TEXPROCIL NEWS CLIPPINGS
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INTERNATIONAL NEWS

China's Container Availability and Prices are Improving for Exporters

After months of crippling shortages, container availability and pricing is finally improving in China, according to Container xChange's Container Availability Index (CAx). The index draws from data on the container leasing and trading platform Container xChange to track the availability of containers in major seaports.

The CAx reading of incoming containers across China's main ports is currently up 56 percent according to Container xChange when compared to before the Chinese New Year holidays that started on February 11.

While the slowdown in factory production normally associated with the holiday period was reduced this versus normal levels, they believe that it was still enough to allow the container supply/demand imbalance to be reduced. At the same time, the major carriers have been working to aggressively return containers to reduce the shortages experienced in late 2020 and earlier in 2021.

At Shanghai, the biggest Chinese box port, the CAx increased 64 percent for 20-foot dry containers when comparing the pre- and post-holiday container availability. For 40-foot dry containers, the increase is even greater, with box availability improving 112 percent over the same period.

"One week of index values greater than 0.5 does not mean so much but exceeding the 0.5 marks for several weeks in a row like Shanghai and other main ports in China have done means that finally more containers are entering ports regularly, giving them the chance to reduce the container supply/demand imbalance," said Dr. Johannes Schlingmeier, CEO & Founder of Container xChange.

The Container xChange Container Availability Index is also highlighting that other Chinese ports such as Qingdao, Dalian, and Ningbo are strong alternatives to Shanghai for exporters who have been struggling with finding the right equipment.

Dalian has the highest equipment availability of the three ports with further improvements after the holiday period. Container availability also improved in the same period at Qingdao.

These improvements in availability also contributed to declines in the cost for used containers from the record highs reported in January 2021. According to Container xChange prices for cargo-worthy containers declined by a third between January and February falling to $3,750 in February.

“These prices are still far higher than buyers usually pay for newly built containers, but this is still good news for companies who export from China,” said Schlingmeier.

While Container xChange believes these developments are a positive sign highlighting the improvements at key export hubs in China, they are forecasting continued volatility for container availability both in China and elsewhere in 2021.

Source: maritime-executive.com Mar 23, 2021

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Japan's apparel imports decline in January 2021

Japan's garments imports declined from $2.66 billion in January 2020 to $1.85 billion in January 2021, reports Apparel Resources. In terms of weight, the country's apparel imports declined from 643.68 million kg in January 2020 to 492.22 million kg in January '21.

Of the total imports, the share of knitted garments declined 26.60 per cent to $940 million, while that of woven garments declined to 34.43 per cent to $ 910 million. Compared to December '20, import of woven garments increased by 10.44 per cent in January '21. However, imports of knitted declined by 11.90 per cent on M-o-M basis.

In terms of weight, Japan's apparel imports increased 9.33 per cent in January '21 over December '20. Both knitted and woven garments imports by Japan increased by 7.94 per cent and 14.13 per cent, respectively, in the first month of 2021 as compared to the last month of 2020.

Source: fashionatingworld.com– Mar 23, 2021

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Benetton Group Closes Flagship Store in Central Milan to Focus on Smaller Shops

Italian clothing retailer Benetton Group has shut down its flagship store in the centre of Milan, it said on Tuesday, in order to focus on smaller shops after the COVID-19 pandemic.

“The pandemic has led us to reconsider our commercial strategy and in particular the one regarding large-scale stores,” said Benetton Group, when asked about the reasons for the closure.

The group added it had for the time being decided to prioritise shops of around 160 to 250 square metres in size rather than so-called mega-stores.

The Benetton flagship store, which overlooks the square of the Duomo cathedral in Italy’s fashion capital, was 1,750 square metres in size, over three levels, and was opened in 2003.

Benetton has 4,468 shops worldwide, including 1,200 in Italy, most of which operate as franchises.

A year ago the loss-making group appointed Massimo Renon, the former boss of eyewear group Marcolin, as chief executive to ramp up efforts to turn the company around.

The group reported a net loss of 250 million euros ($296.5 million) in 2020, Italian newspaper Repubblica’s Affari & Finanza reported earlier this year.

Source: businessoffashion.com– Mar 23, 2021

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Smart clothing industry to be worth over $4 bn by 2030: GlobalData

Garments and footwear with integrated sensors that transmit biometric information and other datasets will reach new heights of popularity by 2030 and is set to be worth over $4 billion, according to data analytics firm GlobalData, which recently said the sports, healthcare and military industries will become key users of smart clothing in the coming years.

The industry will pass the $1 billion revenue mark by 2023, GlobalData said in a press release.

The company's latest report, 'Thematic Research: Smart Clothing', notes that the sector was worth $668 million in 2020, and the ten-year period will see growth at a compound annual growth rate (CAGR) of 21 per cent.

According to Rupantar Guha, associate project manager for thematic research at GlobalData, the smart clothing industry is awaiting investment from leading technology and apparel companies and that will improve products' capabilities and influence market adoption, a pressing concern for today's smart clothing vendors.

"The COVID-19 pandemic has hit the smart clothing market, both in terms of shipments and revenues. However, the impact has been limited as smart clothing is in the early stages of development, and the market will recover in 2021. Meanwhile, some smart clothing vendors are using COVID-19 lockdowns and social distancing mandates as an opportunity to showcase their products, particularly those with healthcare and fitness capabilities," he was quoted as saying.

Source: fibre2fashion.com– Mar 23, 2021

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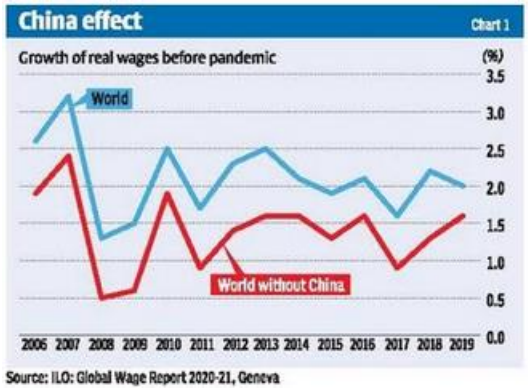
Wage trends in the global economy have worsened

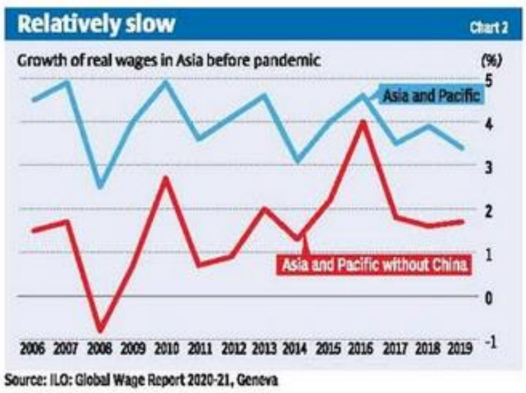
Even before the Covid pandemic hit the world, real wage growth was sluggish everywhere except in China. The past year has seen further hits on wage incomes and employment



Lest we forget, the global economy was already sluggish and fragile before the Covid-19 pandemic struck; and within that, real wages were particularly slow-moving.

Wages did not keep pace with productivity growth anywhere, so wage shares of income were declining pretty much across the board.

The only significant example of real wage dynamism was that of China. As Chart 1 indicates, real wage growth in the world as a whole between 2006 and 2019 was substantially lower when China is taken out of the reckoning.



It is often believed that the Asian region as a whole was more dynamic, including in terms of wage increases, than the rest of the world.

But Chart 2 belies this perception. Even within the Asian region, real wage growth was relatively slow (other than the apparent outlier year of 2016) and well below the rate of increase of real GDP, suggesting falls in wage shares of national income in the rest of Asia as well.

(Of course, despite higher real wage increases, wage share of national income also continued to fall in China as well, because of even faster labour productivity increases.)

First half badly hit

This was the situation before the Covid-19 pandemic swept across the world, wreaking havoc on health conditions and economies.

The first half of 2020 was the worst affected, as the combination of spread of disease and aggressive control measures like lockdowns meant that employment faced major declines.

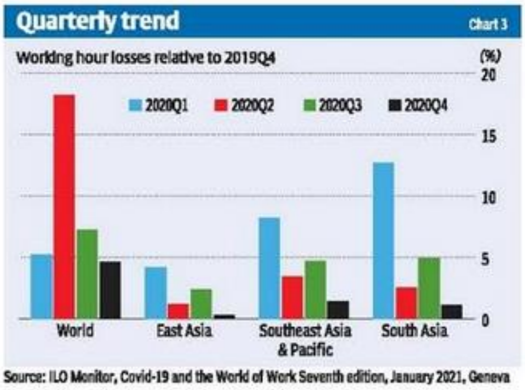


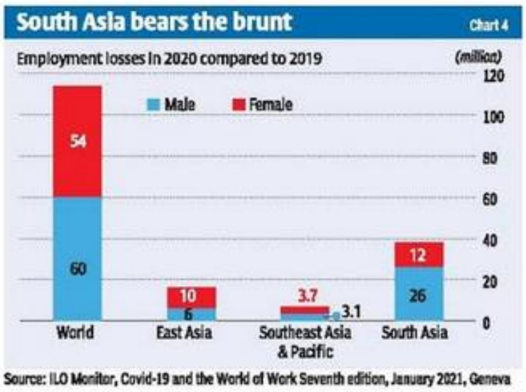
Chart 3 indicates how this played out over the four quarters of 2020, by describing the extent of losses in working hours compared to the previous year for the world as a whole and for the sub-regions within Asia. It is evident that, across Asia, the first quarter of 2020 was the worst for job losses.

Even so, East Asia (including China) stands out for relatively minor declines in employment and very rapid recovery — also because the pandemic was largely brought under control in this region most effectively, notwithstanding sporadic outbreaks.

Among the regions of Asia, South Asia was clearly the worst affected. This was driven mostly by India, where there were very large declines in employment especially following the lockdown.

However, since the national lockdown in India started in late March, the biggest job losses were actually in the second quarter April-June 2020, so this estimate of more job losses in the first quarter is a little surprising.

Even so, South Asia was clearly among the worst affected regions in terms of absolute job losses, as estimated by the ILO.



While South Asia accounts for around a quarter of the world's population, around one-third of total employment losses were in this region, as shown in Chart 4. It is likely that this estimate of 38 million decline in employment in the region over the course of 2020 is an underestimate, since the absence of more recent labour force data from India in particular does not allow for more exact projections.

In many developing countries — and particularly in developing Asia (other than China) with a preponderance of informal employment — the impact on wage incomes would have come not only through absolute declines in employment but falls in wages and income from self-employment.

The ILO Monitor (January 2021) notes that preliminary data from two-thirds of countries for which very recent statistics are available showed decreasing wages or slower average wage growth.

There were some countries in which average wages surprisingly increased; however, this was likely due to the "composition effect" because more jobs were lost in the lower-wage end of the spectrum.

In general, the ILO suggests that case studies generally show that workers across many countries have had to accept wage cuts and/or shorter working hours with associated lower total pay. In India, for example, one ILO study found that formal workers' wages were cut by 3.6 per cent on average, while informal workers experienced a much sharper fall in wages of 22.6 per cent. (Xavier Estupiñan, Xavier, Anoop Satpathy, and Bikash K. Malick, "Wage Code and Rules – Will They Improve the Welfare of Low-Paid Workers in India?", ILO Discussion Paper, New Delhi, 18 August 2020.)

Macroeconomic impact

This decline in wage incomes is bad not just from the point of view of worker welfare, but because of the adverse macroeconomic implications.

Such declines obviously mean that consumption increases will be suppressed, thereby affecting domestic demand and the incentive to invest, and setting the possibility of continued economic decline extending beyond the pandemic itself.

Unless governments — especially in South Asia — counterbalance this with increased spending, especially directed towards the poor and to buttress workers' incomes, economic prospects for the region appear to be grim.

Source: thehindubusinessline.com– Mar 23, 2021

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Turkey's Currency Crisis Stabilizes as Polyester Producer SASA Expands

SASA, a major polyester staple fiber, filament yarn and polymer manufacturer based in Adana, Turkey, is investing $330 million to expand its production capacity.

The investment would lead to an expanded capacity of 367,500 tons per year. SASA said the investment is planned to be commissioned in the fourth quarter of 2023 and its annual contribution to sales volume will be around $550 million.

SASA's volume rose 32 percent in 2019 to 380,000 tons and increased its sales 27 percent compared to the previous year, reaching 2.76 million Turkish lira (about $250,000)and earning 290 million Turkish lira ($36.5 million). In the first six months of 2020, volume was 277,000 tons, with sales of 344 million Turkish lira ($43 million). SAS projects sales to reach $1.45 billion 2021 and $1.6 billion in 2022.

Turkey has long been a solid supplier of apparel to the United States and Europe, with most of its fabric production used for in-country manufacturing. For the 12 months through January, U.S. apparel imports from Turkey were down 16.79 percent in value to $526.21 million, putting it on par with most other U.S. suppliers during the pandemic-fueled low demand period.

The turn of events for the Turkish currency didn't bode well for exporters, which could see profits hurt by falling prices if the currency stays weak. On Monday, Turkey's currency fell 7.5 percent against the dollar, its biggest single-day drop since 2018, following President Recep Tayyip Erdogan's Friday firing of central bank governor Naci Agbal.

The turmoil came after Agbal repeatedly raised interest rates in an effort to tame inflation since his appointment in November, the Wall Street Journal (WSJ) reported. Since Agbal was appointed in November, the central bank raised interest rates significantly in an effort to fight inflation. Turkey's central bank lifted its key rate to 15 percent from 10.25 percent in November, and followed that up with a move to 17 percent in December, according to WSJ.

On Monday, the Turkish lira fell to as low as 8.28 a dollar from 7.22, before regaining some ground to trade at about 7.8 a dollar. On Tuesday, the currency seemed to have stabilized to trade at 7.94 to the dollar. This is above the 6.96 lira to the dollar at its recent low on Feb. 19, and the 6.45 lira to the dollar from a year ago.

Jeffrey Halley, a senior market analyst at currency exchange firm Oanda, told BBC News that Turkish President Erdogan has his own brand of economics–"Erdonomics."

"The base premise of Erdonomics is that higher interest rates cause higher inflation, a theory that flies in the face of conventional economic theory everywhere," Halley told the BBC. "Mr. Agbal was widely respected for his attempts to stabilize inflation."

Source: sourcingjournal.com– Mar 23, 2021

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Pakistan's cotton yarn imports may rise in 2021: TexPro report

Pakistan's cotton yarn import is expected to increase in 2021 as demand has been rising with extension of GSP Plus status by the EU, implementation of 2nd phase of CPFTA (China-Pakistan Free Trade Agreement), relief packages from the government, permission of export of all PPEs and, removal of earlier 5.00 per cent of regulatory duty on cotton yarn import.

Under CPFTA, China has eliminated tariffs on 313 (out of 313 products, 130 are from textiles and clothing sector) priority tariff lines of Pakistan's export interest.

According to Abdul Razak Dawood, adviser to Pakistan's PM on Commerce, the EU's extension of the GSP Plus till 2022 is expected to boost Pakistan's textiles exports by $500 million annually.

The total cotton yarn import of Pakistan in 2020 dropped 37.19 per cent to $65.39 million compared to previous year, with an average of $5.45 million per month (2019: average $8.68 million), according to Fibre2Fashion's market analysis tool TexPro.

Pakistan's cotton yarn imports drastically declined in May 2020 due to the COVID-19 outbreak. The value of cotton yarn import moved down to $1.88 million in May 2020 with a plunge of 72.43 per cent over the previous month. It remained around $2.00 million per month from May 2020 to August 2020. It recovered in September 2020 with a growth of 134.17 per cent over the previous month.

In 2021, cotton yarn import into Pakistan is expected to increase by approximately 20.00 per cent to 25.00 per cent compared to the imports in 2020. Pakistan's cotton yarn import is expected to reach to $81.74 million in 2021.

Source: fibre2fashion.com– Mar 23, 2021

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High cotton prices worsen Bangladesh apparel makers' plight

Sustained hike in the global cotton prices in recent months are dealing a blow to the country's textile and readymade garment (RMG) industry that is already hit hard by the pandemic, sector insiders said.

To make the matters worse, spinning mills have enhanced locally produced yarn prices, on an average, by over US $1.50 per kg, they said.

Referring to that, RMG makers said the rising local yarn prices were putting an additional burden on them at a time when the industry was yet to recover fully from the impact of Covid-19 pandemic.

Local millers have raised the yarn prices in the domestic market taking advantage of the coronavirus outbreak, said the RMG makers, adding that the hike in prices of raw materials were eating up the competitiveness of the locally manufactured garment items.

However, spinning mills attributed the hike in cotton prices to rising demands for the item globally and its supply crunch, and upward costs of other related logistics followed by the Covid-19 induced lockdown.

These factors have made the global cotton market volatile resulting in the increased cost of yarn manufacturing locally, added the millers.

Meantime, Bangladesh Garment Buying House Association (BGBA) said they were also facing difficulties in marketing locally made apparel items due to the 'unusual' rise in local yarn prices.

Terming the increase in local yarn prices 'unusual', the BGBA in a letter to the Bangladesh Textile Mills Association (BTMA) on March 15 wanted to know the reason behind the hike.

Its president Kazi Iftekhar Hossain in the letter said the global garment trade has been mostly affected by the coronavirus outbreak. The losing competitiveness of the local industry is yet another factor.

It has become difficult to retain the global RMG buyers due to the sustained rise in yarn prices, said Kazi Iftekhar.

Asked, Bangladesh Textile Mills Association (BTMA) president Mohammad Ali Khokon said the Covid-19 pandemic had affected not only the local RMG industry but also the primary textile millers.

Prices of yarn largely depend on cotton as the cotton price takes up more than 60 per cent of the yarn production cost, he said.

Moreover, the global cotton market was 'unstable and upward' during the last few months.

Besides, China has purchased a large quantity of cotton from the US and India, he said, adding that the prices of cotton and yarn were higher in the cotton-producing countries like India and Pakistan.

The lockdown has pushed up the use of cotton-based garment items especially the knitted ones, said Mohammad Ali Khokon, attributing the cotton price hike to the demand and supply gap.

According to BTMA, cotton was being traded on an average US$ 0.60 to $0.85 per kg during June to December last year which now ranged between $0.95 and $1.7 per kg in March this year.

Echoing the president, BTMA secretary Monsoor Ahmed explained that due to the Covid-19, cotton harvest had been affected while the pandemic-induced lockdown had pushed up the related trade costs including logistics like shipping and container charges.

Nurul Islam, chairman of Well Group, said the price of raw materials had skyrocketed while costs of logistics had also gone up.

They have to pay US$ 4,000 per container which was $ 900 to $ 1,000 just a few months back, he explained.

Both the spinners and RMG makers are affected and the impact is still unknown as none can predict what would happen in coming months, he said.

Talking to the FE, Fazlee Shamim Ehsan, director of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said yarn price had now increased to $4.0 per kg, which was $2.50 in October and November last year.

They could not maintain their quoted price to buyers as the yarn price increased within the shortest span of time, said Fazlee Shamim, adding that buyers did not pay for the enhanced cost.

Secondly, he said, they are getting less fresh orders when they negotiate buyers keeping into consideration the enhanced yarn price.

Moreover, buyers are offering lower prices, asking for discounts, and deferring shipments and payments citing the Covid-19, he added.

"As a result, we are incurring losses. Despite those, a good number of apparel makers are taking orders less than their production cost mainly to continue their business and pay workers," Mr Ehsan explained.

When asked, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Dr Rubana Huq said at a time when they needed to beat their competitors, rising yarn prices would kill that potential.

According to BTMA, some 425 spinners out of its total 1,461 members provide around 90 per cent yarn demand for knit and 35-40 per cent yarn demand for woven items exports.

The country annually spends US$ 3.5 to $4.0 billion in importing around 8.0 million bales of cotton.

It imports cotton mainly from African countries, India, Australia and the USA while Brazil was added to the importing country list in recent years, according to BTMA.

Bangladesh annually produces only 0.16 million bales of cotton.

Source: thefinancialexpress.com.bd– Mar 23, 2021

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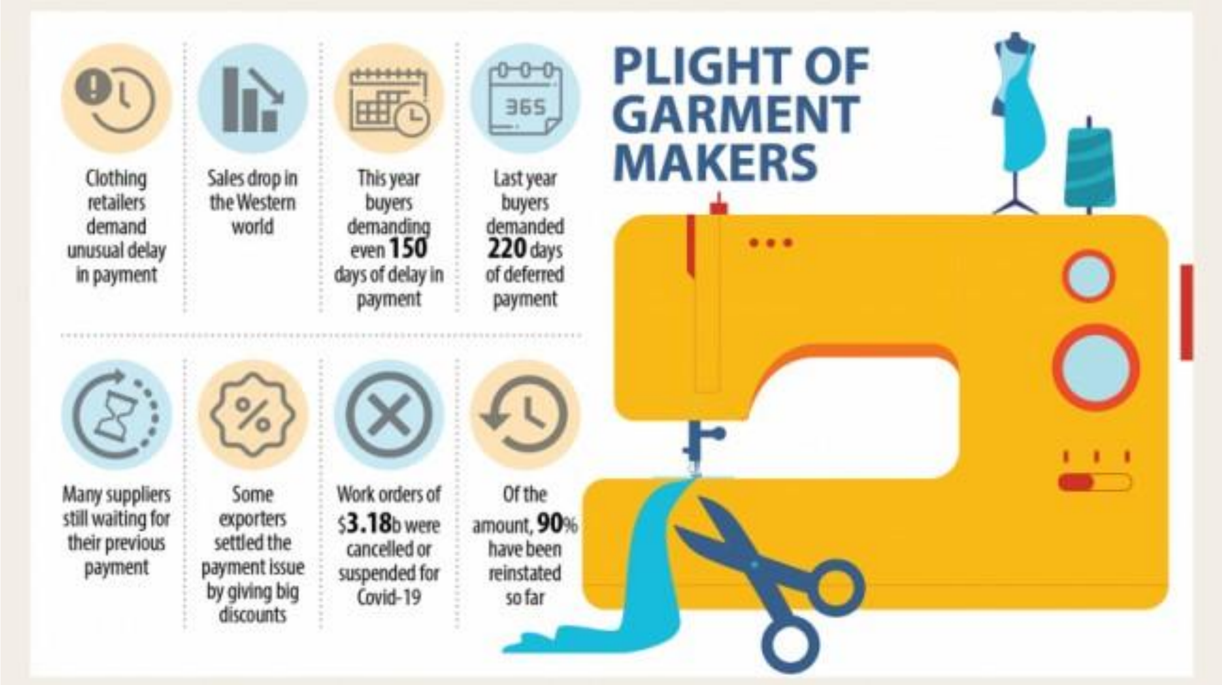
Bangladesh: Apparel exporters in a bind

International retailers and brands are again demanding unusual deferral payment from local apparel suppliers, the second time in a year, saying sales have dropped after Western nations reimposed lockdowns and tougher restrictions because of a surge in coronavirus infections.

When international apparel buyers open letters of credit, the repayment period is set at the highest 90 days. But in most cases, the bills are settled between 30 days and 60 days.



Last year, the retailers and brands, hit hard by the pandemic, had sought deferral payments for 120 to 220 days. As a result, local suppliers had faced severe financial strain, forcing many of them to close factories and lay off workers.

During the first wave of Covid-19, buyers had demanded the abnormal deferral of the payment because of lockdowns and massive disruption in the global supply chain due to the fallouts of Covid-19.

With the improvement of the situation in recent months, the apparel supply chain also recovered a tad bit and, the length of the deferred payment significantly improved as buyers placed work orders with 90 days of LC payments.

But over the last one month, the buyers have been demanding 120 days to 150 days as the payment period as sales of the clothing items reduced significantly because the sharp rise in coronavirus infections forced many parts of the Western world to impose lockdowns.

"Almost all of our buyers are financially weak now because of the fallouts of the Covid-19," said AK Azad, managing director of Ha-Meem Group, a garment exporter.

"As a result, they are demanding an unusual delay in payment," he said.

The latest blow for the exporters in Bangladesh came even though the arrears stuck by the first wave have not been cleared yet.

Azad did not get $1.4 million from JC Penney yet as the company was sold out.
"I have been contacting the new owner that took over the ownership of JC Penney. The management of the new company said it would pay the arrears after the settlement of the transfer of the ownership," Azad said.

So far, the former president of the Federation of Bangladesh Chambers of Commerce and Industry received $0.7 million from JC Penney before the changeover of the ownership.

Several European countries are extending or reintroducing lockdown measures as a third wave of the pandemic sweeps the continent fuelled by more contagious new variants of coronavirus, reported the Guardian on Monday.

"It is still uncertain when British upscale retailer Debenhams will complete the payment to 47 Bangladeshi suppliers although both management of Debenhams and suppliers have settled the payment issue at 5 per cent to 25 per cent discount," said Zahangir Alam, the coordinator of Debenhams Vendors Community in Bangladesh.

After the discount, Debenhams owes $25 million to local suppliers. Of the sum, $10 million might be paid by the freight forwarding company because of the failure to ship the products on time, he said.

Alam also complained that buyers were demanding an unusual delay in payment again.

Small and medium enterprises are the worst sufferers of the unusual delay in payment and the non-payment of arrears.

Ahmed F Rahman, managing director of Kappa Fashions Ltd, said nine small and medium-sized garment exporters had together settled payments with their Hong Kong-based buyer at 43.5 per cent discount after nearly a year of negotiation.

As per the final settlement, the Hong Kong-based company was supposed to pay the suppliers $1.5 million by February 19 this year. But when the time came, the buyer said it was facing problems.

The small factories had sent the goods to the company in November 2019, and the goods reached the buyer's store in February last year.

Last year, work orders worth $3.18 billion were either cancelled or suspended because of the severe impacts of the pandemic. Of the sum, 90 per cent has been reinstated so far.

"International retailers and brands are asking for deferment of payments," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.

"As much as we understand that brands are delayed with payments, the reality of insolvency at our end persists," she said.

Regular demand for discounts and the deferment of payment are critical issues for the sector to deal with, she said.

Source: thedailystar.net– Mar 24, 2021

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Pakistan: Falling dollar price halts yarn exports

Exporters have halted yarn sales as the depreciating dollar slashed their profit margins, resulting in higher availability of the raw material at cheaper rates in the domestic market, sources from the value-added textile sector said on Tuesday.

Meanwhile, industry sources were also hopeful that the recent initiative by Pakistan for normalisation of relations with India could pave the way for cheaper cotton yarn imports from across the border.

The value-added textile sector has been demanding the government to allow import of yarn from India since prices are cheaper while the locally produced yarn is costlier. Spinners who produce yarn were of the view that the raw material was costlier due to costly cotton imports.

With the falling greenback rates, imported cotton would also be much cheaper for the industry in Pakistan.

Pakistan is importing cotton from many countries including the United States which increased the cost of production.

Cotton production in the country fell by 34.4 per cent against the target while consumption continues to increase.

“The recent decline in yarn prices is neither significant nor there is any surety that prices would remain stable as it is mainly because of a sudden drop in US dollar prices,” said Aamir Aziz, an exporter of finished textile products.

Yarn exporters who sold their products at the rate of Rs160-161 now face a decline in their profits. The dollar is around Rs157 in the inter-bank market, with daily fluctuations in the exchange rate. The dollar lost 7.5pc in value since August against the Pak rupee.

Cheaper US dollar has led to a reduction in the prices of imported cotton yarn and now it would be in competition with the domestically produced yarn with lower prices. Local yarns merchants have reduced prices depending upon grading of yarn.

Previously, the spinners strongly opposed yarn imports from India, saying that there should not be any trade with the country unless disputed issues including imbalances in trade are resolved. Imports from India remain higher than exports from Pakistan.

However, with Pakistan taking the initiative to normalise relations with India, traders have high hopes for the import of cotton and cotton yarn.

In the first week of this month, Chairman of the Pakistan Apparel Forum Muhammad Jawed Bilwani said major export orders from different countries were coming to Pakistan for various value-added textile products but the short supply of cotton yarn in the local market hindered their production activities making them unable to meet their export orders.

He demanded immediate permission for duty-free import of cotton-yarn from India as well as a ban on cotton yarn export.

“Media reports suggest that there is a move for normalisation of ties with India. For many cotton and yarn users, there could be a chance to import both the cotton and cotton yarn,” said Nasim Usman, Chairman of the Karachi Cotton Brokers Forum.

He said the cotton is still being imported mainly from United States. “I believe the importers have booked cotton up to $4 billion,” he said.

The cotton season starts from September in Pakistan which means the country’s cotton import till the third quarter of this year would cost $4bn which is substantially higher and is likely to neutralise the government’s effort to increase the exports.

He said as per the report of the Pakistan Cotton Ginners Association, local cotton stock — about 1.5m bales — is available for only two or three days.

Source: dawn.com– Mar 24, 2021

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Post COVID 19 Bangladesh RMG makers to intensify focus on apparel business

Like the dawn that comes after dusk, the global fashion and retail industry also seems to be recovering from the aftermath of the past 12 months when one bad news followed another. A report by the Daily Star highlights, the online fashion segment is growing rapidly with most manufacturers switching to digital platforms.

One of the world's fastest growing online fashion brands, Zalando has targeted €30 billion in e-commerce sales by 2025. The company recorded 50 per cent growth in online sales during the first quarter of FY21. Online sales of the world's largest apparel retailer Inditex too grew 77 per cent in local currencies to €6.6 billion over a 12-month period.

Adapting to changing demands

The pandemic closed down many industries across the world. The fashion industry managed to survive by adapting itself to changing demand. To keep a lid on losses, apparel makers shifted to loungewear and leisurewear. Their resilience and ingenuity showed their ability to weather such storms.

Governments across fashion’s biggest markets are optimistic of their economies bouncing back from the shocks of the pandemic. Germany expects its economy to grow 3.7 per cent in 2021 while the Bank of England expects Britain’s economy to rebound by 7.3 per cent. The US Federal Reserve also forecasts GDP grows of 6.5 per cent this year.

Towards a sustainable post-COVID future

All these good news brings cheer to the Bangladesh readymade garment industry which looks forward to a more sustainable post-COVID future. RMG makers in the country plan to urge the government to support ailing business with financial packages. As one of their largest export markets, the United Kingdom slowly reopens for business, RMG makers now plan to intensify focus on their business which is an important source of their livelihood.

Source: fashionatingworld.com– Mar 23, 2021

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NATIONAL NEWS

DGFT to go fully digital, contactless, faceless, paperless: Commerce Secretary

Department to help States prepare annual export ranking index for districts

The Directorate General of Foreign Trade (DGFT) will soon be completely digitised with the rollout of newer IT systems in a phased manner, enabling virtual offices to be created that are faceless, contactless and paperless, Commerce Secretary Anup Wadhawan has said.

The Commerce Secretary also said that the Ministry was preparing a district export plan to boost shipments and the DGFT will assist States/UTs in preparing an annual “Export Ranking Index” of different districts to rank each district on its export competitiveness. This would provide for agile trade policy formulations that are more responsive to changing scenarios of international trade, a paper on electronic governance and trade facilitation reforms put together by the Commerce Department pointed out.

Friendly, flexible

DGFT would be moving to a paradigm where business would lead and not be held back while waiting for specific confirmations. The usual process of queuing up for benefits and approvals would be removed wherever possible. The exporter or importer would not have to wait on DGFT for any business approval.

DGFT would be implementing post-issuance audit systems for managing any risks for such a business-friendly, flexible system, the paper said. On the initiative of developing districts as export hubs, Wadhawan said that the idea was being seriously pushed at all fronts since every district has products and services that are being exported, and can be further promoted, along with new products/services. This would increase production, grow exports, generate economic activity and achieve the goal of Atmanirbhar Bharat, Vocal for local and Make in India.

The DGFT is working with State/UT governments in a phased manner to achieve this objective. “In the initial phase, product/services (GI products, agricultural clusters, toy clusters, etc) with export potential in each district have been identified and institutional mechanism in the form of State Export Promotion Committees at the state level and District Export Promotion Committees (DEPCs) at the district level are being created to provide support for export promotion and to address the bottlenecks for export growth in the districts," according to an internal paper on 'districts as export hub'.

State/UTs will also be assisted by DGFT in preparing an annual "Export Ranking Index" of different districts in a particular State/UT to rank each district on its export competitiveness.

The five-year Foreign Trade Policy to be announced shortly is likely to have a focus on developing districts as export hubs.

Source: thehindubusinessline.com– Mar 22, 2021

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Centre readies draft plan for district-wise export promotion

Government eyes double-digit export growth in 500 districts in 3-5 years

The government has readied a draft district-wise export promotion plan for 451 districts in the country after identifying products and services with export potential in 725 districts, Commerce Secretary Anoop Wadhawan said on Monday.

Aiming for double-digit export growth from 500 districts over 3-5 years, the Commerce Ministry has asked States to prepare an annual 'export ranking index' of districts on export competitiveness with the assistance of the Directorate General of Foreign Trade (DGFT).

While foreign trade constitutes 45% of India's GDP, most export promotion efforts are driven by the Centre.

The district-specific approach that perforce involves the States in identifying potential export sectors and the logistics bottlenecks to be fixed, was taken up after Prime Minister Narendra Modi pushed for each district to aim to be an export hub during his Independence Day address in 2019.

In the initial phase, products and services with export potential in each district have been identified and an institutional mechanism of State and District Export Promotion Committees (SEPC) are being created, with an action plan to grow exports from each district.

Draft District Export Action Plans have been prepared by regional DGFT authorities in 451 districts.

"Products/services with export potential have been identified in 725 districts across the country (including Agricultural & Toy clusters and GI products in these Districts)," the Ministry said.

"District Export Promotion Committees have been notified in the districts of all the States except West Bengal," it added.

Source: thehindu.com– Mar 22, 2021

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With multiple schemes launched, here's what Modi govt can do next to help MSMEs reach full potential

In the world recovering from the aftermath of the global COVID pandemic, it has been well established that small and medium businesses (SMBs) biggest hope to survive in the recovering market is digitalisation. According to a KPMG-Google report, digital SMBs are expected to grow revenues and rake up profits twice as fast as their offline counterparts. Small businesses have learned the importance of creating a presence in today's digital marketplace amidst the pandemic-induced lockdown. Regardless of the large volumes, the SMB sector in India has not seen momentous growth. There are several reasons thought to be behind the reluctance to grow online including lack of infrastructure, financial help, gender gap, and absence of digital skills – all of which make the journey to go digital, a challenge for Indian small businesses.

Limited Funds

Businesses have been under tremendous pressure during the pandemic. SMBs have been grappling with financial issues starting with the inability to access credit and providing a concrete plan to the banks while applying for loans. They are struggling to maintain a perpetual cash flow to cover recurring costs and provide payments to vendors and employees. Regardless of several policies and initiatives in India, there are various limitations to SMB's finance options, in relation to the growing debt demand in this sector. From the bank's perspective, small companies can be extremely vulnerable to economic fluctuation making them the high-risk borrowers for them.

Digital Literacy Gap

SMBs not only look at opportunities but also risks while transitioning their traditional business to online and creating a digital identity. Business owners are hesitant about losing a human connection and entering a new territory without a skill set, which has been further widened and exposed by the pandemic. The digital gap can also be attributed to the socioeconomic inequality that continues to exist in India. Small businesses from Tier-II and Tier-III cities are often not adequately educated and well versed with the technological skills around web development, online marketing, and network management skills, to feel comfortable creating a digital identity.

Lack of Digital Security

A study by Accenture validates that 43 per cent of all cyber-attacks worldwide are aimed at SMBs. A lack of resources is leading to a weaker security strategy, making SMBs prey to cyberbullies. The rise of remote work has also increased the resilience of cloud computing, becoming a primary concern for increased phishing attacks. As a result, many small business owners and emerging entrepreneurs are concerned about creating an online presence for their business and the potential impacts of cyberbullies impacting their business.

According to a CISCO report, India currently ranks 9th in the small and medium business digital maturity in the Asia Pacific region. Being the backbone of the economy it has become crucial for SMB's to receive digital support from the government, non-governmental originations, and private firms.

Source: financialexpress.com– Mar 23, 2021

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Shri Piyush Goyal says India is focusing on creating a no-frills cost and a differentiation strategy;

Minister of Railways, Commerce & Industry, Consumer Affairs and Food & Public Distribution, Shri Piyush Goyal today said that we are looking at a self-reliant, self-resilient & a confident India which will engage with the world in the days to come.

Speaking at the virtual inauguration of the India Services Conclave 2021, he said that India is focusing on creating a no-frills cost and a differentiation strategy which will help to create uniquely desirable goods & services. He invited the world to walk with India, talk with India & run with India in our engagement on the services side in the new digitalized world that COVID has brought to fore.

The Minister said that despite the strictest lockdown, India's commitments to the world were completely fulfilled during the period. This, he said, that will help us in good stead in the times to come, establishing India as a trusted partner which is willing and ready to serve the world. Converting the COVID crisis into an opportunity, he said that India has done significant reforms in banking, financial sector, mining, agriculture, labour laws & opened up our economy.

Under the guidance of Prime Minister, India has been leading from the front. "We have scaled up our infrastructure to meet the COVID crisis, from our testing ability to enforcing one of the strictest lockdowns to manufacturing products which were only imported." The Minister said that we will close the year with over 90% of our services exports worldwide, as compared to what we did last year.

The Minister said that Services is our competitive advantage. Services sector has been a significant success story of India. This sector has shown a steady growth and resilience in the face of global challenges.

India's digital economy generates about $200 billion economic value annually, but there is a potential to ramp it up to $ 1 trillion if digital technologies are used to unlock productivity, savings and efficiency across diverse sectors. He said that the digital services will help contribute to Ease of living, Ease of consumer engagement & benefits, and help in securing digital infrastructure for international engagement.

Shri Goyal said that as the global trade moves more and more towards services, digital and data back innovation which India offers can really boost the world's engagement with digital technologies in a cost competitive manner. He said that Cyber security is another area where we are very much focused on

Calling for innovation and upgradation to create a glorious path for India in Digitisation, the Minister said that our capacity & capability in digital technologies are huge & they will determine our ability to compete with the world on cost competitiveness & differentiated products.

He said that we are preparing the nation to see how we can ensure the most modern technologies are available in India & upgrade the productivity & skill levels for the domestic & international market. “We are preparing India to see how we can invite hi-Tech industry to come and engage with India & ensure how most modern technologies are available in India & upgrade skill & productivity of entire nation”, he added.

Source: pib.gov.in- Mar 23, 2021

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Indian cotton exports face quality problems

Further shipments may be affected as importers turn reluctant

The quality of Indian cotton has emerged as a major issue in the export market with importing nations becoming reluctant to purchase the natural fibre from India, according to trade and industry sources.

"Due to poor quality of Indian cotton, importing nations are a little hesitant to buy from us," said an upcountry trading source, not wishing to be identified.

This, in turn, can slow down exports that are projected at 75 lakh bales (of 170 kg each) by the Committee on Cotton Production and Consumption, a body of all the stakeholders in the cotton industry.

A trader from the western part of the country said that the Cotton Corporation of India (CCI) has been left holding 51 lakh bales of cotton procured this season due to the fibre being slightly yellow in colour. Similarly, Maharashtra State Cooperative Cotton Growers Marketing Federation (MSCCGMF) has not been able to sell at least six lakh bales it procured from the growers due to the same issue.

CCI denies

CCI and MSCCGMF had procured cotton under the minimum support price (MSP) scheme from the farmers, mainly during the early part of the current season (October 2020-September 2021). For this season, the Centre has fixed the MSP for cotton at ₹5,515 a quintal. At least 100 lakh bales have been procured by these agencies.

When contacted by BusinessLine, CCI Chairman-cum-Managing Director PK Agarwal denied there were any quality problems with cotton exports. "We have the best quality cotton with us. We bought the fair average quality cotton from the growers and whatever we did not procure were bought by other traders," he said.

Southern India Mills Association (SIMA) Secretary-General K Selvaraju said that cotton has quality issues this season, particularly with its colour, following unseasonal rains during October-November last year.

“The CCI was strict in ensuring that the cotton it procured this year adhered to the FAQ norms. Some private traders bought cotton below these norms at a price ₹500-700 a quintal lower than MSP. Last year’s cotton was of better quality than this year,” the SIMA official said.

The trader from the western part said that CCI did not have any problem in selling 45 lakh bales of the fibre with it from the previous season. “This year, the unit of colour reflectance (Rd) is lower in the current season’s stocks as rains have affected the colour,” he said. The Rd level is an indicator of cotton’s witness and a lower level means the fibre’s colour is a bit yellowish, probably on account of rainwater seeping in it. “There seems to be no problem with either the micronaire or staple length. The issue is over cotton’s grading, basically due to the colour,” the trader said.

Prices drop

Trading sources said that due to quality issues, the CCI had lowered its offer prices for export last week, though one source put the cut due to a drop in New York price, which serves as the benchmark. According to the Gujarat Cotton Trading Association, Shankar-6 cotton, the benchmark for exports, quoted at ₹45,100-45,500 a candy (of 356 kg) on Tuesday compared with ₹45,900-46,200 a week ago.

In New York, cotton prices are currently quoted at 84.32 cents a pound (₹48,350 a candy) against 86.13 cents (₹49,400) last week. In the domestic market, raw cotton or kapas prices have dropped by ₹150-200 a quintal since last week to ₹6,050-6,250 in Rajkot district agricultural markets. CCI’s Agrawal said cotton exports this season would be between 70-75 lakh bales, up from projections of 65-70 lakh bales made last month.

The Cotton Association of India projected exports at 60 lakh bales earlier this month. Last season, exports were 50 lakh bales. “Exports will be around 50-55 lakh bales in view of the problems that are reported on quality,” said SIMA’s Selvaraju. During the current season, 46 lakh bales have been exported until last week with most of the shipments heading to Bangladesh, China, Turkey and Vietnam.

Source: thehindubusinessline.com- Mar 23, 2021

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India's goods exports likely to be 8-10% lower in 2020-21, says Goyal

India's goods exports is likely to be just 8-10 per cent lower in financial year 2020-21 compared to the previous fiscal while services exports, barring hospitality and tourism, too, may show not more than a 10 per cent dip, Commerce & Industry Minister Piyush Goyal has said.

This will translate into goods exports probably crossing $280 billion in 2020-21 compared to $ 314 billion in 2019-20.

"We will be almost getting back to the level of trade in goods of last year and have probably a 8-10 per cent shortage," the Minister said at the India Services Conclave organised by industry body CII on Tuesday.

Containers' supply

Given the ramification of the pandemic globally, the fact that parts of the world are still in lockdown, containers are in short supply and shipping freight is high, this is a commendable achievement, Goyal said. He added that Indian exporters have honoured their commitments made to the world despite the harsh circumstances.

"... this shows everybody that India is a trusted partner and is ready to pick up the gauntlet in the most severe of circumstances," he said.

In the area of services, the Minister pointed out that except tourism and hospitality, which were casualties worldwide due to lockdowns and travel restrictions, all the other sectors have shown great resilience.

Services exports

"Other than tourism and hospitality, we will probably close the year with 90 per cent of services exports compared to last year," he said. In 2019-20, India's total services exports were valued at $214.61 billion.

Goyal said that India's digital ecosystem was valued at around $200 billion and India's ambition was to grow five times and touch a trillion dollars. Since India has a comparative advantage in the area, it will be possible to achieve the $800-1,000 billion mark very quickly, he said.

India's exports in April-February 2020-21 at $256.18 billion are 12.23 per cent lower than exports in the same period last year, per data released by the Commerce Department. Services exports from the country in the April-February 2020-21 period estimated at $183.46 billion is about 7 per cent lower compared to the previous fiscal.

Source: thehindubusinessline.com- Mar 23, 2021

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Textile exporters asks buyers to increase prices as raw material costs rise

Knitwear exporters from Tirupur have asked buyers to increase prices against the backdrop of rising raw material costs.

Raja M Shanmugham, president, Tirupur Exporters Association, said that there ws an urgent need to hike the prices of knitwear products for Tirupur's exports to sustain and face the challenging business environment prevailing for the past four months.

The textile town in Tamil Nadu exports products worth about Rs 27,000 crore.

After the central government increased the minimum support price for cotton (kappas) procured from farmers, lint (ginned cotton) prices have risen from Rs 36,016/candy (355.54 kgs) in August 2020 to Rs 46,720/candy in March 2021 and the association has asked the Ministry of Textiles to intervene in the matter.

Shanmugham said that the increase in cotton yarn prices, coupled with an increase in prices of accessories and dyeing charges have made the manufacturing of garments costlier. He pointed out that the fabric cost for manufacturing garments was Rs 384.16/kg in the month of August 2020 has now (March 2021) gone up to Rs 464.8/kg, an increase of 21%.

Shanmugham said the difference in prices of regular cotton yarn and organic cotton yarn was just Rs 10/kg before November 2020, while now the difference was almost Rs 120 a kg. The cost for manufacturing garments was Rs 390.88 a kg in the month of August 2020 and has now (March 2021) gone up to Rs 566.72 a kg, an increase of 45 per cent.

Shanmugham said in the case of cotton and Spandex yarn, due to the increase in prices of Spandex yarn, the cost for manufacturing garments was Rs 432.32/kg in August 2020 and had now (March 2021) gone up to Rs 546.56/kg, an increase of 26%.

The association has appealed to buyers to consider the overall increase in the prices of fabric, which has resulted in an increase in cost of manufacturing of garments and requested them to revise the prices of garments to achieve a win-win situation.

Source: business-standard.com- Mar 23, 2021

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As India-Pak relations ease, limited trade may resume

After a hostile face-off since the Pulwama attacks, the easing of relations between India and Pakistan could set the ball rolling on the trade front. Sources familiar with the development said that initial talks have begun.

While Pakistani textile exporters have already urged Islamabad to allow the import of cotton from India, sources said that other key raw materials such as chemicals and plastic could also be shipped to the south Asian country.

Indications are that Pakistan may even start imports of cement and steel, sources said.

Since the Pulwama attack, relations between the two countries nosedived and all trade activities had come to a halt.

"The Pakistan economy has been severely impacted due to the Coronavirus pandemic and the country's debt level has surged. It only makes sense for Pakistan to start imports from India as it gives a huge freight advantage," an analyst said.

In a major shift of policies, Pakistan's Chief of Army Staff General Qamar Javed Bajwa said that New Delhi and Islamabad must "bury the past and move forward".

Though Bajwa brought up the Kashmir issue, he said that cordial and stable relations between the two countries were critical for the region.

After the Pulwama attack, India retracted the Most Favoured Nation (MFN) status accorded to Pakistan.

"Bilateral trade between India and Pakistan had come to a halt since the Pulwama incident but now India could once again start exporting certain items to Pakistan. There is demand from Pakistan," Ajay Sahai, director general, Federation of Indian Export Organisation told India Narrative

According to data, in 2018-19, Pakistan's exports to India was just 2 per cent of its total exports. Similarly, only 3 per cent of its overall imports were sourced from India. India's imports and exports in relation to Pakistan was less than a per cent.

Though trade between the countries has always remained "limited", it does have an overall bearing for several industries especially when Islamabad's battered economic condition.

Informal trade has always existed between the two countries.

An earlier PHDCCI report said the informal exports from India to Pakistan constituted readymade garments, cosmetics and jewellery, spices, livestock, drugs and pharma, machinery mainly textiles, chemicals, tyres and informal imports from Pakistan to India includes mainly cloth, tobacco products, dry fruits, leather products mainly footwear.

"It makes economic sense for trade to resume, it is known that a lot of indirect trade takes place between the two countries," the analyst said.

Why this change in stance

Another foreign policy expert pointed out that within Pakistan, there is growing impatience with the deterioration of the economic and social indicators amid apprehensions that the country may be slipping into a debt trap. However, Shakti Sinha, director, Atal Bihari Institute of Policy Research and International Studies, MS University and a former bureaucrat said that Pakistan cannot be taken "very seriously" since it continues to bring up the Kashmir issue.

"Though there have been indications from Pakistan that it wants to strike a chord with India and move on it has also brought up the Kashmir issue. It is possible that this change in stance is due to the new US administration and also its own economic condition," Sinha said.

There is also a growing feeling among the Pakistanis that it is time for Islamabad to focus on the "right issues," another analyst added.

"The issue of Kashmir, for Pakistan, has always remained at the core, it has been the driving force for all political parties. It is beginning to haunt the people of the country," the analyst said, adding that the common people there want peace and prosperity.

What has also dealt a blow to Pakistan Prime Minister Imran Khan is the decision of the anti-money laundering watchdog Financial Action Task Force (FATF) to retain Islamabad in the grey list.

The South Asian country along with 18 other countries including Zimbabwe, Yemen, Syria, Ghana, Myanmar, Albania among others, feature in FATF's grey list. This has hit Pakistan's economy further as foreign investments have been thin.

Disappointment has hit home even more as Bangladesh, which was part of Pakistan until 1971, has chalked out a different path with focus on the economy. Islamabad, on other hand, decided to focus on Kashmir. Besides, the perception that the country is a breeding grounds for terrorism continues to stick. Pakistan's handling of the accused in the US journalist Daniel Pearl's brutal murder is a point in case.

The country's debt to GDP ratio has soared to over 107 per cent prompting many economists to believe that the current problem has arisen due to the reckless execution of the China Pakistan Economic Corridor—Beijing's mega infrastructure project, which has been undertaken without proper planning and is laced with high-level corruption.

The debt to GDP ratio is a barometer of measuring the country's repayment capacity in relation to its economic output.

Though Beijing has denied that Pakistan's rise in dent is due to the CPEC, it has slowed down financing towards CPEC, something that has caused embarrassment for Khan.

Source: daijiworld.com- Mar 22, 2021

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AEPC requests mill owners to cut yarn price by Rs 20

Apparel Export Promotion Council (AEPC) has requested cotton mill owners to cut yarn prices by Rs 20 per kg following reduction in cotton prices by about Rs 2,500 per candy in the last two months.

“I am requesting all the mill owners to bring down the yarn price by Rs 20 per kg with immediate effect,” AEPC Chairman Dr A Sakthivel on Monday wrote in his letter to Confederation of Indian Textile Industry (CITI) Chairman T Rajkumar with copies to other associations.

Dr Sakthivel’s request comes soon after Cotton Corporation of India (CCI) reduced cotton prices by around Rs 1,500 per candy earlier on Monday.

He thanked Textiles Minister Smriti Zubin Irani for her intervention. Dr Sakthivel had met the Minister on 18 March 2021 along with other apparel exporters on the same issue.

Source: knnindia.co.in - Mar 23, 2021

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₹338 crore allocated for handloom sector in Telangana state budget

Telangana has sanctioned ₹338 crore for the welfare of handloom weavers. It is creating a brand value for the state's handloom products and has waived off the loans of handloom weavers, state finance minister T Harish Rao told the state assembly recently. Cotton and chemicals required for weaving were also provided at half rates by the government, he said.

Further, the government placed orders for 95.25 lakh pieces of Bathukamma sarees and school uniforms. The government has also created direct employment to 20,000 handloom workers, which created 461 crore orders. Accordingly, the income of power loom workers increased from ₹16,000 to ₹20,000 per month.

The state government released ₹96.43 crore under the Cheyutha Scheme to the weavers, an official release quoted him as saying.

Under this scheme, handloom workers are able to save 8 per cent from their income and government adds an additional 8 per cent to the same. Handloom worker can draw the amount from the bank only after saving that amount for three years.

Source: fibre2fashion.com- Mar 24, 2021

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JNPT, CNB Logitech sign pact for a digital port-yard ecosystem

State-owned Jawaharlal Nehru Port Trust (JNPT) has signed a memorandum of understanding with CNB Logitech to monitor, track and optimise the movement of 5 million containers through the port located near Mumbai.

The partnership seeks to enhance efficiency and help India improve its ranking in the "Ease of Doing Business".

CNB Logitech uses highly advanced internet of things, machine learning and artificial intelligence technologies to fully automate container terminals and port operations. It's SmartInfra applications, including SmartPort, SmartYard and SmartTransport enabled the top container yards to run their operations even during Covid related lockdowns.

CNB Logitech was monitoring over 2.5 million containers before the MoU, it will now be able to track and monitor over 50% of India's container movement in export-import trade (EXIM) trade.

JNPT handles more than half of India's container volumes shipped through ports.

"JNPT is dedicated towards setting quality benchmarks for the port industry and we have systematically invested in improving the port's operating efficiency and handling capacity to enable seamless trade escalating its growth trajectory," Sanjay Sethi, Chairman, JNPT.

"Our solutions are aimed at making container yards and ports more secure, safe, optimised and transparent through technology infusion" Rajesh Kumar, CEO, CNB Logitech said.

The PYE (Port-Yard-Ecosystem) is envisaged around data and information between different infrastructure operating in the space, be it a seaport or an inland container yard. The idea is to exchange digital communication between the ports and their catchment areas for cargo movement seamlessly. The ports and yards may operate as separate units but they should serve as a singular unit on the data and information level.

The PYE will ride upon digitized information to be exchanged in real-time, helping the receiving party to plan their resource allocation and activities. This will bring predictability to the complete EXIM cargo supply chain.

Once an ecosystem like this is well established, it will help the trade save about 20% on overall operational cost and save more than one-third of the time between containers on the ship and cargo at the premises of exporters/importers.

Source: thehindubusinessline.com- Mar 23, 2021

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