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INTERNATIONAL NEWS

China plans mega transport network to boost trade, economic growth

China's plan to build a global rapid logistics circle for goods by 2035, which would allow goods to be delivered to neighboring countries and major international cities within two- three days, will likely boost China's trade with major economies in the EU and Asia, observers said.

Some expect the country's foreign trade to grow more than 5 percent annually during the 14th Five-Year Plan period (2021-25), and analysts said the broad plan is also significant in terms of coordinating a global industry chain where China plays a centralized and pivotal role. Riding on such momentum, the world's economic center of gravity could gradually shift to China, they predicted.

According to a plan jointly issued by the Central Committee of the Communist Party of China and the State Council, China's cabinet, on China's comprehensive transportation network layout, the country aims to build 200,000 kilometers of railways, 460,000 kilometers of highways, and 25,000 kilometers of high-level sea lanes by 2035.

The total transportation network will reach 700,000 kilometers by 2035, according to the plan, with 27 major coastal ports, 400 civil transportation airports and 80 express hubs.

That will provide support for the "global 123" fast logistics circle for goods, which stands for one-day delivery in domestic market, two-day delivery for neighboring countries and three-day delivery for major global cities, the plan noted.

The unprecedented blueprint would create the world's largest transportation network. Analysts said that as the plan will significantly shorten shipping times, it will facilitate China's goods flow with other major economies -- in particular with Asian countries with which China shares a land border, and countries along China's southwest passage such as Pakistan, Myanmar and European nations.

At the end of 2020, the EU completed negotiations for a bilateral investment treaty with China, the bloc's largest trading partner. Also, China in November signed the world's largest trade deal, the Regional Comprehensive Economic Partnership (RCEP), that encompasses one-third of the global economy. Analysts said that improved logistics connectivity could speed up those trade deals' implementation.

"It is expected that under the plan, the annual number of China-Europe freight trains will double from the current level to 40,000 to 50,000 by 2035. Transportation times will also be cut from more than half a month now to 10-20 days by that time," Tian Yun, vice director of the Beijing Economic Operation Association, told the Global Times on Thursday.

Some analysts expected that the plan will drive China's foreign trade to expand more than 5 percent during the 14th Five-Year plan if the negative impact of geopolitics is well controlled.

Bai Ming, deputy director of the Chinese Ministry of Commerce's International Market Research Institute, told the Global Times on Thursday that as distance matters less, industry interactions and cooperation between China and other economies will also move closer, enabling the world's second-largest economy to play an increasingly important role in serving global industry chains.

Click here for more details

Source: globaltimes.cn– Feb 25, 2021

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Mexican Jeans Makers Boost Investments as Business Rebounds

Mexican denim makers are increasing capital expenditures to enhance sustainable production and enter more diversified markets as they look to ramp up U.S. exports, executives based in the country said.

"We have made big investments in sustainable production and more efficient machinery to improve our fabric," said Carlos Ojeda, who heads top textiles manufacturer Kaltex's jeans business, which supplies the likes of Levi's, Lee and Wrangler. "We have achieved a big reduction in water and electricity consumption."

Ojeda declined to provide an exact figure but noted spending had been "significant," with the company's sewing complex in San Juan del Rio near Mexico City achieving an additional 15 percent reduction in water usage. Other initiatives have seen the firm, one of Mexico's largest suppliers, incorporate ozone-based laundering techniques and increase its use of recycled materials.

Amid the pandemic last year, some U.S. labels shifted output to Mexico and Latin America, which was a boon to business, according to Ojeda. This, coupled with a "very strong marketing campaign" from Kontoor brands, helped firm up demand for Kaltex's products, he added.

While the industry's exports fell to around $1 billion last year, Kaltex outperformed the market, particularly in key categories such as men's pants.

Analysts have cautioned that denim firms must do more to deepen operating efficiencies as Mexico continues to battle for market share as a U.S. supplier, with exports seeing declines in the past decade.
Raul Garcia, a leading textiles consultant, told Sourcing Journal last month that the industry should strive to become more fashion-centric, making "small volumes of highly differentiated products with a very fast response," to win more U.S. business.

Miguel Angel Andreu, another senior consultant, agreed, noting that firms should raise R&D spending to account for 15 percent of annual capital expenditures versus around 10 percent currently.

That's not to say they have been sitting on their hands.

Andreu noted there has been progress on the innovation front, including firms such as Tavex purchasing new laser and ozone-treatment machines from Italy's Tonello and Spain's Jeanologia, respectively.

"Laundering [in an environmentally-friendly way] has become key because producers are under increasing pressure to protect the climate," said Andreu, adding that firms have acquired machines that incorporate a mechanism to give jeans a stone-washed or distressed finish without using polluting techniques. "They have worked very strongly to replace chemicals with other techniques, such as using lasers, to avoid potassium permanganate for sandblasting," he said.

Water consumption has also declined by about 35 percent of what was typically used some years ago, according to Andreu.

He noted firms such as Kaltex, Global Denim and Tavex have all hired more creative designers to provide a "greater variety of fabric finishes" including from recycled bamboo, Tencel, modal and even milk-derived fibers. "When I go to sourcing shows, production managers offer clients thousands of fabric models with different fiber components and structures," Andreu said.

Firms are also delving into functional and smart fabrics such as smart stretch and even scented varieties, Andreu said.

Smaller manufacturers are also working to attract new, full-package clients North of the Border.

Alma Mesa, commercial director for Jeanswest in Guadalajara, says the firm is rushing to streamline its response times to suit U.S. clients looking for companies that can deliver product with a 45-day turnaround.

"We are in negotiations with a potential customer in the U.S. who has very clear mood board designs and wants a lead time of 40 to 45 days," Mesa said.

Jeanswest is working on efficiencies to meet tighter delivery schedules and feels other firms would benefit from doing the same. "Right now, the industry is in a fight to avoid [factory] closures and preserve the employment we have," Mesa noted, adding that strong management organization has never been more crucial.

“You need good planning to meet deadlines,” she said. “The world is very globalized so you can easily see trends online as they move from Europe to the U.S. and then to Mexico. You can prepare your product line and models ahead of time.”

And as U.S. retail shows signs of a rebound, Mexican makers should also fare better in 2021, at least according to Ojeda, who predicted export declines will narrow in the coming months.

“We hope to see a recovery with vaccines now available in the U.S. and the population more willing to spend,” he said, adding that merchants should see higher sales, boosting orders for Mexican fabric and apparel.

Source: sourcingjournal.com– Feb 25, 2021

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USA: NRF: Economy Expected to See Fastest Growth in Two Decades

Retail's key trade group, the National Retail Federation, is forecasting annual retail sales in 2021 to grow between 6.5 and 8.2 percent.

That would represent the highest growth rate since 2004, when the rate rose 6.3 percent, according to Jack Kleinhenz, NRF's chief economist. At that level, annual retail sales in 2021 could reach between $4.33 trillion and $4.40 trillion. Online sales, which are included in the overall sales tally, are projected to rise between 18 and 23 percent, contributing between $1.14 trillion and $1.19 trillion to the annual total.

"The trajectory of the economy is predicated on the effectiveness of the vaccine and its distribution," Klenhenz said on Wednesday. That assumption presumes that accelerated growth begins at the mid-year mark. "The economy is expected to see its fastest growth in over two decades," he added.

In comparison to 2019, where the rate of annual retail sales growth was 3.9 percent, 2020's sales grew 6.7 percent over 2019 figures to $4.06 trillion, even during the global coronavirus pandemic. Much of that boom was due to contributions from online and other nonstore sales, which saw a 21.9 percent gain to $969.4 billion. NRF figures exclude sales from automobile dealers, gasoline stations and restaurants.

Klenhenz cited healthy macro-economic conditions, such as new home sales up 4.3 percent, for the robust forecast. "The consumer certainly has purchasing power and is willing to spend, and we believe that's going to be important," he said. Kleinhenz is estimating that real GDP on an annual basis will be in the 4.5 to 5 percent range. "It will be lower in first quarter, then picking up in the second and third quarters. We'll see how that all develops," he said.

A large component of GDP growth is consumer spending, and the chief economist said real personal consumption expenditures could be around a 4.6 percent pace. Adding in inflation expectations, Kleinhenz said nominal growth in consumer spending should be about 6.5 percent. Boosting those projections is an expectation for a pickup in both job and wage growth during 2021.

He said the U.S. could average a gain of 220,000 to 300,000 jobs per month during 2021, more so towards the middle of the year and with the pace picking up as the economy gains momentum. He also said that data shows that consumers take one-third of their stimulus checks for spending, one-third for savings and one-third for paying down debt.

Citing the robust sales during November and December for holiday coming in at an unexpectedly high 8 percent, NRF president and CEO Matthew Shay noted that 2021 began with consumers having a high level of savings and paying down of substantial amounts of debt, bolstered by record high stock valuations, continuing government support and low interest rates.

“The consumer has been extremely resilient throughout the pandemic. And I think we will continue to see both that resilience and retailers behaving in agile, flexible and innovative ways to meet consumer needs, demands and expectations,” Shay said. And while there’s been a big push by retailers to serve consumers in cities in recent years, only to see residents move to the suburbs during the pandemic, Shay doesn’t think that will shift retailers’ focus.

“I tend to think it’s too early to give up on cities. And I think that we’re going to see people want to return to the core centers of cities,” Shay said. The real challenge over the past year has been how major businesses that anchor urban areas have not been in their offices, which has had a dramatic knock-on effect on the small businesses within the ecosystem, he added. That ecosystem will have to be rebuilt, and that’s an area that still needs support from federal, state and local authorities, Shay said.

In the meantime, many businesses have benefited from the shift to home becoming the center of everything, presenting a challenge as to what may happen to consumer behavior when they have the opportunity to become engaged again in the experience economy and are able to put more disposable income back into services.

“Will they want big houses? Will they want to be back in apartments in the city? I’m still betting that over time, people want to be back in the cities and experience the kind of vibrance that you can only achieve in those kinds of urban centers, but I think it’s too soon to make any pronouncements in the absence of more data,” Shay said.

Source: sourcingjournal.com– Feb 25, 2021

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Growing trade means Britain cannot decouple from China

According to the United Kingdom's Office of National Statistics in December, China was the only country among the UK's top five trading partners with which bilateral trade in goods increased in the first half of 2020—due mainly to a 17.2 percent increase in goods imported from China.

Also, in the first seven months of 2020, China surpassed the United States to become the European Union's largest trading partner. The total import-export volume between the EU's 27 member states and China was €328.7 billion ($399.99 billion), an increase of about 2.6 percent year-on-year. In fact, China was the EU's largest trading partner in the first three quarters of last year, with a total trade volume of €425.5 billion, up 3 percent year-on-year.

How has China become an increasingly important trade partner of the UK?

First, China met many of the UK's needs, especially because British imports from other countries declined due to the COVID-19 pandemic. In the second quarter of 2020, European countries were struggling to contain the novel coronavirus, and global industrial and supply chains were disrupted. Besides, the traditional major trading partners of the UK adopted some protectionist trade policies, affecting overall exports to the country.

On the other hand, thanks to its strict pandemic prevention and control measures, China largely contained the virus by the end of the second quarter of 2020 and resumed production and other economic activities much earlier than other economies, which enabled it to meet the emergency needs of the UK and other countries. Besides, the pandemic led to the rise of "home economy" in the UK, and British citizens' demand for electronics products such as mobile phones and computers from China greatly increased.

China also met the demand of many countries, including the UK, for medicines and medical equipment such as face masks. According to official data, about 12,000 express trains plied between China and Europe in 2020, an increase of more than 50 percent year-on-year. The goods exported by China included daily products, electronics and medical supplies, which were in high demand in the UK.

Second, the Chinese and British economies are complementary. According to the Office of National Statistics, China enjoys comparative advantage in making most of the products it exported to Britain, such as clothing, furniture and electronics. Among them, electronics equipment made up the largest proportion of British imports from China—more than one out of every three Chinese product exported to the UK was electronics.

Similarly, British exports to China are mostly products in which Britain has a comparative advantage, such as wine, cosmetics and auto parts. In addition, the British market depends more on Chinese goods than China does on British goods. For example, textiles comprised the tenth largest volume of products China exported to the UK, with Chinese textiles accounting for about one-third of the total global imports.

Third, British imports from China increased because 2020 was the Brexit transitional period for the UK—it had to leave the EU's single market and customs union on Jan 1, 2021, whether or not it reached a free trade agreement with the EU. During the Brexit transition period, the industrial division of labor and cooperation among the EU countries underwent necessary readjustments and realignment. Britain's trade relations with its traditional European trading partners also changed during the period, prompting it to urgently establish new trade relations with other economies.

Also, since China enjoys great advantages in industrial and supply chains, it became the largest source of imports for the UK after Brexit, and British demand for Chinese products is likely to further increase in the future. On Jan 22, 2021, the EU released the agreement text for the negotiations on the Sino-EU Comprehensive Agreement on Investment. After the CAI is signed by the two sides and implemented, Britain's trade with European countries could decline further.

And since during the Joe Biden administration in the US—especially in the post-Brexit and post-pandemic era—the global industrial and supply chains are likely to witness further adjustments, the UK should seize the opportunity to strengthen multilateral cooperation with countries around the world and embrace new breakthroughs at the global turning point by strengthening its trade cooperation with China.

The author is an exchange scholar from Royal Holloway, University of London, to China Academy of Belt and Road Initiative of Beijing International Studies University. The views don't necessarily reflect those of China Daily.

Source: hellenicshippingnews.com– Feb 26, 2021

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UK athleisure order volumes rise since pandemic started

The lockdown has boosted UK athleisure sales, while a lack of social occasions has seen formal wear order volumes plummet compared to last year, according to data from True Fit, a personalisation platform for apparel and footwear retailers. Order volumes of women's athleisure apparel rose by 84 per cent since the start of the pandemic in 2020.

Order volumes of women's athleisure bottoms peaked in December 2020, with almost five times the volumes of orders placed in April during the first national lockdown. Men's athleisure clothing sales weren't as pronounced as the rise in demand among female shoppers for leisurewear, but still finished the year 20 per cent higher in terms of order volumes than in 2019.

True Fit's Fashion Genome, the world's largest connected data set for fashion, analyses data from 17,000 retail brands and data from 180 million True Fit Members, who are registered shoppers on the platform.

In January, M&S announced it would expand its activewear range, Goodmove, to kids and men as demand for athleisure rose during the pandemic; online sales of its activewear grew by 200 per cent between March and September 2020.

M&S reported that 52 per cent of its customers now wear athleisure items more often as everyday clothing when compared to last year, prompting Jill Stanton, its womenswear and kidswear director, to declare that 2020 'cemented activewear as a staple' of the nation's wardrobes.

Similarly, Sweaty Betty saw a 60 per cent rise in revenues in 2020, prompted by consumers turning to athleisure or investing in activewear as they worked out at home with gyms closed during lockdown.

Meanwhile, with most social occasions cancelled due to COVID-19 restrictions, dresses of sales and women's formal wear never reached 2019 levels throughout last year, according to True Fit's data. Order volumes for dresses plummeted by 60 per cent year on year during the first lockdown in April.

Source: fibre2fashion.com– Feb 26, 2021

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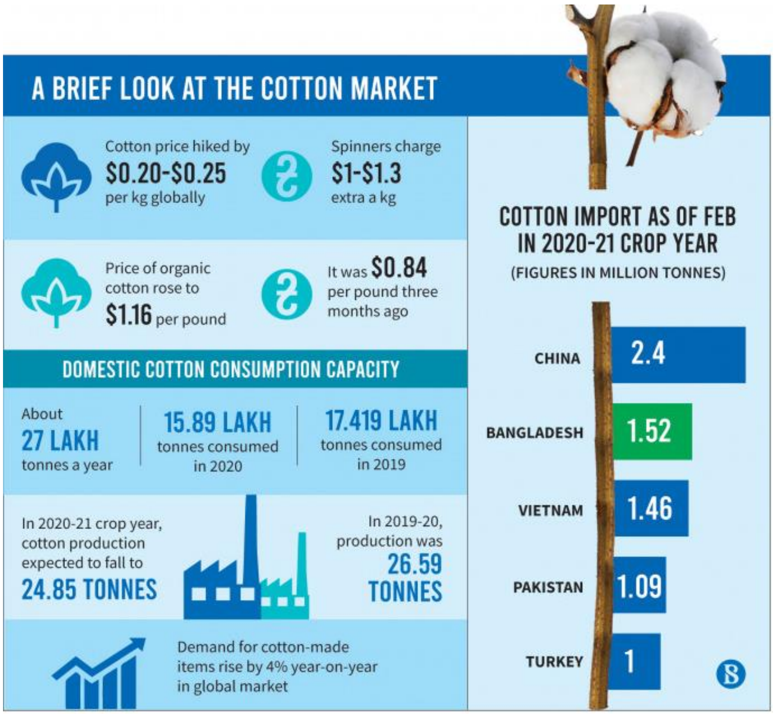
Textiles fumble as cotton prices fly high

As cotton and yarn prices keep rising on the back of global production shortfall and speculations, it is having a nervous knock-on effect on the Bangladesh textile industry – from spinners to fabric makers to both domestic and export-oriented readymade garment producers.



Production cost has gone up considerably for them with varied impacts.

Export-oriented factories cannot make ends meet as global apparel prices are still depressed although orders are aplenty. Higher yarn cost is putting many out of competition and some have slashed production.

For fabric and apparel manufacturers for the local market, it is a question of hiking their prices or perishing but with the economic recovery still soft, that slashes their sales figures.

Small spinners are losing hope as the price of cotton – their main raw material – spirals out of reach. While a factory in Bangladesh imported 30 count yarn from India at $3 a kg last year, it has to pay $4.1 per kg this year.

Unlike big spinners who maintain offices in Singapore to buy cotton from the futures market and hedge themselves from future volatility, these small spinners – mostly feeding the domestic apparel demand – find it a losing battle.

They cannot maintain overseas offices and have to buy cotton at higher prices. Bangladesh allows only selective hedging, which takes time to be approved by the central bank and is therefore useless when commodity prices vary overnight.

According to cotton market fundamentals and price outlook, New York Nearby and daily A Index prices of per pound cotton rose $0.88 and $0.92 respectively in February this year from $0.56 and $0.60 in May 2020.

The United States Department of Agriculture (USDA) data showed that global cotton production was 26.59 million tonnes in the 2019-20 crop year, which is projected to fall to 24.85 million tonnes in 2020-21. For cotton, the crop year runs from 1 August to 31 July.

Industry sources said the global cotton price rate is determined on the basis of the US futures market rate.

Giant apparel exporter China, which is also the largest cotton producer and consumer in the world, has now been forced to import more cotton as the Trump administration banned imports on all cotton products from China's Xinjiang province over allegations that the products are made with forced labour from detained Uighur Muslims.

The US ban applies to raw fibres, apparel and textiles made from Xinjiang-grown cotton.

Around 5 million tonnes out of China's total 6.3 million tonnes of cotton were produced in Xinjiang in 2019, according to the data of statista.com and the USDA.

China is importing a large volume of cotton and yarns from India after a few months' suspension caused by the recent border tension.

An industry insider said China has already bought a majority of US cotton from futures markets, causing a disruption in the global cotton supply.

"I am now buying 30/1 count yarn from India and Indonesia at prices $1 higher than two months ago," said Asif Ashraf, managing director of Urmi Group.

"This has put the operation of my factory just at breakeven," he added.

"Buyers are not ready to pay for the additional cost and we have failed to convince them," Asif said.

Fazlee Shamim Ehsan, chief executive officer at Fatullah Apparels Ltd, said spinners are taking advantage of the cotton price hike by charging excessively.

"The spinners are charging $1-$1.3 extra for 1kg of cotton against a price hike of $0.20-$0.25 per kg, putting us below the breakeven point," he complained. One of his buyers has sought to halt its order for 25,000 pieces of knit items owing to the cotton price hike, he said.

Mohammad Hasan, owner of the Narsingdi-based Bismillah Textile, said, "We bought 80 count yarn from the local market at Tk230-Tk235 per pound in December last year to produce ladies' clothing, but the price has now increased by at least Tk35-40 per pound."

As a result, per yard fabric cost increased by about Tk5, and it will be very tough to adjust the extra cost with the market prices, he added. His factory has now halved its production from about 5 lakh yards of cotton fabric a month, he added.

He also claimed that yarn dealers and spinners are charging excessively for yarns on the pretext of the cotton price hike. Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA), said yarn prices have increased because of the high prices of cotton on the global market.

Cotton prices are going up as its production has been projected to drop this year. Besides, China has increased forward buying after a two-year slow run. Moreover, during the pandemic, the demand for cotton-made knitwear items has increased by about 4% year-on-year in the global market.

Kutubuddin Ahmed, chairman of Envoy Group, said textile millers are facing a shortage of organic cotton as its demand is too high. In the meantime, some Indian organic cotton suppliers have lost their certification on charges of forgery which also caused a price hike.

"The price of organic cotton has risen to $1.16 per pound from $0.84 per pound three months ago," Kutubuddin added.

The textile miller has booked about 600 tonnes of organic cotton but they did not get on-time delivery, said Kutubuddin, also chairman of the world's first green denim textile, adding, "We received some organic cotton from

India but some of them have not sent the certificates even after a long time after the shipment."

According to BTMA sources, Bangladeshi spinning and textile mills have the capacity to consume about 27 lakh tonnes of cotton annually. The cotton consumption was about 15.89 lakh tonnes last year, while it was about 17.42 lakh tonnes in 2019.

Artificial crisis on freight forwarding

Bangladeshi importers are importing cotton through Malaysia, Singapore and Colombo seaports. A consignment of cotton takes up to three months to reach importers in Bangladesh from West Africa. Nowadays, the lead time has gone up to 6-7 months.

Seeking anonymity, a Bangladeshi cotton indenting agent said, "Our consignment of cotton has remained stuck at a Malaysian port for the last 60 days which usually comes from West Africa within 45 days.

"We have no idea when the goods will be shipped," he added. The freight forwarders are causing an artificial crisis to charge more, citing container congestion at Chinese ports, which is not totally correct, he explained.

As a result, freight costs have almost doubled, he said, adding that for example, a container freight coming from India now costs about $4,500 from $2,000 in pre-Covid times.

Cotton suppliers, who usually bear freight costs, are now unwilling to do so after a big jump in such costs.

Md Fazlul Houqe, former vice-president at the BTMA, said if this situation does not improve, Bangladesh will lose its competitiveness in the global apparel market.

Bangladesh is the only country and one of the largest exporters of a single item despite not having basic raw materials, added Fazlul Houqe, who is also the owner of two textiles and two spinning mills.

Source: tbsnews.net– Feb 25, 2021

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Vietnamese apparel enterprises take action to gain foothold in export markets

Mr. Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (Vitas), shared that the Covid-19 pandemic, which lasted from the beginning of last year to now, had significantly changed the structure of products of the garment and textile industry.

For instance, the line of suits, high-end men's and women's shirts, and high-end women's dresses had been reduced by 80 percent. On the contrary, the product line of mid-range and convenient products, home wear dresses, and spandex products had highly increased, especially in the main export market of the US.

Sharing the same point of view, Mr. Le Tien Truong, Chairman of the Board of Directors of Vietnam National Textile and Garment Group (Vinatex), said that from last year to now, enterprises under the group have rapidly changed their commodity structure from high-end suits and high-end men's and women's shirts to protective clothing and knitwear. This change is also considered the main demand trend in 2021.

Not only that, the garment and textile importers of Vietnam in many markets around the world also have changes in selecting export enterprises. Accordingly, priority is given to the import of apparel products of enterprises that are committed to environmental protection, such as adopting measures to minimize waste generation, enhance recyclability, and reduce the use of fossil energy. As for fabric materials, priority is also given to environmentally friendly fabrics that do not use chemicals in the process of weaving and dyeing or dyeing without generating wastewater.

The transformation in consumer tastes and the search for partners has forced Vietnamese enterprises to quickly convert their investments to suit the new market needs.

According to Mr. Vu Duc Giang, three development strategies had been quickly deployed by domestic garment and textile enterprises. Firstly, they would review all the changes in consumer demand in the export markets. Particularly, they would focus on reviewing carefully key markets, such as the US, which accounts for 42 percent of total export turnover, and Europe.

Secondly, their production technologies would go green, reducing the use of fossil energy, cutting gas emissions, and increasing recycling waste. Enterprises would also combine this strategy with the improvement of administrative skills.

Thirdly, enterprises would urgently invest in developing products along with their brands. This is the foundation for the industry to build a more sustainable foothold in the export markets, especially in the context that several free trade agreements (FTAs) signed by Vietnam are opening up many advantages in terms of tax rates and competitiveness for garment and textile products.

Looking back to 2020, the Covid-19 pandemic had broken many raw material supply chains, as well as caused bankruptcy to many major global apparel brands. It is very important to adapt quickly to market changes. Besides, in the coming time, according to many experts, enterprises must take into account the ability to fulfill large orders with short production time because the pandemic will possibly remain complicated, and logistics activities face many difficulties.

Linking to control trade fraud

In another perspective, economic experts said that exporting enterprises should make efforts to prevent the risk of being investigated and imposed trade remedies. Information from the American Apparel and Footwear Association said that the US government is still investigating to impose new punitive tariffs on imports into the country, including garment and textile products exported from Vietnam. Moreover, in November last year, the US Department of Commerce (DOC) officially announced to initiate an anti-dumping investigation on polyester-textured yarn (PTY) exported from Vietnam.

Mr. Do Thang Hai, Deputy Minister of Industry and Trade, said that the application of trade remedies will cause much harm to domestic enterprises, not only in the US market but also in many other markets due to the domino effect. To prevent this risk, it is essential to implement dual solutions to effectively support enterprises. Accordingly, enterprises themselves need to link up to prevent the act of abetting foreign enterprises in changing the origin of their products. The Government needs to build preferential policies to attract investment without prioritizing investment attraction in industries that are the strengths of domestic enterprises. This will help to reduce competitive pressure in the export markets.

The representative of Vitas suggested that the Government soon negotiates and signs strategic cooperation with the US to increase export advantages for the garment and textile industry in particular and other industries that are also exporting to this market, in general. Moreover, many trade counselors also said that Vietnamese apparel and textile enterprises need to expand their export market share to Northern Europe and Australia.

In these markets, Vietnamese export products merely account for a modest proportion with about 2 percent of total imports from countries and territories around the world. These markets have signed FTAs with Vietnam, so the import tariffs are also extremely preferential. Therefore, increasing exports in these areas not only helps enterprises to increase market share but also reduces the risk of being imposed trade remedies.

Source: sggpnews.org.vn– Feb 25, 2021

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NATIONAL NEWS

US bans import of Chinese cotton but India yet to cash in as domestic prices surge

India, the largest producer of cotton, is yet to cash in on US ban on imports of the yarn from China. Reason? Price rise in the domestic market.

A US ban on Chinese cotton along with an increase in demand for the yarn from Beijing has pushed domestic prices. Not only is this impacting export, but domestic users including apparel manufacturers are also reeling under pressure. Earlier, many projected a "much higher cotton exports" from India after the US ban.

"Indian cotton is no longer the cheapest in the world as price of our cotton has increased from Rs 38,000 per candy of 356 kg each to Rs 41,500, while the international prices have declined by about 4 per cent," the Economic Times quoted Atul Ganatra, president Cotton Association of India (CAI) as saying.

The CAI revised export estimates downward by 10 per cent to 5.4 million bales of 170 kg for the current financial year downward by 10 per cent. In the previous year, India exported of 5 million bales of 170 kgs.

In early January, price of raw cotton touched Rs 5,700 a quintal against the minimum support price of Rs 5,515 fixed for this season.

In addition to price rise, resurgence of the deadly coronavirus also has hit exporters' prospects.

Earlier, the US banned imports of Chinese cotton due to human rights violations against Uighur Muslims in the Xinjiang region.

Sources said that the industry must focus on maintaining the right price. "If you look at rice, pricing has helped India take advantage of the current situation and we have become the largest supplier of the grain in the world.

But in case of cotton, we are facing a handicap," an analyst on condition of anonymity said.

Impact of price hike on domestic users

The apparel and garment manufacturers — about 90 per cent-are still small and medium scale-have faced the maximum brunt and are rapidly losing out to other markets including Bangladesh and Vietnam.

Animesh Saxena, president, Federation of Indian Micro and Small and Medium Enterprises (FISME) told India Narrative that India’s apparel sector has not witnessed much growth.

“We have been hit badly by the price hike of cotton in the domestic market, competitiveness is becoming an issue,” Saxena said.

In fact, this year’s Economic Survey not only highlighted the success story of Bangladesh but also said that India must learn from its neighbour.

The survey authored by KV Subramanian, chief economic adviser in the finance ministry, pointed out that the top five commodities — mainly pertaining to textiles, apparels and footwear — exported by Dhaka, account for more than 90 per cent of Bangladesh’s total exports since 2015. These sectors are “highly labour-intensive and employs unskilled and semi-skilled labour.”

“In case of India, on the other hand, export performance is more broad-based as the top five export commodities jointly contribute around 40 per cent of total exports,” the survey said, adding that these comprise capital and technology-intensive goods.

An analyst said that unless India chalks out a well thought out strategy to support this sector, the going will become even tougher.

Source: theshillongtimes.com– Feb 26, 2021

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Maharashtra spinning mills seek subsidy on cotton purchase from CCI

The Cotton Corporation of India (CCI) has granted a subsidy of Rs 300 per candy to cooperative spinning mills in Maharashtra.

The Corporation has also waived-off the security deposit of `2 lakh that the mills have to pay before participating in the e-auction process of the cotton body. The mills, however, say that this is not enough and have demanded a subsidy of Rs 2,500 per candy.

Ashok Swami, chairman, Maharashtra State Co-op Textile Federation (MSCTF) said that the cooperative spinning mills in the state are finding it difficult to purchase cotton at the market rates since they have been in financial distress.

"The recession in the textile industry since the past five-six years, higher electricity rates than other states, rising cotton prices and no increase in yarn rates, high-interest rates on bank loans in addition to the trade war between USA and China have adversely affected the yarn business," Swami said. Of the 150 spinning mills in the state, nearly 45 mills are closed, 70 are active and another 30 mills are in the process of construction.

"Cotton prices have gone up above the minimum support price (MSP) of Rs 5,825 per quintal and are currently ruling between Rs 6,300 per quintal and Rs 6,400 per quintal in the open market. CCI is currently selling cotton at Rs 47,000 per candy and with transportation charges, it costs mills around Rs 48,000 per candy which is not affordable.

Imported cotton attracts a duty of 10% which again is not affordable for mills," he added. "Cooperative spinning mills are not able to afford these rates and have therefore sought a subsidy of Rs 2,500 per candy. The CCI has granted a subsidy of Rs 300 per candy but this is not enough," he said.

Of the total of 150 cooperative spinning mills in the state, only 70 mills are currently functional with an installed capacity of 14 lakh spindles daily. The annual cotton requirement is around 12-13 lakh bales and the sales turnover are Rs 2,500 crore annually.

The state government has invested Rs 2,500 crore in these mills as shares capital. These mills give revenues to both the central and state government in the form of various taxes of Rs 200 crore to Rs 250 crore annually.

Swami said both the CCI and the state government have agreed to forward the demand of spinning mills for more subsidy to the Centre.

Source: financialexpress.com– Feb 26, 2021

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Indian PM Modi urges MSME textile players to rise to global standards

Prime Minister Narendra Modi has urged micro, small and medium enterprises in the textile sector to focus on adopting global standards so that they can partner with global sourcing giants in fulfilling the demand of international players. He urged companies to innovate, tap new markets and deepen the niche in diversity, manufacturing, and design.

The prime minister's message to the second edition of Global Textiles Conclave 2021 organised by the Confederation of Indian Textile Industry (CITI) was read out by textiles minister Smriti Irani.

"The impact of the COVID-19 pandemic showed how technology can be utilized to strengthen the disruptive resilience of society and transform a challenge into an opportunity. The hardworking textile workers and craftsmen enabled the textile industry to make an invaluable contribution towards meeting the requirements of cost-effective PPE kits within the country," the prime minister added.

Irani said recent budget announcements will complement India's consumption of technical textiles in the coming years.

The two-day conclave ends today.

Source: fibre2fashion.com– Feb 25, 2021

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PM to inaugurate The India Toy Fair 2021 on 27th February

Prime Minister Shri Narendra Modi will inaugurate The India Toy Fair 2021 on 27th February at 11 AM via video conferencing.

Toys play a significant part in the development of a child's mind and also help improve psychomotor and cognitive skills in children. In his Mann ki Baat address in August 2020, the Prime Minister had said that toys not only augment activity, but also give flight to aspirations. Noting the importance of toys in the holistic development of a child, the Prime Minister has earlier also emphasized boosting toy manufacturing in India. The India Toy Fair 2021 is being organized in line with this vision of the Prime Minister.

About the Fair

The Fair will be held from 27th February to 2nd March 2021. It aims to bring together all stakeholders including buyers, sellers, students, teachers, designers etc. on a virtual platform to create sustainable linkages and encourage dialogue for the overall development of the industry. Through this platform, the Government and the Industry shall come together to discuss how India can be made the next global hub for manufacturing and sourcing of toys by way of attracting investments in the sector and promoting exports.

Over 1000 exhibitors from across 30 States and Union Territories will display their products in an e-commerce enabled virtual exhibition. It will showcase traditional Indian toys as well as modern toys including electronic toys, plush toys, puzzles and games.

The fair will also host numerous webinars and panel discussions with eminent Indian and international speakers with proven capabilities in toy design and manufacturing. For children, it is an opportunity to participate in a plethora of activities, including craft demonstrations on traditional toy making and virtual visits to toy museums and factories.

Source: pib.gov.in– Feb 25, 2021

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CII-UK Govt joint report calls for exploring FTAs with key partners

To establish India as a global trade and investment hub, a report by the UK government and the Confederation of Indian Industry (CII) recently called for exploring free trade agreements (FTAs) with key partners like the United Kingdom, the United States and the European Union (EU).

It suggests setting up a single point of contact for large overseas investors, designing specific policies for champion sectors and introducing differential slab-based incentives as per FDI size.

The report on 'Foreign Trade & Investment in India: Unlocking Key Opportunities through Strategic Reforms' analyses policies that affect India's openness with respect to international trade, including tariff and non-tariff barriers and FDI.

The report recommends key policy measures including developing a mechanism to review the effectiveness of single-window systems more regularly and effectively by the chief secretary of the respective states, digitisation and integration of land records, introduction of single online portal with integrated information, notification of 'fixed term employment' by all states, and promotion of alternative dispute resolution mechanisms.

UK deputy trade commissioner for South Asia Rhiannon Harries said the UK and Indian governments are already working closely on an enhanced trade partnership, which will help deepen trade ties, remove market access barriers and act as a roadmap for a potential future free trade agreement, a CII press release said.

Source: fibre2fashion.com– Feb 25, 2021

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8.50% fall in India's cotton yarn exports in 2020; remain positive in several countries.

India's cotton yarn export was worth US $ 2.61 billion in 2020 and noted 8.50 per cent Y-o-Y fall, according to the official data.

However, there were countries where India witnessed significant increase in cotton yarn exports such as Bangladesh, China, Vietnam, Peru, Turkey, Oman, Malaysia, Brazil, Morocco and USA, amongst others.

Bangladesh remained the top destination for India as the country shipped cotton yarn worth US $ 657.27 million to the neighbouring country in 2020, rising by 21.84 per cent.

Shipment to China remained negative by 25.16 per cent to US $ 571.66 million, while it upped by 41.54 per cent to US $ 141.67 million as far as Vietnam – the 3rd top exporting destination for India – is concerned.

Y-o-Y % Change in Value-wise Cotton Yarn Exports from India:

(Only those countries are included which remained positive and have shipment value of over US $ 10 million)

(Value in US $ million)

Countries	**2019**	**2020**	**% Change**
Bangladesh	539.42	657.23	21.84
Vietnam	100.10	141.67	41.54
Peru	120.79	134.61	11.44
Turkey	48.69	64.42	32.32
Oman	6.05	29.17	382.28
Brazil	6.33	24.58	288.34
USA	13.74	15.82	15.17
Chile	7.12	10.66	49.73

Source: textilevaluechain.in– Feb 25, 2021

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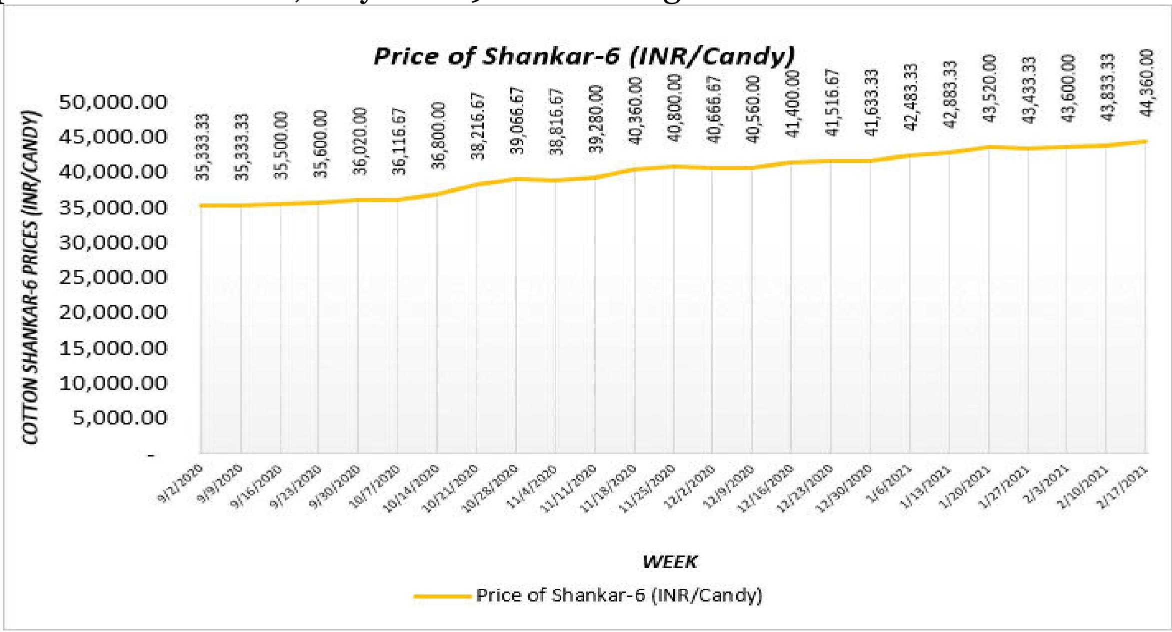
Price fluctuation impacts profitability of Indian yarn manufacturers

The cotton prices in India, especially Shankar-6 have increased in past six months. From 35,333.33 INR/Candy in September 2020 (1st week), Shankar-6 prices grew 25.5 per cent to 44,360.00 INR/Candy in February 2021 (3rd week). Usually, the prices remain lower compared to international prices by 6-7 cents per pound. But in 2020, they were 9-10 cents higher.



This price fluctuation impacts the profitability of Indian yarn manufacturers. According to the USDA, the global cotton production moved down in 2020-21 with relatively less cotton production in some of the major cotton producing countries such as Mali, Pakistan, and Greece. The mill consumption of cotton has increased in China and India.

Also, the Indian rupee depreciated a lot in November 2020 and December 2020. Lower production, high mill consumption and rupee depreciation increased the price of cotton in both domestic and international markets. The prices of Shankar-6, a popular Indian cotton variety and benchmark of cotton in India, also followed the same trend in 2020.

This cotton is produced in the Indian state of Gujarat. In 2021, the delayed arrival of cotton, rising demand of mill use, and higher MSP (minimum support price) have further supported the price of Shankar-6.

Source: fibre2fashion.com– Feb 25, 2021

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Spare no effort in attracting investments, says Minister

He reviews VCIC progress with focus on Krishnapatnam node

Industries Minister Mekapati Goutham Reddy has exhorted the officials to focus on achieving a tangible result from the negotiations held with trade representatives of over 25 countries and 30-plus multi-national companies for attracting investments to the State by leveraging its advantages.

No effort should be spared to tap some of the investments that were in the pipeline, he said at a review meeting on the industrial scenario at the APIIC head office at Mangalagiri on Thursday.

He enquired about the targets of the AP Economic Development Board and the progress thereof, and the status of the Visakhapatnam-Chennai Industrial Corridor (VCIC) with specific focus on the Krishnapatnam node. Director of Industries J.V.N. Subramanyam said A.P. was doing better than Tamil Nadu and Telangana in attracting investments.

Officials said policies for electric vehicles, textiles and IT, and some other sectors were being finalised.

Later, Mr. Goutham Reddy interacted with the faculty of Indian School of Business through a video-conference, wherein he suggested that remote working be encouraged and promoted to the extent possible.

Mangalagiri MLA Alla Ramakrishna Reddy requested the Minister to explore ways to increase the usage of handloom garments in order to create employment opportunities to a huge number of weavers dependent on the vocation.

Source: thehindu.com– Feb 26, 2021

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India looks to enter container manufacturing

India is looking to enter the container manufacturing sector in a big way as the country aims to boost its exports.

Container manufacturing is expected to be part of India's Atmanirbhar Bharat programme, which is a vision for India envisaged by prime minister Narendra Modi to make India a self-reliant nation. Under the program, five pillars were outlined – economy, infrastructure, system, vibrant demography and demand.

The country's decision comes at a time when there is a major container shortage on major liner routes resulting in substantial freight rate hikes. The shortage of containers has also been causing delays in shipment of India's major export goods including rice.

"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.

India's Ministry of Ports, Shipping and Waterways has already set up a committee to study the feasibility of manufacturing containers at Bhavnagar in Gujarat.

Currently China is the largest container manufacturing country in the world with a market share of more than 95%.

Commenting on the news, Andy Lane from Singapore-based CTI Consultancy told Splash: "Currently there is some demand for additional production. Longer term the global container fleet will remain at around 1.6 times the liner ship capacity, and India will need to compete with China here. China has an additional advantage that the containers roll out of the factory straight for export stuffing."

Source: maritimegateway.com– Feb 25, 2021

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Surat sniffs opportunity in supply to armed forces

Weeks after Surat's famed textile industry expressed willingness to supply materials to the armed forces. The Ministry of Defence (MoD) and Defence Research and Development Organization (DRDO) have shared details of technical textile requirements with industries based in the city and South Gujarat.

Surat is the country's largest man-made fabric (MMF) hub with the daily production pegged at 3.5 crore metres, which is around 40% of the country's total production.

The requirement includes those of trousers, coats, glacier mattresses, sleeping bags, extreme weather clothing system, special woollen two-layer gloves and socks among others.

"South Gujarat Chamber of Commerce and Industry (SGCCI) had requested the defence ministry to provide a list of textile material required for armed forces which the textile industry here can provide. This will not only boost the local industry but also give the 'Make in India' mission a push," Ashish Gujarat, vice-president, SGCCI, told TOI.

"Some units from Surat city and Umbergaon in Valsad district supply specialized materials to the armed forces and this can be increased in coming days. We will share the specific requirements which MoD has given with local manufacturers," Gujarati added.

Textile units in Surat manufacture strong glass fabrics that are used to produce helmets, gloves and base for plane landings using carbon yarn.

Source: timesofindia.com– Feb 26, 2021

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Dredging up government support

For cost-effective exports/imports, Govt must bear the cost of dredging and share maintenance charges at major ports

When the international container transshipment terminal at Cochin Port was inaugurated in February 2011, the operator of the Cochin box terminal at Vallarpadam — DP World — had envisaged handling a cargo volume of one million TEU (Twenty Foot Equivalent Units) in the first phase with a potential growth in traffic up to 4 million TEUs in the final stage.

Container traffic handled in 2019-20 reached 0.631 million TEUs short of the expectation of one million TEUs in the first stage. However, current trends and developments suggest that there is a significant surge in container volumes handled. DP World is understood to have approached the Cochin Port Trust and the Centre to get the approach channel deepened to bring in very large container ships drawing a draught of 16 metres as against the present permissible draught of 14.5 metres.

Cost of dredging

The approach channel to the major port in Cochin is about 13-km long and about 260-metre wide. The shipping channel has been dredged to a depth of 15.9 m to permit ships drawing a draught of 14.5 m to be accommodated alongside the berth.

When the approach channel was deepened in 2011 the cost incurred in capital dredging was about ₹350 crore. Based on the prevailing rates and cost escalations, the cost of deepening and marginally widening the approach channel may come to about ₹500 crore. This would be the cost of capital dredging, and the recurring cost on annual maintenance dredging after deepening is likely to be around ₹100 crore as the cost incurred by the Cochin Port on maintenance dredging in 2019-20 was ₹82 crore.

Benefits to the economy

A study for the US Army Corps of Engineers on the economic benefits in terms of total industrial production from channel dredging and land fill development in the ports of Los Angeles and Long Beach found that while the direct benefits were concentrated in the immediate area of the port, the indirect benefits were distributed across the country.

In a complex economy, it appears impossible to sort out the primary beneficiaries of port dredging with the result that levying a fee on any specific set of users, namely, the ship owners and shippers also seems to be inherently inequitable (US National Research Council, 1985).

The respectable solution thus appears to be for the national government to meet the cost of dredging and maintenance of access channel, navigational aids and communication as such services are of a “public goods” character and the beneficiaries seem to get distributed across the country in varying proportions.

One of the most comprehensive legislation dealing with cost sharing in capital dredging is the US Water Resources Reform and Development Act of 2014 by which the local port authority and the Federal Government share the cost in certain agreed proportions. The Federal share ranges from 40-80 per cent depending on the depth to be reached. In regard to maintenance dredging, the cost is borne entirely by the US Harbour Maintenance Trust Fund (HMTF) up to a depth of 50 feet and beyond 50 feet the incremental cost is shared by the port and HMTF on a 50:50 basis.

One principle that stands out and offers great practical applicability to developing countries is the rejection of the concept of full cost recovery from direct users/beneficiaries. This principle seems to have been widely accepted by Canada, Japan and most West European countries.

The largest break-bulk cargo port in Europe is Antwerp in Belgium, which is located about 50 km from the North Sea on the bank of the Scheldt river. The river passes through Dutch and Belgian territories and the respective national governments bear the cost of maintenance dredging of the entire approach channel. The largest container port in Europe is Rotterdam in the Netherlands, located about 40 km from the North Sea on the Rhine river and the cost of maintenance dredging of the approach channel is borne by the Dutch government. Hamburg, the largest container port in Germany situated about 60 km from the North Sea on the Elbe river — the entire cost of maintenance dredging is borne by the Federal Government.

In India, the Centre has been meeting the entire cost of maintenance dredging in the Hoogly river of Kolkata Port based on Bhattacharrya commission report. The Centre has been meeting 100 per cent of the maintenance dredging cost for over 60 years but has progressively reduced it to 70 per cent at present.

Apart from the economic logic involved in cost sharing of dredging in the approach channel of major ports, there is a compelling and strategic reason for the Centre to get actively involved in cost sharing of the approach channel dredging in the Cochin Port.

The total income of the Cochin Port in 2019-20 was ₹692 crore and the total expenditure was ₹671 crore with a net surplus of barely ₹21 crore. In such a situation, the Cochin Port will not be able to undertake this project of deepening the approach channel without the Centre's support.

It is relevant to note that about 66 per cent of Indian cargo gets transshipped through Colombo. Indian ports on the whole handle only 25 per cent of the transshipment traffic resulting in $80- 100 per TEU higher cost to Indian exporters/importers. In the larger interest of promoting India's exports and reducing the landed cost of imports and also to be able to compete effectively with Colombo, the Centre could bear the cost of capital dredging, which is a one-time investment, and also bear the maintenance cost on a 50:50 basis based on international practice.

This would enable the Cochin Port offer concessional tariff both to ship owners and shippers and to become successful as a container transshipment terminal.

Source: thehindubusinessline.com– Feb 25, 2021

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Walmart Vriddhi to help MSMEs grow in Uttar Pradesh

Global retailer Walmart on Thursday expanded its MSME-focused Vriddhi e-institute to Uttar Pradesh, starting with Agra.

The platform will provide small businesses access to skills and competencies to grow in a post-pandemic environment through online and offline channels such as Flipkart's marketplace and Walmart's international supply chain.

The platform aims to empower 50,000 MSMEs across the country by providing them with specific training to leverage modern commerce.

Uttar Pradesh cabinet minister for MSME, investment & export Sidharth Nath Singh said UP has around 90 lakh MSMEs, the highest in the country. The platform aims to reach 50,000 MSMEs to join global and local supply chains over the next five years, and I'm sure MSMEs from Uttar Pradesh itself will contribute greatly to this goal."

He said that the programme will not only boost the make-in-India effort, but will also provide further impetus to UP's flagship ODOP (One District One Product) programme.

"This is a great opportunity for Agra's MSMEs to take advantage of this programme and expand their markets in India and abroad. Our idea is to make Walmart the forward linkage for our ODOP and other products. This will give our artisans a global marketing platform," he said, adding that the state government's target is to achieve a sale target of $1 billion in next five years through the platform.

Walmart said Uttar Pradesh-based businesses can join the Vriddhi training programme to pursue opportunities to sell on Flipkart's online consumer marketplace and through the nationwide Flipkart wholesale ecosystem. "As Walmart triples its exports from India to $10 billion annually by 2027, businesses with export ambitions can learn how to qualify as a Walmart Global Sourcing supplier, taking "make-in-India" products to the world," the statement said.

"Walmart and Flipkart are helping artisans and entrepreneurs augment their Indian ingenuity with merchandising and logistics expertise and access to e-commerce customers across India and abroad. Growing MSME businesses creates employment opportunities in local communities and puts them at the heart of make-in-India and digital India programmes," Leigh Hopkins, executive vice- president, International Strategy, Development and Asia Region, Walmart International, said.

The first Vriddhi e-Institute, opened in Haryana in October 2020 and serves MSMEs from the Panipat-Sonipat-Kundli region.

Source: financialexpress.com– Feb 26, 2021

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