 100 crore in the fourth quarter of current fiscal 2020-21.

Source: business-standard.com– Feb 04, 2021

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