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Biden's Trade Plate Full, but Action Could Take Time

It's likely to take six months for any significant trade actions or policies to come out of the White House, which would coincide with the need to renew Presidential Trade Promotion Authority (TPA), according to David Spooner, Washington Counsel for the United States Fashion Industry Association (USFIA) and a partner at Barnes & Thornburg.

Speaking on USFIA's "Fashion Forward" virtual conference on Wednesday, Spooner said that time frame is when President Biden would look to gain Congressional approval for TPA in order to negotiate any trade deals, such as potential pacts with the U.K., European Union or African countries or blocs. TPA, which allows the president to strike trade deals without Congressional amendments, expires on July 1.

That's not to say aren't trade issues pending or that need to be dealt with more immediately. First up is likely what to do about the military coup in Myanmar, which had been seen as a place with strong potential and had seen some early growth for apparel manufacturing since sanctions were lifted after elections were held in 2010 and a sense of democracy had been restored after many years of military rule.

Spooner, a former official at the U.S. Trade Representative's Office and Commerce Department in the George W. Bush administration, and Julia Hughes, president of USFIA, agreed that the Biden administration is likely to suspend Myanmar's GSP (General System of Preferences) trade benefits–if and when GSP is renewed–and impose a variety of sanctions similar to what was in place prior to 2010 when the regime change occurred and actions such as a ban on imports from the country were lifted.

"I did reach out to some folks in the administration to get a sense…and there didn't seem to be an immediate appetite for trade sanctions," Hughes said. "More likely is imposition of some sanctions…with the hope that there is a return to democracy and to the democratically elected leaders in Myanmar sooner rather than later. We haven't heard anything yet if there's an impact on manufacturing."

As for GSP, the program expired on Dec. 31 and will need to be renewed. There appears to be bipartisan support to do so, although some in Congress have discussed changes to eligibility and products covered. The status of the Miscellaneous Tariff Bill is in a similar situation. Spooner said both bills, if passed, are likely to be retroactive.

Action is pending and should take place soon on the Uyghur Forced Labor Prevention Act that requires companies to prove with “clear and convincing evidence” that any products sourcing from China’s Xingjiang region are not made with forced labor, as has been found, and requires a list of products made by forced labor there and a list of businesses that sold the products in the U.S. The bill calls for whether reasonable grounds exist for issuing Withhold Release Orders (WRO) against companies and shipments from the region. WROs have been carried out by Customs & Border Protection under prior statutes.

Speaking in a webinar on the new administration’s trade policies Wednesday, Nicole Bivens Collinson, president, international trade and government relations at Sandler Travis & Rosenberg, P.A., said she did not think there will be any let-up in pressure regarding forced labor in Xinjiang. Rather, she expects there will be an increased focus on the issue under the new administration. Collinson added that the more universal-type approach being sought against China may also be taken against other countries alleged of ethnic-wide forced labor efforts.

“This is not going to go away,” Collinson said. “You need to prepare for it. You need to start looking at your policies, procedures and everything that you have in place, and making sure that you are covering yourself, not just to your tier one suppliers, but tier two, tier three, tier four, all the way back to when it comes out of the ground, if that’s where it comes from. But you need to be prepared and start looking at how you can deal with some of that.”

Turning to China Section 301 tariffs, Spooner said, “the short answer is that these tariffs will remain in place…for the time being while the administration consults with partners and allies in Europe and Asia to try to come up with a common strategy and evaluate what to do with the tariffs.”

One aspect that could be reconsidered as a first step is “allowing for more transparency in the tariff exclusion process,” which Spooner said can be “maddening” for importers.

"Frankly, it was a bit mean by the former administration to have all the product exclusions that had been included to be allowed to expire," Hughes said.

She noted that it's uncertain whether the new administration will look to revise the product exclusion process or the actual tariffs themselves, perhaps dropping consumer products like apparel entirely. Collinson said it is possible the Biden administration will restart the exclusion process, giving companies another chance to try to get their products exempt or taken off the list.

"While I would have liked the new administration to immediately come in and remove the 301 tariffs and a lot of the things that were done unilaterally under the Trump administration, it is a rational approach that they are taking and that they are really doing a whole-of-government review of different policies and particularly any that affect China," Hughes said.

"What I've seen in the early days of the Biden administration is that they are working really hard to return to what seems to be a normal process–they announce what they are going to do for the day, they actually do that on the day, they publish fact sheets and information in advance of an announcement and that has been kind of comforting to see. It seems like we are going to know what's going on and have a chance for input on those decisions," she added.

Collinson noted that there is a "pending process" going on at the Commerce Department regarding exclusions. "They have had a lot of problems with respect to how that program has worked," she said. "There has been an inspector general's review that said the way they were doing it was really lending itself to appearances of favoritism, cronyism, inequities, inconsistencies etc. In my time, I've been doing this for 30 plus years, I have not seen—maybe once before—that the inspector general felt the issue was so bad they issued a management memo."

Consequently, the Commerce Department team decided to revamp the process and rules. Right before they went out of office, she said, they issued an interim rule. With comments on the new rule due next Friday, she said she "highly suggests" anyone involved take a look at it. "It is sweeping in the way it is revising the process and how it's done and what information is provided and who can who can submit and how they submit," she said.

Collinson also expects "a comprehensive, agency-wide approach" to confronting climate change. She pointed to both Biden's U.S. Trade Representative nominee Katherine Tai, who helped negotiate some of the environmental conditions of the USMCA, and the new Treasury Secretary, Janet Yellen.

"Secretary Yellen has said we can't solve the climate crisis without effective carbon prices," Collinson said. "So I think everyone right there, your antennae should be popping up right now saying, 'What does that mean for me in the next four years?'"

Potentially, it could mean a cap-and-trade policy or some measure that "lets you know, if you have a big carbon footprint, you're going to have to pay for it," she suggested. "She's also talking about supporting bank regulations that account for the climate change risk. I don't know exactly what those measures could be, but if you are highly leveraged you might have some issues that you have to deal with there."

Vice President Kamala Harris, who said she did not vote for the USMCA agreement because she thought it did not do enough on climate change, could be another voice pushing for action on the environment, Collinson added. "She is going to be very hawkish on trying to address these issues throughout the government and this may be something that she really works closely with former Secretary Kerry on some of these issues," she said.

Collinson also pointed to the possibility of some environmental bills in Congress. She highlighted a bill introduced during the last session of Congress that would have put similar restrictions to those the U.S. has on importing goods that are made with forced labor to those made on land that was illegally deforested.

Overall, Collinson said she sees Biden as being in a particularly good position to negotiate on trade. "If I was the Biden administration, I would be feeling like I'm sitting there with a royal flush in my hand, playing cards," she said, pointing to all the 301s, 232s or executive orders left over from the Trump administration. "You've got all the cards in your hands, right, so if countries want to try to negotiate with you, you can use them as leverage," she added.

Source: sourcingjournal.com– Feb 08, 2021

HOME

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China's Share of US Apparel Imports Fell Below 25%

U.S. apparel imports were dramatically impacted by the global coronavirus pandemic and some other geopolitical factors, falling 23.46 percent in 2020 to a value of $64.07 billion from $83.71 billion in 2019, the Commerce Department's Office of Textiles & Apparel (OTEXA) reported Friday.

The China conundrum

The most significant effect on major suppliers was seen by China. The still No. 1 apparel supplier saw its shipments to the U.S. drop 39.16 percent to $15.16 billion.

In 2020, China was caught in an ongoing trade war with the U.S. and tariffs imposed by the Trump administration, on top of factory closures at the onset of the Covid crisis and an overall sourcing flight to avoid risks and costs, trade experts said.

While the decline in imports from China has decelerated in the last few months, "I still think the trend is definitely down for China beyond issues related to Covid," said Nate Herman, senior vice president for policy at the American Apparel & Footwear Association.

"However, China will still be one of the Top 2 suppliers for years going forward," Herman added. "It's a matter of the rest of the world trying to build the capacity to handle what China was handling."

Even if China isn't "making the final pair of pants or shirt, factories there are still making all the inputs like fabrics" that go into apparel and are selling them in Asia and around the world, he added.

For his part, Dr. Sheng Lu, associate professor at the University of Delaware's Department of Fashion & Apparel Studies, said, "U.S. fashion companies are not giving up on China as one of their essential apparel-sourcing bases, although companies continue to reduce their China exposure overall."

"For a lot of companies, the trade war and Covid accelerated the trend...which was to try to shift out of China, so they were not as dependent on a single source," Julia Hughes, president of the United States Fashion

Industry Association, said. “The initial Covid disruptions really brought that home for folks as they looked at their sourcing strategies.”

Hughes noted that the forced labor allegations and findings in China’s Xinjiang Uyghur Autonomous Region have also made companies shy away from China to avoid getting caught up in having goods seized or implicated.

Asian tigers

Cambodia, Pakistan and Vietnam showed surprising strength during the past year and are likely to continue, along with Bangladesh, India and Indonesia, Hughes said.

“There’s a lot of risk around the world and there aren’t a lot of safe harbors,” Hughes said, citing for example the military junta in Myanmar just as that country was building an apparel manufacturing base. “Then there’s the talk of Vietnam reaching capacity and the government there not wanting the industry to grow that much more over concern like water usage and labor strife.”

Hughes said Cambodia, Pakistan and Vietnam showed surprising strength during the past year and are likely to continue, along with Bangladesh, India and Indonesia.

“I have to expect that we’re going to see some expanded trade with Indonesia and India,” she added. “Both of those countries have deep vertically integrated industries and have a real opportunity to take advantage of the desire of companies to look for other destinations for their manufacturing.”

Herman felt that among the other top tier countries, Vietnam “dodged the bullet” of threatened tariffs by the Trump administration and “will continue to be a winner,” as will Cambodia, which was one of the few countries that saw apparel imports increases during the pandemic, thanks to capacity availability after the European Union took away its preferential trade status and the Vietnam tariff threat, although Cambodia does have some human rights issues it needs to address.

In addition, Bangladesh “will see an uptick,” he forecast, as well as Indonesia and India.

"The advantage with India, in particular, is that it has a lot of material availability," Herman said. "India makes is own denim…so that takes away some of the problems of relying on China. The same with Bangladesh with knit product, and Indonesia has the capacity and knowledge to make technical products."

Looking at how those Top 10 Asian countries fared in 2020, No. 2 supplier Vietnam saw its shipments fall 7.25 percent for the year to $12.57 billion, according to OTEXA, with its market share rising to 19.62 from 16.18 percent in 2019. Imports from No. 3 Bangladesh declined 11.73 percent to $5.23 billion last year, according to OTEXA.

Cambodia was the only Top 10 supplier to see and increase in its shipments to the U.S. in 2020–up 5.45 percent to $2.82 billion. Imports from Indonesia fell 20.09 percent to $3.52 billion for the year, while India's shipments declined 25.58 percent to $3.02 billion and Pakistan's dipped 4.17 percent to $1.4 billion.

Western Hemisphere

Rounding out the Top 10 suppliers were three Western Hemisphere countries–Honduras, Mexico and El Salvador–saw import declines in 2020 of 34.6 percent to $1.83 billion, 29.49 percent to $2.2 billion and 29.55 percent to $1.4 billion, respectively.

While they all enjoy duty-free status, Lu said there is "no clear evidence that suggests near-sourcing from the Western Hemisphere is happening in a large scale."

In the Western Hemisphere, Herman said Haiti "has the potential" for growth if its political situation can stabilize, with the country's trade preference benefits in place for a couple of more years. In addition, Nicaragua and the Dominican Republic–both part of the Central American Free Trade Agreement–"are the two I would bet on," he said.

"Nicaragua seems to have found its groove and the DR seems to have come back a bit," Herman said.

He does see Mexico stabilizing now that the U.S.-Mexico-Canada Agreement is in place, and it could grow beyond its strength in denim.

Hughes said the Central American countries and factories that are part of the Central American Free Trade Agreement should be doing more to promote themselves, and the lack of trade shows hasn't helped that effort. But she does feel countries such as Nicaragua and the Dominican Republic are poised to grow their apparel imports to the U.S.

Africa

Herman also feels Africa's nascent industry and future are "still bright," and "one of the initiatives we'll be starting early on is trying to get early renewal of AGOA and that will help give Africa traction."

Among the African Growth & Opportunity Act countries showing some strength were Lesotho, Ethiopia and Tanzania, while non-AGOA Egypt is a key supplier on the continent.

Shipments from the Sub-Saharan countries that are part of AGOA declined 15.23 percent for the year to $1.22 billion. Imports from Egypt were down 20.27 percent to $781 million in 2020.

The bottom line for importers, Herman said, is that they'll be able to make decisions based on greater certainty.

"We believe the Biden administration will take a much more steady, predictable approach to trade," he said. "While there might still be tariffs, we'll know way ahead of time. That part of the uncertainty that has dogged the industry over the last four years will not be there."

Source: sourcingjournal.com– Feb 08, 2021

HOME

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USA: NRF Sees 'Unprecedented' Jump in March Cargo Imports

Following a record year in 2020, cargo imports at the largest U.S. container ports for retailers are expected to set new monthly records through the summer, as the nation's economy continues to recover from the pandemic, according to the monthly Global Port Tracker report released Monday by the National Retail Federation (NRF) and Hackett Associates.

"The import numbers we're seeing reflect retailers' expectations for consumer demand to the point that many factories in Asia that normally close for Chinese New Year this month are remaining open to keep up," Jonathan Gold, vice president for supply chain and customs policy at NRF, said. "Regardless of whether it's in-store or on retailers' websites, the record holiday season and numbers for 2020 show consumers are buying again…and retailers are importing merchandise faster than ever."

U.S. ports covered by Global Port Tracker handled 2.11 million 20-foot containers or equivalent units (TEU) in December. That was up 0.2 percent from November and a 22.3 percent increase year-over-year.

That brought 2020 to a total of 22 million TEU, up 1.9 percent from 2019's 21.6 million TEU and beating the previous record of 21.8 million TEU recorded in 2018. January container imports are projected to have reached 2.08 million TEU, which would be a 14.6 percent increase over the same month last year and the busiest January since NRF began tracking imports in 2002, topping 1.89 million TEU from January 2019.

February–historically the slowest month of the year for imports due to the lull between the holiday season and spring and because factories in Asia close for the Chinese New Year holiday–but with 25 to 30 ships waiting to dock at the Ports of Los Angeles and Long Beach, Calif., because of congestion at the terminals from reported equipment and labor shortages and with many Asian factories remaining open during the holiday to meet demand, this February is forecast at 1.91 million TEU, up 26.3 percent year-over-year, according to Global Port Tracker.

March cargo imports are forecast to jump an 'unprecedented' 41 percent to 1.93 million TEU compared to a March 2020, when factories in China failed to reopen as the coronavirus outbreak rapidly exploded into a pandemic. April shipments are expected to increase a year-over-year 13.3 percent to

1.82 million TEU, May container imports are forecast to be up 23.8 percent to 1.9 million TEU and June cargo is projected to rise 18.2 percent to 1.9 million TEU.

Each month from January through June would be a record for the month, and the first half of 2021 is forecast at 11.5 million TEU, up 22.1 percent from the same period in 2020, which experienced a major decline in imports due to the impact of Covid-19, the NRF report said.

"As we continue to struggle with Covid-19 and the ups and downs in the economy, year-over-year increases in the flow of containerized goods have become dramatic," Hackett Associates founder Ben Hackett said. "It is impressive that the cargo volumes handled by the ports remain as high as they are despite congestion at the docks and the spread of the coronavirus among workers throughout the supply chain."

Global Port Tracker provides historical data and forecasts for the U.S. ports of Los Angeles/Long Beach and Oakland, Calif.; and Seattle and Tacoma, Wash., on the West Coast; New York/New Jersey; Port of Virginia; Charleston, S.C.; Savannah, Ga., and Port Everglades, Miami and Jacksonville, Fla., on the East Coast, and Houston on the Gulf Coast.

Source: sourcingjournal.com– Feb 08, 2021

HOME

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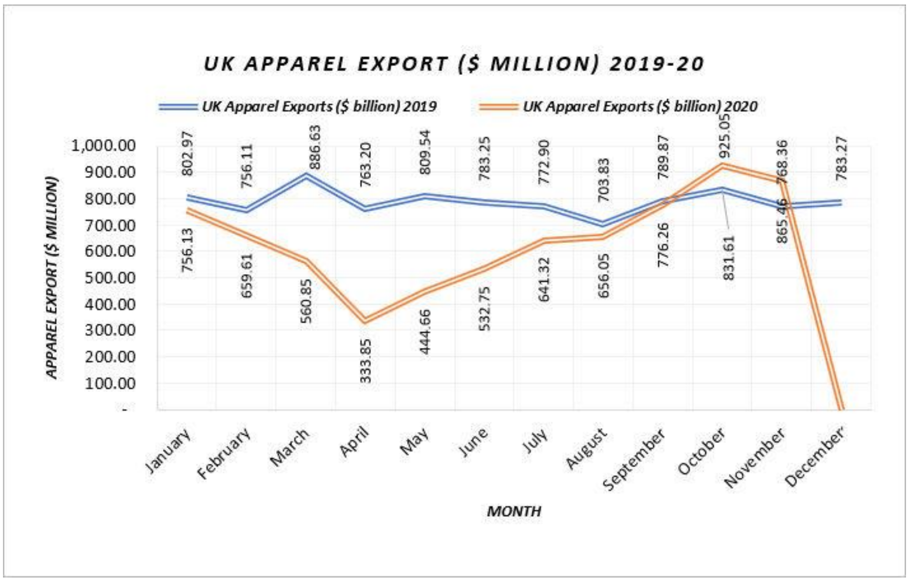
UK apparel export significantly dropped in second quarter of 2020

Apparel export of UK declined in the second quarter of 2020, especially in April. The export in April 2020 was $333.85 million which plunged 55.85 per cent from $756.13 million in January 2020 as clothing was the worst hit sector by the Covid-19 pandemic in this period. The extended lockdown by the UK government further impacted the apparel export.



Also, the lockdown was not expected to be relaxed before June 2020. After reopening, consumers were very cautious about visiting crowded areas, and prioritised seeing their family and friends.

Consumers also preferred to spend time outside enjoying the summer weather rather than browsing resulting in the downfall of UK online clothing sales.

However, exports started to grow from May 2020 and reached $925.05 million in October with a rise of 177.09 per cent as per UKFT's (the collective voice of the UK fashion and textile industry) data that showed fashion retail, fashion designers, tailors and dress makers opened their stores from May 2020. UKFT had set an appropriate Covid-19 risk assessment.

UK apparel export was $8,668.27 million in 2019 (Jan-Nov) and it plunged 17.49 per cent to $7,151.98 million in 2020 (Jan-Nov).

Source: fibre2fashion.com– Feb 08, 2021

HOME

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Cambodia-US trade almost US$7 billion in 2020

Bilateral trade between the Kingdom and the US amounted to US$6.9213 billion in 2020, up 17.89 per cent from 2019, data from the US Census Bureau show.

The export value of Cambodian goods was US$6.5777 billion, up 22.79 per cent from the US$5.3568 billion posted in 2019, while goods imported from the US were worth US$343.6 million, down 33.15 per cent from US$514 million.

Cambodian mainly exported garments, footwear, bags and electronic components to the US, while automobiles, electronics and other finished products made up the bulk of imports.

Ministry of Commerce spokesman Pen Sovicheat chalked up the uptick in export figures to continued booming demand from the US market for Cambodian consumer goods such as clothes, bicycles, electrical equipment, bags and luggage, now seemingly unfazed by the ongoing pandemic.

As a member of the World Trade Organisation (WTO), Cambodia pays customs duty to the US at the Most Favoured Nation (MFN) rate under the organisation's rules, he said.

Moreover, he said the Kingdom is also a recipient of Generalised System of Preferences (GSP) benefits on certain items – such as travel bags – which he said buoyed last year's trade statistics.

"We are optimistic that the GSP will continue. Our country is still a least developed country [LDC] and maintains strong diplomatic and economic relations with the US," Sovicheat said.

Hong Vanak, director of Royal Academy of Cambodia's International Economics Department, told The Post on February 7 that revenue from exports to the US has seen a steady climb, even last year as the world battled an international trade crisis set on by the Covid-19 pandemic.

He noted that the tariff breaks provided through the US' GSP has reeled in copious amounts of investors to set up factories in Cambodia and manufacture a range of goods for export to the US market.

“Despite being submerged in the Covid-19 crisis, Cambodia’s exports to the US market have remained positive. The US is an important market for Cambodian exports, especially travel and textile products,” Vanak said.

On the other hand, he pointed out that many factories in the US remain shuttered or suspended, resulting in Cambodian imports from the US to contract by nearly one-third.

Even as GSP awaits congressional reauthorisation after it lapsed on December 31 prior to the presidential inauguration, Vanak said trade with the US was likely to extend into this year on the back of strong confidence in investment in Cambodia.

In 2018, Cambodian exports to the US were to the tune of just US$3.8065 billion, and imports clocked in at US$445.9 million, according to the US Census Bureau.

Source: thestar.com.my– Feb 08, 2021

HOME

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Kenya's apparel import huge, cost of domestic items high

Kenya annually imports apparel worth 30 billion shillings ($272 million) due to high cost of domestic products, according to Lawrence Karanja, chief administrative secretary of the ministry of industrialisation, trade and enterprise development, who recently said that the country is importing over 70 per cent of its retail and fashion needs, both new and second hand.

"There is thus a need for local manufacturers and designers to find the right product and value match to meet the affordability element," Karanja said during a forum on Kenya's textile and apparel sector.

Karanja said that one of the challenges facing the domestic clothing sector is that the Kenyan market remains cost driven, due to the low economic status of most of the population.

He noted that the government is keen to discuss with the domestic manufacturers to agree on policy support that will increase the competitiveness of the locally manufactured products, according to a news agency report.
"The aim is to increase the market penetration of locally produced textile and apparel products in both fashion retail mass market and the uniformed markets," he observed.

He stressed the need for manufacturers and designers to have more linkages with the physical and virtual retail spaces.

Source: fibre2fashion.com– Feb 09, 2021

HOME

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Bangladesh: BTMA demands withdrawal of bond licence requirement

The Bangladesh Textiles Mills Association has demanded that the government should withdraw the Bangladesh Bank provision that makes the bonded warehouse licence mandatory for opening back-to-back letters of credit to encourage exports of local textiles.

Textile makers said that many small and medium mills in the country were exporting locally produced fabrics and yarn but they were not getting the facility of backtoback LCs due to the Foreign Exchange Transaction Guidelines of the Bangladesh Bank.

BTMA president Mohammad Ali Khokon on January 23 sent a letter to BB governor Fazle Kabir demanding withdrawal of Section III of the guidelines that states 'only recognised export-oriented industrial units operating under bonded warehouse system will be allowed the back to back LC facility'.

The BTMA said that Section III of the BB's Foreign Exchange Transaction Guidelines obstructed the opening of back-to-back LCs for the textiles mills which have no bond licence and the rules should be waived or relaxed for the textile mills for expansion of the local industry and boosting exports.

The letter said that many textile makers were reluctant to obtain bond licences as they received duty benefits for importing raw materials as per the government's decision.

Procedural cumbersomeness also discourages the textile mills owners from obtaining and maintaining the bond licences, the letter read.

The BB should waive the mandatory bond licence requisite for the local textiles manufacturers in opening back-to-back LCs to encourage the local industry as the government was working towards gradually phasing out the bonded warehouse system.

Source: newagebd.net– Feb 09, 2021

HOME

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Vietnamese apparel made with S. Korean fabric to enjoy lower tariffs in Europe

Apparel and clothing items produced in Vietnam with South Korea-made fabrics will be allowed to enjoy lower tariffs in the European Union, the trade ministry said Monday.

Previously, clothes needed to be made with locally produced fabrics in order to enjoy the benefits of the Vietnam-EU free trade agreement, according to the Ministry of Trade, Industry and Energy.

"With South Korea being the second-largest supplier of fabric in Vietnam, the latest policy will lead to stronger demand for South Korean products, compared with other rivals such as China and Taiwan," the ministry said in a statement.

Vietnam relies on imports for 80 percent of its demand for textiles.

In 2019, China accounted for 55 percent of Vietnam's imports of fabrics, trailed by South Korea and Taiwan with 16 percent and 12 percent, respectively. Japan accounted for 6 percent.

Last year, South Korea's shipments of fabrics to Vietnam came to US$2.35 billion, down 18.4 percent on-year.

Source: en.yna.co.kr– Feb 08, 2021

HOME

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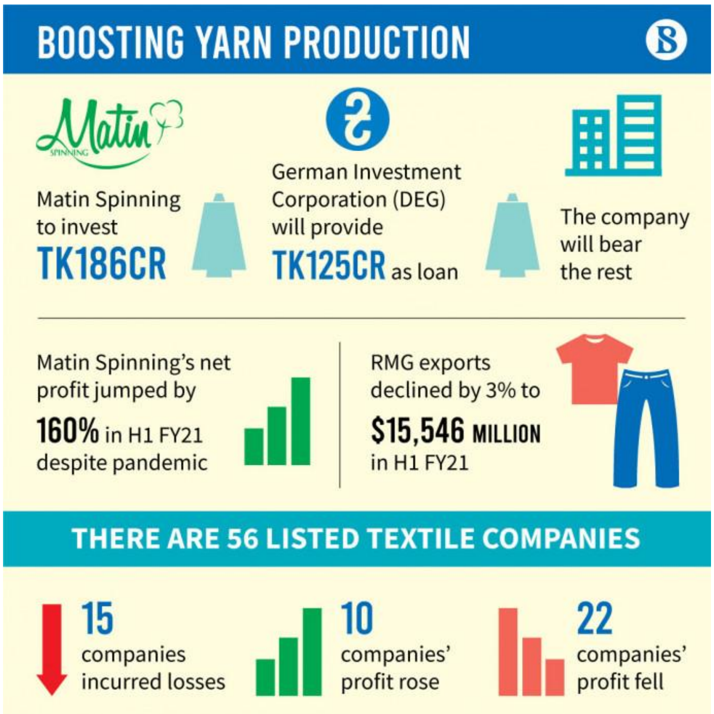
Bangladesh: Spinning mills investing more on synthetic yarn

Amid the increase in the use of synthetic yarn globally, spinning mill owners in the country are opting for investing more in this segment to decrease their dependency on cotton yarn to stay competitive in the global market.

As part of the move, leading spinning mills, including Envoy, Matin Spinning of DBL Group, Maksons, Square, and Shasha Denim, are investing in product diversification.



As a backward linkage sector for the textile and export-oriented readymade garment industry, spinning mills have been facing an uneven competition with imported fabrics and yarns for the last four to five years.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA), told The Business Standard that the demand for cotton yarn had dropped by 35% on the international market recently.

"Most of the buyers have been preferring synthetic and mixed yarn-based fabrics for a couple of years. That is why we are investing more to produce this type of yarn," he said.

The BTMA said local spinning mills can meet about 80% of the demand for export-oriented knit yarn and 40% of that for woven yarn while synthetic and mixed yarn are mostly imported from China.

Matin Spinning Mills, a sister concern of DBL Group, on Saturday evening decided to invest Tk186 crore to set up a special yarn unit to produce synthetic yarn.

MA Jabbar, managing director of DBL Group, said, "We are investing to increase synthetic yarn production in line with the demand in the global market. We also have plans to invest more in product diversification."

As per the Matin Spinning disclosure posted on the Dhaka Stock Exchange website, the special yarn unit will boost the company's daily production capacity by 10 tonnes and the estimated turnover will grow by Tk100 crore per year.

Like DBL Group, Envoy Group will invest Tk125 crore in setting up a synthetic yarn unit. The new unit will produce 12 tonnes of yarn per day and will come into operation by October.

Kutubuddin Ahmed, chairman of the group, said the demand for synthetic yarn is growing worldwide, adding that its production cost is low and it is quite durable.

"On the other hand, raw cotton prices have been unstable for the last few years in the world market and that is why cotton yarn production cost is increasing," he explained.

"So, we could not maintain profit margins by using cotton yarn."

Maksons Group, one of the top 10 spinning mills in the country, has announced to invest around Tk1,000 crore in three new spinning units in Mirsarai Economic Zone.

Metro Spinning Limited, a concern of the group, will invest Tk340 crore in a unit while Maksons Spinning Mills will pour Tk254 crore and Tk348 crore into two other units, according to company insiders.

Khokon, also the managing director of Maksons Group, said, "We are going for a big investment to manufacture high-value diversified products so that we can stay competitive in the market."

This is likely to be the biggest investment plan by a Bangladeshi textile group during the ongoing pandemic.

Square Textiles is to invest Tk30 crore while Mozaffar Hossain Spinning Mills has already invested Tk250 crore to boost production.

Shasha Denim has signed a deal with the Bangladesh Export Processing Zone Authority to lease eight plots in the Dhaka Export Processing Zone area for future business expansion.

BTMA President Mohammad Ali Khokon said the utility price hike had been squeezing spinning mills' bottom line since 2018, putting the capital-intensive sector in trouble even before the pandemic struck.

Khokon further said business is not going well at the moment due to the pandemic but the downturn would not last forever.
"Moreover, there have been many changes in yarn types. So, we have to prepare now to retain big buyers in the future."

The pandemic came as a fresh blow to the sector, hampering production, increasing unsold stocks, and disrupting cash flow.

But many textile mills have already cleared their stocks and fresh orders are coming from apparel makers.

Source: tbsnews.net– Feb 07, 2021

HOME

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Pakistan: Trade deficit widens 21% to $2.6b

Pakistan's trade deficit - the gap between imports and exports - widened 21% to $2.6 billion in January 2021 mainly due to acceleration in imports to support industrial and agricultural activities which were a must to expand overall economic activities in the country.

The trade deficit stood at $2.15 billion in January 2020, the Pakistan Bureau of Statistics (PBS) reported on Monday. Imports increased 15% to $4.73 billion in January 2021 compared to $4.12 billion in the same month of last year.

Exports also rose in the month under review but not as strongly as imports, that's why the trade deficit widened in the month. Exports picked up 8% to $2.13 billion in January compared to $1.97 billion in the same month of last year.

"Trade deficit may remain wide going forward (in the remaining five months of current fiscal year 2021)," Pak-Kuwait Investment Company (PKIC) Head of Research Samiullah Tariq said while talking to The Express Tribune.

"Imports will remain accelerated in the wake of opening of local and global economies (Pakistan's export destinations) from lockdowns," he said.

Imports of machinery and food commodities may remain high. "Imports of machinery are bound to pick up following support of concessionary loans for setting up new industrial projects and expansion of existing ones under the Temporary Economic Refinance Facility (TERF)," he said.

Banks have approved financing worth over Rs300 billion since March 2020. The temporary financing facility is scheduled to end in March 2021.

Besides, the government will continue to import food commodities like wheat and sugar, as per recent announcements, to stabilise food prices in the country. "Exports are likely to drop after February-March," he said.

Yarn, a raw material for textile manufacturing, has become costlier. Besides, regional competitors including India and Bangladesh are reopening.

The two developments may cause a drop in exports of textiles, which are around 60% of total export earnings of Pakistan, he said.

"Imports are projected to surpass their annual target ($42.4 billion)," Pakistan's central bank said last month. "The increase in food imports and domestic economic activity is mainly expected to drive import growth."

Cumulatively, in the first seven months (July-January) of current fiscal year 2021, the trade deficit widened over 8% to $14.96 billion compared to $13.82 billion in the same period of the last year, according to PBS.

The State Bank of Pakistan (SBP) projected the deficit to remain stagnant this full fiscal year at around the previous year's level of $20 billion. On a month-on-month basis, the deficit dropped 1.5% in January compared to December as import and export both decreased by around 10% and 5.5%, respectively.

"It is a must for Pakistan to sustain receipt of strong workers' remittances in January and onwards…to keep the current account balance in surplus in the couple of months ahead and record a small deficit in full fiscal year 2021," said BMA Capital Executive Director Saad Hashmi. To recall, Pakistan has continued to receive over $2 billion a month for the past seven consecutive months (June-December 2020).

"Latest recovery in value of rupee against the US dollar - below Rs160 a dollar - suggests the inflows on account of workers' remittances and export earnings have remained higher than outflows (on account of import and foreign debt repayments)," he said.

Up till December, major growth in imports has come from import of foods (wheat, sugar and cooking oil), cotton, fertiliser and automobile.

Import of such commodities and goods would maintain uptrend to control food inflation and support textile exports and revival of large scale manufacturing industries like automobiles.

Experts said a meaningful growth in export earnings is a must to efficiently manage international payment pressure. Traditionally, Pakistan's export stands at less than half of annual import. The contraction of trade gap through increase in exports would make the economy sustainable in the long-run.

Source: tribune.com.pk– Feb 09, 2021

HOME

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NATIONAL NEWS

India-UK enhanced trade partnership to be launched

Goyal, Truss to set joint timelines for further advances on trade, investment issues

The India-UK Enhanced Trade Partnership (ETP), which could lead to a potential comprehensive Free Trade Agreement (FTA) between the two countries, will be formally launched during the visit of the UK Prime Minister Boris Johnson to India later this year.

Commerce & Industry Minister Piyush Goyal and his UK counterpart Elizabeth Truss, at their bilateral meeting in New Delhi last week, committed themselves to make concrete progress on trade and investment front to deliver quick gains for both countries and also set joint timelines for further advances, according to an official release circulated on Monday.

The British PM's planned visit to India to attend the Republic Day celebrations last month had to be put off due to fresh out-break of the Covid-19 pandemic in the country and the discovery of a new strain of the virus. While a fresh date for Johnson's visit is yet to be decided, officials say that it was likely sometime in 2021.

"Taking forward their commitment from the 14th JETCO (Joint Economic Trade Committee) on July 24, 2020, India and UK Trade Ministers reviewed the ongoing engagements between the two sides for an ETP, as part of the development of a roadmap that would lead to a potential comprehensive FTA, including considerations on an interim agreement on preferential basis," the release added.

Non-trade barriers

India has been proposing to the UK that negotiations for a bilateral FTA should begin soon as the country was now out of the EU. The UK, however, indicated that it would prefer non-trade barriers between the two countries to be addressed first before progressing towards a free trade pact.

The Ministers agreed to accelerate the process towards launch of the ETP, and committed to interact on a regular basis, while identifying quick and concrete bilateral deliverables that could cement the ETP and immediately benefit the people of both countries.

Goyal and Truss welcomed the deepening of bilateral health cooperation between the two countries, including on vaccines, which had allowed the two countries to act as a "global force for good" during challenging times.

The Ministers also committed to re-launch the UK-India CEO Forum and agreed on a meeting for the CEO Forum at the earliest.

Source: thehindubusinessline.com– Feb 08, 2021

HOME

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Both sides showed interest on resuming FTA negotiations: EU after trade talks with India

The European Union has said its first high-level dialogue on trade with India saw interest by both sides in resuming negotiations for an ambitious, comprehensive and mutually beneficial trade and investment pact once their respective approaches and positions are "close enough".

It said the two sides had "open and constructive" exchanges on a broad range of issues with an aim of enhancing EU-India bilateral trade and investment relations.

The EU said the dialogue covered issues like impact of the coronavirus pandemic as well as production of vaccines and their distribution.

The decision to establish the high-level dialogue mechanism on trade and investment was taken at the 15th EU-India summit in July last.

The meeting on Friday was co-chaired by Commerce Minister Piyush Goyal and Valdis Dombrovskis, the executive vice-president and commissioner for trade of the EU.

The negotiations between India and the EU on a free trade agreement have been stalled since May 2013, when both sides failed to bridge substantial gaps on crucial issues, including data security status for the IT sector. The negotiations were launched in June 2007.

"Minister Goyal and Executive Vice-President Dombrovskis reiterated their interest in resuming negotiations for ambitious, comprehensive and mutually beneficial trade and investment agreements once their respective approaches and positions are close enough," the EU said in a statement.

"In the meantime, they examined alternative approaches and looked into the possibility of opening new areas of cooperation, for instance in relation to the resilience of global value chains and regulatory cooperation, notably in relation to new technologies," it said.

The statement was released by the EU's office in India on Monday.

“In the run up to the Leaders’ Meeting, the co-chairs tasked experts to look into the feasibility of resuming work on trade and investment agreements; new areas of cooperation (regulatory aspects and resilient value chains); as well as enhancing collaboration on WTO reform,” the EU said.

“This will be followed by another meeting of the high-level dialogue to take stock of experts’ discussions ahead of the Leaders’ Meeting,” it said.

The EU-India annual summit is expected to be held later this year.

The EU said Dombrovskis and Goyal discussed trade and investment issues with emphasis on the socio-economic impact of the COVID-19 pandemic as well as vaccine production and distribution mechanisms, including value chain linkages.

The two sides exchanged views on “the state of play of EU-India bilateral trade and investment relations, and possible ways forward”, it said.

“The two sides recalled their continued attachment to the rules-based multilateral trading system,” the EU added.

It said Dombrovskis and Goyal further exchanged views on various key policy developments and market access issues.

“The EU side provided an update on the ongoing review of the Generalised Scheme of Preferences, which expires end of 2023, and on the work towards EU Carbon Border Adjustment Mechanism under the European Green Deal, while the Indian side provided an updated on the ‘Make in India’ and ‘Self-Reliant India’ initiatives,” the EU said.

Source: thehindubusinessline.com– Feb 08, 2021

HOME

****

Cotton shipments peak in first four months of season

Lower prices prompt exporters ship nearly 60% of the season's projected shipments within four months

Riding high on the cost advantage in the international market, India has already exported about 29 lakh bales (of 170 kg each) of cotton by the end of January 2021, data shared by the Cotton Association of India (CAI) showed.

Nearly 60 per cent of the country's total projected cotton shipments were executed during the first four months of the 2020-21 season, the data showed.

The apex cotton trade body has projected India's exports of the fibre to be around 54 lakh bales for the season 2020-21 (October to September). This was higher by about 4 lakh bales from the previous year 2019-20.

"Export shipments of cotton estimated by the CAI up to January 31, 2021 is 29 lakh bales. The CAI has estimated cotton exports for the season at 54 lakh bales," informed Atul Ganatra, President, CAI, in the trade body's January crop estimate released on February 8, 2021.

Three-year high

Notably, the data shows that in the initial four months of the season October 2020 to January 2021, cotton exports have touched highest in past three years. During the comparable period in 2018-19, cotton exports were reported at 24 lakh bales and in 2019-20 it was at 20 lakh bales.

Traders attributed the jump in exports to the lower prices and better quality of the initial crop.

The benchmark GUJ ICS-105 (29mm) variety quoted at ₹43,600 a candy (of 356 kg of processed ginned cotton) in the spot markets, which was ₹40,500 on December 5, 2020. The prices hovered between ₹37,500 and ₹40,200 during the early months of the season i.e. October and November 2020.

An exporter from Ahmedabad said that Indian cotton prices continue to be low when compared with the international markets. "The buyers are entering into new contracts even at the current prices," informed the exporter. Higher supplies driven by rising inventories from the previous season have capped the Indian prices.

ICE Cotton futures quoted at 80.74 cents a pound as against India's rate of 75-76 cents a pound.

Cotton balance sheet

Meanwhile, in its crop estimate for the month of January, CAI has retained the crop size for the year at 360 lakh bales. However, of the total projected supply of about 499 lakh bales for the season, first four months have reported total supply of 389.25 lakh bales.

Opening stock at the beginning of the cotton season on October 1, 2020 was estimated at 125 lakh bales. Of the 499 lakh bales supply projection, barring 125 lakh bales of opening stock, crop size for the current season is likely to be 360 lakh bales and 14 lakh bales of imports.

Source: thehindubusinessline.com– Feb 08, 2021

HOME

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Textile stocks bounce back on global recovery

Covid pandemic triggers demand for towels, bedsheets, pillow covers
Stocks of textile companies focused largely on exports has seen a steady rise in the last few days with the revival in global demand.

Demand from all customers

Home textiles used for furnishing residence, towels, bedsheets, pillow covers and table linens are being bought more often in the US as the fear of Covid pandemic subside with the launch of vaccine.

Moreover, consumers, who are working from home, get more time to spend on the aesthetics of their house and spending more on home textiles.

This apart, hotels and motels getting back on their feet after the Covid impact are buying more bed linen as customers have become more picky about the freshness of bed linen in Covid times.

Shares of Indo Court Industries gained six per cent to ₹132 on Monday, while Welspun India, which was trading near its 52-week high of ₹78 in last few trading sessions, closed down by two per cent at ₹68 on profit booking. Arvind was down two per cent at ₹54, but scored handsome gains of almost 60 per cent in last three months; and Trident jumped 87.5 per cent in last three months.

Most of the textile companies have registered a strong recovery in the third quarter of this fiscal and this expected to continue in the March quarter as the demand in the domestic market is also picking slowly.

Import duty may hurt

However, the import duty of 10 per cent on raw cotton imposed in the Union Budget will push up the cost of textile companies and impact their margins.

The levy of import duty on cotton will push up cost of extra long staple cotton such as GizaCotton from Egypt and Supima Cotton from the US and makes India lose ground on premium textile exports.

The Government has also proposed to set up seven textile parks under the 'Mega Investment Textiles Parks' over three years to make the textile industry become globally competitive, attract large investments and boost employment generation, said Manoj Patodia, Chairman of The Cotton Textiles Export Promotion Council.

The Budget has reduced the customs duty on caprolactam, nylon chips and nylon fibre and yarn to 5 per cent to encourage growth of the man-made fibre sector especially the MSMEs, he said.

Nidhi Marwaha, Vice President, ICRA, said notwithstanding the broader recovery, growth in discretionary spends and aspirational buying is likely to remain lower compared to other essential product categories such as active/lounge wear and affordable-to-medium value casual apparels.

Source: thehindubusinessline.com– Feb 08, 2021

HOME

****

Govt closely monitoring fiscal deficit: FM Nirmala Sitharaman

The Budget has proposed a capital infusion of Rs 20,000 crore into the DFI. Using this, it will likely raise resources up to Rs 5 lakh crore over the next few years and help finance infrastructure projects, apart from creating an entire eco-system around it.

Finance minister Nirmala Sitharaman on Monday said the government is closely monitoring its fiscal deficit, which is estimated to spike to as high as 9.5% of gross domestic product (GDP) in FY21, thanks to the Covid-19 outbreak.

Addressing a virtual event of industry body PHDCCI, the minister said while the rise in fiscal deficit, in a way, was inevitable, “at the same time, it needs to be carefully tackled”, according to an official statement.

The Centre’s fiscal deficit shot up, as it was forced to offer relief packages in the wake of the pandemic despite a plunge in revenue collections. Even though the nominal GDP is expected to reverse a contraction and expand at 14.4% in FY22, the indispensability of continued spending to spur growth has forced the Centre to keep the deficit target elevated at 6.8% for the next fiscal as well.

The government has spent big “in those areas of activities which give a big multiplier effect”. In fact, “multiplier was the key” where the money was chosen to be spent, Sitharaman stressed.

Taking this objective forward, the government has budgeted capital expenditure at Rs 5.45 lakh crore for FY22, which is 26.2% higher than the RE of FY21 and 34.5% larger than the BE level for this fiscal. In contrast, at Rs 29.3 lakh crore, the budget estimate (BE) of revenue expenditure for FY22 is 3% lower than the revised estimate for this fiscal and 11.4% higher than the BE of FY21.

The finance minister said while the government can roll out a stimulus package to revive the economy, the crucial task of funding long-term infrastructure projects will be undertaken by the proposed development finance institution (DFI). However, since one DFI is can’t satiate the huge appetite of the entire infrastructure sector, the government will create an enabling set-up for even private-sector DFIs to come up, she added.

The Budget has proposed a capital infusion of Rs 20,000 crore into the DFI. Using this, it will likely raise resources up to Rs 5 lakh crore over the next few years and help finance infrastructure projects, apart from creating an entire eco-system around it.

Initially, the DFI will be wholly owned by the government, although it's willing to dilute its stake to 26% once long-term investors come on board.

Source: financialexpress.com– Feb 09, 2021

HOME

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Focus areas for India-EU Leaders' Summit in May

Investment facilitation, regulatory cooperation, trade barriers and IPR may top the agenda

India and the EU will take forward discussions on the launch of an investment facilitation mechanism, initiation of regulatory cooperation and removal of identified trade barriers for their possible inclusion in the list of deliverables at the Leaders' Summit scheduled in May 2021 in Portugal, a government official has said.

At the recent India-EU high level trade group meeting led by commerce & Industry Minister Piyush Goyal and his counterpart from the European Commission Valdis Dombrovskis, the two decided to meet within the next three months to give a final push to quick deliverables before the Summit.

Other issues that Prime Minister Narendra Modi and leaders from the European Union and European Commission are likely to discuss at the India-EU Summit include continuation of the Intellectual Property Rights (IPR) dialogue, collaborating in research and innovation, promoting clean economy, addressing multilateral issues of mutual interest and building resilient value chains, the official tracking the matter told BusinessLine.

More ambitious agenda

The EU is the second largest export destination for India, after the US, with exports in April-March 2019-20 at $45 billion accounting for 14.36 per cent of the country's total exports. Imports from the bloc into India were at par with exports at $45 billion during the fiscal, accounting for 9.5 per cent of India's total imports.

"Despite Covid-19, the decisions taken at the last India-EU Summit in July 2020 have been taken forward by the two sides in great earnestness. The two sides are of the view that it is the right time to draw a more ambitious agenda for mutual cooperation," the official said.

It was at the July Summit that a decision was taken to form an India-EU high level trade group to discuss and take forward at the Ministers' level, all pending trade related matters and also address new ones.

At the first meeting of the high level trade group last week, Dombrovskis informed that Portugal had assumed the rotating presidency of the Council of the EU from January 1, 2021, and it had made EU-India relations a top priority, the official added.

Early Harvest Programme

Although a decision is yet to be taken on when the talks on an India-EU free trade agreement (Broad-based Trade & Investment Agreement) will be re-launched, India has expressed its keenness to start with an Early Harvest Programme at the earliest and then move on to a full-fledged pact.

“Both sides agreed on monthly progress review of discussions by senior officials and quarterly review by the Ministers for providing guidance,” the official said.

It would take concerted efforts to re-start the talks that were suspended in 2014 over serious differences on issues such as market access for wines & spirits, automobile and financial institutions as well as EU’s insistence on inclusion of non-trade issues such as labour and environment.

Putting in place better investment facilitation measures and greater regulatory cooperation are issues that both sides have been pushing for as it could greatly facilitate business between the two sides. Lack of understanding of regulatory procedures has resulted at times in rejection of Indian exports in EU countries while investors from EU have been seeking simpler investment procedures in India.

Source: thehindubusinessline.com– Feb 08, 2021

HOME

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Indonesia eyes $50 billion bilateral trade with India by 2025

Indonesia is eyeing a $50 billion bilateral trade with India by 2025, as the figure has already reached $20 billion last year.

Agus P. Saptono, Consul General of Indonesia said that his country is keen on enhancing trade and investment ties with India in the areas of information technology, health and pharmaceuticals, agro products, automotive components and tourism related projects.

Speaking to BusinessLine on the sidelines of a meeting with officials of Kerala Chamber of Commerce and Industry here on Monday, he said Indonesia is looking at increasing the spices trade from India that included cloves, nutmeg, pepper, vanilla etc. Indonesia sees India as a good investment destination and looking at a comprehensive economic partnership for the mutual benefit of the two countries.

Kerala also offers good opportunities to build trade ties with Indonesia especially in the sectors of tourism promotion, spices production, furniture exports which is having a huge growth potential.

According to him, Indonesian exports to India consists of textiles, electronic goods, footwear and sawn timber, while chemicals, pharmaceuticals, machines and motor vehicles, automotives are the major imports from India to Indonesia. Besides, Indonesian companies have significantly invested in the food processing sector in India.

To a question on the issues connected with copra imports from Indonesia due to higher price, container shortage and rise in freight rates, Saptono said they are aware of the situation being faced by coconut exporters in India and is trying to sort out the issues for the benefit of both the parties.

Asked on the impact of Covid on the business, he said the economy in that country has slowly started recovering and things would be better this year.

Source: thehindubusinessline.com– Feb 08, 2021

HOME

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Govt open to 4-day work week, but with cap on total hours at 48

Under the proposed regime, safety and health facilities for contract workers will be at par with permanent employees - The Hindu

However, working hours will remain unchanged

Soon a company may be able to offer four-day work week to its employees. But this flexibility will come with some conditions, according to the Labour Ministry. Currently, the usual work week is of 5 or 6 days. However, the total working hours will remain unchanged.

"We are open to providing flexibility in working days," Labour Secretary Apurva Chandra told media here on Monday. If a company offers a 4-days work week, then the remaining three days should be paid offs, he said adding that the issue of flexibility in working days is being discussed ahead of the finalisation of Rules for new the Labour Codes.

The government has already indicated that it can implement all the four Labour Codes — Wages, Industrial Relations, Occupational Safety, Health & Working Conditions and Social Security — before the start of the new financial year. All these have been enacted and draft Rules and draft model Standing Orders are already up for discussion.

Chandra said that even with the flexible work week, the conditions related to weekly working hours will remain the same. The draft Rules for Occupational Safety, Health and Working Conditions Code says no worker will be required or allowed to work in an establishment for more than 48 hours in a week. Also, the period of work shall be inclusive of intervals for rest, and shall not exceed 12 hours in a day.

Contract workers

The Secretary expressed confidence that proposed regime under the new Labour Codes will have a lot for contract workers. Safety and health facilities for contract workers will be at par with permanent employees. "There will be a grievance redress mechanism for such workers," he said. For the social security of gig/platform workers, he said, "All tech platforms are on board for a social security fund. They are keen to have such a fund."

Earlier, the Social Security Code proposed a Social Security Fund for gig/platform workers where the employers are expected to contribute 1-2 per cent of the annual turnover or 5 per cent of the liability of the aggregator to gig workers and platform workers, whichever is lower. Now, it will be 1 per cent of the revenue. Also, workers will contribute a minimum of ₹100 a month. The fund is expected to provide social security benefits to nearly 1 million workers.

Labour Survey

Chandra said that four major surveys on migrant, domestic, transport and professional workers are expected to kick-off in March. Though their periodicity has not been fixed, they “could be yearly exercises,” he said.

Source: thehindubusinessline.com– Feb 08, 2021

HOME

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Himatsingka signs with Disney to expand global reach

Himatsingka Seide Ltd. has inked a licensing agreement with The Walt Disney Company for Europe, the Middle East and Africa (EMEA).

The license will give Himatsingka the rights to design, develop and distribute a broad range of home textile products inspired by Disney's archives and characters from the worlds of Disney, Pixar, Star Wars and Marvel. The collaboration is in line with Himatsingka's commitment to work with globally-recognized brands.

"Disney is legendary in storytelling and content creation, creating diverse stories and iconic characters.

We are immensely pleased to collaborate with Disney and look forward to being able to leverage our capabilities across the value chain to bring best-in-class products to consumers across the EMEA region," said Akanksha Himatsingka, CEO for EMEA and Asia Pacific.

Himatsingka will manufacture and distribute an expansive range of licensed home textile products across the region, including Germany, UK, France, Italy, Spain, CEE, Nordics and South Africa.

The manufacturer, which employs more than 10,000 people, produces bedding, bath, drapery, upholstery and yarn products. Its liscened portfolio includes Calvin Klein, Tommy Hilfiger, kate spade, Barbara Barry, Royal Velvet, Waverly and Bellora. Its owned brands include Himeˆya, Pimacott, Organicott, Gizacott and Home Grown Cotton.

Source: hometextilestoday.com– Feb 08, 2021

HOME

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India's silk exports reach $246.67 million in FY20

India's silk and silk products exports touched $246.67 million in FY20. As per India Brand Equity Foundation report, total silk and silk products export accounted for $101.82 million from April 2020 to October 2020 and for October 2020 it was $22.98 million.

The silk products exported include natural silk yarns, fabrics, made-ups, readymade garments, silk carpets and silk waste. Readymade garments formed the largest share in export from April 2020 to October 2020 at $ 43.75 million, followed by fabrics & made-ups at $31.73 million and silk carpet at $13.58 million.

Fabrics & made-ups formed the largest share in export between FY20 at $138.95 million, followed by readymade garments at $ 71.18 million and silk carpet at $20.3 million. Other products made up for rest of the export earnings.

Second largest producer of silk in the world, India makes all commercially useful varieties of silk. The industry is one of the largest generators of employment and foreign exchange for India. Its sericulture activities are spread across 52,360 villages and provided employment to over 9.1 million people in India during FY19.

Source: fashionatingworld.com– Feb 08, 2021

HOME

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