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INTERNATIONAL NEWS

US Suspends Myanmar Trade Engagement

The United States government is suspending its trade engagement with Myanmar, also known as Burma, amid ongoing violence and bloodshed in the wake of a Feb. 1 military coup.

This suspension under the 2013 Trade and Investment Framework Agreement (TIFA) will remain in effect until the return of a democratically elected government, United States Trade Representative (USTR) Katherine Tai announced Monday. The development follows sanctions against a host of government and related people and entities but falls short of a ban on two-way trade.

The TIFA signed in 2013 created a platform for ongoing dialogue and cooperation on trade and investment issues. Burma agreed to cooperate with the U.S. on programs to support economic reforms, inclusive development and integration into the global trading system.

“The United States supports the people of Burma in their efforts to restore a democratically elected government, which has been the foundation of Burma’s economic growth and reform,” Tai said. “The United States strongly condemns the Burmese security forces’ brutal violence against civilians. The killing of peaceful protestors, students, workers, labor leaders, medics, and children has shocked the conscience of the international community. These actions are a direct assault on the country’s transition to democracy and the efforts of the Burmese people to achieve a peaceful and prosperous future.”

In addition to suspending future TIFA engagements with the military regime, USTR will consider the situation in Burma with respect to the internationally recognized worker rights eligibility criterion as Congress considers reauthorization of the Generalized System of Preferences (GSP) program, which authorizes duty-free or reduced tariffs on imports forma range of countries. Congress allowed GSP to expire last year.

Reports that the military has targeted Burma’s trade unions and workers for their role in the pro-democracy protests raises serious concerns about worker rights protections, Tai said. In the TIFA, Burma recognized the importance of respecting, promoting, and realizing fundamental labor rights as enumerated by the International Labor Organization, and of effectively enforcing its respective laws and regulations on worker rights.

In 2016, the Burmese government committed through an exchange of letters to further strengthen worker rights protections. USTR said this exchange and the steps the country had already taken to improve worker rights facilitated its reinstatement as a GSP beneficiary in November 2016.

The United States and former President Bill Clinton had previously suspended Burma's GSP benefits in 1989 on worker rights grounds, following the violent suppression of pro-democracy demonstrations and strikes in 1988.

Earlier this month, a coalition of fashion trade and labor, including the American Apparel & Footwear Association, the Ethical Trading Initiative, the Fair Labor Association and Social Accountability International, organizations urged the Burmese military in a joint statement to cease its violent and deadly crackdown on civilians and anti-coup protestors, release those who have been detained, restore Internet service and reject proposed legal restrictions on online activity as damaging to freedom of expression and assembly.

"This coup, and the military's growing violence in support of it, threatens to reverse the progress and the thawing of relations between Myanmar and the international community ongoing since 2011," the letter said.

The U.S. had banned imports from Burma in 2003 following a military coup but lifted restrictions in 2013 after democratic elections.

Source: sourcingjournal.com– Mar 29, 2021

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Cotton market to hit $5.59 bn by 2025 growing at CAGR of 3%: Technavio

The global cotton market is expected to reach $5.59 billion by 2025, growing at an compounded annual growth rate (CAGR) of 3 per cent between 2021 and 2025, according to a report from Technavio. The growth is attributed to government initiatives and support. However, overconsumption of water due to poor management and water pollution may hinder the growth.

On the other hand, the strategic crop due to its versatility will present new opportunities in the coming years, Technavio said in a press release.

Governments across the globe are taking various initiatives to support cotton farming. For instance, the Indian government has come up with several export promotion policies. India's Defence Research and Development Organisation is helping to produce yarns and eliminate the dependence on the import of Chinese products and other foreign clothing for military uniforms.

Furthermore, with two-thirds of developing countries dependent on the export of commodities, a core part of the work of the UN Conference and Trade and Development involves building countries' capacity to move up the value chain and diversify their exports. These factors will drive the cotton market over the forecast period.

"The growing use of cotton as prime material coupled with the support in economic growth and cotton as a source of livelihood will further boost market growth during the forecast period", says a senior analyst at Technavio.

The Asia-Pacific region (APAC) dominated the market in 2020 and is expected to maintain its lead over the forecast period. Eighty five per cent of the market's growth will originate from APAC during the forecast period.

China and India are the key markets for cotton in APAC. Market growth in this region will be slower than the growth of the market in North America.

Source: fibre2fashion.com– Mar 29, 2021

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USA: Government Contracts Will Create 17M USA-Made Masks

The Biden Administration has awarded two contracts—to Parkdale Mills and Ferrara Manufacturing Inc., both members of the National Council of Textile Organizations—following through on the president's pledge to procure millions of fully Made in America face masks for community health centers, food pantries and soup kitchens across the country.

North Carolina-based Parkdale Mills, considered the nation's largest cotton yarn spinner, has partnered with Ferrara Manufacturing, a tailored clothing company based in New York City's garment center, to manufacture more than 17 million reusable masks. The government said it could purchase up to a maximum of 22.2 million masks under the two contracts. The masks will be "Berry compliant"—a mandate that government procurement prioritize U.S.-made goods.

NCTO said a third contract is expected to be awarded to a small business this week. Ferrara Manufacturing and Parkdale Mills will contract with additional U.S. companies across the manufacturing supply chain, employing nearly 5,000 American workers as a result of these awards. Parkdale will be utilizing yarn from its facilities in North Carolina, Virginia, and Georgia, and Ferrara will deploy its cut and sew operations in New York City.

Additional suppliers include Clover Knits and Fitessa of South Carolina; American & Efird, Apex Elastic, Texlon Plastics and South Fork Industries of North Carolina; Georgia's America Knits; Cotswold Industries, with facilities in New York and South Carolina; USC Bag of New Mexico; New Jersey's Unionwear, and Lynda Studios and Domoi Collection, based in New York.

"The entire Parkdale team wants to thank President Biden and his administration for this opportunity to make reusable cotton face masks for millions of Americans," Davis Warlick, executive vice president of Parkdale Mills, said. "By procuring 100 percent American-made masks, we are putting thousands of workers across the United States to work to help our most vulnerable communities. We are excited to partner with Ferrara Manufacturing and are proud of our supply chain partners and their hard work to make this product crafted with pride in the United States."

Gabrielle Ferrara, chief operating officer and owner of Ferrara Manufacturing, said this is “another amazing moment for our industry to come together to produce lifesaving PPE for people who need it most.”

“Ferrara is proud to partner with Parkdale Mills and we want to thank the administration for supporting our workforce, who have sacrificed so much during the pandemic to answer the call of the nation to produce millions of masks,” Ferrara said. “We also greatly appreciate the strong support and partnership of Workers United/SEIU to help amplify the needs to bolster this critical supply chain.”

The U.S. textile industry has produced more than 1 billion lifesaving PPE and other medical products over the last year, according to NCTO. Since the spring of 2020, both Ferrara and Parkdale have retooled their production chains to help produce millions of masks and gowns to help workers on the frontlines.

“We want to sincerely thank President Biden for his leadership and support of American manufacturing workers with this purchase,” Kim Glas, president and CEO of NCTO, said. “We appreciate the administration’s commitment to purchase fully made in America masks and we believe this is a significant opportunity to continue to showcase our incredible domestic textile industry and all of its capabilities. We have a once-in-a-generation opportunity to onshore these critical supply chains long-term and we look forward to working with the administration and Congress to advance long-term policies to bolster this critical production capacity here in the United States.”

Source: sourcingjournal.com– Mar 29, 2021

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Sales of Xinjiang cotton products skyrocket in China, after foreign bans spark outrage

Textile products made with cotton from Northwest China's Xinjiang Uygur Autonomous Region have seen their sales skyrocket in the domestic market over the past several days, as consumers expressed firm support for the product with their purchasing power after bans by some foreign brands sparked widespread outrage in the country.

"Sales of home textiles are surprisingly high on all of the e-commerce platforms, with short-video platform Toutiao and Douyin leading the increase with a growth rate of 1,300 percent year-on-year. Sales on Taobao and JD.com rose more than 150 percent on a yearly basis," a Xinjiang-based textile factory owner surnamed Zhou told the Global Times on Sunday.

Irritated by boycotts by foreign clothing brands like H&M, Nike and Adidas, which said they would not use Xinjiang cotton due to "forced labor" - a claim pushed by some Western politicians that has been widely debunked, Chinese netizens expressed their support for Xinjiang cotton by purchasing related products.

Livestreaming anchor Viya sold Xinjiang cotton textile products worth 23.53 million yuan ($3.59 million) within an hour during a live broadcast on Friday that was watched by about 12 million people, according to media reports.

Some netizens said that products were sold out in seconds before they could buy anything, while others were lucky enough to grab a bath towel made with Xinjiang cotton to show their support.

Some enterprises in Xinjiang operated at full swing to meet the increasing demand. Zhou's factory can make 5,000 cotton quilts per day, but that is hardly enough to fill all of the orders. According to Zhou, a new production line will be assembled next week to increase output.

"All summer comforters are out of stock, and my factory is operating fully to meet orders. Inquiries are huge on different e-commerce platforms, a sign that more orders are possible," Zhang Biao, owner of a textile factory in Yuli county of Xinjiang, told the Global Times on Sunday.

Zhang added that the boycott of Xinjiang cotton by some foreign brands actually began in the second half of last year and the local industry has made adjustments to cope with the impact.

Zhou also said that to his knowledge, nearly 99 percent of home textile factories in Xinjiang have domestic business and won't be influenced heavily by foreign brands' boycotts of Xinjiang cotton.

Born and raised in Changji Hui Autonomous Prefecture in Xinjiang, Zhou built his factory in 2016. He employs 31 minority workers, accounting for 61 percent of the total workforce. Those minority workers mainly come from southern parts of Xinjiang where the farmland is limited.

"They can earn on average 5,000 yuan [$764.5] per month by working in the factory, and they can use this to support their families. There is absolutely no forced labor," said Zhou, adding that the so-called "forced labor" is absurd.

Machines and drones are used in cotton planting and harvesting in Xinjiang, so the industry is no longer labor-intensive.

In northern Xinjiang, the proportion of mechanization in cotton planting and harvesting reached 95 precent in 2020, according to Nongji Zhinan, an industry analysis agency.

The mechanization level for all of Xinjiang reached 58 percent in 2020. The mechanization proportion in northern Xinjiang was more than 80 percent in 2018, according to the Ministry of Agriculture and Rural Affairs.
As the largest source of cotton in China, Xinjiang produced 5.161 million tons, or 87.3 percent of the country's total cotton output in 2020, per statistics of the National Bureau of Statistics

In recent years, China's annual cotton consumption has been about 8 million tons. To meet domestic demand, China imports about 2 million tons of cotton every year, according to statistics that the China Cotton Industry Association (CCIA) sent to the Global Times on Sunday.

As a result, China's exports of raw cotton are small. Cotton planting enterprises in Xinjiang mainly distribute goods according to orders. If there are no foreign orders, firms have no need to export their products, the CCIA noted, adding that Xinjiang cotton growers' earnings should not be affected this year, thanks to agricultural policy support.

But Zhang warned that foreign clothing brands' boycotts of Xinjiang cotton could be on commercial cotton producing and clothing.

China is a big exporter of cotton textiles. In 2020, China's export of textile yarn, fabric and products reached $153.84 billion, with a year-on-year growth of 29.2 percent, according to customs data.

Source: globaltimes.cn - Mar 28, 2021

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Textile associations in Xinjiang hit back at 'forced labor' allegation

Three textile-related industry associations based in Northwest China's Xinjiang Uygur Autonomous Region struck back at some Western politicians' accusations that Xinjiang was using "forced labor" in textile companies, saying the accusations are groundless and vicious.

The so-called "forced labor" allegation by some anti-China forces in the US and other Western countries targeting Xinjiang, is purely "political lies and disinformation," Xinjiang Textile Industry Association said in a statement published over the weekend.

"The accusations are completely baseless…and we express our strong disapproval and condemnation, and our firm opposition to such slander, " read the statement.

The association published the statement after some apparel brands and institutions openly declared that they would not use Xinjiang cotton in their products based on the aforementioned accusations.

Those brands, including H&M and Nike, are facing a backlash in China as Chinese consumers have called for boycotts, and Chinese celebrities have announced to cut ties with those brands.

According to the statement, employees in Xinjiang's textile companies are well paid. They make around 3,500 yuan ($535) on average per month, far higher than the region's minimum wage. Many employees now have a better life and have helped lift their families out of poverty.

The association noted that Xinjiang textile companies provide substantial welfare benefits for the employees, such as offering free healthcare check-up, regular career safety education and plenty of skills training.

"The mistaken action taken by certain international brands and organizations has trampled on the Xinjiang people's rights to increase earnings through work. We urge them to stop excluding Xinjiang cotton from their supply chains", read the statement.

The association also said it welcomed international brands to visit Xinjiang's cotton-producing regions and textile companies to "independently understand the truth."

Xinjiang Trade Promotion Association also released a statement, saying that it strongly opposes US anti-China forces' smearing of Xinjiang cotton and textile supply chains through fabricating the "forced labor" charge.

"In Xinjiang, farmers get to choose what they want to grow. Every link from growing to sales is free and independent. There's no reason or necessity to interfere," the statement said.

The Xinjiang Garment Industry Association also clarified that Xinjiang employees can choose their employers independently based on work environment and pay. The companies also sign labor contracts with them.

"Whatever slander is employed by anti-China forces in the West, it will not stop Xinjiang's textile industries from developing," said their statement.

Source: globaltimes.cn– Mar 28, 2021

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Salvagers Unstick Suez Ship, But $10B in Lost Trade Still at Stake

Following the disruption that cost the global economy an estimated $400 million an hour, ocean freight carriers and supply chain executives were breathing a sigh of relief Monday after the Suez Canal Authority said Evergreen's Ever Given mega container ship was dislodged, fully floating and expected to be moved to the Great Bitter Lake, freeing vessels to once again navigate the critical ocean trade route.

Douglas Kent, executive vice president of strategy and alliances at the Association for Supply Chain Management (ASCM), said the supply chain and shipping industry would now start to take a closer look at what can be done to build resiliency and transparency to prevent such catastrophic results in the future.

"The most immediate situation is resolved and faster than most people thought, but the knock-on impact is already there," Kent told Sourcing Journal. "We have ships, we have containers and we have goods all where they're not supposed to be. So, the recovery process is going to much longer than it was getting the ship moved."

He said the biggest concern is not the most immediate recovery, like "taking the long way around, that's going to take seven to 10 days of travel time," but then the follow-on port congestion in Europe.

Kent said while U.S. ports likely didn't have any immediate impact, "the container problem is bigger than the ship problem." He noted that these containers that have been stuck should have already been at their destination and rerouting back to Asia, which could affect U.S. conditions and cause delays.

Kent said there is likely to be some anti-globalization sentiment that comes out of the crisis as companies look to avoid risk and see rapid recovery when crises do occur.

While he doesn't see the apparel industry changing its focus on Asia as its primary source of production as a result of the Suez snafu, the crisis could "impact decisions on insourcing and outsourcing" and increase verticalization.

On Monday, Maersk said once the vessel is safe at anchorage, the ships currently at anchorage in the lake–three of them Maersk vessels–will sail out of the canal in a convoy. The canal could be opened within the next 12 to 24 hours.

“We are monitoring the situation closely, as Maersk and partners have 34 vessels at anchorage waiting,” the company said. “We have until now 15 redirected vessels around the Cape of Good Hope at the southern tip of Africa and we are currently recalculating if some of these vessels should turn around and continue on their original route.”

Jena Santoro, risk intelligence specialist at Everstream Analytics, said there are 367 vessels waiting to pass through the Suez Canal, while countless others have already made the decision to divert course around the southern tip of Africa, an alternative voyage that reportedly adds weeks to the journey and costs upward of $26,000 per day in fuel costs.

“Authorities estimate that clearing the traffic jam of container vessels will take roughly three-and-a-half days and will cost nearly $10 billion in lost trade each day,” Santoro said.

She agreed that while efforts to normalize canal operations are underway, there are several reverberating impacts that can be expected from the nearly week-long ordeal.

“First, air and rail cargo rates out of Asia to Europe could rise again as shippers seek to use alternatives modes of transportation, with still limited capacity,” Santoro said. “Next, container lines have started to implement booking stops for the first two weeks of April due to the uncertainty of when ships will make it through the Suez Canal, pushing more shippers to alternative modes of transport such as air and rail. Last, already congested ports in Europe–such as Antwerp, Rotterdam and Felixstowe–could face long delays due to the simultaneous arrival of vessels.”

As ships are likely to be diverted to alternative ports to gain time with the unloading process, further delays of import and export cargo can be expected, she also noted. Those with shipments and goods that are stuck on vessels waiting at Suez or diverting around of the Cape of Good Hope can send critical material via air, rail or truck out of Asia to Europe where possible and necessary, Santoro advised.

Alternatively, containers that are already on their way out of Asia can be unloaded at large transshipment ports such as Singapore or Dubai and then flown.

"If possible, critical materials should be sourced from a different supplier or geographical region until the disruptions have subsided," he added. "Authorities estimate that the shutdown of the canal has impacted as much as 15 percent of the world's container shipping capacity. As such, reversing such impacts will take some time and require strategic adjustments be made by those operating in maritime freight."

A Flexport blog summed up the situation: "As unrelenting demand continues, super stacks of containers will keep pushing their way across the world–sometimes, at any cost."

Source: sourcingjournal.com– Mar 29, 2021

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Spur for China's textile industry to upgrade

Some multinational clothing companies have announced they will not use cotton from the Xinjiang Uygur autonomous region, citing "forced labor" as the reason.

But as the Commerce Ministry has said, "forced labor" is a fiction the anti-China forces have fabricated. Relevant enterprises should respect the market law and facts, and stop politicizing commercial issues.

The open attacks on the cotton industry in Xinjiang expose some Western countries' intention to destroy China's textile industrial chain and weaken the status of Chinese textiles in the global market.

Statistics show the scale of China's textile industry accounts for more than 50 percent of the global industry and China's chemical fiber output accounts for 70 percent of the world's total. The country's trade in textile goods accounted for one-third of the global total last year.

With a complete industrial chain and advanced technology in the textile industry, China is the world's largest textile and garment market, the largest consumer of cotton and the second-largest producer of cotton.

China produces about 5.95 million tons of cotton, and consumes around 7.8 million tons of cotton a year. It imports about 1.85 million tons of cotton. Xinjiang accounts for 87 percent of China's output of cotton.

Despite this, the cotton industry and market is dominated by the Better Cotton Initiative, a nongovernment organization supported, if not dominated, by the US government. The BCI has acted as an accomplice with the United States in the latter's organized smearing of Xinjiang cotton.

Although the BCI ban will not deprive Xinjiang cotton of its market as all of it can be consumed at home, the almost unbounded power of the BCI, which means that it can arbitrarily ban a country's exports of cotton, deserves the vigilance of the whole world.

Also, it must be noted that China's textile and garment enterprises rely heavily on foreign trade, as most of them are original equipment manufacturers for foreign brands. With the rising prices of labor and resources in China, the country will gradually lose its comparative strengths in the labor-intensive textile and clothing industries to countries in Southeast Asia, South Asia and Africa.

So rebutting the lies and hypocrisy of the BCI's scheme targeting Xinjiang cotton is one thing, to build Chinese clothing brands and move the country up the industrial value chain is another. The latter being more important in the long run.

The country's textile and clothing industries should show more foresight and courage so they hold their fates in their own hands.

Source: chinadaily.com.cn – Mar 30, 2021

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Nike, H&M, Uniqlo and other brands face fire in China after comments on forced labour camps in Xinjiang

As per a report in Global Times, a Chinese government mouthpiece, brands like Nike and H&M have become the next target of netizens in China after their stance over Xinjiang cotton supply issues.

The Chinese netizens reportedly made #nike the biggest trend on China's Twitter-like platform, Sina Weibo with 720 million views and 530,000 comments over its announcement highlighting its boycott of Xinjiang cotton.

The social media users in China have labeled the company's announcement disgusting and advised the brand to leave China. Nike, in an official statement, stated, "We are concerned about reports of forced labor in, and connected to, the Xinjiang Uyghur Autonomous Region (XUAR). We have been conducting ongoing diligence with our suppliers in China to identify and assess potential forced labor risks related to employment of Uyghurs, or other ethnic minorities from XUAR, in other parts of China."

The company also specified, "Nike does not source products from the XUAR and we have confirmed with our contract suppliers that they are not using textiles or spun yarn from the region."

It is not yet clear when Nike made the above statement.

Chinese social media users are outraging over global brands after Europe, the U.S. and other countries sanctioned Chinese officials this week over alleged human rights abuses. Since then there has been a call to boycott brands such as Nike, H&M and Burberry. While the brands are trying to distance themselves from reports of forced labor in China's Xinjiang region, the local media and netizens seem to be unhappy with the brand statements suggesting they would stop buying cotton from Xinjiang or claimed that their supply chain does not include procurement from that region.

H&M had made the statement last year stating that it will no longer be procuring cotton from Xinjiang after reports revealed forced labour by Uyghur Muslims. On Friday, H&M was removed from Didi Chuxing ride-hailing app for all of China's major cities. The Human Rights section of hmgroup.com has removed the statement on Xinjiang as of Friday.

Statements of brands like Inditex, VF Corp, PVH and Abercrombie & Fitch were also no longer available since Thursday.

Shares of H&M, Nike Inc. and others have said to have plummeted after Chinese government officials endorsed the boycott and celebrities cut ties with brands including Adidas, New Balance and Japan's Uniqlo.

On Wednesday last week, the US Customs and Border Protection agency said that its "Withhold Release Order" would "ban cotton and cotton products" from XPCC, which is a powerful Chinese quasi-military organization. It is believed that the company uses the detained Uighur Muslims as slave labor.

Prime Minister of the United Kingdom too have acknowledged the gross human rights violation of Uighur Muslims.

Boris Johnson almost instantly received support from Australian Prime Minister, Scott Morrison on the issue.

So far, China has claimed that the news about mistreatment and human rights abuse in the Xinjiang region are false and continues to remain in denial.

As per a report, there are more than 80,000 Uyghurs who were transferred to different parts of the country between 2017 and 2019. Some of them were sent directly from the detention camps. The number included in the report was conservative, and the actual numbers can be much higher. These workers not only work as forced labour but have to undergo compulsory organized Mandarin and ideological training outside working hours. They are constantly under surveillance and not allowed to take part in any religious observations.

In recent years, the transfer of 'forced labour' has increased from Xinjiang. As per the media reports, 20,859 'rural surplus labourers' from Xinjiang were transferred to other Chinese regions in 2017. In 2018, the number increased to 28,000, and in 2019 approx 32,000 people were transferred out of Xinjiang.

Source: opindia.com– Mar 29, 2021

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UK retailers urged to check exporting rules under free EU trade deal

New research has found that demand for online shopping has grown since the start of the coronavirus pandemic, with 36 per cent of UK retail sales made online in January this year.

This is up from 20 per cent in the same month last year, according to figures released by the ONS.

With more UK retailers engaging in online sales over the last year, it is possible that some are choosing to or will be selling to a wider customer base through exporting.

UK retailers are being encouraged to check exporting rules under the new free trade deal with the EU, following the big increase in online shopping.

Meanwhile, showed textiles, clothing and footwear stores saw 56 per cent of their sales happen online in January, again an increase from 20 per cent a year ago.

The Department for International Trade found in July 2019 that 66 per cent of current or past exporters said they were essentially passive in their exporting behaviours – they responded to orders from abroad when they were received, but did not specifically target customers in other countries.

This compares to around 28 per cent reporting that they intentionally targeted customers in specific countries and would therefore be classified as ‘active’ exporters.

The remainder reported that they were unsure about their exporting approach (which may well be a proxy for passive behaviours).

The British Independent Retailers Association chief executive Andrew Goodacre said: “It is absolutely vital for independent retailers to understand the implications of the Free Trade Agreement.

“We urge these businesses to visit the relevant government ‘transition’ websites, read the documents, watch the videos etc.

“Whether importing or exporting, trade with Europe is important, and it is crucial for the retailer to understand how to do it properly and minimise disruption.”

The Department for International Trade has urged businesses to take action to access zero tariffs in the Trade and Cooperation Agreement.

They must check that their goods comply with rules of origin requirements, make a declaration, and ensure they have the correct evidence if they wish to claim preferential tariff rates when trading with the EU.

To help smaller businesses new to exporting and importing, the government has created the £20 million SME Brexit Support Fund. The scheme allows businesses up to £2000 in grants to help them adapt to new customs and tax rules, when trading with the EU through training and professional advice.

Source: retailgazette.co.uk– Mar 26, 2021

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An overview on UKFT's 'Best of British Textiles' campaign

UKFT has presented an overview of UK textile businesses that participated in the 'Best of British Textiles' campaign. Apparel Textiles was the second part of the campaign showcasing some of UK's most iconic apparel fabric mills, with products ranging from sumptuous tweeds to cashmere accessories, impeccable worsted fabrics and stunning silks.

Linton Tweed presented the latest collection of innovative novelty tweeds incorporating many colourful and textured fancy yarns, mixed with natural fibres. UK manufacturer Abraham Moon's quality woollen fabrics to leading high street fashion brands in the mid-range to high-end apparel sectors were presented.

Designer and manufacturer Bella Tela showcased its indulgent embroideries, luxurious 3D florals, artisan silk hand paints, and glistening hand-beaded embellishments. Harris Tweed Hebrides fabric which is exported to over 60 countries and supplied to many of the world's most recognised designers, fashion houses and luxury brands, too was displayed their collection.

Students on the BA (Hons) Fashion Textiles course at London College of Fashion offered exciting ideas for embroidery, print and knit during the campaign.

Laurent Garigue's high quality sustainable fabrics that have been manufactured in Yorkshire since 1947 were displayed. The Joshua Ellis laid out its spring/summer 22 collection which offers a range of light-weight jacketing cloths combining simplicity with luxury.

A new creative design studio Margaret which develops beautiful and modern prints for the fashion and graphic industries, exhibited its latest designs. New and exciting kids' print design studio Lion & Leopard also featured in the UKFT campaign.

Next UKFT will be showcasing a variety of British textile companies that create some of the most exciting and innovative textile products for the hand crafting market.

Source: fibre2fashion.com– Mar 26, 2021

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What India, South Asia, world can learn from Bangladesh

This month marks the beginning of triple celebrations in Bangladesh. It is the birth centenary of the father of the nation, Bangabandhu Sheikh Mujibur Rahman; it is the 50th anniversary of Bangladesh's independence; and it celebrates 50 years of diplomatic relations between Bangladesh and India.

A country that began as a case study for development is now on top of the global GDP charts. Bangladesh's GDP growth in 2019 was an enviable 8.4 per cent — twice that of India's during that year — and it is one of the few countries to have maintained a positive growth rate during the COVID-19 pandemic. Its GDP per capita is just under $2,000 — almost the same as India's. In five years, by 2026, Bangladesh will drop its least developed country tag, and move into the league of developing countries — on a par with India.

It is a proud moment for Bangladesh, and the Indian subcontinent. Just as Vietnam amazed the world with its fast-paced growth, so too has Bangladesh, which has displayed a will to grow despite odds.

Vietnam instituted market and economic reforms, known as Doi Moi, in 1986, which enabled it to achieve rapid economic growth and industrialisation. It began with the manufacturing of textiles and garments, in which it is now a prominent global player, and moved into making mobiles and electronics. As supply chains diversify from China, Vietnam is a beneficiary. It is now the "+1" in the "China +1" strategy of multinationals and has seen investment rise steadily, especially from Asian countries like Japan and Thailand.

Vietnam has been smart in signing trade agreements and inserting itself into global supply chains. It joined ASEAN and that free trade region in 1995. It has free trade agreements with the US and with India, Japan, and China through ASEAN. This enabled Vietnam to skill-up its population for labour-intensive manufacturing produced at scale, thereby bringing down costs and expanding exports.

Bangladesh has followed a similar strategy. Its rise is directly connected with the textiles and garments industry, which accounts for 80 per cent of the country's exports. Bangladesh also enjoys preferential trade treatments with the European Union, Canada, Australia, and Japan with negligible or zero tax. With India too, Dhaka has a zero-export duty on key products like readymade garments. Over the years, Bangladesh has enhanced its agricultural production, power generation, natural gas exploration and production, pharmaceuticals, and foreign remittances.

Like Vietnam, its foreign investment regime is investor-friendly. For instance, Bangladesh's liberal FDI policy allows 100 per cent equity in local companies and no limits on repatriation of profits in most sectors. Indian companies are increasingly present in Bangladesh, and Indian products are popular — an outcome of a strong cultural affinity.

Bangladesh scores over almost all other developing countries in microfinance — a model it has exported. The world's most successful and pioneering microfinance organisations like Grameen and BRAC have aided small businesses in the country, and regionally. Many of these schemes, over the years, were directed at women. This has paid dividends not just in financial independence, but also in encouraging them to work outside the home. Consequently, Bangladesh's workforce in its textiles sector is almost all women — 95 per cent women in an industry which is 80 per cent of Bangladesh's exports. Having a woman Prime Minister like Sheikh Hasina as their champion, helps.

This, along with government schemes like Pushti Apas (Nutrition Sisters) and community health clinics has helped Bangladesh in the development indices: Bangladesh fares better on infant mortality, sanitation, hunger and gender equality than many countries including India.

What can India, South Asia and the world learn from Bangladesh's successful development trajectory?

Certainly, increasing women in the workforce, liberalising internal and external trade, and making micro lending accessible, are some of the lessons. But so is the goal of being a global hub for the sub region, building special economic zones which require infrastructure, connectivity and a welcoming environment for investors both domestic and foreign. Domestic entrepreneurs create the base for a nation's small and medium business strength, and the jobs and innovation that go with it.

On March 26, when Prime Minister Narendra Modi visits Dhaka as the guest of honour for Bangladesh's 50th anniversary, he will push the button on the long-delayed bilateral connectivity projects, and launch new ones. He can do more. Ahsan Mansur, chairman of BRAC Bank, said at a seminar last week organised by Gateway House and the Konrad Adenauer Stiftung, which "both countries have suffered since 1947, without connectivity, at huge cost. Now is the time to integrate our power systems, think about free trade, liberalise the visa regime."

India need not always carry the burden of South Asia's development alone. It now has a partner with whom to collaborate effectively towards achieving that goal.

Source: thefinancialexpress.com.bd– Mar 28, 2021

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Patel calls for boost in manufacturing, and better use of country's BRICS ties

Trade and Industry Minister Ibrahim Patel has called for South Africa to rebuild its manufacturing strength to be able to fully benefit from the opportunities in the BRICS markets.

Speaking at the BRICS Business Council meeting on Friday, Patel said this needed to be done through deeper partnerships and careful use of both demand and supply-side measures.

Patel lamented how South Africa had rapidly opened its trade-exposed sectors to the effects of global competition, but lost manufacturing capacity due to lack of support to local firms. He said the results were painful to see.

"It led to a wave of de-industrialisation pressures, and as core feeder-factories were closed down, they impacted on other parts of supply-chains," Patel said. "Our localisation project is about working with the business community to rebuild the foundations of manufacturing, to strengthen industrial capacity that can supply both the domestic and export markets."

Manufacturing is a big driver of employment with the strongest employment multiplier. Research by the Industrial Development Corporation shows that for every one manufacturing job, another three jobs are created across the economy, in both supplier industries and services sectors.

The industry is also an earner of foreign exchange and a driver of innovation, of research and development.

But manufacturing production in South Africa has declined on the effects Covid-19, declining by 3.4 percent in January due to slowing food and beverages production. Patel said that the country's re-imagined industrialisation agenda was based on building dynamic firms and economic inclusion to retain and modernise traditional sectors, like steel, textiles and clothing.

Sector partnership agreements, known as Master Plans, have now been put in place in five sectors, with a further one, in the furniture industry, being close to conclusion.

Patel said these initiatives have positively impacted on sentiment and investment; and Patel pointed to the recent R16 billion investment announcement by the Ford Motor Company and the R1bn investment in the poultry industry.

He pointed to progress made during Covid-19 to repurpose South African manufacturing capacity, such as local production of hand sanitiser products expanded greatly, supplying the domestic market and also exporting R1.7bn worth of product to other medical-grade products. “New technologies provide significant opportunities, not only for new industries, but to retrofit established sectors to be more flexible and green. Additive manufacturing, the convergence of the physical and digital worlds, offer enormous opportunities for a location like South Africa,” he said.

“Climate-change is another significant vulnerability for people and economies. To ensure that we contribute to a more climate-resilient industrialisation, the government will focus its efforts on identifying green economic opportunities in new products and sectors as well as in greening traditional smoke-stack industries.”

Patel called on the manufacturing sector to work on opening export opportunities in BRICS countries, through three measures. First, to produce detailed export-opportunity studies for each BRICS country, identifying the products that can be exported and the support infrastructure needed.

Second, to build greater cohesion within South African manufacturing, with sharing of ideas between industrialists on how to penetrate export markets; and greater use of manufacturing networking to address issues of technology innovation and marketing, among others.

Third, to develop an innovation project to bring together product development and manufacturing people to identify new opportunities where South Africa might not yet have capacity, but for which there are significant markets in BRICS and indeed beyond it.

He also alled on the manufacturing sector to work on attracting bright young people, who could bring energy and new ideas to the making of products.

Source: iol.co.za– Mar 29, 2021

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Vietnamese enterprises invest in textile materials for local and export demand

In the middle of March, Song Hong Garment and Textile Company kicked off construction of its factory in Nghia Phong Commune in the Northern Province of Nam Dinh with 40 sewing and weaving production lines in the area of nearly 75,000 square meter with investment totaling VND600 billion (US$ 26,034,523). The factory scheduled to come into operation in November is expected to help increase the company's revenue to VND5 .5 trillion.

Beforehand, VND180 billion Trung Quy weaving and dyeing facility with annual production capacity of about 2 million meters of all kinds of fabrics had been operated in Hai Son Industrial Park in the Mekong Delta Province of Long An before Tet holiday (the Lunar New Year).

Simultaneously, Nghe Tinh Textile Company was greenlighted to operate a OE yarn manufacturing facility to meet demand of the textile industry producing 18,720 tons of thread yarn per year. The VND600 billion plant was built in Nam Hong Industrial Park in the Central Province of Ha Tinh's Hong Linh Town.

Leaders of these above-mentioned enterprises said that they will help ease their own shortage of materials as well as provide materials for other companies. Moreover, these facilities have come into operation at the time when free trade agreements (FTAs) and the EU-Vietnam Free Trade Agreement (EVFTA) came into effect; therefore, Vietnam is eligible for preferential export and import tariffs for complying with EVFTA's rule of origin.

In addition to locally-invested factories, Foreign Direct Investment-invested fabric projects have been completed and come into operation, including Hong Kong Texhong Textile knitting plant in Texhong Hai Ha Industrial Park in the Northern Province of Quang Ninh with the total investment of US$214 million.

According to the Vietnam Textile and Apparel Association (Vitas), Vietnam is the third largest exporter of textiles and clothing in the world, it is still heavily dependent on imported materials. Specifically, in 2020, the textile and garment sector achieved revenue of U$35 billion; yet, it spent nearly $20 billion on imported materials including $12 billion on fabrics.

Therefore, newly-built factories both help Vietnam to enjoy FTA's preferential tariff and create more employment for local laborers.

Vitas Chairman Vu Duc Giang said that the industry is facing big environmental challenges required by importers. When it comes to the industry's revenue this year, Chairman Giang said that Vietnam can achieve around $37 billion - $38 billion as the development of the coronavirus pandemic has still been complicated in the world.

Mentioning material production, the leader of Vitas said that these newly-built factories have been reducing the shortage of material; however, he noted that enterprises should well study rules and road map for tariff cuts on many goods to most take advantage of FTA.

For long-term strategy, Vitas petitioned the Government to approve the industry development strategic plan by 2030 with the vision to 2035 for assisting enterprises. Additionally, the government should establish big textile industrial zones with centralized wastewater treatment plants to lure investment in weaving and dyeing to meet the sectors' demand, said Chairman Giang.

Source: sggpnews.org.vn– Mar 27, 2021

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Expert Offers Recovery Strategy for Vietnam's Hard-Hit Garment Sector

Vietnam's garment industry—and its massive workforce—has faced stingingly harsh headwinds amid the Covid-19 crisis, a new study from the Vietnam Chamber of Commerce and Industry (VCCI) revealed.

Findings from the chamber's 2020 business survey, administered in partnership with the World Bank, show that the spread of the coronavirus has had a serious impact on (more than 87 percent of the country's businesses and corporations, including those run by domestic private enterprises and those with foreign direct investment.

What's more, 97 percent of private companies in the garment industry reported a high rate of negative impacts, followed closely by information and communications firms (96 percent) and the electrical equipment manufacturing sector (94 percent). While the consensus across the board has been negative, small, nascent businesses that have been in operation for less than three years have found the business conditions presented by the pandemic to be particularly challenging, VCCI said.

About 65 percent of private enterprises and 62 percent of those dependent on foreign investment experienced declines in revenue last year, the group added, averaging between 34-36 percent. Micro, small and medium-sized firms saw the greatest losses.

A number of factors has contributed to those troubles, Dau Anh Tuan, legal department director for VCCI, said in a statement. Supply-chain disruptions due to coronavirus infections, as well as additional costs to implement protection measures, have cost firms dearly, with many also reporting work stoppages due to a drastic decrease in demand from customers, including order cancellations. Some reported having to delay planned investments and halt ongoing or future projects.

Jacques Morisset, the World Bank's chief economist in Vietnam, said that many businesses proved their resilience in the wake of the virus' peak last spring, adjusting business models to favor digital processes that reduced worker contact and quickly responding to the needs of customers, reinforcing their value to the global supply chain. Still, sustaining this progress will require support from the country's government, both in the near and long term, he said.

For now, "2021 remains a tough year for businesses," VCCI president Dr. Vu Tien Loc added, noting that authorities must implement policies to create more favorable conditions for companies in Vietnam. While business support packages are available, there have been shortcomings in implementation and in rolling out aid to the sectors that need help most, he said. Regulation is central to post-pandemic survival in order to ready the country's enterprises for "new competition" in the months ahead, he said. "This will be very important to help businesses find new opportunities in the context of the economy and enter the development stage," he added.

While Vietnam's manufacturing sector already serves many of the world's most recognized brands, Dr. Loc also believes the nation should continue its work to develop its industries and services to rely less on external sources, concurrently reducing a longstanding outwork situation and increasing Vietnam's value on the world stage. This will create more opportunities to benefit from free trade agreements with high domestically made content provisions, he added.

The country's footwear sector, for example, serves household name brands and is largely regarded for its proficiency in creating well-loved styles like sneakers. But many of the upstream components that go into these silhouettes are manufactured in China, which continues to navigate choppy waters when it comes to trade with the U.S., making Vietnam's dependence on the country for materials an inconvenient if not problematic truth. Vietnam narrowly skirted its own tariff hike on a range of products earlier this year due to allegations of currency manipulation.

In addition to developing more self-sufficient supply chains, Dr. Loc urged m Vietnam's government take a long view with regard to new policy packages to support business recovery, investing not just in present improvements but in future advancements through 2025. The impacts of the Covid crisis could ripple outward for another four or five years by many experts' estimations, he said, making forward-looking policy a must.

In developing those plans, he added, government should look to replicate the strategies that have worked for Vietnam's businesses over the past year, spreading comprehensive business support policies that champion best practices. Business and trade associations should also share the lessons they've learned, he added, especially when it comes to identifying market segments, partners and resilience-boosting tactics that have served Vietnam's firms well throughout the pandemic.

Source: sourcingjournal.com– Mar 29, 2021

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EAEU writes to Vietnam over textile-garment items export quota surge

Some textile and garment items from Vietnam that are entitled to preferential tariffs in the Eurasian Economic Union (EAEU) under a bilateral free trade agreement (FTA) exceeded the quota last year.

The ministry of industry and trade said it recently received a diplomatic note from the Eurasian Economic Commission saying while the quota for jerseys, pullovers, cardigans and waistcoats was 1,520 tonnes a year, exporters had shipped over 1,640 tonnes.

Exports of knitted women's suits also exceeded the quota of 382.7 tonnes, with 414.9 tonnes being shipped.

The agreement incorporates safeguard measures against exceeding quotas, and accordingly Vietnamese textile-garment exporters will not be entitled to preferential tariffs for a period of six to nine months and instead will have to pay Most Favored Nation import duties.

But Pham Xuan Hong, chairman of Ho Chi Minh City Textile and Garment Association, told domestic media outlets that members had not received any warnings from their partners in the EAEU market.

Some textile companies with factories in Vietnam import products from China and pass them off as 'Made in Vietnam', thus causing export volumes to surge.

Source: fibre2fashion.com– Mar 26, 2021

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Vietnam: Ho Chi Minh City unveils export targets for next decade

HCM City has set itself an export target of US$108 billion by 2030, up from the last year's $40 billion.

It is encouraging newly established firms to focus on key sectors like rubber, plastic, food and foodstuffs, IT-electronics-telecommunications, garments and textiles, and pharmaceuticals.

It wants to improve the industry and become involved in global value chains especially in the electronics, mechanical, and wood products, which it considers a key to its exports. It plans to upgrade export infrastructure, and reform public administration directly related to foreign trade.

Head of the city's Statistics Office, Huỳnh Văn Hùng, said Covid-19 has largely been controlled in Vietnam, causing a recovery in manufacturing. But exporters continue to face difficulties since many major trading nations have yet to open their markets, he said.

The municipal Department of Industry and Trade is working with other relevant parties to develop the supporting industry supply chain, helping businesses cut input costs and improve their competitiveness.

It plans to enhance trade promotion and help businesses reach out globally.

Nguyễn Phương Đông, director of the department, said despite facing numerous challenges, exports of five goods last year exceeded $1 billion each: computers, electronic products and components ($17.8 billion); garment and textile ($4.3 billion); footwear ($2.2 billion); machinery and equipment and parts ($2.2 billion); and the rest ($6.9 billion).

Its key export markets remained China, the US and Japan.

China accounted for $10.5 billion worth of the city's exports, up 23.7 per cent from 2019. Exports to the US and Japan were worth $6.7 billion and $2.8 billion, down 0.2 and 16 per cent.

Source: thestar.com.my– Mar 29, 2021

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Bangladesh becomes leading denim exporter in 2020

Beating its competitors in the US market, became the largest denim exporter to the country in 2020.

As per Textile Today, Bangladesh is also the number one denim products supplier to the European Union, which imported over 65 per cent of the clothing products of Bangladesh.

According to the US Office of Textiles and Apparel (OTEXA), Bangladesh's earning from its denim exports to the US declined by 4 per cent ito $561 million in 2020 from $585 million in 2019.

However, Bangladesh's market share in US denim products rose to 20.03 per cent in 2020 taking the first position from Mexico. Mexico holds the second position with a 16.74 per cent market share followed by China 11.85 per cent.In the last five years, Bangladesh recorded a 7.18 percentage point gain to 20.03 per cent from 12.85 per cent in 2016.

The country holds a 29 per cent market share of total EU denim markets as of 2020. According to statistics from the Directorate-General of the European Commission, Eurostat, Bangladesh has earned over €1 billion from exporting denim products to EU countries during the January-December period of 2020, which was €1.27 billion in the previous year.

A strong backward linkage industry especially in fabrics manufacturing and washing helped Bangladesh to become a leading exporter of denim products. Exporters also invested a lot in research and innovation, product development and technological upgradation, which paved their way to growth.

Branding of Bangladeshi denim products through expositions also helped the country attract the attention of global buyers.

Source: fashionatingworld.com– Mar 27, 2021

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Pakistan: Textile ministry seeks resumption of cotton, yarn imports from India

The Ministry of Textile Industry on Monday sought permission from the Economic Coordination Committee of the cabinet to lift ban on import of cotton and cotton yarn from India in a bid bridge raw material shortfall for the value-added textile sector, Dawn has learnt from official sources.

The import of these raw materials will lead to partial revival of trade relations with India since August 2019 when Pakistan formally downgraded its trade relations. The low yield cotton bales in the country has paved the way for import from India.

"We already submitted the summary to the ECC more than a week ago to lift the ban," an official said, adding the decision of the coordination committee will then be placed before the federal cabinet for formal approval.

The government's decision to consider lifting of ban from India came as a big relief for the value-added textile sector which seeks access to cheap raw materials.

Currently, cotton and yarn imports are allowed from all countries except India.

Prime Minister Imran Khan, as incharge of commerce and textile ministry, has already approved the summary to be placed before the ECC.

On Aug 9, 2019 Pakistan downgraded trade relations with India in reaction to the latter's decision to revoke Article 370 of its constitution that granted occupied Kashmir a special status. Bilateral trade remained suspended since then.

In May 2020, Pakistan lifted the ban on import of medicines and raw material from India to ensure there is no shortage of essential drugs amid the Covid-19 pandemic. This was the first step of reversing of complete suspension of trade with India.

Taking to Twitter, Commerce Adviser Razak Dawood tweeted, "A meeting was held with the Prime Minister @ImranKhanPTI escalating prices of cotton yarn were discussed. He was sympathetic towards the value-added sectors & advised that in order to ease the pressure on yarn and keep momentum of value added exports."

"All steps be taken through cross-border imports of cotton yarn including by land. A summary will be presented at the next ECC to ensure availability of cotton and yarn in the coming months," the commerce adviser said in another tweet.

Exporters appreciate move

Meanwhile, the value-added textile sector hailed the government's move. Appreciating the decision, the All Pakistan Textile Exporters Association further urged the federal government to ensure energy supply to entire textile value chain at upfront tariff, gas $6.50/mmBtu and electricity at $ 0.075/Kwh if it wished to continue the momentum of textile exports.

It has been observed that prices of fabric are going up on daily basis despite fact that all looms working and making lot cotton fleece, he added.

Pakistan Textile Exporters Association Chairman Khurram Mukhtar in a tweet said that import of raw cotton, yarn and grey fabric from India will bridge the gap in demand and supply. It will enable Pakistani exporters to continue growth momentum, he said.

Currently hoarding of raw materials and speculation are at peak, Mr Mukhtar said.

Pakistan's exports to India plunged 89 per cent to $2.085 million this year from $19.738m in the 8MFY20. Exports to India plunged by a whopping 90.8pc to $28.644m in FY20 from $311.958m over FY19.

Source: dawn.com– Mar 30, 2021

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Pakistan: Regionally competitive energy tariffs

Pakistan's uncompetitive and inefficient energy mix has rendered economic growth elusive and also raised pertinent questions about affordability. Our country's energy tariffs have not been commensurate with the income levels of the general population or with regionally prevailing tariffs. The regionally competitive energy tariffs that were provided in 2018 to support the textile sector, Pakistan's largest manufacturing and exporting sector, reaped benefits instantly and led to impressive expansion and growth, both within the industry and for Pakistan's economy as a whole.

The textile sector outperformed competition and expectations during the time of COVID-19 and lockdowns. However, hurdles frequently arise insofar as this sector's smooth performance is concerned. One such hurdle is the motion to remove regionally competitive energy, a blunder that would sully all past developments and efforts. Providing the sector with an enabling business environment is crucial to maintaining its role as a strong growth stimulus for the economy. Furthermore, the potential for higher value addition at subsequent phases of production enhances the sector's ability to move Pakistan into tertiary production and industrial growth, but without competitive energy, this will remain a distant dream.

Despite unreliable energy supply and higher tariffs, the textile sector has been operating at full capacity and receiving increased orders, leading to the revival of non-operational units, and the creation of new jobs. Textiles have been heavily supporting the economy, yet the industry's profitability is being hampered by illogical energy tariff hikes and policies. In the past, the textile sector commended the Prime Minister for making Pakistan's energy tariffs competitive with those in Bangladesh and India, but the current rate is 9 cents/Kwh which is well above average of 7 cents in the region.

The government has offered to offset the high energy tariffs with a DLTL package, but this is an unsustainable solution as only direct exporters can benefit from it, whereas 80% of textiles comprise the chain as pictured below (Figure 1). Given the higher energy tariffs of our region, a domestic producer will not opt for local inputs while they can import them cheaply and without duty through DTRE and Bond. This policy, if followed through, will lead to rapid deindustrialization.

So far, the textile sector has managed to meet demands but growth has remained elusive, as high energy tariffs, power shortages, and illogical government policies have kept the sector stagnant. Despite limitations, the sector has performed well during the period of Covid-19 and posted a growth of almost 11 percent in exports during January 2021.

In terms of cost of conversion (where the cost of raw material is subtracted from the total cost of production), energy cost is the leading component, especially in spinning and weaving. Thus, it is pertinent to comprehend the importance and relative share of energy in the conversion cost. Due to a tough competition among regional countries, a minor cost difference in relative terms brings a huge impact in the international market.

Exporters face the brunt of the pressure from high energy tariffs, thereby facing a reduction in market share and leaving Pakistan far behind its regional competitors. This is also one of the prime reasons for the stagnation of exports, a fact which was duly acknowledged by the government when it announced regionally competitive tariffs back in 2018. However, over the last few months, there have been promising levels of export growth and positive impacts on industrial expansion and job creation. Minister for Commerce and Investment Abdul Razak Dawood recently tweeted that the country's exports have crossed the 2-billion mark in four consecutive months. Our exports for Jan 2021 are up by 8% to $ 2.14 billion, compared to $ 1.98 billion in Jan 2020, according to provisional figures. The exports for Jul-Jan 2020-21 increased by 5.5% to USD 14.245 billion as compared to USD 13.507 billion during Jul-Jan 2019-20. Our cumulative exports for seven months of FY 2020-21 are showing a rising trend. The impact of this export growth on Pakistan's economic stability cannot be overemphasized.

Exporters have achieved this feat despite difficulties, leading to a great degree of textile sector expansion. Value-added exports, including readymade garments, knitwear and other major exports have been showing major increases in both quantity and value. Large-Scale Manufacturing (LSM) in Pakistan grew by 14.5 per cent in November 2020 as compared to the same month in 2019, data released by Pakistan Bureau of Statistics (PBS) shows. It is important to note that the SBP data is depicting a 5% drop in Textile exports whereas the PBS data is showing 10% enhanced exports over the last six months up to December 2020. The difference is entirely due to a disconnect in realization of proceeds and the change in terms of payment from suppliers due to Covid-19.

The enabling environment resulting from these tariffs attracted billions in investments to the sector. According to SBP, out of all TERF applications, around 60 percent came from the textile sector alone. Furthermore, the sector has experienced a $ 1.60 billion investment during the first 6 months of the current fiscal year. The demand for new investment from the textile sector is partially attributed to regionally competitive energy tariffs and concessionary mark ups. To unfold the export potential of the textile sector, the large investment in machinery, skills, and product development, along with supporting policies from government are key areas to focus on.

A PIDE study has highlighted that energy tariffs in Pakistan are high due to operational and commercial inefficiencies, governance issues, ineffective planning, poor policies and sub-optimal energy mix. The unit energy price covers all the inefficiencies and is higher than the cost of service for industrial consumers. Moreover, the study finds that an electricity tariff above 7.5 cents/kwh is regionally uncompetitive. Industrial demand of providing electricity at 7.5 cents/kwh and gas/RLNG at $ 6.5/mmbtu is unassailable.

The impetuous responses from some governmental offices to withdraw the RCET policy or gas suspension have weakened business confidence among producers. The table of regional energy tariffs shows the disadvantageous position of the Pakistani textile sector in terms of competitiveness, in the event of withdrawing the RCET policy. The regional average electricity tariff rate is 7.4 cents/kwh and receiving a tariff rate of 9 cents/kwh can provide a momentary respite to the textile producer but not a long-lasting one.

The study has also ‘pointed out’ that the share of energy in 2018 was 36.4 percent while during 2020, a one percent decrease was observed in conversion costs. This shows that regionally competitive energy tariffs have categorically reduced the production cost in Pakistan. The share of energy in cost of conversion shows that textile industry in Pakistan is incurring 2.4 percent higher energy costs than India and 7.8 percent higher than Bangladesh.

The current dialogue surrounding regionally competitive energy tariffs suggests replacing RCET with the duty drawback on Local Taxes and Levies (DLTL) scheme. It is proposed that this scheme will be offered to Export Oriented Units (EOUs) of zero-rated sectors. At the exporting stage while filing a return, they will receive a refund against the energy tariffs paid during the production process. This scheme cannot work effectively, and will render the sector uncompetitive. It is only rational to provide direct concessions based on unit cost of service of energy in terms of competitive energy tariffs, rather than providing indirect concession in the shape of DLTL.

DLTL is made further complicated and thus more inefficient as it brings in extra costs of documentation, time and delay. The refund mechanism will incur time and delay costs as release of refunds takes place at the end of the year. It is pertinent to mention that the Government of Pakistan has only recently released the DLTL claims that were pending from 2014. Furthermore, the documentation process for refund claim submission is unnecessarily complex, requiring an audit and verification of claims by a bank.

The textile sector is now expanding at an impressive pace and is in need of unprecedented support to maintain its growth, so direct and timely provision of relief in terms of the energy package will have long-term benefits for the entire economy. In the undesirable case of replacing competitive energy tariffs with DLTL, the textile industry would end up needing to pay electricity tariffs at 14 cents/kwh. Meeting these higher energy costs will result in higher domestically produced output. Thus, the output price will also be uncompetitive; any downstream unit in the value chain will prefer imported inputs instead of expensive domestic inputs. In this case, local units at the higher end of the value chain will be at risk of closing down. This phenomenon would be disastrous for the spinners and it would be tough for them to remain in the market.

It is impractical to depend on a DLTL scheme for energy tariffs as a method to support the whole value chain. The benefits of such a scheme are seldom shared by the value chain, and are likely to neglect the more pressing needs of the industry. Vertically integrated units have the most to gain from such a scheme, and these represent only a minuscule chunk of the industry. Most textile units are not directly involved in the export process and are in fact far removed from it, as they operate downstream.

Therefore, not only would they attain no benefit from such a scheme, they also stand to lose domestic market share.

It is therefore an established fact that the withdrawal of RCET or the implementation of the moratorium on gas would be highly illogical policies. They would shatter investors' confidence and sully the efforts towards upgradation and value-addition that can make economic growth attainable for Pakistan.

Consistent implementation of RCET policy is therefore essential to remain competitive, achieve sectoral expansion targets and broaden customer base.

Regional Energy Tariffs

Region		Electricity Tariff (Cents/Kwh	Gas/RLNG Tariff (S/mmbtu	
Pakistan		9	Sindh	5.9
			General	6.5
Bangladesh		9	4.05	
India	Maharashtra	7.8	4.06	
	Punjab	7.1		
Vietnam		7.3	The PM has the authority to decide which project charged what tariff rates	

Textile Exports and Shares o f Selected Countries

	Textile Exports (BiU. S)	Pakistan	India	China	Bangladesh	Vietnam
		% Share				
2010	616.28	1.96	4.51	33.92	2.73	2.20
2015	759.80	1.77	5.04	37.73	3.64	3.66
2019	792.82	1.79	4.60	34.69	-	5.08

Source: Calculation base on World Integrated Trade Solution (WITS) database.

Source: brecorder.com– Mar 30, 2021

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Pakistan: Made-up exports in terms of quantity nose dive

Despite claims for turning the national economy back on the track, Pakistan's made-ups' exports in terms of quantity have faced a nosedive in major export-oriented sectors, causing a loss of over $3.5 billion in the first eight months (July-Feb) period of the current fiscal year.

If Pakistan had managed exports of the same quantity it had exported during the last fiscal year, it could have fetched $3.5 billion additional amount in export receipts during the current fiscal year. All this loss had occurred despite increased global prices during the current fiscal year.
Pakistan's exports fetched $16.32 billion during July-February, 2020-2021 against $15.63 billion during the corresponding period of last year, showing an increase of 4.42pc.

According to analysis done on the basis of official data available with The News, Pakistan's exports of rice in terms of quantity declined by 10 percent as rice exports of all categories decreased from 2,766 metric tons in eight-month period of fiscal year 2019-20 to 2,490 metric tons in the same period of the current fiscal year. "This 10 percent decline in quantity terms has caused losses of $237.5 million in the first eight months (July-Feb) period of the current fiscal year" the data shows.

The Basmati rice faced a major decline in quantity by 35.6 percent in the first eight months period of the current fiscal year, so its losses in dollar terms stood at $203.7 million. On the other hand, the global price of Basmati rice had gone up by 14 percent. The other rice categories witnessed a decrease of 3.4 percent in quantity terms, so it caused a loss of $33.8 million in the first eight months of the current fiscal year. The global prices of other rice categories had witnessed an upward trend by 11.7 percent during this period.

The raw cotton has witnessed a decline by 96 percent in quantity in the current fiscal year so far as its exports decreased from 13 metric tons in the first eights of last fiscal year 2019-20 to 0.5 metric tons in the same period of the current fiscal year. It has caused losses of $14.4 million. The global price of raw cotton had faced a declining trend by 10.7 percent.

The cotton yarn witnessed declining trend in quantity terms by 16.3 percent in current fiscal year, causing losses of $118.1 million. Cotton clothes faced a major dip in terms of quantity of exports as it declined by 53.6 percent in the first eight months period of the current fiscal year. This decline has resulted in causing financial loss of $1.482 billion so far during the current fiscal year. The global prices of cotton clothes had witnessed a surge by 93.3 percent.

The ready-made garments exports faced reduction of 37 percent in quantity, so financial losses are estimated at $1.174 billion. The global prices have gone up by 62.4 percent.

The synthetic textile has witnessed a decline of 66.5 percent, so its financial cost is estimated at $455.9 million in first eight months of the current fiscal year. Although, the global prices of synthetic textile have witnessed an increasing trend of 196.2 percent.

The carpets and rugs exports faced decline by 35 percent, so in financial terms it caused a loss of $25.7 million. The global prices of carpets and rugs have gone up by 65.2 percent.

The exports of footballs faced decline in quantity by 38.2 percent, so it caused financial loss of $38.2 million. The exports of gloves faced a decline by 26.5 percent, so it failed to fetch $15.5 million in the first eight months of the current fiscal year.

Source: thenews.com.pk– Mar 30, 2021

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Pakistan: Trade with Sri Lanka

Last month, Pakistan has announced a new credit line of $50 million for the purchase of defence products by Sri Lanka, whereas another LKR 52 million (equivalent to about $263,000) credit would be available for promotion of sports in Sri Lanka. Various agreements were also signed to further strengthen bilateral relations between the two countries in trade, investment, tourism and agriculture, in particular.

These measures would accelerate multi-sectored cooperation with Sri Lanka, and, at the same time, help in implementing Pakistan government's priority to increase its total exports, further diversifying in the areas of value-addition and non-traditional items. It has also been decided to broaden and diversify the Pakistan-Sri Lanka Free Trade Agreement (FTA), thereby expanding the existing base of bilateral trade, both in scope and magnitude. Target for bilateral trade has been set at one-billion dollars, to be achieved in medium-term.

Currently, the volume of two-way trade is about $500 million, and trade balance is in favour of Pakistan. Major items of export from Pakistan are cotton, textile yarn and fabrics, pharmaceutical products, cement, salt, cereals, fertilisers, chemicals (PVC), rice and others. Imports from Sri Lanka include ships and boats, tea, spices, fruits and vegetables, rubber and rubber-based products, and wood and wood-based products.

Sri Lanka has been a long-standing trading partner to Pakistan. The FTA enables the two countries to grant duty-free, or to allow concessionary duty, to the respective exports / imports of the identified commodities and products. Under these provisions, Sri Lanka may export spices, rubber and rubber products, coconut, paper and paper products, cane and wooden furniture, raw silk, silk yarn, copper products, precious stones and jewellery to Pakistan. Yet, Sri Lanka's exports in the past remained at low level, less than $100 million in any year.

Sri Lanka, second largest trading partner of Pakistan in South Asia, is a promising market for Pakistani products, and its high potential has not yet been realised properly. Sri Lanka is the region's vibrant export hub. The 'Spice Land' can significantly increase its exports to Pakistan in spices, food and beverages, essential oils, herbal cosmetic products, gems and jewellery, and personal protection equipment and sanitisation products. Pakistan, the world's largest tea importer in 2019, buys about 255,000 tons of tea every year valuing $528 million. Once Sri Lanka's famous Ceylon tea dominated the Pakistan market, but over the years it lost to other sources. Ceylon tea is the second highest export item earning billions of dollars for Sri Lanka every year. At present, the share of Sri Lanka, which is ranked the third largest tea producer in the world, is nominal in Pakistan's tea market. Sri Lanka can make efforts to regain the attractive and growing market here. Likewise, Sri Lanka can increase export of its computers to Pakistan that have been well introduced already.

There is also the need to shift the present pattern of commodity-based trade to capital goods and industrial sector. For quite some-time Pakistan has been supplying defence hardware to Sri Lanka in competition mainly with the Chinese and Indian sources. This is primarily due to superior quality and better performance of Pakistani defence products, which are being supplied in various markets of the world, and because of established credibility of its manufacturers. Our share of exports in this sector can be increased manifold.

Likewise, we may have benefit for export of oranges, apples, dates, fruit juices, rice, potatoes, welded pipes, iron and steel products and motorcycles and accessories to the Sri Lankan market. Similarly, Pakistan manufactures a variety of engineering goods. Over the years the industry has produced and sold sizeable products in the domestic as well as international markets, at highly competitive prices. And Sri Lanka is no exception. Heavy Mechanical Complex has designed, supplied and installed 27 Nos Dam Gates for Sri Lanka's reservoirs and irrigation canal projects.

In the recent past, Pakistan Machine Tool Factory, besides having supplied a variety of defence products, has delivered a reasonable number of tractor parts and components to private parties in Sri Lanka, whereas private sector has exported water meters, fans, air conditioners and other domestic appliances. Pakistan Railways have delivered 40 Nos broad-gauge railway wagons to Sri Lanka in the past. Other railway equipment of interest to Sri Lanka includes axles, hydraulic screw jacks, surface traverser, steel bridges and railway electrification.

The above facts demonstrate future prospects for enhancing and widening our exports to Sri Lanka that at present has a marginal share of even less than one percent of Pakistan's total exports. Besides consolidating on export of our conventional products, market for new products and services is to be explored there. The manufacturing sector of Sri Lanka accounts for over 30 percent of the GDP, major industries being textiles, apparel and leather products. Other industries include food, beverages, tobacco, chemicals, rubber and rubber products, plastic, paper and paper products, cement, sugar, and non-metallic mineral products.

Investments, domestic as well as foreign, are being made in light engineering, electronics, rubber-based industries, ceramics and glassware, and in the SME sector. There are seven sugar mills producing about 500,000 tons of refined sugar. Huge imports meet the gap in demand that is estimated to be double of domestic production. The country produced about 375,000 tons of cement in September 2020 at its five plants set up in private sector. Yet, Sri Lanka is the fourth largest importer of cement globally. Interestingly, Pakistan's DG Khan Cement Limited and Thatta Cement Co once had plans to establish cement plants in Sri Lanka but these proposals did not materialise.

There are identified opportunities for export of Pakistan's machinery and equipment for sugar, cement, chemical, and petrochemical plants in Sri Lanka. A variety of light engineering goods are also required, such as irrigation pumps, machine tools, power transformers, electricity transmission lines, construction machinery, mining equipment, environment-related equipment, tractors and agricultural implements, air-conditioning equipment and domestic appliances.

In recent years, Sri Lanka has embarked upon plans for rapid industrialisation, having adopted policies of establishing basic industrial manufacturing facilities, on one hand, and, on the other, expanding and diversifying the existing manufacturing capacities with focus on export-oriented products.

The nation is thus in need of the design and consultancy services, progressive transfer of technology and training of personnel, besides plant machinery, which we can provide in selected areas. For example, Pakistan can extend technical assistance for developing and modernising engineering, textile and cement industries of Sri Lanka, and train its engineers and technicians in different fields related to these sectors.

There are enormous possibilities for collaborative partnership through establishing joint ventures in Sri Lanka in manufacturing, information technology, engineering services, banking, insurance, tourism and others. At one time Sri Lanka had shown interest, and Pakistani investors responded positively, to form a joint venture in Pakistan for the blending and marketing of tea. It was also proposed to undertake tea cultivation in

Pakistan with their assistance. The interest of Sri Lanka can be revived in these areas. Sri Lanka has earlier identified steel, sugar and textile sectors for direct foreign investment by Pakistani entrepreneurs.

The two countries are already implementing Agreement on Promotion and Protection of Investments. At the regional level, the Agreement on South Asian Free Trade Area (SAFTA) has been effective. SAFTA entails adopting various trade facilitation measures through elimination of tariff and non-tariff restrictions in the region.

If the existing strong political will continues to prevail on both the sides, bilateral trade is poised to grow and strengthen in coming years, thus cementing the existing friendly relations between Pakistan and Sri Lanka. Nonetheless, the two sides have to devise strategies to explore the opportunities in respective markets, effectively availing the duty concessions under the FTA. Potential for increasing bilateral trade is estimated to be $2.7 billion, which need to be exploited optimally.

Source: thenews.com.pk – Mar 28, 2021

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NATIONAL NEWS

India and the United States agree to strengthen their Trade Relationship

The Union Minister ofCommerce & Industry, Railways and Consumer Affairs, Food & Public Distribution, Shri Piyush Goyal had a very productive discussion with the United States Trade Representative (USTR), Ambassador Ms Katherine Tai, over a video call on 25 March 2021.

ShriPiyushGoyal congratulated Ms Katherine Tai on her appointment as USTR. They discussed a range of issues and agreed to strengthen the India–U.S. trade and investment relationship. The conversation included consolidating economic partnership between like-minded democracies upholding the principles of openness, transparency and fair trade.

Both agreed to further India-U.S.economic cooperation on the basis of shared objectives and resolve pending legacy issues through mutual dialogue and discussion. They also agreed to strengthen the India- U.S. Trade Policy Forum (TPF) and to convene the next Ministerial-level meeting of the forum in 2021.

Source: pib.gov.in– Mar 26, 2021

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Don't let GM technology die

Activists and those with vested interests are blocking the technology that will help farmers

The status of GM crops in India is like that of Karna in Mahabharata. A peerless archer who was done in by six curses. Some vested interests in the country want GM technology to go the same way. Biotech developers have been goig around in circles for last 15 years.

Different governments, at the Centre and in States have been influenced by ideologies and activism against scientific progress in agriculture and against farmer interests. The announcement by the Environment Minister in the Rajya Sabha that trials of field crops need recommendations of States is the final nail in the coffin.

The only GM crop approved so far, Bt cotton, has been a success. Although activists claim that it is a failure, data show that Bt cotton has helped double the yields, boost cotton production three-fold and make India the largest producer of cotton and the second largest exporter. Also, the use of pesticides for bollworm control has more than halved, which underscores the success of the technology.

The claim that yields went up because of higher fertiliser consumption is flawed. According to government data, fertiliser used in cotton cultivation went up from 158.7 kg/ha in 2001 to 180.1 kg/ha by 2012. This is natural because the plant is producing more cotton. With yield going up from 302 kg/ha to 489 kg/ha during the same period, fertiliser consumption per kg of cotton produced actually fell from 0.52 kg to 0.36 kg. While farmers and the textile industry prospered due to Bt cotton, it also helped the edible oil sector. Consumers are using 15 lakh tonnes of cottonseed oil for cooking now compared with 5 lakh tonnes before Bt cotton was introduced.

Yet, the activists keep harping that Bt cotton is a failure. In fact, Bt cotton is a victim of its success. The Government brought in price control, making it practically impossible for technology developers to justify investing more money. With seed cost forming less than 5 per cent of the revenues of farmer, the seed price was not a variable in farmers' calculations. Even the seed companies have not been investing much in developing new varieties because there is no differentiation between good and bad varieties.

Killing tech

To make matters worse, there was a dispute on the Intellectual Property protection of biotech trait and seed which went all the way to the Supreme Court and is yet to be resolved.

The Government's interference in determining the trait fee created uncertainty amongst trait developers on pricing. These issues have killed any incentive for technology providers to bring new traits into the country. In fact, regulatory application for HT cotton was withdrawn by a company. India has produced other GM technologies that haven't gone commercial yet. Bt Brinjal was approved by the GEAC (Genetic Engineering Appraisal Committee) in 2009 but was rejected by the political leadership.

The status of the GEAC itself was downgraded to an Assessment Committee. For reasons not based on science, a moratorium was imposed on Bt Brinjal by the Environment Minister in 2010.

In 2013, Bangladesh introduced the same Bt Brinjal and the results have been noteworthy.

When GM Mustard came out of Delhi University in 2017, it answered all the objections that opponents of the technology used for blocking Bt Brinjal. Developed by an Indian university, it is a technology for increasing the yield of the oilseed crop and reduce the bloating edible oil imports. And, it is not a Bt gene.

This time round the activists used a different set of arguments. They said the technology uses Herbicide Tolerance in the seed-production stage and HT was against the interests of farm labour, herbicides were dangerous for health, and similar specious arguments.

Now, Bt Brinjal is coming out from IARI, a national research institute. While it is time to test the IARI technology, the activists want the field trials to be stopped.

Similar to GM Mustard, this technology is completely indigenous and has been licensed to an Indian company. The safety of GM technology is proven across the world, especially in the case of Bt Brinjal in Bangladesh. Brinjal is the largest pesticide consuming vegetable crop and Bt technology will reduce pesticide usage, making it safe for consumers and improving the profitability of the farmers.

Opposing field trials is a definite way of blocking progress of science. Probably, the activists are worried that that the trials may produce good results and then it will be difficult for them to oppose. The Government should make sure that GM field trials are carried out in the research farms of ICAR centres or in the agriculture universities in different States so that there is complete control on them. There should be no need for NOC from States.

Sowing seeds of doubt in people's minds is enough to block a technology that can help crores of farmers. This is reflected in the unfulfilled demand for HT Cotton. Labour costs have shot up and availability has dwindled.

Also, farmers problems with weed management must be understood. Future GM traits can help save water, reduce fertiliser consumption, improve nutrition and improve yields. All these possible benefits are being given up. India's regulatory system is robust, and on a par with the best in the world. But the activists are deliberately casting aspersions on the GEAC to stop the progress of technology. One should not fall prey to this propaganda.

The Government funds thousands of crores on biotech research in health and agriculture annually. The Government has to believe in the science it is funding and in the robustness of our regulatory system. Undue importance being given to activists with vested interests and ideological agendas have derailed the progress of technology in agriculture. A decade or more has been lost chasing the wrong goals. This is a costly mistake which will jeopardise the competitiveness of Indian farmer and our agriculture in the global markets. Perhaps that is what some of the other countries want and our activists are playing into their hands.

Vested activism is having a field day. Both the Central and State government need to act firmly and decisively. Ambiguity has caused enough damage and dried up investments. Time to have a clear strategy for the benefit of farmers. Else, the GM technology will die as Karna did in the battle field through discrimination and deceit.

Source: thehindubusinessline.com– Mar 29, 2021

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View: Wanted, a bill to fix Indian manufacturing

Sometimes, the things that are good for us are the ones people resist the most. Diet and exercise for instance. For a classroom full of kids, a baker distributing pastries is going to be far more popular than a doctor administering bitter medicine. And for voters, a government giving sops is more popular than a government taking tough decisions. However, we must diet and exercise. A doctor is more important than a baker. And a government must make tough decisions.

After decades of disappointing ourselves and the world, I think it is time India took some tough steps to make itself a proper manufacturing hub. It is time because this time the government is showing real intent and desire to achieve this goal. From broad initiatives like Make in India and Atmanirbhar to specific policies like PLI (Production Linked Incentives) that will cost the government lakhs of crores, there is definitely both intent and effort to push Indian manufacturing. These efforts are good. They have and will make some difference. However, we need more. We need a proper extensive Indian Manufacturing Bill to really turn India into a global manufacturing hub.

But first, we need to be honest about the key hurdles that prevent global manufacturers from coming here in droves. We need to acknowledge that China has fared much better than us in this regard. Instead of copying Chinese apps, perhaps we need to emulate what they did right to become a global manufacturing hub, that too just in the last three decades.

We can too. However, it requires the doctor, and not the baker. It requires fixing things that are broken. It requires one big bill that will solve all the problems that Indian manufacturers face in the country. Yes, there will be protests. Left-wingers, the same guys who keep prodding the government for more jobs, will oppose this manufacturing bill that creates more jobs. People with wonderful, eloquent English but no real stakes in the economy will write articles on how ‘poor farmers’ will suffer and ‘poor labourers’ will be hurt, without actually ever suggesting a way on how the prefix poor can be removed from farmers and labourers.

A few thousand people will block Delhi roads (sorry Delhiites, it is always you guys who face the traffic snarls). Some will call it the murder of democracy (even though an elected government will pass the bill). A few western publications will use words like ‘draconian’ and ‘Indian government tramples workers’ rights’, assuming workers had a lot of rights in the first place. Opposition parties will rally poor people and try to convince them that ‘everything’ is being ‘taken’ away from them by rich capitalists.

They will tell people the government should be giving you pastries (because, of course, it has endless money) and not bitter medicine.

And yet, it is time to be the doctor and not a baker. Just like the farm bills, the manufacturing bills will have to be pushed through. Without that, Indian manufacturing will never boom, millions of Indian youth will remain unemployed or under-employed and we will not see the economic recovery we want.

These are the five main problems manufacturers face in India. One, the land. You pay upfront for the land. Then, a neighbour, a villager, a panchayat, a local NGO — anyone at all can file a case against you. Worst case you lose the case, best case you lose several years. Your project calculations go haywire. Land acquisition has to be foolproof, just as it was for the Delhi Metro project. Second, labour management.

Set up decent, minimum standards for labour for sure. But after that factory owners should not have new labour headaches every week. Ideally, labour should be sourced off labour agencies so the factory owner is not liable for managing them. Three, import and export of machinery and finished products. Global manufacturing requires easy movement of goods across borders. Custom duties are one thing, custom delays are quite another and cause much more damage to a manufacturing setup.

Free imports of machinery are a must. Four, taxation and compliance. The government itself has admitted that there is too much compliance burden, and it slows down work, not to mention the constant tedious filings. Five, transportation infrastructure that needs to be excellent for factories to compete globally. All of the above five items listed above need to get resolved if we want to get anywhere.

Hence, we need one comprehensive Indian manufacturing bill that gives full protection to anyone who wants to manufacture anything in India. Manufacturing creates wealth and jobs. It builds the nation. Factories are our new temples. We must guard them and let them function with the same sanctity. Only then we will achieve our vision of India as a global manufacturing hub.

Source: economictimes.com– Mar 28, 2021

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India against Asean in supply chain trilateral

India has opposed Japan's suggestion to include the Asean countries in the Supply Chain Resilience Initiative (SCRI) which seeks to reduce dependence on China and build resilient supply chains in the IndoPacific region. While Japan is keen to on-board the 10-member Association of South East Asian Nations (Asean), officials said New Delhi wants to safeguard its interests from China's indirect influence through the bloc as it builds on its self-reliance through reduced dependence on imports. India, Japan and Australia are members of the SCRI.

"We aren't keen on Asean joining the initiative right now. We need to safeguard our interests and China's influence through the grouping is a concern," said an official. Launched last year, the trilateral (SCRI) aims to create a free and transparent trade and investment environment. In 2019, the cumulative gross domestic product of the three countries was $9.3 trillion, and their merchandise goods and services trade was worth $2.7 trillion and $0.9 trillion, respectively.

The SCRI, first proposed by Japan, aims to reduce dependence on China amid a likelihood of rechurning of supply chains in the Indo-Pacific region amid the Covid-19 pandemic. It seeks to build upon the existing bilateral frameworks like the Asean-Japan Economic Resilience Action Plan and IndiaJapan Industrial Competitiveness Partnership and attract foreign direct investment in the region.

"We will see later if Asean can join," the official cited earlier said.

The three countries are considering setting up industrial parks, a mechanism to address resolution of trade and investment barriers, a streamlined risk management system, and improved sea and air connectivity between the three nations. Moreover, at least 10 product and services categories have been identified from the perspective of the volume of trade in all categories of goodsfor collaboration.

Source: economictimes.com– Mar 29, 2021

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JNPT opens new inter-terminal route to streamline traffic movement

The country's premier container port JNPT on Saturday announced the opening of a new inter-terminal route, connecting BMC Terminal with the other four other terminals at the Port to further streamline the traffic movement.

The new route, inaugurated by JNPT chairman Sanjay Sethi in the presence of other port and Customs officials, among others, will reduce the container movement distance between BMCT and the other four terminals by half, from the existing 5 km to 2.5 km in one direction, JNPT said in a statement.

The new route is expected to increase the rail share and volume of transhipment containers in the Port, it said.

Jawaharlal Nehru Port Trust (JNPT) operates five container terminals that handle over 50 per cent of the total container cargo among the major domestic ports.

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These are Jawaharlal Nehru Port Container Terminal (JNPCT), the Nhava Sheva International Container Terminal (NSICT), the Gateway Terminals India Pvt Ltd (GTIPL), Nhava Sheva International Gateway Terminal

(NSIGT) and the newly-commissioned Bharat Mumbai Container Terminals Private Limited (BMCTPL).

The Port also has a shallow water berth for general cargo and another liquid cargo terminal which is managed by BPCL-IOCL consortium.

The new route will be used exclusively for the movement of TP (Transhipment) & ITRHO (Inter Terminal Rail Handling Operation) containers between BMCT and other terminals of JN Port offering a smooth and continuous flow of ITRHO and TP containers, the port operator said. "The inauguration of an internal-terminal route will help in the overall trade cycle and further enhance our efficiency. It will further streamline the movement of rail containers between BMCT with all the other four container terminals at the port," said Sethi.

JNPT has also taken various other initiatives under 'Ease of Doing Business' that have helped save a significant amount of time and cost for the importers-exporters community, he said.

The ITRHO aims to maximise train placement, track productivity, efficiency, cost effective handling, reduce dwell time of import ICD boxes as well as connecting export ICD boxes to respective terminals in time and also increase rail quotient at JNPT, the statement said.

Trade will be benefitted, as the new route would ensure timely connection of export containers arriving by trains in mixed condition to the particular vessel in any of the terminals and also enhance the train handling time at JN Port, the port operator stated.

Source: freepressjournal.in– Mar 29, 2021

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India chalks out 4-point plan to deal with blockage of Suez Canal

India's department of commerce has chalked out a four-point plan to deal with the situation arising out of the blockage of the Suez Canal. The plan includes prioritisation of cargo, freight rates, advisory to ports and re-routing decisions. Over 200 vessels are waiting on the north and south of the canal and about 60 are getting added to the queue daily.

The plan was chalked out at a meeting convened chaired by Pawan Agarwal, special secretary (logistics) in the ministry and attended by representatives from the ministry of ports, shipping and waterways, the Container Shipping Lines Association (CSLA) and the Federation of Indian Export Organisations (FIEO), and the additional director general of shipping.

The Suez Canal, one of the world's busiest waterways, continued to remain blocked for the sixth day on March 28 as a giant container ship is stuck sideways in it hindering global shipping and trade.

FIEO, the Marine Products Export Development Authority (MPEDA) and the Agricultural and Processed Food Products Export Development Authority (APEDA) will jointly identify cargo, particularly perishable cargo for priority movement and work with the shipping lines for the same, according to an official release.

CSLA assured that the freight rates as per existing contracts will be honoured. A request has been made to the shipping lines to maintain stability in freight rates during this crisis period. The situation is temporary and is unlikely to have a long-lasting impact.

Once the blockage is over, it is expected that some bunching may take place, especially at the ports of Mumbai, Mundra and Hazira. An advisory will be issued to these ports to gear up arrangements and ensure efficient handling during the forthcoming busy period.

Shipping lines were advised through CSLA to explore the option of re-routing of ships via the Cape of Good Hope. It was pointed that such re-routing usually takes 15 additional days.

Source: fibre2fashion.com– Mar 29, 2021

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Good year for CCI, cotton farmers have gained: Pradeep Kumar Agrawal, CMD, Cotton Corporation of India

The cotton season of 2020-21 has almost come to an end, and has been pretty eventful for the Cotton Corporation of India (CCI). Pradeep Kumar Agrawal, CMD, CCI, spoke to Nanda Kasabe of FE about the season that initially commenced with low cotton prices and is going onto surpass the minimum support price (MSP). Excerpts:

How would you describe the cotton season of 2020-21 and how has it augured for the Cotton Corporation of India?

It has been a good year for the Cotton Corporation of India (CCI). Cotton farmers have gained this year. During the cotton season of 2020-21, CCI has procured 92 lakh bales under MSP operations. For the last six weeks, cotton prices have been ruling much above MSP, and currently they are 15-20% above MSP. Therefore, the intervention of the agency has not been required after mid-February. So, farmers are getting Rs 6,400 to Rs 6,500 per quintal as against the MSP of Rs 5,825 per quintal. Initially, it was expected by the trade and market sources that CCI may be required to buy at least 1.5 crore bales but since the farmers are getting good price from the market forces itself, MSP intervention is not required now.

How would you describe the price behaviour of the commodity this season?

Initially, cotton prices were well below the MSP but now they are ruling 15-20% above the MSP. Indian prices are still the most competitive in the world. Indian cotton is still the most reasonably priced globally, and the industry is also getting good quality cotton at consistent price. That is why I think they are getting good margins in yarn, too. It has been reported by mills that they are getting good margins for the first time.

What are the reasons behind the price hike? The season began with cotton ruling below MSP and this later went up?

The prices were lower during the last year because of the pandemic, when the mills were closed for almost two- and-a-half months. It was not only in India but across the globe. The international prices at that time had come down to the level of 50 cents per pound, which has gradually improved, and now the international prices have touched the peak level of 96 cents per pound because of the demand. But, for the last few days, it has gone down

10 cents again, and is still ranging in 84-85 cents per pound, which is around Rs 50,000 per candy.

But Indian cotton is still available at Rs 46,000 to Rs 47,000 per candy, and is still competitive. Because of the pandemic, the demand has increased as Indian cotton is competitive. Another factor that has led to the price rise is that the Pakistani crop has been damaged badly. Also, stocks, which had piled up during the pandemic, have started depleting. At the start of the season, the stocks were in the range of 120 lakh bales, which is expected to come down to 90-95 lakh bales. At present, CCI hardly has 47 lakh bales.

CCI has declared a price correction of cotton this week. Can you share some details on it?

CCI has reduced the selling price of cotton as a “one-time correction” by Rs 800-Rs 1,100 per candy. International cotton prices had risen almost 12% in the last two months and dropped at the same rate. CCI did not increase the prices to that extent. Since CCI prices went up only by about 2%, it has reduced the prices by [about] 2%. The amount of reduction in prices differs according to the variety of cotton. Therefore 29 mm cotton is now available at around Rs 42,000 per candy.

How is the export demand of cotton and what is your market view?

India has been able to export good quality cotton this year to Bangladesh, China, among other nations. The country has been able to export 45 lakh bales. Another six months are left. Cotton exports may go up to 65-70 lakh bales. Indian prices are competitive. Bangladesh will hold an exhibition. It may attract cotton firms from India. Also, geologically and geographically, it is very competitive. We have also sent around 20,000 bales to Bangladesh by train. The MoU with the government is in the process. This sale has been made through a global tender. Other exports are through merchant tenders i.e. traders are buying from us and exporting.

How about the commercial sales of CCI?

The improvement in prices has helped in reducing MSP losses. Otherwise, it would have entailed more burden on the government. Overall loss will be there but it has helped mitigate losses to some extent.

Do you see any further hike in prices?

In my opinion, prices are at a very reasonable level. Rs 45,000 to Rs 46,000 per candy is a normal price level after the peak season every year. There is no abnormality in the price. Industry itself is paying Rs 6,000 per quintal for Kapas (raw cotton). It means cotton is viable to them at these rates and they are getting reasonable margins in the spinning segment. Otherwise, CCI would have continued MSP operations.

What have the cotton arrivals been like to date and the Indian crop size in 2020/21 season?

Arrivals have been in 320 lakh bales range and the crop, as per estimates of the Committee on Cotton Production and Consumption (CCPC) — a body represented by growers, traders, textile industry and officials of the ministries of textile and agriculture — is 371 lakh bales. The CCPC meeting is likely to be held shortly.

The arrivals have tapered down substantially. Arrivals, which were around 2 lakh bales to 2.5 lakh bales a day, has come down to 50,000 bales a day. By April-end, arrivals will be completely wiped off. Only some summer crop of 5-6 lakh bales from states like Gujarat, Tamil Nadu Karnataka may still continue. Most of the arrivals should be completed by April.

Source: financialexpress.com– Mar 30, 2021

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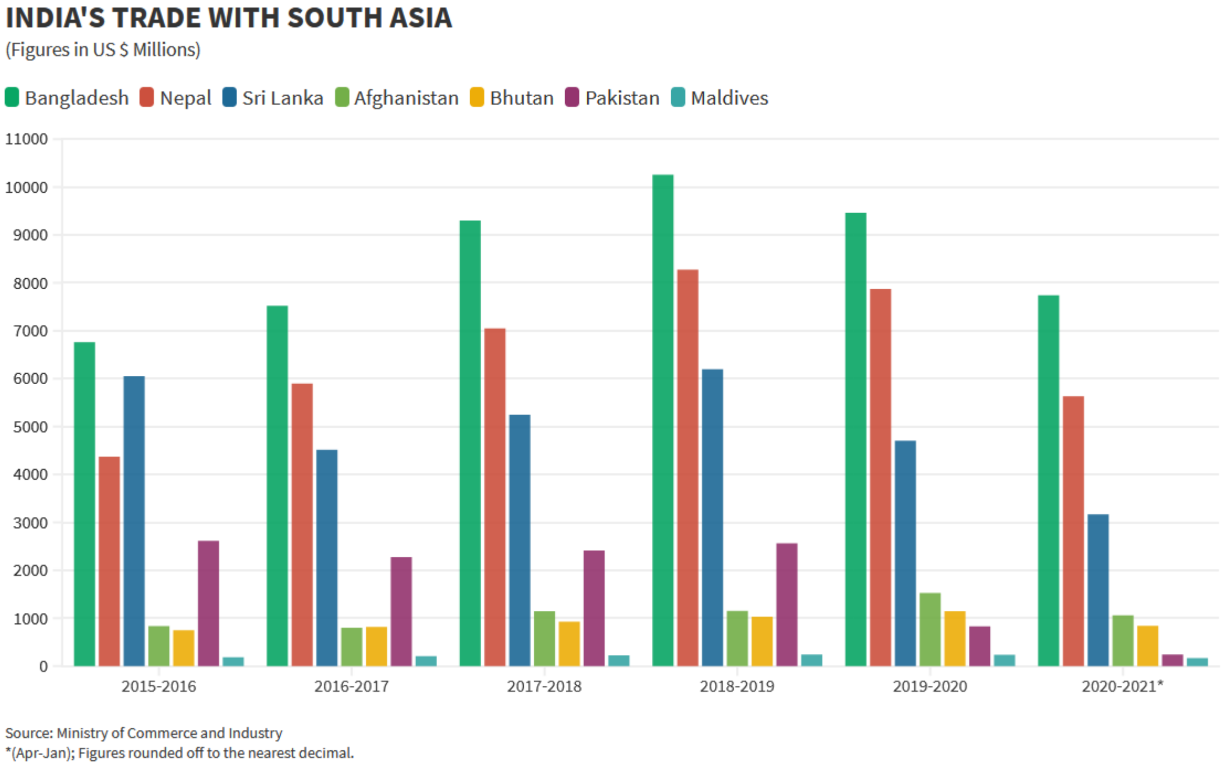
Explained: The flourishing trade ties and friendship between India and Bangladesh

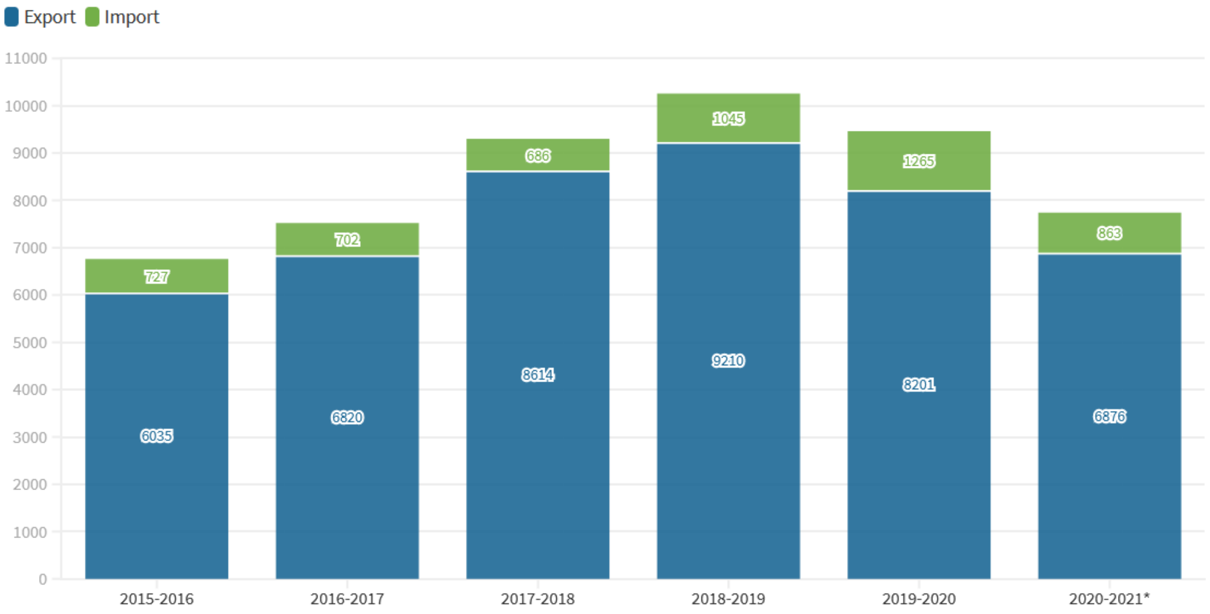
Prime Minister Narendra Modi is on a historic two day visit to Bangladesh to celebrate the birth centenary of Sheikh Mujibur Rahman and the 50 years of the establishment of diplomatic ties between the two friendly neighbours and the 50 years of Bangladesh's war of liberation. This is PM Modi's first visit to any country since the pandemic began last year.

Today, Bangladesh holds a place of significance for India in terms of trade and strategic ties in the immediate neighbourhood as well as in the Indo-Pacific region. People-to-people connect--in terms of shared culture, language, art and history and sports--is one of the strongest factors binding the ties between the two countries.



Commercial ties between the two developing economies have strengthened over the years. Bangladesh is India's largest trading partner in the sub-continent with the total bilateral trade between the two nations standing at $9.5 billion in 2019-20, down compared to the previous fiscal, having crossed $10 billion.

BILATERAL TRADE BETWEEN INDIA AND BANGLADESH
(Figures in US $ Millions)



Source: Ministry of Commerce and Industry
*(Apr-Jan); Figures rounded off to the nearest decimal

India's exports to Bangladesh account for more than 85 percent of the total bilateral trade. Some of the major commodities exported to Bangladesh include cotton, electrical machinery, vehicles, iron and steel, plastic and related articles etc. While major imports to India include apparels and clothing, textile fabrics, paper yarn/woven fabrics of paper yarn, animal/vegetable fats and oils, fish etc.

In December 2020, to further boost the bilateral trade cooperation, an India-Bangladesh CEO's Forum was launched to provide policy inputs in areas of trade and investment and to facilitate exchanges among the business communities. Earlier in February last year, the first meeting of the India-Bangladesh Textile Industry Forum was held to enhance linkages and collaboration in the textile sector.

On March 9, 2021 Maitri Setu--a 1.9 km bridge built over Feni river joining Sabroom in India and Ramgarh in Bangladesh was inaugurated. The bridge will facilitate trade and people to people movement between the two nations. "The name 'Maitri Setu' symbolizes growing bilateral relations and friendly ties between India and Bangladesh...With this inauguration, Tripura is set to become the 'Gateway of North East' with access to Chittagong Port of Bangladesh, which is just 80 Kms from Sabroom," said an official statement.

Bangladesh is India's biggest development partner, with New Dehli extending 3 Lines of Credits (LOC) to Dhaka in the last 8 years amounting to $8 billion for development of infrastructure in sectors including roads, railways, shipping and ports. Likewise, cooperation in the power sector has evolved with Bangladesh currently importing 1160 MW of power from India.

In the fight against COVID-19, Bangladesh is the biggest recipient of Made-in-India COVID-19 vaccine doses, accounting for 16 percent of the total supplies (grant + commercial) sent to over 75 countries as of March 26.

Earlier, India had also provided medical assistance of 30,000 surgical masks, 15,000 head covers, 50,000 surgical latex gloves, 100,000 Hydroxychloroquine medicine tablets and RT-PCR test kits capable of running 30,000 tests in March-April 2020 as part of bilateral assistance to fight against the COVID pandemic.

Source: moneycontrol.com- Mar 26, 2021

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Exporters optimistic of cut in yarn prices

The Textiles Ministry is examining and working to resolve the crisis arising out of frequent rise in yarn prices and disruption in supply, said president of Tirupur Exporters Association (TEA) Raja M Shanmugham on Friday. In a statement here, Shanmugham expressed hope of a positive solution to the crisis.

International cotton prices have started coming down, of course not to the level of domestic cotton prices and in line with this, the Indian cotton prices have also been gradually reduced, he said.

He expected the normal price range would be witnessed in the near future.

In a recent meeting with the textile mills associations, he had said the need of the hour was to reach a win-win situation and to come out of the woods. He had requested to consider TEA's plea for reduction of yarn prices as MSMEs are in large numbers and also ensuring supply of yarn in time as per the commitment given to the members of the association.

Referring to what he described as better business relationship between mills and the downstream sector, he said this could help mutual growth of both sectors in the long run and the mills associations have assured to take positive steps for the betterment of all sectors in the textile industry.

Shanmugham said the new financial year would give business confidence, prosperity to all exporting units and the stakeholder units connected with exporting units.

Expressing apprehension on the second wave of COVID-19, he appealed to exporting units and the stakeholders units to be cautious and ensure vaccination of the members, their employees and others connected with the industry, who were aged above 45.

Source: economictimes.com- Mar 27, 2021

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Profitability of Indian synthetic yarn firms steady at 10%: CRISIL

Improved yarn prices due to a sharp rebound in demand in the second half of this fiscal will help maintain the operating profitability of Indian synthetic (polyester1 and viscose2) yarn firms at nearly 10 per cent this fiscal, despite the pandemic effects, according to a study of 75 CRISIL-rated spinners, accounting for close to 40% of the industry revenue.

Prices of polyester yarn and its key input, purified terephthalic acid (PTA), fell after the onset of the pandemic. But those rebounded between September 2020 and January 2021, with the price of yarn rising faster than PTA, thus aiding profitability, CRISIL said in a press release.

In fact, the spread—or the difference between the price of yarn and its raw material—rose to a three-year high of around ₹26 per kg in the December 2020 quarter.

On the other side, prices of viscose yarn and its raw material input have remained largely steady, supporting spreads. Although some softening in the polyester spreads is expected over the next two quarters, it is still likely to remain higher than that in the corresponding periods of last fiscal as the tide of demand continually rises. This is likely to support operating profitability next fiscal as well.

Synthetic yarn is used mostly in athletic and leisure (athleisure) wear, and home textiles. Demand from these segments went on a tailspin in the first half of the fiscal, but rebounded sharply thereafter, driven by the 'work-from-home' shift.

India's athleisure market worth close to ₹50,000 crore and home textiles market worth ₹55,000 crore saw a sharp demand recovery owing to health and comfort needs, along with consumer spending on home improvement.

"Operating rates for synthetic yarn spinners are expected to be in the range of 65-70% this fiscal, even with strong order flows in the second half. But that should not be a concern to spinners, given that the spreads are attractive this fiscal. In fact, the low rates provide spinners enough headroom to absorb additional demand next fiscal, without immediate need to increase capacities," says Dinesh Jain, director, CRISIL Ratings Ltd.

Overall, the industry is expected see a contraction in volume to 5.5 million tonne this fiscal from 6 million tonne last fiscal. Spinners are expected to mitigate this impact by tightening their working capital cycles, with faster collections and better inventory management.

Gearing levels of synthetic spinners will be comfortable at 0.5 time this fiscal versus 0.8 time last fiscal. Further, reduced interest outgo and stable profitability will ensure interest coverage ratio remains healthy at over 4 times, aiding an improvement in credit profiles. With players expected to sustain profitability next fiscal, credit profiles should get a boost. Continued order flow from end-user segments and steep increase in raw material prices will bear watching.

Source: fibre2fashion.com- Mar 30, 2021

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Price rise, an issue in textile industry

Rising cost of cotton, the basic raw material, pushes up yarn price

Steep hike in prices of raw materials in the last few months is emerging as a major issue in the textile clusters across Tamil Nadu, which will go to polls next month.

Tamil Nadu, the textile capital of the country, employs directly almost 60 lakh people and has clusters across the textile value chain -- spinning, weaving, processing, and garment making.

The prices of cotton, which is the basic raw material for spinning mills, is up and that has pushed the prices of yarn, say the spinners. Coupled with increase in demand and speculation, the prices shot up, they say.

In the last three to four months, yarn prices have increased by ₹100 a kg. And there is no certainty on the prices. The government should take at least temporary measures to bring stability to yarn prices. Weaving is a labour-oriented industry. Already the prices of textile products such as towels are up, says a fabric manufacturer in Salem.

There was no special package for textiles even when the Central government announced relief measures after the lockdown, he adds.

“Yarn prices should be brought under control and weavers should get yarn at affordable prices,” says M. Varadarajan, a handloom weaver and general secretary of Erode District handloom weaving workers union.

The handloom weavers also want the State government to give orders for free dhoti and sarees scheme to the handloom sector. “This will give us business throughout the year and youngsters will remain in the weaving sector,” he said.

The textile processors in Tiruppur say they have appealed to all the political parties to bring down GST for processing and to convert the ₹200 crore interest-free loan given to Common Effluent Treatment Plants to grant.

A garment exporter in Tiruppur says hike in prices of diesel and yarn is likely to impact voting. After moving up for nearly four months, yarn prices have remained stable during the last week and supply is becoming regular.

Housing for workers

According to Raja M. Shanmugham, president of Tiruppur Exporters' Association, Tiruppur's main demand to political parties is to support the manufacturers in the construction of houses for workers. A medium-sized garment exporting unit employs nearly 500 workers. Housing for these workers can be developed jointly by the government and the industry. Most of the workers in Tiruppur are from other districts or States and now live in dormitories and rented houses, he says.

The spinning mill owners add that removal of Market Committee cess is a long-pending demand with the State government. Electricity, pollution control, and labour come under the State government purview for textile mills. The mills need industry-friendly energy policies to attract investments, they say. Further, yarn produced in States such as Gujarat, Telangana and Andhra Pradesh cost less than that of Tamil Nadu because of the incentives offered by the respective governments. Tamil Nadu should have policies that will make textile production competitive and attract investments, they say.

According to Ashwin Chandran, chairman of Southern India Mills' Association, the yarn price issue should be addressed jointly by all the stakeholders in the textile sector. The Association has appealed to all its members to not increase the prices any further and to supply yarn at the committed price, he said.

Source: thehindu.com– Mar 27, 2021

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Welspun India spurts 10% on rating upgrades by India Ratings

Shares of Welspun India (WIL) advanced 10 per cent to Rs 84.65 on the BSE in intra-day trade on Friday after rating agency India Ratings & Research, a Fitch Group firm, upgraded the long-term credit rating of the company from IND AA- to IND AA with a stable outlook. The stock of the textiles company was trading close to its 52-week high of Rs 87.60 touched on March 15.

The upgrade reflects WIL's better-than-Ind-Ra-expected balance sheet deleveraging through a strong operational performance including capacity utilisations, sales and operating margins post the unlocking of economic activities, as well as, improved working capital management.

The agency expects the deleveraging to continue along with strengthening of its business profile through emerging business and de-concentration of its home textiles segment, which could aid in combatting the inherent cyclical volatility in the home textiles business. Furthermore, a low balance sheet leverage is likely to provide headroom towards foraying and spending on growth areas, it said.

With the emergence of the homebody economy, there is a visible structural shift in consumers' spending for home products. In October-December (Q3FY21) quarter, the company delivered a solid performance despite a seasonally weak quarter, clocking its highest ever quarterly revenue in the history of the company.

With increased focus on innovation, ESG and fast-growing e-commerce channel, the management while announcing Q3 results on January 27 said it will continue to advance the company's operating models to the rapidly changing business landscape while increasing capacities to cater to the growing demand.

WIL is the largest home textiles company in Asia and among the top two textile companies worldwide. The company has been India's largest exporter of home textile products and exports to 17 of the top 30 global retailers, thus lowering the counterparty risk. WIL has a healthy scale of operations and a diversified product mix comprising terry towels, bed linen. Furthermore, WIL's environmental, social and governance risks being categorised as low reflects a healthy and sustainable business profile.

Source: business-standard.com- Mar 26, 2021

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