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NEWS CLIPPINGS

INTERNATIONAL NEWS

US China trade tariff impacts on textiles and apparel industry

The Office of the US Trade Representative (USTR) had slashed imports worth $200 billion with 25 per cent tariff rate of List 3 from the previous 10 per cent rate, effective May 10, 2019.

In August 2019, the US imposed a 10 per cent tariff on Chinese imports worth $300 billion starting September 1, 2019 for certain products and from December 15, 2019 for the second group of products. USTR (Office of the United States Trade Representative) imposed 25 per cent tariffs on clothing.

After the US imposition, China's State Council Tariff Commission (SCTC) announced the retaliatory tariffs on US products of worth $75 billion in two stages.

China imposed an additional 10 per cent tariff on US products of Sections 1 and 2 of Annex I and additional 5 per cent tariff on products listed in Sections 3 and 4 of Annex I from September 1, 2019 ($19.50 million textiles and apparel products).

China imposed an additional 10 per cent tariff on the US products of Sections 1 and 2 of Annex II and additional 5 per cent tariff on goods of Sections 3 and 4 of Annex II, from December 15, 2019. But it got suspended due to US-China “Phase One” trade deal ($1363 million textiles and apparel products).

After the Chinese retaliation president Trump had declared the next plan of imposition.

As of October 1, 2019, the US increased the Section 301 tariff rate for products on Lists 1-3 to 30 per cent of worth $250 billion ($3.70 billion textile products) from the previous 25 per cent.

As of September 1, 2019, products on List 4A of worth $112 billion ($31 billion textiles apparel and home textiles) was subjected to an additional tariff of 15 per cent from 10 per cent announced earlier.

As of December 15, 2019, products on List 4B of worth $160 billion ($4.7 billion textiles, apparels, and home textiles products) were subjected to an additional tariff of 15 per cent higher compared to previous rate of 10 per cent.

In January 2021, the US President, Biden announced that he would not remove tariffs imposed by the previous president Trump on China in short term. Presently Biden tries to get the previous momentum in their trade with their allies.

In 2021, initially China became ready to purchase $200 billion worth of the US goods and services through 2021. China has developed an action plan to strengthen intellectual property protection and end forced technology transfers.

The US has imposed 25 per cent tariffs on $250 billion in Chinese imports, including apparel and footwear. The US continued the Section 301 tariffs on finished apparel and textile imports from China to address intellectual property theft and other predatory trade practices by China.

The US must take some actions against the Chinese by continuing punitive tariffs on finished products along with other enforcement actions to manage government subsidies, state-owned enterprises, forced labour practices, weak environmental standards, intellectual property theft and currency manipulation. According to a white paper from Greenberg Traurig's Government Law & Policy practice, Biden's trade view is more focused on multilateral action to resolve trade conflicts.

The government of China planned to reduce sliding tariffs on cotton cargoes imported under additional quotas. The number of products with lower than MFN tariffs and imported under temporary import tariffs had increased from 859 to 883 from January 1, 2021. The lower sliding tariffs would reduce the cost of importing cotton fibre into China.

The US residents and businesses have received more than $72 billion in additional tariffs on products after the China 301 tariffs were put into place. It affected the money in the pockets of US residents, less speed of US manufacturing, and decreased competitiveness for American businesses.

Source: ccfgroup.com– Feb 23, 2021

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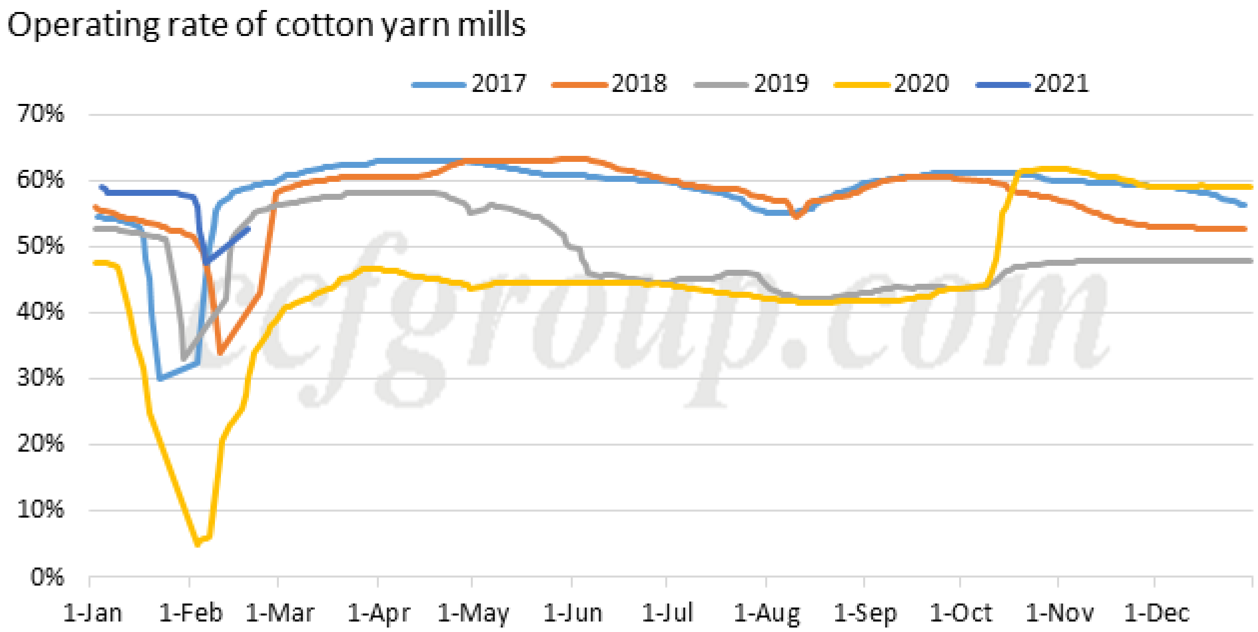
China: Cotton yarn sees hot market after 2021 Spring Festival holiday

During Spring Festival, ICE cotton futures broke through 90cents/lb. On the first trading day after Spring Festival holiday (Feb 11-17), ZCE cotton futures and cotton yarn futures surged successively. May contracts of ZCE cotton futures rushed and breached 16,000yuan/mt. On the back of skyrocketing cotton, cotton yarn market saw an increase of 500-1000yuan/mt in offers of cotton yarn mills. However, the market is hazy despite the rise of price.

At first, most downstream weavers will restart from Feb 21, so the transactions of cotton yarn are sparse in spite of price rise. Weavers did not see obvious increase in new orders during the holiday and they still focused on delivering pre-holiday orders.

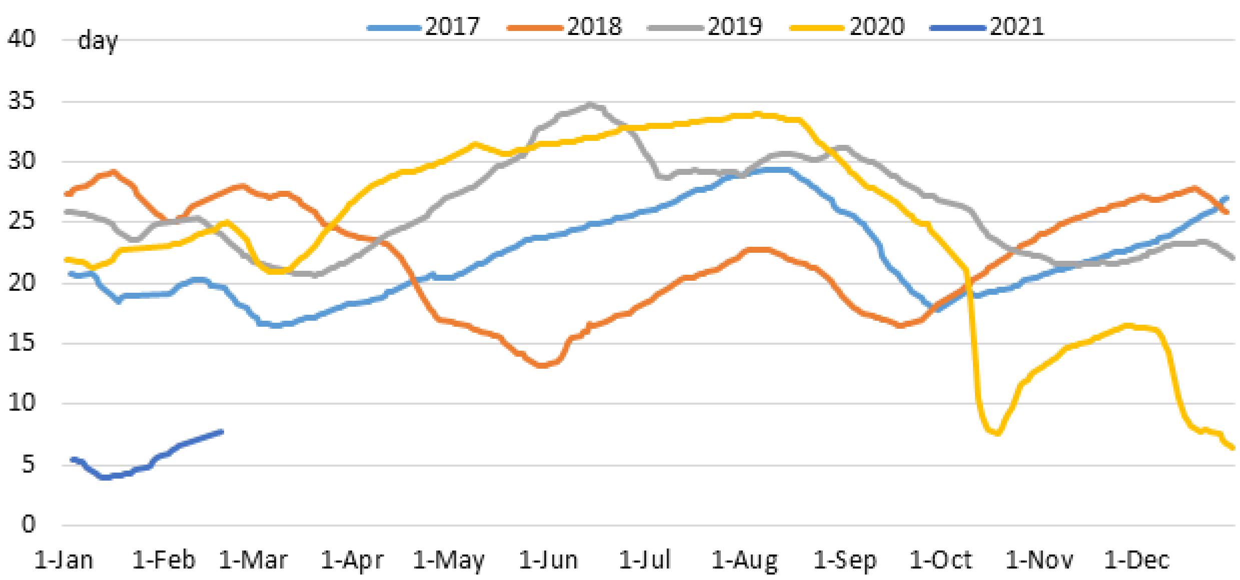
On the other hand, traders restocked at a large amount before Spring Festival holiday. Their offers were adjusted up due to the rise of ZCE cotton futures, but no transaction was done. If the market does not perform as expected in Mar, they may quicken the sales, pressuring the price.



From the chart above, cotton yarn mills took holiday later and restarted earlier in 2021 than previous years. The operating rate recovered fast. By comparison according to Chinese lunar calendar, the operating rate on the eighth day of Chinese Lunar Year was about 10% higher in 2021 than that in 2018 and 2019.

The inventory was also much lower than previous years. If the peak season comes as expected in Mar-Apr, tight supply and hot demand of cotton yarn will sustain.

Inventory of cotton yarn mills



In general, cotton yarn market welcomes a good start after Spring Festival holiday with price up 500-1000yuan/mt, but few trades are done. It is expected to see more transactions until Feb 26, but it is still uncertain whether orders could achieve expectation to peak season.

In short run, traded price of cotton yarn is likely to move up compared with that before the holiday supported by the cost and tight supply. If the orders do not meet the expectation, the increase in price may be discounted. There is still large uncertainty in traders.

Source: ccfgroup.com– Feb 23, 2021

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USA: Macy's CEO: 'All of Apparel Remains Challenged'

Macy's Inc.'s CEO Jeff Gennette said the company's Polaris strategy helped it shift gears and adjust to the impact from the coronavirus pandemic, although he doesn't see apparel sales in non-casual categories returning until the back half of 2021. Also, inventory levels in the home sector could see some pressures in the near-term due to continued virus headwinds.

In a Nutshell: "When Covid-19 unleashed its challenges, consumer trends shifted quickly. And we've learned a lot about our strengths and opportunities. Our Polaris strategy, designed to allow significant flexibility, was tested profoundly and proved durable, allowing us to adapt and innovate with great agility," Gennette said Tuesday, noting that the company rapidly adjusted its merchandise mix to reflect consumers' embracement of home, casual apparel and the jewelry and fragrance categories.

Gennette said investment in analytics and marketing outreach helped the retailer gain nearly 7 million new customers in the fourth quarter, with about 4 million from the digital channel and many of them under the age of 40, the targeted customer demographic as the retailer transforms product lines and digital operations to set the stage for growth. Gennette said that "solid holiday demand in November and December" continued into January, and that current sales momentum and profitability are due to investments in advanced analytics and enhanced collaboration with vendor partners to drive gross margin.

On Polaris, Gennette said the company will take bolder actions to drive the business forward as a digitally led omnichannel retailer, and that Macy's has shifted a large portion of current and future capital to the digital supply chain and technology platforms. Those moves are to better integrate digital and physical assets and provide more relevant shopping experiences. He also said the company expects to grow sales from the digital channels to $10 billion over the next three years.

On merchandise mix, Gennette said: "I think all of apparel remains challenged. While we're doing well in the casual categories, the dress categories remain depressed. Our inventory levels remain in line with sales. We have a ramp-up strategy with all of the relevant vendors, as well as our private brands. If we start to see improvements, as the vaccination starts to gain scale, and customers are starting to book events, weddings, you'll start to see those businesses improve for us. So we expect the first half is going to be very similar to the fourth quarter, and the back half [is when] we'll start to see an improvement in apparel."

As for inventory levels, Gennette said Macy's has some flexibility built into plans for where the it believes customer demand may go. "We're going to be ready with putting receipts against that. We have not seen an issue with vendors, predominantly in the categories that are dormant right now. They do have inventory ready for us if we were to buy it. And so, when you look at all kinds of dress up categories, it's predominantly a couple of very strong wholesale partners that we have deep relationships with," the CEO said, citing an assortment mix that includes men's and women's suits and dress up accessories categories such as shoes and bags.

One area Gennette said the company has been focused on is its home inventories. He said the company has made adjustments that were needed in its private brands, particularly in its housewares offerings. Noting a supply chain issue it's had with furniture and mattresses, Gennette said the mattress problem is "largely behind us," although the furniture issue still persists. Demand is high and there are some supply issues with certain categories that are produced from Vietnam and China. Those issues should be resolved by the end of the first quarter, he said. Gennette also said its vendor direct program has been "quite strong for us," with its partners providing a positive experience for customers with quick shipping.

On the supply chain and inventory platforms, Macy's is planning on focusing on local needs and having more inventory in the right store locations to facilitate online order fulfillment as well as in-store pickup and same-day options.

Gennette called 2021 a year of recovery and rebuilding, which includes improving the functionality of the online site—a redesign will launch in the fourth quarter ahead of holiday—and more experiential shopping experiences, including content on the digital front. The company also plans to open 35 Backstage branded stores-within-stores in 2021.

Macy's is on track to close the 125 locations disclosed last year. Sixty of the stores in C and D malls have been closed, and after the remaining sites are shuttered, Gennette said 85 percent of sales will be generated from stores in A and B malls.

Net Sales: The company said net sales for the quarter ended Jan. 30 fell 19 percent to $6.78 billion from $8.34 billion. Comparable sales were down 17 percent on an owned basis and down 17.1 percent on an owned plus licensed basis, a reflection of the continued challenges presented by the pandemic, the company said.

Digital sales in the quarter grew 21 percent, representing 44 percent of net sales. "Digital remained a growing and increasingly profitable platform," Macy's said. About 25 percent of the retailer's digital sales were fulfilled from stores, including pickup and same-day delivery. It's Star Rewards Loyalty program saw an increase of 45 percent of its Bronze tier members in 2020, a part of the retailer's under-40 strategy. In addition, net credit card revenue of $258 million was up $19 million from the year-ago quarter.

Inventory in the quarter was down 27 percent from 2019 levels in the same comparable period. The company said it aggressively addressed slow-selling merchandise, reduced excess inventory levels and improved visual presentation in stores.

For the year, net sales were down 29 percent to $17.35 billion from $24.56 billion.

Earnings: Net income fell 53 percent to $160 million, or 50 cents a diluted share, from $340 million, or $1.09, a year ago. On an adjusted basis, diluted earnings per share was 80 cents for the quarter.

Wall Street was expecting adjusted diluted earnings per share of 12 cents on revenue of $6.5 billion.

Adrian Mitchell, chief financial officer, told investors that the quarter saw a lower rate of merchandise returns, due mostly to the shift in category mix and consumers' more purposeful buying habits. But he expects the rate to go back to historical levels as apparel sales recover and consumers return to prior shopping habits. In addition, a reduction in the intensity of promotions, coupons and markdowns helped with sell-throughs that were closer to full price, all of which helped to support merchandise margins, he said. The company was also able to reduce delivery expenses from prior years by offering customers with store pickup options, he said.

For 2021 guidance, the company said it expects net sales of between $19.75 billion to $20.75 billion, or a 14 to 20 percent gain over 2020, with the percentage increase reflecting the lapping of a year of significant declines from the impact of Covid-19. Adjust diluted earnings per share was forecast at between 40 cents to 90 cents.

For the year, the net loss was $3.94 billion, or $12.68 a diluted share, against net income of $564 million, or $1.81, in 2019.

CEO's Take: "As we look towards a healthier economy in the coming months and years, I am optimistic about the way we are reimagining and repositioning our business in line with our Polaris strategy. We have a strong focus on our customer and market trends. We are building our digitally-led omnichannel experience and we are well positioned to better capture customer demand across the total market from off-price to luxury and from offline to online. We know what's important to our customers," Gennette said. "And we will be in a better position to be increasingly relevant to the next generation of customers."

Source: sourcingjournal.com– Feb 23, 2021

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AfCFTA negotiations on rules of origin to conclude in June: Trade Ministry

Negotiations are currently underway between member states of the African Continental Free Trade Area (AfCFTA) to complete rules of origin for the agreement by the June 2021 deadline.

The remarks were made by Ehab Fathy, Head of Rules of Origin Department for African Countries at the Ministry of Trade and Industry, during a virtual seminar on Tuesday.

During the seminar, organised by the Egyptian Furniture Export Council, Fathy added that rules of origin have been finalised for more than 81% of the total commodity items.

Fathy added that 18%-19% of rules of origin are currently being negotiated, which relate to some commodity items that have not been agreed upon, namely fish and crustaceans, leather, clothes and textiles and cars.

This also includes some other items that have not been agreed upon, including: dairy products; vegetable and animal oils and fats; meat or fish preparations; sugar; preparations of vegetables and fruits; food residues; tobacco; cotton; and clothing and textiles.

All rules of origin for the wooden and furniture industries sector have been completed, he disclosed, adding that the foreign component does not exceed 60% of value of product.

Fathy said that the aim of the rules of origin rule is to expand the integration of markets at the regional and continental levels, and to promote intra-African trade. They also seek to strengthen regional and continental value chains, and to encourage economic transformation across the continent through industrialisation.

Noha Nofal, Head of Regional Agreements at Egypt's Ministry of Trade and Industry, said that 82% of the furniture and wood products sector come on the first list of non-sensitive goods.

This will be gradually exempted from customs duties over a period of five years under the AfCFTA agreement.

Nofal pointed out that the implementation of the agreement was started on 1 January 2021 according to the principle of reciprocity.

She noted that the commodity trade was divided into three lists, with the first list relating to non-sensitive goods and comprising 90% of customs tariff items. For these, countries will gradually reduce for a period of five years for developing countries, and 10 years for the least developed countries.

She added that the second list for sensitive goods includes 7% of customs tariff items, and is represented in goods that countries need to protect their industries. The gradual increase in customs duties will be over 10 years for developing countries and 13 years for the least developed countries.

Meanwhile, the third list includes excluded goods, which represent 3% of customs tariff items, which will be reviewed every five years.

Source: dailynewsegypt.com– Feb 24, 2021

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EU should speed up the recovery of the textile sector

The textile and clothing industry was hardly hit by the pandemic in 2020. It is time for the European Commission and Member States to set the conditions for future competitiveness and resilience, announced EURATEX.

On the occasion of EU Industry Days, EURATEX asks the European Commission and Member States to set the right conditions for the competitiveness and resilience of its industrial base, in particular the textile and clothing industry.

The T&C industry is a pillar of Europe with its savoir-faire and excellence, counting 160,000 companies (mainly SMEs), employing 1,500,000 people, generating 162,000 billion euros. 38% of such industry's turnover is sold on global markets, whereby SMEs cover more than 50% of those global sales.

If the European Commission and Member States do not want to lose such asset, they should take a series of measures:

- Europe should put in place effective market surveillance, avoid unfair competition and guarantee level playing field. The continent has the stringiest social and environmental standards, and it should protect the quality of its products. We hear too often that products made in other countries do not attain these standards, such is the case of non-complainant face masks, and it is time to act upon it.

- Europe should support the transition towards a more sustainable and digital industry through specific funds and programs. Indeed, SMEs, due to their size and capacities, do not have the power to innovate their products and processes in the short-term. Moreover, the sector should reduce future risks by diversify its supply chains and promote nearby production. Europe can again play a fundamental role in the development of a new trade policy.

- Europe should have a market proof approach when moving towards sustainability & circular economy. The green transition should carefully balance the cost of this transition process and the long-term benefits. The green and digital transition is challenged by the economic crisis. Business and citizens may rapidly loose interest If the transition does not provide any short/mid-term benefit.

- Europe should help education systems and institutes to develop comprehensive and leading-edge T&C knowledge. It can do so through LongLife Learning, Erasmus + and the Pact for Skills Initiative. Our industries suffer from an aging workforce and it is fundamental to reskill/upskill it. Most importantly, the sector should attract young generation to renew itself and drive the change.

- Europe should have a coherent approach when legislating in different areas. All policies, from the Green Deal to the Sustainable Chemicals strategy, from the EU Trade strategy to the EU Industrial one, should be consistent and not hamper industry. If not, consequences will be fatal.

Source: news.bgfashion.net– Feb 23, 2021

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UK Reveals When Apparel Retailers Could Reopen

Non-essential retailers across the United Kingdom are set to reopen on April 12, although the timing is still up in the air.

That's because the devil will be in the data details, meaning that the four-step plan U.K. Prime Minister Boris Johnson shared on Monday is subject to change. Before the House of Commons, Johnson said that reopening decisions would be based on "data, not dates."

Non-essential retailers have been locked down since Jan. 4, after the U.K. identified a more easily transmissible coronavirus variation. Johnson raised the opening of non-essential retailers as part of his plan's Step Two. Step One entails schools reopening on March 8 and lifting some social restrictions on March 29.

The timeline between phases is about five weeks, or four weeks to gather intelligence and one week to issue appropriate notices. Step Three, no sooner than May 17, will eliminate most social distancing restrictions. Five weeks later, or June 21 if there are no adjustments, Step Four would lift all remaining restrictions.

Decisions on adjustments in timing, if any, will be based on data from the vaccine rollout, and its impact on hospitalizations and deaths. In a perfect world, Johnson's timetable could work provided no new Covid-19 variants or mutations. So far, about 17 million people in the U.K. have received their first vaccine doses.

The fashion and retail sectors have been hard hit by the Covid-19 pandemic. Many in 2020 collapsed into administration, including some very high profile names that included Laura Ashley, Debenhams, Oasis, Warehouse, Victoria's Secret U.K., TM Lewin, L.K. Bennett, Edinburgh Woollen Mill, Peacocks, Moss Bros. and Topshop and Topman parent Arcadia Group.

According to retail data group Springboard, foot traffic in the U.K. rose by 6.8 percent last week from the week before, only one-fifth less than the rise of 8.5 percent in the same year-ago week. The data firm said the latest result represents the fifth consecutive week of increases, even with a national lockdown in place.

High streets fared better, with foot traffic up 10.5 percent, while shopping centers saw an increase of 4.5 percent. Activity at retail parks were up incrementally at 1.2 percent. Yet, despite the increase from last week, "footfall across all retail destinations remains 62.1 percent lower than in the same week last year."

"You could be fooled into thinking that last week was a normal half term week rather than in the eighth week of a national lockdown, as footfall continued to rise for the fifth consecutive week. With the magnitude of increase continuing, this provides further evidence of significant pent up demand amongst shoppers to visit retail destinations and indication of the significant surge back to stores when non-essential retail reopens in the coming weeks/months," Diane Wehrle, insights director at Springboard, said.

Source: sourcingjournal.com– Feb 23, 2021

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Why the Partner Chain is critical to Turkey's apparel sourcing success

While much of the global apparel industry' s attention is on sourcing leaders like China, Vietnam and Bangladesh, Turkey is showing that there is plenty of reason for brands to bet big on the country's manufacturing operations this year.

In 2020, Turkey' s apparel exports were no slouch, totaling $17.1 billion in value, according to the Istanbul Apparel Exporters' Association (IHKIB). IHKIB is the leading apparel industry association in Turkey, representing nearly 66 percent of the country' s apparel exports this past year, with its members accounting for $11.2 billion alone, according to IHKIB chairman Mustafa Gültepe. Gültepe says that the industry aims to build a "partner chain" rather than serve as a traditional supply chain for apparel partners.

In the Covid-19 era and beyond, the "partner chain" distinction is key, especially as apparel brands need to rely on and trust their supply chain partners more than ever to not only ship out goods on time and dictate the right price, but also to ensure that the end consumer is ultimately satisfied with the product.

A major theme throughout the pandemic has been the ability to adapt, and part of the partner chain's success is reliably being able to diversify the type of apparel products it can manufacture. Cem Altan, a board member for IHKIB, says that Turkey' s apparel industry is the second-biggest supplier in hosiery worldwide and is a leader in denim manufacturing.

But since factories throughout the country are working with their own raw materials, the range of apparel certainly doesn' t end there, with production ongoing for T-shirts, jerseys, knitted wear, outer wear and socks, among many others.

"This partner chain mentality puts a significant responsibility on the shoulders of the manufacturer," Gültepe said. "The manufacturer must take full responsibility of the quality of product the apparel brand is seeking, since the brand itself ultimately is most impacted by whether the consumer is satisfied with the end garment."

The brand and the manufacturer also must build out trust by coming to an understanding on what the common goals are for both businesses. They must be on the same page on sustainability measures, such as how to save water and promote clean air initiatives, and also how to maintain solid financial footing as well, particularly in the wake of the pandemic.

Eliminating supply chain overlaps

One common issue within apparel supply chains, particularly overseas where communication doesn't always occur in real time, is the overlapping of certain processes, says IHKIB board member Mehmet Kaya.

"Whether it is through redundancies in design and sampling, particularly as many brands and manufacturers relied on physical samples, the IHKIB is looking to mitigate partner chain overlaps," Kaya said. "The association is promoting digitization, particularly the use of software tools to eliminate overlapping activities and help the companies to increase their profitability and save their margins."

Before 3D sampling, the sampling phase between producers and buyers lasted longer, emphasized Ismail Kolunsa?, board member of IHKIB.

"When the customer asked for a small sample change, this would force the restart of the whole process. Now, it takes only a few minutes to apply changes," said Kolunsa?. "If brands are using the same software system as manufacturers, they do not have to ask for a change, as they can do this on their own."

Both sides also operate on a collaborative approach when it comes to design: in some cases, Turkish apparel companies already do the design for buyers and brands, which then simply choose the looks from those offered by the manufacturer. However, the buyers may also contribute their own design ideas to the apparel manufacturer, creating new collections based on the cooperative approach.

Turkey's geographical advantage

Straddling Europe and Asia, Turkey's geographical positioning is ideal for handling a supply chain in a way that offers distinct competitive advantages. Retailers that have networks in both continents would benefit from sourcing raw materials from a region that bridges both sides, as opposed to a Belgian retailer needing all of its goods to come from Vietnam or an Israeli brand having to source materials from Germany or Italy.

Another IHKIB board member, Haldun Boz, estimates that delivery from Turkey to the U.S. market takes approximately 10 days by ship or two days by air—or slightly longer to reach the Western U.S. For nations throughout Europe, Asia and Africa, the turnaround time from Turkey is even faster. For example, supplying to Italy only takes three days by truck shipments. That's compared to deliveries from East Asia, which normally take more than a week.

The Turkish apparel industry is already in great standing with the European Union, serving as the third-leading supplier to the group of 27 countries, with an 11 percent market share of apparel distributed. And while cotton and other raw materials are produced in Turkey, it produces the most yarn in Europe. Additionally, although the U.K. officially left the E.U. at the end of 2020, the countries extended their free trade deal that ensures tariff-free shipment arrangements.

Source: ccfgroup.com– Feb 23, 2021

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Nigeria's cotton market sees rebound after textile forex ban

Nigeria's cotton market has witnessed a marginal rebound almost two years after the Central Bank of Nigeria blocked traders from having official access to forex for the importation of textiles into the country.

The volume of production and consumption of cotton in the country rose by at least 7.5 per cent in 2020 after the figures dipped in 2019, according to data from the United States Department Of Agriculture (USDA), analysed by PREMIUM TIMES.

The rise was a far cry from figures recorded between 2006 and 2011.

In 2006, cotton production reached 1.8 million tonnes while consumption stood at 1.7 million tonnes, the data show. Both fell to 920,000 metric tonnes and 690,000 metric tonnes respectively by 2014.

By 2019, when the CBN restricted foreign exchange for textile products imports in a bid to revive the local fabric production industry, Nigeria's cotton production stood at 920,000 metric tonnes while consumption stood at 805,000 metric tonnes.

In 2020, a year after, production surged to 1.6 million metric tonnes while consumption jumped to 989,000 metric tonnes.

Farmers say the restriction has helped their businesses in many ways.

Those who spoke to PREMIUM TIMES said the decision has paid off and has resulted in the creation of ginnery across the country, job creation, and the overall growth of the textile industry.

Anibe Achimugu, the president of the National Cotton Farmers Association of Nigeria, said the restriction of forex on textile imports was a game-changer to the industry.

Source: premiumtimesng.com– Feb 23, 2021

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Bangladesh stood 3rd as top apparel supplier in US in 2020

The biggest apparel importer USA has witnessed a dip in its apparel imports during 2020 – both value-wise and volume-wise, according to the latest data of OTEXA.

US imported 2.31 billion SME of apparels in 2020 valuing the US $ 64.07 billion down by 16.37% and 23.46%, respectively.

Y-o-Y % Change in Volume-wise Apparel Exports to the USA from Top 10 Countries: (Comparison between 2019 and 2020) (Qty in million SME)			
Countries	**2019**	**2020**	**% Change**
World	27,660.75	23,132.80	(-) 16.37
China	11,049.94	8,466.40	(-) 23.38
Vietnam	3,947.56	3,787.71	(-) 4.05
Bangladesh	2,009.79	1,889.63	(-) 5.98
Cambodia	1,042.88	1,127.38	8.1
Indonesia	1,129.18	922.12	(-) 18.34
India	1,118.56	904.73	(-) 19.12
Honduras	1,004.40	681.19	(-) 32.18
Mexico	789	679.95	(-) 13.82
Pakistan	598.51	630.91	5.42
El Salvador	745.16	492.03	(-) 33.97

Y-o-Y % Change in Value-wise Apparel Exports to the USA from Top 10 Countries:			
(Comparison between 2019 and 2020) (Values in the US $ million)			
Countries	2,019.00	2,020.00	% Change
World	83,704.74	64,070.48	(-) 23.46
China	24,911.09	15,154.79	(-) 39.16
Vietnam	13,552.22	12,570.07	(-) 7.25
Bangladesh	5,924.32	5,229.16	(-) 11.73
Indonesia	4,398.90	3,514.98	(-) 20.09
India	4,058.36	3,020.07	(-) 25.58
Cambodia	2,677.79	2,823.80	5.45
Mexico	3,124.43	2,203.19	(-) 29.49
Honduras	2,792.86	1,826.46	(-) 34.60
Jordan	1,781.19	1,527.33	(-) 14.25
Sri Lanka	1,796.37	1,463.23	(-) 18.55

In consequence, all top apparel exporter countries saw a fall in their respective exports to the US due to the COVID-19 pandemic outbreak.

As far as volume-wise import of US is concerned, China Indonesia and India's apparel shipment fell in double digits, while Vietnam and Bangladesh declined in single digits.

What's notable is that Cambodia grew both in volumes and values in its apparel shipment to the US in 2020 over 2019.

In volume terms, Cambodia even surpassed Indonesia and India to climb to the 4th spot after China, Vietnam and Bangladesh from 6th rank in the 2019 tally.

Source: ccfgroup.com– Feb 23, 2021

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ITC supports improvement of international competitiveness of Tajikistan's textile and clothing sector

The International Trade Center (ITC) provides intensive training courses on improving sewing performance for 34 professionals from Tajik clothing companies and universities.

In Dushanbe, this five-day course was launched on February 22 and similar training course will be launched in Khujand, the capital of Sughd province, on March 1. Under ITC's GTEX Tajikistan team's supervision, the experts from Skilift Consulting, an Indian management-consulting firm, are delivering the sessions for the two groups.

According to ITC Tajikistan, the training courses aim to cover the latest trends in sewing techniques for the clothing sector. Participants will learn to improve their skill and sewing process and reorganize the production to achieve the best results, among other activities proposed. Besides the theory, the group will also have practical exercises on team management and training methodology for future operators.

Mr. Nanthakumar Kandasamy, the expert from Skilift Consulting, explains that the knowledge acquired in these sessions will help participants replicate their experience with other employees. "Our goal is to share the know-how that can beneficiate several Tajik clothing companies. By expanding the reach of these lessons, we expect enterprises to improve by more than 20% of their productivity" Kandasamy said.

In addition to the courses, the experts from Skilift Consulting during March 8-12 2021 will visit selected companies in Dushanbe, Khatlon and Sughd. During the visits, they will analyze the companies' sewing process, meet with the trained trainers, provide inputs on management as well as assist them in measuring the improvements in their production.

The International Trade Center's Global Textiles and Clothing Program (GTEX) is a four-year program funded by the Government of Switzerland. The GTEX program provides support to Textile and Clothing (T&C) companies in Central Asia (Kyrgyzstan and Tajikistan) and the Middle East and North Africa (Egypt, Morocco and Tunisia). The program's goal is to promote T&C exports and to stimulate employment and income generation along the value chain.

Source: asiaplustj.info– Feb 22, 2021

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US's biggest denim supplier in 2020? Bangladesh

In 2020, Bangladesh exported denim products worth $561 million to the US

Bangladesh became the largest denim exporter to the US last year, in what can be viewed as a bright spot for the country's beleaguered garment sector that has been hit hard by the global coronavirus pandemic.

In 2020, Bangladesh exported denim products worth $561 million to the US, down by nearly 4 per cent from a year earlier, according to data from the US Office of Textiles and Apparel.

However, it was enough to give Bangladesh a market share of about 20 per cent, up from 15.7 per cent from a year earlier.

"This was a result of our relentless and collaborative efforts," said Faruque Hassan, managing director of Giant Group.

Mexico, which became the market leader in the US for denim products in 2019, saw its share contract to 16.7 per cent from 21.5 per cent last year.

China, which was in pole position until 2018, saw its share of the US's $2.8 billion-denim market shrink further to about 11.9 per cent from 18.6 per cent a year earlier.

Vietnam, which is biting at Bangladesh's heels in the global apparel trade, saw its share of the market increase steadily over the past five years. It now stands at number three position, a notch above China.

In the last few years, Bangladesh witnessed a huge amount of investment in denim fabric manufacturing, which increased the country's production capacity to reduce import dependency for fabrics, said Sayeed Ahmad Chowdhury, director of Square Denim.

As denim manufacturers now can purchase denim fabrics from local sources easily, the lead time to ship products came down drastically from the previous years.

"This helped a lot to manufacturers to attract more buyers, which is also an opportunity for us to grab more market share in export destinations," he added.

In the last couple of years, Bangladesh's capacity to meet the demand for denim fabrics rose to nearly 50 per cent from 30 per cent a few years ago, according to industry people.

There are 32 mills producing denim fabrics for the export-oriented denim manufacturers, according to the Bangladesh Textile Mills Association.

“On the other hand, we were able to start production after the Covid-induced lockdown earlier than Mexico. Mexico lost the market and we gained from their losses, but it is not an ideal situation to compare,” Chowdhury said.

In addition, the US-China trade conflict and the relocation of Chinese investment helped Bangladesh to grab more market share.

The US policy on banning procurement of cotton and even raw materials from China's Xinjiang region was a blessing for Bangladesh, said Sharif Zahir, managing director of Ananta Denim Technology.

“Since we are strong in denim manufacturing, buyers were diverted here and placed more orders.”

Besides, the trade war and the then uncertainty caused by the Trump administration also compelled buyers to relocate their businesses.

However, the prices of goods is a big concern for the exporters: the raw material prices have gone up but the buyers are not calibrating their prices, Zahir added.

“To attract buyers' attention and present your products to global consumers, you need to promote through exhibitions. For the last few years, I did it through several expos focusing only on denim products,” said Mostafiz Uddin, founder of the Bangladesh Denim Expo.

The expos informed the local manufacturers of the latest trends and also brought in technological know-how.

“Today's success is a result of our nurturing of the last six years. As a manufacturer, we spent a lot to innovate and develop new products.”

For instance, the washing technology developed locally helped manufacturers to produce value-added items, said Uddin, also the managing director of Denim Expert, a leading denim manufacturer.

To retain the momentum, promotional activities and research and development must continue, he said, adding that the government and sector leaders can come forward.

“As a business leader, in the days to come, my focus would be promoting the sector by paving ways for high-value products. To this end, knowledge-based solutions must be looked into,” said Hassan, who is leading the Sammilita Parishad panel in the upcoming biennial polls of the Bangladesh Garment Manufacturers and Exporters’ Association.

Source: dhakatribune.com– Feb 24, 2021

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FDI in Pakistan down by 27% in first seven months, says report

Pakistan has seen a 27 per cent decline in the first seven months of the current fiscal, owing mainly to the fall in investment from its close ally China, a media report said on Tuesday.

The Foreign Direct Investment (FDI) in Pakistan during the first seven years fell by 27 per cent compared to the same period last fiscal year, Dawn newspaper reported, quoting the State Bank of Pakistan (SBP) as saying.

The SBP, the central bank, on Monday said that the FDI during July-January FY-21 was USD 1.145 billion against an inflow of USD 1.577bn in the same period last fiscal year.

The inflow during January was USD 192.7 million compared to USD 219 million in the same month of the previous fiscal year, registering a 12 per cent decline.

However, the seven-month decline was mainly due to a decline in net FDI from China and increase in net outflow to Norway, the report said.

The country-wise details showed that net inflow of FDI from China was USD 402.8 million against USD 502.6 million in the same period of last fiscal year.

So far, the net FDI from China is the highest in the list of inflows from other countries.

The inflows from China were USD 707.2 million during the seven months but the outflow of USD 304.4 million in the same period reduced the net FDI to USD 402.8 million.

Others from where over USD 100 million net FDIs were received were the Netherlands and Hong Kong, as they invested USD 122 million and USD 105 million, respectively, during the first seven months of FY21.

The inflows of FDI from the UK (USD 83.8m), the US (USD 73.5m) and Malta (USD 60.6m) were also significant during the seven months.

However, a drastic change in the inflows from Norway affected the overall inflow of FDI this year.

The SBP data shows that during the seven months of the previous fiscal year, the inflow from Norway was USD 288.5 million, while in the seven months of the current financial year a net outflow of USD 25.8 million was noted instead of any inflow from the Scandinavian country.

The power sector attracted the highest investment of USD 475.8 m against USD 373 m in the same period of last financial year; an increase of 27.6 per cent.

Source: business-standard.com– Feb 23, 2021

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Pakistan: Current account deficit: good tidings?

The current account deficit tamed in January 2021 (versus Dec 2020) to $229 million. The era of monthly surpluses is gone. Nonetheless, the 7MFY21 surplus is standing at $912 million (0.6% of GDP) as compared to deficit of $2.5 billion (1.6% of GDP) in the same period last year. The full year current account deficit will remain well within 1 percent of GDP.

However, with pickup in economic activities and soaring international oil (and other commodities) prices, surpluses may well be over. Low travel is still giving cushion in terms of higher remittances, and less services imports (due to low travel, ticket, and other expenses).

The direct impact of low travel is still in favour; but the indirect impact (due to low oil prices) is vanishing; as with speeding up of vaccination, the oil prices are already up in anticipation of opening up of travel. This will strain the import bill in Pakistan.

Balance of Payments : January-2021

Source : SBP	July-June		Oct^R	Nov^R	Dec^R	January		7MFY21 (July-Jan)	
US ($) mn	FY19	FY20	2020	2020	2020	2021	2020	FY21^P	FY20
Current account balance	(13,434)	(2,970)	415	513	(652)	(229)	(512)	912	(2,544)
Balance on Trade in Goods	(27,612)	(19,910)	(1,512)	(1,841)	(2,762)	(2,344)	(1,855)	(13,742)	(11,598)
Exports of Goods FOB	24,257	22,507	1,960	2,238	2,252	2,093	2,053	13,897	14,446
Imports of Goods FOB	51,869	42,417	3,472	4,079	5,014	4,437	3,908	27,639	26,044
Balance on Trade in Services	(4,970)	(2,827)	(280)	(36)	(140)	(126)	(196)	(1,115)	(1,893)
Balance on Primary Income	(5,610)	(5,682)	(413)	(279)	(540)	(339)	(461)	(3,060)	(3,612)
Balance on Secondary Income	24,758	25,449	2,620	2,669	2,790	2,580	2,000	18,829	14,559
Workers' Remittances	21,740	23,131	2,284	2,339	2,437	2,274	1,907	16,477	13,278
Net Reserves with SBP	7,285	12,132	12,183	13,112	13,412	13,031	12,274	13,031	12,274
Current Account % of GDP	-4.8	-1.1	1.8	2.2	-2.8	-1.0	-2.3	0.6	-1.6

Source : SBP

Imports in January 2021 stood at $4.4 billion - down by 12 percent from Dec 2020. It was expected. In Dec 2020, SBP imports were of the same level as of PBS. That was an anomaly as PBS imports incorporate freight and other charges.

Historically, the average monthly discount of SBP imports to PBS imports is at $330-350 million. In Jan 2021, PBS imports stood at $4.8 billion and the SBP at $4.4 billion – as per historic norm.

Within 7MFY21 PBS based imports, the highest growth is in food items – up by 51 percent to $4.7 billion. The main culprits are wheat and sugar. Palm oil imports are up by 37 percent (quantity up by 10 percent). This is primarily due to higher prices of Covid related supply chain breakdown.

This is likely to normalize, and so will wheat and sugar imports. The food imports bill growth will be tamed. Machinery imports are up by 2 percent to $5.2 billion. Within it, 35 percent is of power sector related imports. The highest growth is in mobile phones (although its classification as machinery imports is anomalous) up by 49 percent to $1.1 billion in 7MFY21. This is due to shifting of the mobile phone imports to legal channel after implementation of DIRBS. Barring mobile phone, machinery imports are down by 11 percent.

Transport imports are up by 48 percent to $1.4 billion. Low interest rates and number of new cars launched in the market are creating this growth. The CBU cars imports are up by 166 percent to $116 million. The CKD imports of cars grew by 79 percent to $468 million.

The savior is petroleum imports - down by 21 percent. Thanks to the low oil prices – Brent averaged at $45.2/barrel in 7MFY21 versus $62.5/barrel in the same period last year. The price is down by 27 percent and the import bill is down by 21 percent – implying higher volumes this year – petroleum products volumes are up by 43 percent and crude volumes are up by 15 percent.

The higher growth in products is due to curb in smuggling – especially from Iranian route. Now with oil prices flirting over $60/barrel, petroleum imports bill will soar in months to come. The RLNG imports are up by 47 percent. With falling domestic gas share in the pie, RLNG imports will grow further in years to come.

Exports in Jan 2021 stood at $2.1 billion - down by 7 percent from Dec 2020. The exports in 2QFY20 (Oct20-Dec20) at $6.5 billion are the highest since 4QFY11. In 4QFY11, the cotton index was by far at the highest ever level (at $4.57/Kg). In the 2QFY20, the cotton index was at $1.72/kg. One can safely say that at these volumes, last quarter exports were the highest ever.

The story of textile is well established. There is decline in exports of cotton cloth (9%) and cotton yarn (24%). That yarn and cloth is being used within country to add value. Every item in the value-added segment is heading north - knitwear up by 19 percent, bedwear by 16 percent, towels by 20 percent and readymade garments by 5 percent.

The downside is the poor cotton crop in Pakistan. The projected production this year is at 35 years low. This is resulting in imports of cotton – up by 2.7 times to $715 million. Had this cotton being produced at home, net exports of textile would have been higher. The cotton crop decline in production is mainly due to poor yield, not substitution of crop.

The overall good trade balance (SBP) is worsened by 18 percent to 13.7 billion in 7MFY21 – imports are up by 6 percent and exports are down by 4 percent. The savior is imports of services - down by 14 percent to $4.5 billion. This is sheerly due to low travel as air ticketing and hoteling etc expenses are down. The trade deficit of goods and services is up by 10 percent to $14.9 billion.

The main reason for having current account surplus is none other than home remittances and other current transfers. Worker remittances are up by 24 percent to $16.5 billion. The other current transfer (including charity and donations) increased by 105 percent to $2.4 billion.

The current account deficit will remain mild till the travel is restricted. The efforts from government and SBP are required to make these changes sticky and to make this increase permanent.

Source: brecorder.com– Feb 24, 2021

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Pakistan: Sri Lanka too can benefit from CPEC: PM

Pakistan and Sri Lanka on Tuesday agreed to further strengthen bilateral relations in diverse areas, including trade, investment, science and technology, and culture through enhanced connectivity.

"My visit is aimed at strengthening bilateral relationship [with Sri Lanka], especially trade and economic ties through enhanced connectivity," Prime Minister Imran Khan said while addressing a joint press conference with his Sri Lankan counterpart Mahinda Rajapaksa here after holding one-on-one and delegation talks.

Imran Khan said since Pakistan was part of the Chinese president's Belt and Road Initiative through its flagship China Pakistan Economic Corridor (CPEC) project, Sri Lanka could benefit from it through enhanced connectivity up to the Central Asian states.

The prime minister, who is in Sri Lanka on a two-day visit, said he had asked his delegation to explore ways and means to enhance trade and economic relations between the two countries through increased connectivity.

Imran Khan said with Pakistan having faced the worst kind of terrorism for 10 years which took the lives of over 70,000 and Sri Lanka also facing the menace for 30 years, the two countries shared the common problem. He mentioned the role played by Pakistan in addressing the problem of terrorism in Sri Lanka that was hindering its progress and development.

The prime minister said with 10 years of terrorism, there hardly came any investment in Pakistan and Sri Lanka also faced similar problems. Now Pakistan and Sri Lanka like other countries of world faced the situation of coronavirus, he added. The poor and developing nations were badly hit by COVID-19 in terms of economy, he remarked.

Imran Khan said during the talks, the two sides discussed how the poor and developing countries could get debt relief from the developed world as well as the international financial institutions.

Highlighting the gravity of economic situation faced by the developing countries due to the Covid-19 pandemic, Imran Khan said Pakistan had provided a stimulus package of $8 billion as compared to $3,000 billion provided by the United States to its people.

With the situation of discrepancy of resource allocation found between the developed and developing worlds to deal with Covid-19, the United Nations and other international institutions should step in to help the poor and developing nations, he added.

Coming back to the bilateral relations, Imran Khan said Pakistan having various heritage sites was home to ancient civilizations of Gandhara and Budhism. A biggest Budha had recently been found in the country, he added.

The prime minister, who extended an invitation to his Sri Lankan counterpart to visit Pakistan, also stressed for enhanced cooperation between the two countries in the field of cultural tourism. Imran Khan said he was not stranger in Sri Lanka as he had been visiting the country from his cricketing period and played several cricket matches.

He recalled how Sri Lankan cricket revolutionized and became the world class team. Sri Lankan Prime Minister Mahinda Rajapaksa told the media-persons that they discussed regional and international issues of mutual interest, besides ways and means to strengthen bilateral ties.

He said during the meeting, the two sides agreed to enhance cooperation between Pakistan and Sri Lanka in diverse areas, including trade, investment, science and technology, education and culture.

Imran Khan and his Sri Lankan counterpart on the occasion also witnessed the signing of five memorandums of understanding (MOUs) for enhanced bilateral cooperation in the fields of investment, science and technology, and industrial technology.

Prime Minister Imran Khan is the first head of government to visit Sri Lanka after President Gotabaya Rajapaksa and Prime Minister Mahinda Rajapaksa assumed office last year, which was reflective of the importance both the countries attach to their important relationship.

Imran Khan is visiting Sri Lanka on the invitation of Prime Minister Mahinda Rajapaksa.

Source: brecorder.com– Feb 24, 2021

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Pakistan to affirm trade, economic ties with Japan

President Dr Arif Alvi has conveyed that the country values the significance of ever affirming ties with Japan since decades.

In an in-person meeting with Ambassador of Japan to the country, Kuniori Matsuda at Aiwan-e-Sadr today, he said Japan holds great potential of assisting Pakistan in various sectors to the Ambassador while President expressed the desire to further affirm trade and economic ties for the mutual benefits of the countries.

President Alvi highlighted that Japan could be facilitated by the country as it is filled with abundant business opportunities especially in sectors like, agriculture, automobile, information and textile.

He acknowledged the Japan s decision to suspend debt repayments under the Debt Service Suspension Initiative.

The President emphasized the need to increase frequency of bilateral exchanges at the highest level to further strengthen bilateral cooperation between the two countries.

The Japanese Ambassador greeted the President over the recently concluded Pakistan Navy's Multinational Maritime Exercise Aman-2021, further adding that it brought global recognition to the country.

Source: nation.com.pk– Feb 22, 2021

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Bangladesh-US ties: Momen-Blinken talks in Washington on Wednesday

Foreign Minister Dr AK Abdul Momen is scheduled to leave Dhaka tonight for Washington where he will have a series of meetings, including one with US Secretary of State Antony J Blinken.

There is no specific issue but they will have "broad-based" discussions as the new administration is in place in the US. "We want to develop a much solid relationship with the US," said Dr Momen.

With an upward trend in both way export and import, the total trade volume with the US jumped to US $4.1 billion in 2009 from US $1.5 billion in 1996, reflecting a 59.4 % increase in the total trade volume.

Since then, the figure showed an increasing trend of trade with the US with an amount of $6.4 billion in 2014 to $ 9 billion in 2019.

However, the trade figure with the US was US $3,405.4 million until mid-2020 despite the Covid-19 pandemic.

In 2018-19, Bangladesh export to the US was US $6.8 billion, including major exportable items, such as, woven apparel, knit apparel, miscellaneous textile products, cap, headgear, footwear, tobacco, snacks food, furniture, ceramic, toys, plastic items and artificial flowers.

Earlier, the foreign minister said, there were indications that the new US administration under President Joe Biden would look into the issue of genocide in the Rakhine State and will hopefully proactively take action for their safe return to Myanmar.

Source: thedailystar.net– Feb 22, 2021

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NATIONAL NEWS

India's GDP may turn positive at 1.3 pc in December quarter: Report

India's GDP may turn positive at 1.3 per cent in the third quarter of 2020-21, having witnessed contraction in the previous two quarters due to the coronavirus pandemic, as the number of cases is falling and public spending has started rising, according to a report.

The government will release the GDP numbers for the October-December quarter of the current fiscal on Friday.

Projecting that the gross domestic product (GDP) may have returned to the black in the last quarter of the calendar year 2020, DBS Bank in the report said the full-year growth in real terms may be at a negative 6.8 per cent.

DBS Group Research economist Radhika Rao said sharp improvement in the COVID-19 situation and rising public spending are the two factors that bode well for December 2020 quarter. India posted de-growth of 24 per cent and 7.5 per cent in GDP in first and second quarters ended June and September 2020, respectively.

The unlocking saw domestic demand benefit from festive tailwinds, pent-up consumption and pick-up in capacity utilisation alongside resumption in sectoral activities, DBS Research said.

The Economic Survey 2020-21 has projected the economy to grow 11 per cent in the next fiscal beginning April 1, a shade higher than the RBI's projection of 10.5 per cent. However, the International Monetary Fund (IMF) expects India to grow at 11.5 per cent in 2021.

After a slow start to the year, public spending accelerated in the second half of 2020-21; disbursements picked up sharply to 29 per cent in the December 2020 quarter over (-)12 per cent in the September 2020 quarter. It expects contribution from net exports to weaken as import growth declined to a small extent because of production restart as well as accelerated public investment push.

"Real GDP growth in 3QFY (4Q20) is seen at 1.3 per cent versus (-)7.5 per cent in the quarter before," DBS Research said.

Farm output will continue to add to growth, aided by firmer manufacturing output and among services, financial and public administration are likely to fare better than contact intensive activities like travel, airlines and tourism, it added.

"We peg 3QFY GVA (gross value added) estimate at 1.6 per cent. Full-year real GDP growth in FY21 is expected to register (-)6.8 per cent, before cyclical tailwinds and base effects lift full-year FY22 to 10.5 per cent, assuming a well-contained caseload and on-track vaccination programme," it said.

Acknowledging the recent rise in virus cases in states such as Maharashtra and the precautionary measures deployed, DBS said vaccination is ongoing to meet the intended frontline needs before widening the outreach to people above 50 and with comorbidities.

On the inflation front, it said the previously elevated food inflation is tapering off in early 2021, causing the headline inflation to retreat from 6.9 per cent in November to 4.1 per cent in January this year.

Retail inflation averaged 6.6 per cent during 2020 in India, above the Reserve Bank of India's (RBI) target of 4 per cent and upper threshold of the target at 6 per cent. "We also observe that supply-side disruptions that had caused a wide gulf between retail food and wholesale food during the height of the lockdown have since narrowed.

"Heading into FY22, while food inflation eases, core inflation is expected to prove sticky due to higher non-food forces via higher industrial commodity prices, bounce in global oil, domestic fuel tax rigidity…" said the report.
According to DBS, the RBI has a headroom to stick to its accommodative policy bias because of rebound in economic activity and the near-term pullback in inflation.

"As the cyclical rebound gains momentum, along with firmer core inflation and commodity price increases, pressure to normalise policy is likely to surface," it said.

The RBI has kept the key policy rate repo (at which banks take short-term capital from RBI) unchanged for the third consecutive time earlier this month at 4 per cent, while announcing the last monetary policy review of this fiscal.

“Liquidity management is likely to be the first stop but needs to be juggled with stable borrowing.

“We expect liquidity normalisation to be calibrated and incremental during the course of the year, accompanied by a reverse repo hike of 25bps in 2H21 and a change in the rate stance from ‘accommodative’ to ‘neutral’,” it said. No change is expected in the repo rate this year, DBS Research added.

Source: financialexpress.com– Feb 23, 2021

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India and Mauritius sign Comprehensive Economic Cooperation and Partnership Agreement

Dr Anup Wadhawan, Commerce Secretary, Government of India, and Ambassador Mr. Haymandoyal Dillum, Secretary of Foreign Affairs, Regional Integration and International Trade, Government of Mauritius signed the India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA) in Port Louis yesterday, in the august presence of Prime Minister of Mauritius Mr Pravind Jugnauth, and External Affairs Minister, Govt of India, Mr S. Jaishankar.

CECPA is the first trade Agreement signed by India with a country in Africa. The Agreement is a limited agreement, which will cover Trade in Goods, Rules of Origin, Trade in Services, Technical Barriers to Trade (TBT), Sanitary and Phytosanitary (SPS) measures, Dispute Settlement, Movement of Natural Persons, Telecom, Financial services, Customs Procedures and Cooperation in other Areas

Impact/benefits: CECPA provides for an institutional mechanism to encourage and improve trade between the two countries. The CECPA between India and Mauritius covers 310 export items for India, including food stuff and beverages (80 lines), agricultural products (25 lines), textile and textile articles (27 lines), base metals and articles thereof (32 lines), electricals and electronic item (13 lines), plastics and chemicals (20 lines), wood and articles thereof (15 lines), and others. Mauritius will benefit from preferential market access into India for its 615 products, including frozen fish, speciality sugar, biscuits, fresh fruits, juices, mineral water, beer, alcoholic drinks, soaps, bags, medical and surgical equipment, and apparel.

As regards trade in services, Indian service providers will have access to around 115 sub-sectors from the 11 broad service sectors, such as professional services, computer related services, research & development, other business services, telecommunication, construction, distribution, education, environmental, financial, tourism & travel related, recreational, yoga, audio-visual services, and transport services.

India has offered around 95 sub-sectors from the 11 broad services sectors, including professional services, R&D, other business services, telecommunication, financial, distribution, higher education, environmental, health, tourism and travel related services, recreational services and transport services.

Both sides have also agreed to negotiate an Automatic Trigger Safeguard Mechanism (ATSM) for a limited number of highly sensitive products within two years of the Signing of the Agreement.

Timelines: The Agreement will come into force at an early date.

The India-Mauritius CECPA will further cement the already deep and special relations between the two countries.

Source: pib.gov.in– Feb 23, 2021

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RoDTEP scheme: Textile Ministry seeks info on refund rates for garment exporters

Commerce Ministry has announced new scheme, RoDTEP, from January 1, 2021 to compensate exporters for the input taxes not reimbursed under existing schemes

Concerned about the fate of exporters from the garments and made-ups sector who had to shift to the new incentive scheme, Remission of Duties and Taxes on Export Products (RoDTEP), from January 1 2021, the Textiles Ministry has sought details from the Commerce Ministry on the rates of reimbursement they will be entitled to, a source closely tracking the matter has said.

“Exporters of garments and made-ups are nervous as they have no idea what reimbursement rates they will get under the new RoDTEP scheme and whether they would be comparable to the earlier scheme RoSCTL. The Textiles Ministry therefore wants to find out what the rates are before they are announced so it can have some say in the matter," the official told BusinessLine.

The Commerce & Industry Ministry announced the implementation of the RoDTEP scheme for goods exports from January 1, 2021 to compensate exporters for the input taxes not reimbursed under existing schemes, including embedded levies (such as mandi tax, stamp duty etc.).

The popular Merchandise Export from India Scheme (MEIS) scheme was simultaneously withdrawn as it was ruled as a banned export subsidy by a WTO panel since the reimbursement rates were not calculated strictly on the basis of input taxes paid.

As the outlay for RoDTEP is set to be much lower than the over ₹ 50,000 crore allocated for the MEIS, there are expected to be cuts in reimbursement rates.

“Exporters do not have any issues with an alternative incentive scheme as long as they are not losing out in terms of the rates. Since the Commerce Ministry is yet to announce the rates for different sectors, the discomfort is growing as exporters do not know on what basis they should price their products,” the source said.

Exporters of garments and made-ups (items stitched from any type of cloth, other than a garment such as bed-sheets, cushion covers, lamp-shades etc) are especially concerned as they had already shifted from the MEIS to a new scheme called the Rebate of State and Central Taxes and Levies (RoSCTL) scheme in 2019 to mitigate the incidence of State VAT and other State taxes (including embedded taxes) that was seen as being WTO compatible. While they were under the impression that the reimbursement rates that were fixed at around 6 per cent of the value of exports of garments and around 8 per cent for made-ups would remain the same under RoDTEP, now they are not sure, the source said.

“Textile Ministry officials had got in touch with the G K Pillai Committee working out the RoDTEP rates to find out what it had proposed for garments and made-ups. However, they were directed to the Commerce Ministry, which has already received a draft report from the committee with the rates proposed for a number of items. The Textile Ministry has now sought information from the Commerce Ministry which hopefully it will get soon,” the source said.

Source: thehindubusinessline.com– Feb 23, 2021

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India looking to become self-reliant in silk sector in next two years: Union textile minister Smriti Irani

The government is looking to ensure that India become self-reliant in the silk sector in the next two years, Union Minister Smriti Irani said on Tuesday.

The Minister of Textiles and Women & Child Development said that the recent Budget has brought cheer to the textile industry with the announcement of seven mega textile parks.

Addressing the inaugural session of the Karnataka Vastra Tek – Apparel & Textile Conclave organised by the Department of Handloom and Textiles, Government of Karnataka in association with FICCI Karnataka State Council, Irani elaborated on the growth of the silk sector in the state. She also said that Karnataka reigns in the realm of silk.

"Under the Silk Samagra Program, the Government of India dedicated specifically over Rs 2,000 crore for the development of silk. I am hopeful that the industry gives the state of Karnataka ideas, proposals or initiatives that can make our country Aatmanirbhar in silk. We in the Ministry of Textiles are looking at the next two years to ensure that India is self-reliant in the space of silk," she said.

On the future of textiles in the state of Karnataka, the minister said that the Minimum Support Price operations for cotton procurement by the Cotton Corporation of India has touched over Rs 359 crore in the state.

"From 2014-15 to this year, the Ministry of Textiles has extended support of over Ra 1,622 crore only for cotton procurement and MSP operations benefiting over 1.67 lakh farmers," she said.
Highlighting the importance of the handicraft sector, the minister said that 'Pehchaan Cards' or identity cards were distributed to over 26,000 artisans.

The latest handloom census has brought to light that there are over 50,000 weavers in Karnataka who are looking at new opportunities digitally to expand their markets.

She further suggested that on lines of the GeM portal that has brought on board over 1,50,000 weavers from across the country, a similar digital opportunity is given to the marketing of artisans and weavers of Karnataka.

The textiles and the apparel sectors were tested as an industry during the COVID times and “we rose to that challenge nationally and internationally by becoming the second largest manufacturers of PPE suits,” Irani said.

“The fact that we could turn around our manufacturing processes in less than 60 days to meet the immediate need of our country speaks volume and is a testimony to the talent of the textile industry,” she added.

Source: financialexpress.com– Feb 22, 2021

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India's exports to China top $20 b in 2020

Shipments rise 16.15%; imports fall 10.87% to $66.78 b; trade deficit narrows to $45.91 b

India's annual exports to China crossed the $20-billion mark for the first time in 2020 with shipments rising 16.15 per cent to $20.87 billion, per data collated from Indian and Chinese agencies.

Imports from China during the last calender year shrunk 10.87 per cent to $66.78 billion resulting in the narrowing of trade deficit by 19.39 per cent to $45.91 billion, according to the data. India-China bilateral trade during the year declined 5.64 per cent to $87.65 billion.

Top exports that witnessed a steep rise include primary commodities such as iron ore as well as metals and metal products including iron & steel, aluminium and copper.

Agriculture exports to the country witnessed an increase of 58.99 per cent to $199.14 million. This rise was led by cane sugar (387.5 per cent), soyabean oil (3050 per cent), rice (184 per cent) and vegetables fats and oils (415 per cent). But exports of mangoes and fish oil fell to nil while tea exports declined 6.94 per cent and fresh grapes by 24.1 per cent.

Value-added exports

With only a small percentage of India's exports to China comprising manufactured items, many experts are of the view that the country has to focus on value-added exports. China has imposed several non-tariff barriers for items such as pharmaceuticals so the country needs to work around these.

In 2020, a steep rise was witnessed in India's exports of ores (75.35 per cent), iron and steel (336 per cent), aluminium (2023 per cent). With exports of iron and steel at $2.53 billion and aluminium and its articles at $640 million, India became the fourth and fifth largest exporter of the two commodities to China respectively.

The top imports from China that posted a decline are electrical machinery and equipment (-4.53 per cent), boilers, machinery and mechanical appliances (-7.68 per cent), plastics and related articles (-21.9 per cent), articles of iron and steel (-22.38 per cent), furniture (-14.73 per cent), fertilisers (-15.15 per cent), vehicle parts and accessories, including rolling stock (-7.62 per cent), toys and sports equipment (-4.44 per cent), iron and steel (-32.27 per cent), glass and glassware(-21.41 per cent), inorganic chemicals (-15.12 per cent), miscellaneous articles of base metals (-23.88 per cent) and ceramic products (-31.25 per cent).

Source: thehindubusinessline.com– Feb 23, 2021

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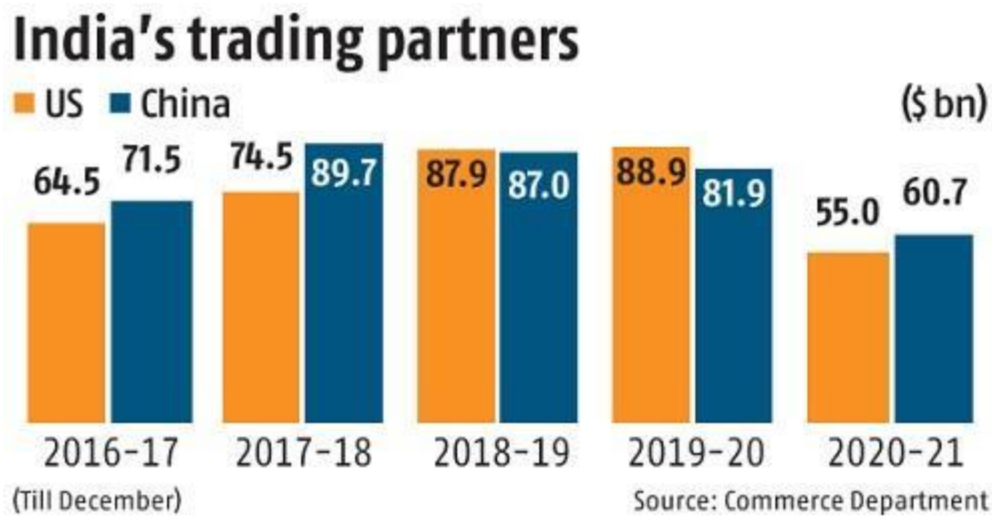
China becomes India's biggest trading partner in first 9 months of FY21

After being relegated to the second spot in the previous two fiscal years, China again became India's biggest trading partner in the first nine months of FY21.

This was despite heightened tensions between the two countries. However, while China has a huge trade surplus with India, the US has trade deficit with India.

For instance, China imported goods worth $15.3 from India and exported goods worth $45.4 billion to India, leaving a surplus of $30.1 billion for the neighbouring country during April-December.



China was the biggest exporter of goods to India and the US the biggest importer from India in the first nine months of the current fiscal year.

Source: business-standard.com– Feb 24, 2021

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Ethiopia seeks investment from Indian investors in priority sectors

Ethiopia on Tuesday sought investment from Indian investors in priority sectors and hoped bilateral trade and investment will grow in the years to come.

Ethiopian Ambassador Tizita Mulugeta listed the priority sectors of his country as textile and apparel, leather and leather products, pharmaceuticals, agro-processing, tourism, information and communciation technology and mining and energy.

The bilateral trade between India and Ethiopia stood at USD 1.27 billion in the recent past years. The government of Ethiopia has taken several initiatives to encourage investors from India in different sectors, Mulugeta said at an interactive session with Merchant Chamber of Commerce and Industry.

MCCI president Aakash Shah said Ethiopia is poised to emerge as a middle income country and a major manufacturing hub in Africa by 2025.

The two countries have very deep economic ties and there are over 558 Indian companies in Ethiopia with licensed investment of approximately USD 4 billion mostly in agriculture and manufacturing, he added.

Source: business-standard.com– Feb 24, 2021

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PLI Scheme should lead India towards innovation: Amitabh Kant

Speaking at a virtual interactive session at BioAsia 2021, Kant said some studies have indicated that the earlier scheme of 200 per cent tax incentive on Research and Development activities has been "misused".

"There has been good enthusiasm for these schemes. We have received over 215 applications from about 83 manufacturers. I personally think that the PLI scheme should lead us self-sufficiency in API (active pharmaceutical ingredient), but it should lead us for a big boost in innovative drug development," he said.

Telangana Minister for IT and Industries K T Rama Rao who also participated in the panel discussion said moves such as reduction of 200 per cent tax incentive to the present 100 per cent would act as counterproductive for innovation and discourage innovation such as new drug discovery, especially the NDA government's "Self-Reliant India" initiative.

"India is still known as a low-cost copycat destination. We dont really enjoy it when it comes to IPR or innovative products etc...This manufacturing linked incentive- R&D subsidy which has been reduced, this kind of works counter-productive to what we are trying to achieve when the hon'ble prime Minister talks about self-Reliant India," Rama Rao said.

Kant said there has to be greater cooperation between industry and academia for innovation and discoveries.

Kiran Mazumdar-Shaw, Executive Chairperson, Biocon, Swati Piramal, Vice Chairperson, Piramal Group, Nilesh Gupta, Managing Director, Lupin Ltd. and Sriram Shrinivasan, India Life Sciences Leader, EY also participated in the panel discussion.

Source: economictimes.indiatimes.com– Feb 23, 2021

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Commerce ministry should remove impossible conditions in SEZ rules: Expert

We are an EOU. We want to buy some capital goods earlier imported and used by a SEZ unit. The proviso to Rule 34 of SEZ Rules, 2006, at the relevant part (ii), says that in case a unit is unable to utilise goods or services imported or procured from DTA, it may sell them to another unit or to EOU/STP/EHTP/BTP, without payment of duty; or (iii) sell to EOU/STP/EHTP/BTP -- (a) on payment of IGST as applicable under section 5 of the IGST Act, 2017; and (b) without payment of duty of customs leviable thereon under the First Schedule to the Customs Tariff Act, 1975 and additional duty, if any, leviable thereon under sub-sections (1), (3) and (5) of section 3 of the said Act and such sale shall also be made without payment of IGST and compensation cess leviable thereon under sub-sections (7) and (9) of section 3 of the said Act, as per notification issued by the Department of Revenue and such exemptions, as applicable. This is very confusing. Could you please clarify?

This provision is badly drafted, because at (iii)(a), it says IGST must be paid, and at (iii)(b) it says IGST need not be paid. Since (iii)(a) and (iii)(b) are joined with "and", it means both conditions have to be fulfilled, which is impossible. The way to reconcile is to read this provision in harmony with Section 30 of the SEZ Act, 2005 and Rules 46(12) and 46(13) of the SEZ Rules, 2006 and arrive at a conclusion that the word "and" between (iii)(a) and (iii)(b) must be read as "or".

Then the meaning that emerges is that in case the SEZ unit sends the goods to EOU/STP/EHTP/BTP under the relevant Customs exemption notification 52/2003-Cus dated March 31, 2003, the exemption from BCD and IGST will be available. The Commerce Ministry should amend the Rule 34 suitably and also the Rules 46(12) and 46(13), as the procurement certificate has been replaced with the intimation prescribed under Rule 5 of Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

We had imported an item of capital equipment but during the commissioning stage, it was found that there was a design mistake. Foreign suppliers have asked us to return the equipment and they will refund the purchase price. Does it require the EDF/GR waiver route, because there will be a refund of the amount? Can we export it as our routine merchandise, as we regularly export products?

From what you say, it appears you have remitted the payment against original import and so that transaction is closed in IDPMS. Against the export of the imported capital goods, you expect to get the remittance. So, there is no case for seeking a GR/EDF waiver.

You can re-export the machine and claim drawback of the duty paid under Section 74 of the Customs Act, read with the Re-export of Imported Goods (Drawback of Customs Duties) Rules, 1995 and notification 19-Cus dated February 6, 1965.

Source: business-standard.com– Feb 23, 2021

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India-ASEAN Trade and Investment Prospects

The economic relationship between India and ASEAN began in 1992 as both regions recognized each other's trade capabilities. The relationship has since strengthened with India's growing manufacturing capacity and the rise of ASEAN's services sector exports, namely travel, transport, and business services.

The two regions share similarities in their levels of economic development; they are home to rapidly expanding markets and aim to address infrastructure challenges. These similarities offer space for continued and more diversified trade in goods and services as well as business-to-business engagement between India and ASEAN – tapping into the investment requirements of modernizing industries and domestic consumption trends in each other's markets.

Economic engagement in terms of the free movement of goods, services, and capital, thus, offers mutual benefits for India and ASEAN. This was the rationale that propelled the signing of the ASEAN-India Free Trade Agreement (AIFTA) in 2009. The trade treaty has definitely boosted bilateral trade.

According to a November 2019 report by the Ph.D. Chamber of Commerce and Industry, India's merchandise exports to ASEAN increased from US$23 billion in 2010 to US$36 billion in 2018 at a compound annual growth rate (CAGR) of about five percent, while its merchandise imports from the 10-member bloc increased from US$30 billion in 2010 to US$57 billion in 2018, at a CAGR of about eight percent. India's exports to ASEAN in 2019-20 were worth US$31.49 billion while its imports from the bloc reached US$55.37 billion.

In its trade with ASEAN, India has moved to eliminate tariffs on up to 75 percent of 12,000 tariff lines. A report from the National Institution for Transforming India (NITI Aayog) found that this had led to the trade balance worsening in 13 out of 21 sectors, including textiles, leather, and minerals. India's trade deficit with ASEAN countries is currently around US$24 billion and is why New Delhi remains keen to renegotiate the terms of the ASEAN-India FTA to ensure a more level playing field for Indian exports to ASEAN.

In this article, we break down key export-oriented industries that offer most value in terms of catering to ASEAN's market needs, trade advantages available to India in the ASEAN region, and finally investment opportunities in India for ASEAN-based businesses.
India's top export-oriented industries

In 2019, 47.8 percent of India's exports by value were delivered to fellow Asian countries; 19.3 percent were sold to European importers and 18.8 percent worth of goods were shipped to North America.

Among India's top 15 trading partners in 2019, Singapore came in fifth (US$10.7 billion or 3.3 percent), Malaysia twelfth (US$6.14 billion or 1.9 percent), and Vietnam fourteenth (US$5.49 billion or 1.7 percent). That year, India's top 10 exported goods accounted for three-fifths (60.2 percent) of the overall value of its global shipments.

- Mineral fuels including oil: US$44.1 billion (13.7 percent of total exports)
- Gems and precious metals: US$36.7 billion (11.4 percent of total exports)
- Machinery including computers: US$21.2 billion (6.6 percent of total exports)
- Organic chemicals: US$18.3 billion (5.7 percent of total exports)
- Vehicles: US$17.2 billion (5.3 percent of total exports)
- Pharmaceuticals: US$16.1 billion (5 percent of total exports)
- Electrical machinery and equipment: US$14.7 billion (4.5 percent of total exports)
- Iron and steel: US$9.7 billion (3 percent of total exports)
- Clothing and accessories (not knitted or crocheted): US$8.6 billion (2.7 percent of total exports)
- Knitted or crocheted clothing and accessories: US$7.9 billion (2.5 percent of total exports)

Click here for more details

Source: india-briefing.com– Feb 23, 2021

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Indian minister Gadkari inaugurates 50 SFURTI clusters in 18 states

Indian minister for micro, small and medium enterprises (MSME), road transport and highways Nitin Gadkari recently inaugurated 50 clusters for artisans spread over 18 states under the Scheme of Fund for Regeneration of Traditional Industries (SFURTI). Over 42,000 artisans have been supported in the clusters in the traditional segments of muslin, khadi, coir, handicraft, handlooms, wood craft, leather, pottery, carpet weaving, bamboo, agro processing and tea.

The MSME ministry has funded ₹85 crore for development of these 50 clusters. The ministry's SFURTI scheme aims to organise traditional industries and artisans into clusters to make them competitive and increase their income.

Gadkari said more research needs to be done on what kind of village products are required by consumers, and how to attractively design and market these products. He suggested that the National Institute of Design, Ahmedabad may be approached to improve the design and attractiveness of traditional products, an official release said.

A web portal is also required, on the lines of Amazon or Alibaba, to market these products effectively, both in India and abroad, he added.

The Minister also pointed out the need to step up the pace of formation of such clusters, since only 82 of the 371 announced so far are actually functional, and said a target of 5,000 clusters is easily achievable if red tape can be reduced.

These clusters are in Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal.

Source: fibre2fashion.com– Feb 24, 2021

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India set to manufacture containers to boost exports

Amid the Coronavirus pandemic, India has turned into a major supplier of rice grain, meat and other agriculture produce globally.

As India aims to boost its exports, the government is looking at manufacturing containers in a big way while developing a shipping line under the Atmanirbhar Bharat programme. Containers are required to ship goods. At present, India is solely dependent on the public sector

Shipping Corporation of India

While the Ministry of Ports, Shipping and Waterways has already set up a committee to study the feasibility of manufacturing containers at Bhavnagar in Gujarat, sources said that other such hubs are also being looked at.

Until now, most exporters have been relying primarily on Chinese containers. But with geopolitical contours changing rapidly, shortage of containers has hit exporters, who have had bear the additional burden of freight cost hike. India has reduced its imports from China amid rising political tension.

"We need to address the issue of containers at the earliest especially as we focus on boosting exports on one hand and reducing imports on the other," Ajay Sahai, director general, Federation of Indian Export Organisation told India Narrative.

Traffic at India's major ports touched 704.82 million tonnes in 2019-20, a report by India Brand Equity Foundation (IBEF) said.

Amid the Coronavirus pandemic, India has turned into a major supplier of rice grain, meat and other agriculture produce globally.

Shortage of containers, especially in the post Covid 19 era, has been causing delays in shipment of various goods.

"The issue of non-availability of containers has been brought to the notice of the government. As exports of rice has surged, the shortage of containers has proved to be a bid handicap. Going ahead, we expect global demand for rice from India to remain high and in order increase supply, it is critical to resolve this issue," Vinod Kaul, executive director, All India Rice Exporters' Association said.

In 2020, India's farm exports rose by about 10 per cent.

The IBEF report highlighted that Indian agricultural, horticultural and processed foods are currently exported to more than 100 countries, chief among them being the Middle East, Southeast Asia, SAARC countries, the EU, and the US.

India, which already supplies over 32 per cent of the global rice needs, witnessed an 80.4 per cent increase in exports of rice both basmati and non basmati during the April-December period of the current financial year touching 11.58 million tonnes. Exports of non Basmati rice alone accounted for an increase of 129 per cent.

Besides, India has been exporting meat, sugar, dairy products, honey, pulses.

Source: economictimes.com– Feb 23, 2021

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Labour demand and supply to digital platforms increase in India: ILO

Govts must come up with coherent, coordinated policies to ensure decent work opportunities on these platforms: Report

Covid-19 has impacted employment opportunities in digital labour platforms such as Amazon, Flipkart, Uber and Swiggy globally, but in India, both the demand and supply of work to these platforms have increased, according to the International Labour Organisation (ILO)'s World Employment and Social Outlook 2021.

The report asks governments around the world to come up with coherent and coordinated policies to ensure that these platforms provide decent work opportunities and foster the growth of sustainable businesses.

India tops the chart of labour suppliers in this category. The demand for work is mainly from developed world, but the supply of labour to these platforms is mainly from developing countries such as India, Bangladesh, Pakistan, the Philippines and Ukraine.

The report said India's share of total labour supply rose by about 8per cent between 2018 and 2020, while it declined in other developing countries, except Ukraine. The share of the supply of labour from the US has declined over the same period. "Given the large, highly educated English-speaking workforce in India, it is not surprising that the share of platform work completed by workers from that country is quite substantial," the report said.

It said the high global demand for software development and technology has also led to an increase in the supply of labour for these tasks. "The rise in the share of total supply coming from India was driven by an increase in the share of labour supply in software-related tasks, which is consistent with the extensive offshoring of IT, BPO and software services to India," it said. India has supplied a good number of labour to creative and multimedia services too.

Software development and tech

Both labour demand and labour supply increased in India from mid-March 2020 onwards, the report said. The increase in demand was driven by clerical and data entry, professional services, and software development and technology. It was 50 per cent higher than at the beginning of 2020. “The increased demand for software development and technology could be due to the need for software solutions that enable a smooth functioning of a remote working environment.

The increase in demand for work across other occupations could be attributed to the declining revenues of companies, and it is possible that many firms or clients were considering these platforms as a substitute for on-site work,” the report added. The report highlighted a steep increase in the number of registered workers across all occupations, except for professional services.

The report said the participation of women on online web-based platforms is lowest in India (21 per cent), while it is higher in Ukraine (39 per cent) and the US(41 per cent). In India, the share of women across all occupations is lower even in occupations such as writing and translation, which are female dominated in many other countries.

The report said the costs and benefits of digital platforms are not shared equally across the world. “Ninety-six per cent of investments in such platforms are concentrated in Asia, North America and Europe. Seventy per cent of revenues are concentrated in just two countries, the US and China,” it said.

Source: thehindubusinessline.com– Feb 23, 2021

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Linking fashion, crafts and livelihood

Luxury textiles and jewellery are not new to India. The maharajahs patronised guilds with master craftspeople working in fine weaving and embroideries for centuries. They created custom-made clothes and saris for royalty, some of which are yet to be matched for their sophisticated concepts and superb workmanship. Indian luxury goods have always been defined by their exceptional heritage value in that they were invariably handmade, using skills inherited over generations. Bespoke textiles in India, therefore, were never meant for mass consumption, but were produced under the patronage of kings and temples.

This order has changed radically in the western world. In the last five decades, many European fashion houses, created by highly talented but a small number of designers, have been bought over by multinational companies. They then began mass producing one-of-a-kind couture collections and sold them at enormously expensive prices. Marketing and not handcrafted quality dictated the sales, and technology started playing a large and vital part in the manufacture, till they were no longer totally hand-tooled.

In the post-pandemic world, we will need to look at a different concept of luxury goods, especially from an Indian perspective. There are at least 16 million craftspeople in India, whose works are not showcased in museums. The production of Indian luxury goods takes place in modest environments, mostly villages in the unorganised sector. What is not modest is the creativity and handiwork of the artistes who toil in relative obscurity. It is remarkable that this sector still functions in India.

In the absence of institutional support, bank credit and government financial packages, these artistes and craftspeople find no space or sympathy from any quarter. Handcrafted luxury goods are our inheritance and we have to find solutions which are innovative, and not leave it to the ministry of textiles alone.

The existence of our textile heritage is almost like a miracle. It has survived due to a number of accidental factors. In its initial phases, National Institute of Fashion Technology was born, which produced the first batches of Indian fashion designers. They were encouraged to show collections, which focused on artisanal handicrafts that had survived the test of time. Part of this was due to the relatively small financial outlay required to put together collections.

Though modest in commercial terms, the Indian fashion industry was able to create disproportionate hype across the country. It influenced the film world and found traction even in the rural hinterland, creating a unique identity. There was an aspiration to belong to this new fashion phenomenon, which was purely indigenous. This is rare anywhere in the world.

The media had just found its wings and was only endlessly happy to cover the flow of new collections from young designers. Glamorous wedding trousseaus echoed the feudal styles of the maharajahs of yore. Fashion designers were on top of their game in India and the trickle-down effect led to the celebration of folk arts such as bandhini, zardozi and the fabulous embroideries of Kutch. Handwoven Benarasi saris, paithanis and patolas from Gujarat were also showcased across the world. There was a premium on handmade textiles and garments.

In real terms, before the pandemic, the textile and apparel industry in India employed nearly 45 million people, next only to the agriculture sector. Handicraft exports from India to the United States increased 2% year on year; it was $3.39 billion in February 2020.

Today, we see a tragic reversal; export orders have dried up and domestic demand, crumbled. This has resulted in large-scale unemployment across the weaving, printing and embroidery communities, which have been hit the hardest, and which have little access to credit. The communities of weavers in Benaras and elsewhere have to rely on middlemen for loans to buy yarn. This way, they get trapped in a vicious cycle which leads to great impoverishment.

We will need fashion designers to become the catalysts in an industry on which so many livelihoods depend. A lot of small enterprises that survived on hype may shut shop. But with the depth of the crafts sector, there is some hope for continuing the tradition. As spending patterns become more conservative, people’s tastes also change, One hopes they will once again opt for what they understand — more classic designs, handwoven saris, authentic embroidery.

I am beginning to see a fashion renaissance of Indian textiles. Rohit Bal is experimenting with dyes sourced from black carrots, which are used to make kanji, a North Indian drink; it gives a lovely saffron colour to the cloth. Last heard, Rakesh Thakur is looking at yarns dyed in indigo. I am yet again seeking the genius of the kalamkari artistes from Machillipatnam who created the exquisite flowers and shoots that initiated the chintz rage in Europe. I hope, in this way, in India at least, fashion will become more organic and sustainable.

The real problem then lies with the marketing of these handicrafts. The textile ministry is making a conscious effort at documenting the crafts of the country. I sincerely hope that there are enough start-ups that can make these available in the virtual world. Websites don't need retail space or middlemen to sell India's rich legacy of handicrafts.

They can introduce India's vast treasure trove of luxury goods to the world. They can connect buyers with the craftsmen who make these rare luxury goods. This will revive interest in crafts. We have to think of innovative solutions to save our heritage. We owe this to future generations and to our craftspeople.

Source: hindustantimes.com– Feb 24, 2021

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