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INTERNATIONAL NEWS

Panjiva Analysis Hints at What's Ahead for Trade—and Higher Prices Could Be Around the Corner

Continued demand growth and cost inflation will see companies increase prices and adapt their supply chains in the second quarter, new analysis shows.

"The seeds of the challenges faced by global supply chains during the first quarter of 2021 were sown in the second half of 2020 and are unlikely to unwind before the end of the second quarter of 2021," Christopher Rogers, supply chain analyst for Panjiva, an S&P Global Market Intelligence firm, said. "Global trade activity has continued to be robust, although there is a clear two-speed recovery in progress. "

Global exports climbed 13.2 percent year-over-year in January, largely due to strength in exports from China. Exports from the U.S. and European Union fell 0.7 percent and 8.9 percent, respectively. A similar pattern occurred in February, with exports from 17 countries up 21.2 percent, or 6.2 percent excluding China. Shipments from the U.S. were down 5.7 percent.

Rogers says that what happens next for global trade will hinge on the rate of vaccination rollouts globally, coupled with shifts in consumer spending to services from goods and whether companies adapt their supply chain strategies accordingly. He expects that the hangover of port congestion and challenges from the Suez Canal blockage would probably "continue to disrupt logistics networks for much of the remainder of the quarter."

That will mean companies need to make a decision on whether to ship early for the peak season. That carries some risk, especially for seasonal retailers in the fashion and toy industries where customer tastes could redirect and end up out of sync with corporate planning.

"The upward pressure on supply chain costs, including logistics and commodities caused by elevated demand and largely fixed supply, has continued throughout the first quarter of 2021 with little sign of abating. Most forward markets indicate a steady drift down in the remainder of 2021, though that would still leave costs well above longer-term averages," Rogers said.

He noted that on the logistics side, costs for annual contract round have seen spot container rates increase by 26.2 percent year-to-date in 2021, according to S&P Global Platts data. And challenges such as the Suez Canal blockage are shocks that long-term contracts can do little to obviate, Rogers said. Separately, seven industrial commodities plus freight have seen their costs rise 23.0 percent year-to-date, but jumped 40.9 percent in the first quarter through March 25 versus the fourth quarter of 2020.

While the jump in costs may take several months to work its way through supply chains and appear as higher consumer prices, the speed at which that occurs will depend on long-term corporate decision-making and the time required to ship products, as well as the prevalence of hedged and contracted prices.

Rogers noted that a review of first-quarter corporate earnings calls indicates that firms have spent recent months focused on higher costs, disrupted logistics operations, parts shortages and the continued pandemic drag on demand. A global analysis of over 7,000 companies showed that 23.8 percent mentioned freight issues on their calls, up from 18.0 percent in the fourth quarter of 2020. The number discussing logistics and supply chain issues rose to 37.6 percent and 50.2 percent, respectively. While there are signs of price increases being planned, few companies actually discussed either short- or long-term reactions to the challenges. A total of 28.0 percent mentioned the phrase "price increase" during the first quarter.

Rogers said longer-term options for companies reviewing their supply chains include diversifying suppliers, using close-to-market vendors, retaining higher levels of inventory and signing "more resilient supply and logistics contracts."

Panjiva's data shows that U.S. seaborne imports of containerized freight per day have reached 101,250 20-foot equivalent units in the first half of March, representing the highest since at least 2017, Rogers said. "That would suggest clearing of congestion as well as demand are factors at play," he added.

What could become problematic is the rate of coronavirus vaccinations overseas. Rogers sees an increase in what he calls "medical protectionism," as the European Commission is evaluating proposals to tighten rules governing exports of Covid-19 vaccines. Rogers believes that global vaccine distribution will extend beyond the end of the year. "Herd immunity levels even in the more advanced countries are unlikely to be achieved by the end of the second quarter," he said.

On the U.S. trade policy front, Rogers expects continued tariffs on imports from China under the section 201 program, as well as the Biden administration leaving the phase one trade deal in place. In the recent meeting between trade officials from China and the U.S. in Alaska, coalition-building seemed to be the focus as trade policies took a back seat, the analyst said. In addition, there are consultations on possible section 301 tariffs linked to digital services taxes that could be implemented by six countries, including the U.K.

"While U.S.-China strategic confrontation is the most significant area of uncertainty for global supply chain planning, it is far from being the only geopolitical risk for supply chains," Rogers said. Friction between the E.U. and the U.K. has worsened since the start of the year, especially in connection to border controls and potential "medical protectionism."

In the U.S., the Biden administration will need to decide in the second quarter whether it wants, or is able, to extend Trade Promotion Authority. How the U.S. handles initial disputes under the U.S.-Mexico-Canada Agreement will provide signs of the administration's "attitude toward compromise with its neighbors."

Source: sourcingjournal.com - Apr 05, 2021

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Why 50% of Fashion Execs Think Consumers Will Spend More on Sustainable Clothing

A new survey of sustainability decision-makers at 1,000 brands and retailers in the U.S. and U.K. from the U.S. Cotton Trust Protocol found a sense of optimism for increased consumer spending and investment in environmentally friendly practices.

The survey, seeking to determine the impact the pandemic has had on the importance of and investment in sustainability initiatives, revealed 28 percent of brands and retailers were committed to setting new industry standards for sustainability.

A year after many countries went into lockdown from the global pandemic, the Trust Protocol's research showed 69 percent of brands and retailers believe that the pandemic has emphasized the importance of environmentally friendly products to customers, with 61 percent of respondents saying there has been an increased demand for sustainable products.

The research also found that 63 percent of brands and retailers stated that the pandemic has had a positive impact on their company's proactive investment in sustainability, with the main areas of focus being sourcing sustainably produced raw materials, manufacturing sustainability and reducing impacts of chemicals, water and energy, and safe working environments.

"It is undeniable that the pandemic has caused unforeseen challenges for brands, retailers and consumers alike, but this research reaffirms the commitment to a continued focus on sustainability," Dr. Gary Adams, president of the U.S. Cotton Trust Protocol, said. "We're encouraged to learn that so many brands and retailers are looking to set new standards for the industry, instead of simply following what currently exists. As we work toward recovery in many sectors, systems like the Trust Protocol are available to provide the data needed to verify that sustainability targets are being met."

As the vaccine roll-out picks up pace across the world, consumers are beginning to think about the "new normal," with 50 percent of brands and retailers expecting to see an increase in customer spending on sustainable apparel over the next 12 months. They attribute the most common drivers for this increased spending to a need for people to get back to normal–62 percent–and that some consumers will have saved money during the pandemic, at 67 percent.

As work continues toward delivering more sustainable options to meet growing consumer demand, findings showed that 65 percent of brands and retailers agreed that data is important to their future sustainability goals. The Trust Protocol will provide brands and retailers the critical assurances they need to show the cotton fiber element of their supply chain is more sustainably grown with lower environmental and social risk.

The Trust Protocol is a system for more responsibly grown cotton that has committed to six areas of sustainability in line with the U.N. Sustainability Development Goals. It underpins and verifies sustainability progress through sophisticated data collection and independent third-party verification, enabling members to better track the cotton entering their supply chain. Members also will have access to aggregate year-over-year data on water use, greenhouse gas emissions, energy use, soil carbon and land use efficiency.

The Trust Protocol is included on the Textile Exchange's list of 36 preferred fibers and materials that more than 170 participating brands and retailers can select from as part of Textile Exchange's Material Change Index program. The Trust Protocol also is working to align with existing standards in the cotton industry and is part of the Forum for the Future Cotton 2040 and the CottonUp guide.

Source: sourcingjournal.com - Apr 05, 2021

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US not ready to lift tariffs on Chinese imports: Trade Representative

Trade Representative Katherine Tai said, the United States is not yet ready to lift tariffs on Chinese imports, but could be open to talks with Beijing.

In January 2020, ex-president Donald Trump signed an accord between Beijing and Washington after a bruising trade battle that saw tariffs imposed by both sides. But the former trade lawyer warned that suddenly axing the levies could harm the US economy unless a policy reversal is communicated in a way that allows the government to make adjustments.

Tai said, while she recognized the tariffs were taking a toll on some US businesses, they had been imposed to remedy an unbalanced and unfair trade situation. She has already discussed Beijing's trade practices in calls with Japanese ministers, and in her confirmation hearings said she supported a holistic review on China.

Source: fashionatingworld.com - Apr 03, 2021

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Another 80,000 Stores Could Close by 2026

Another 80,000 stores could shut down in the next five years, as online shopping supplants the need for so many retail destinations in an overstored America. And apparel has the most to lose.

Michael Lasser, analyst at UBS Securities, which provided the analysis of America's brick-and-mortar landscape, said Monday that many of those 80,000 lost stores will come from malls. "If the number of malls per household regressed to 1980 levels, it would imply a 9 to 10 percent decline in malls," he added.

In 2026, the U.S. could be home to just 797,000 stores, down from a base of 878,000 last year. "This assumes that online penetration grows to 27 percent in [calendar year 2026], from 18 percent in 2020," Lasser wrote in the report, "How Many More Retail Stores Will Close? A Deep Dive in Slides."

It's not all bad news, however.

Lasser and the UBS retail analytical team said their conclusion presumes that "retailers evolve and adapt their store formats to be the centerpiece of interacting with consumers, including fulfilling online orders." According to UBS, 20 percent of stores could fulfill digital orders by 2026, up from 10 percent last year. "Overall, under this framework, every 100 [basis point] increase in online penetration results in the equivalent sales of 8,000 stores shifting to e-commerce," Lasser said.

Online competitors scaled their fulfillment capabilities in the past year, with Amazon growing its fulfillment space by 100 million square feet in the U.S. for a total of 295 million square feet while Wayfair's capacity increased by 20 percent to 19 million square feet. Combined, these two e-commerce firms added the fulfillment capacity equivalent of 21,000 retail stores last year.

The big loser, however, will be the apparel sector.

The UBS team believes that apparel stores will lose 21,000 doors, followed by consumer electronics with 8,000 and home furnishings at 7,000. By contrast, auto parts stores are projected to add 160 locations. Grocery and home improvement also should fare far better than apparel retailers, with both projected to see modest store closures, at 1,200 and 1,600, respectively.

Retail got a boost last year from stimulus checks and consumers who redirected their spending from services to essential goods, though UBS dismissed those trends as "temporary."

"As the consumer backdrop normalizes, we think the challenges faced by undifferentiated retailers will become more apparent," Lasser said.

Despite the store-closing outlook, brick and mortar continues to play a key role in retail, which has seen store-based fulfillment surge during the pandemic. "As a result, we are now incorporating the assumption that retailers will increasingly fulfill a portion of online sales through their stores," Lasser said, noting the rapid adoption of curbside pickup, buy-online, pickup in-store, as well as ship from store.

If the volume of stores handling fulfillment for online-originating orders reaches 30 percent, versus the 20 percent in UBS' base outlook, a staggering 150,000 physical locations could fold up shop.

Meanwhile, sales per store in the hard-hit department-store sector have plummeted to their lowest point in more than a decade, according to UBS. Store productivity is now well below peak levels from the second quarter of 2005 when sales per store were $18.6 million versus $10 million today.

Regional, highly leveraged chains will accelerate closures and possibly go out of business. And department stores are likely to continue to lose customers to off-price chains, UBS said.

Source: sourcingjournal.com – Apr 05, 2021

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Maersk Adds New Asia-US East Coast Service

Maersk Inc. North America will start a new service in May linking ports in Vietnam and China with the U.S. East Coast through the Panama Canal. The TP23 string will include eight Maersk vessels and two from ZIM. The rotation is intended to include Vung Tau, Vietnam, and Yantian, South China, through the Panama Canal to ports in Savannah, Ga., Charleston, S.C., and Newark, N.J.

The service is meant to improve speed, reliability and coverage and integrate into U.S. East Coast logistics offerings. Transit times are improved from Yantian to Savannah by three to four days to 28 to 29 days, and Yantian to Charleston by seven to eight days to 28 to 29 days over existing services. The Vietnam call has been added to provide more capacity to the rapidly growing market that has seen gains of 52 percent and 25 percent the past two years.

"Importers are looking for more U.S. East Coast gateways in their Asia-North America supply chains, while exporters are looking for more equipment, especially in the Southeast U.S. region," Narin Phol, managing director of Maersk North America, said. "The TP23 service will enable us to address these needs while integrating our warehousing and distribution network."

The evolution of the TP23 Service reflects Maersk's 2020 approach to serve the Transpacific to U.S. East Coast cargo surges via additional capacity through service upgrades, extra loaders and added loadings on the Asia-Europe network. The TP23 will now become a structured, stable, weekly service in 2021 with greater reliability, Maersk said.

The ocean freight carrier said the new TP23 service highlights the innovative solutions Maersk made in 2020 to stay agile for customers facing economic and pandemic cycles. This includes deploying 48 percent extra capacity year-on-year in the Transpacific trade.

"The goal in 2021 is to build on this momentum and enable customers to grow their business with an integrated ocean-port-warehouse-trucking model to attain supply chain efficiency," Phol added.

Source: sourcingjournal.com– Apr 05, 2021

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Argentina Manufacturers Invest for Nike and Adidas

When Argentina's clothing shipments surged 13 percent in January, hopes were boosted that its beleaguered fashion industry could turn the corner after a 60 percent contraction last year.

A weakening peso and demand hike from main trading bloc partners Brazil, Uruguay, Paraguay and Bolivia, propelled the gains. Simultaneously, local manufacturers breathed a sigh of relief as China's yuan appreciated against the peso, undermining sub-valued garment imports that have strangled local purveyors for years.

Unfortunately, however, the January gain was a one-off event. Foreign sales dropped 4 percent in February and were expected to come in flat in March, according to Francisco Roca, chief economist at key apparel trade lobby CIAI.

As global markets recover from Covid-19 and the peso remains depreciated, Roca expects exports will stage a modest recovery this year, to the tune of 1 to 2 percent, but far from the gains seen before the pandemic hit Latin America's No. 3 economy.

Increased state financing is one avenue that could help exports inch higher, Roca said. Buenos Aires recently announced it will inject $26 million into the industry's small or midsize firms or pymes, hoping to enable them to boost exports, notably to China, which has been identified as a promising market for its high-end fashion brands.

"The government's financing component is very important with many different lines of credit," added Roca, noting that the state also scrapped some export taxes last year, including a so-called right-to-export duty with an ad valorem of 7 to 8 percent.

"We need to diversify our exports," he said. "We can sell our luxury to China. There is a high middle class that has the acquisitive power and looks for the variety and design innovation that our brands can offer."

Trademarks such as Gaucho-Buenos Aires, Juana de Arco or Jazmin Chebar, which already export to Japan, are primed to benefit from increased China exposure, according to Roca.

Not all firms are eyeing China, however, with Buenos Aires-based Derwill looking to the U.S. and Europe. The family-owned firm recently spent $5 million to double production and increase shipments to the likes of Nike and Adidas, said founder and owner Marcelo Lopez.

He noted, however, that the bulk of the funding to build a new mill to double sport socks output to 13 million pairs annually came mostly from its own cash and not government coffers.

“This year, we will export $12 million, up from $5 million to $6 million last year when the factory was much smaller,” the executive revealed, adding that the new site near Buenos Aires also saw the addition of 200 machines, mainly from Italy’s Lonati.

“These machines have the latest technology for finishes and the types of socks that Nike asks us for, which are more sophisticated and in line with the latest trends,” Lopez said.

Derwill, which also counts Under Armour and New Balance as clients, expects demand for its unisex and children’s socks to rise this year, mainly from Argentina’s Mercosur partners but also from Chile.

While welcoming the aid from Argentina’s debt-laden administration, Lopez said firms must make a bigger effort to tailor their products to foreign buyers, not just rely on government help.

“The government aid may not be enough, depending on the market you are in and your product prices, but if we can get everyone more focused on exporting, there is business to be won and we have the creative workforce to win new markets,” he added.

Revving up exports will also help Argentina obtain much-needed funds to make investments that can help bolster jobs which, at least in the textiles circuit, declined around 50 percent in 2020.

While Economy Minister Martin Guzman said last month that GDP will recover faster than expected to at least 7 percent growth (from a 10 percent plunge in 2020), trades union officials were not as sanguine about the sector’s outlook.

“We are still mired in Covid with a very small percentage of vaccines coming in,” said Monica Basterrechea, who heads Satadya, a trade union representing mom-and-pop sewers in the Mar del Plata beach town. “Workers are struggling and employment has not recovered much.”

Local fashion consumption remains anemic as reportedly eight million Argentines remain in poverty, struggling under high inflation and a rapidly depreciating currency, she added.

“It’s true that the government is being more diligent about [increasing] exports but I think we are looking to do more than we can,” Basterrechea continued. “Our borders are closed with Brazil and we don’t know how the new virus strains will affect us.”

Source: sourcingjournal.com– Apr 05, 2021

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H&M accused of bowing to China's pressure by Vietnam

Swedish fashion retailer H&M has been accused by Vietnamese social media users of bowing to China's pressure and changing an online map to show disputed territories in South China Sea as part of China. However, Chinese regulators refuted these allegations saying, the online map had been altered with H&M assent following government criticism.

As per reports, Shanghai branch of the Cyberspace Administration of China was alerted by members of the public to a problematic map of China on H&M's website. The Shanghai municipal bureau of planning and natural resources ordered the error to be remedied immediately and H&M complied, according to the cyberspace watchdog.

China claims sovereignty over almost the entire South China Sea and has overlapping territorial claims with Brunei, Malaysia, the Philippines, Vietnam and Taiwan. Beijing's rising assertiveness against counter claimants in the East and South Sea has resulted in unprecedented agreement across the Indo-Pacific.

Foreign companies in China including H&M and Nike are facing tremendous pressure following their statement on forced labour in Xinjiang. They are also been subjected to pressure amid China's rising tension with the west.

Source: fashionatingworld.com– Apr 05, 2021

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Germany to offer €7.50 mn to boost Pakistan's textile industry

Pakistan's commerce ministry and Germany's Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH recently signed an implementation agreement to support two projects, one of which is on improvement of labour, social and environmental standards in the country's textile industry. The signing followed an earlier memorandum of understanding.

Under this programme, Germany would provide GIZ up-to €7,500,000 as German contribution for three years, according to Pakistani media reports.

The technical cooperation on this project aims to increase value-addition and competitiveness, and foster innovation by synergising the environmental, social and economic dimension of sustainability in the textiles and apparel industry.

The outcome of project would be to support digitalisation of labour and human resource department's (LHRD) downstream institutions like Punjab Employees Social Security Institution (PESSI), formulation and implementation of measures to ensure sustainable production, transform 15-20 companies that made use of good environmental practices, innovative technologies or labour standards to move to higher value addition or enter new markets, and initiate two campaigns on occupational safety and health (OSH), particularly for small and medium enterprises, to achieve international certification in labour and environmental standards.

Source: fibre2fashion.com– Apr 06, 2021

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Indonesia needs to focus on trade promotions to boost falling TA exports

COVID-19 changed public consumption patterns across the world last year. As per Indonesia's industry ministry, consumption of textile and apparel products (T&A) declined to -8.8 per cent on an annual basis during the year. And as Redma Wirawasta, Secretary General, Association of Indonesian Fiber and Filament Yarn Producers (APSyFI) says, sale of yarn declined to less than 5 per cent before Eid. T&A exports declined to -17 per cent Y-o-Y in 2020, reports Indo Textiles. This further led to a 13 per cent decline in employment rates last year.

PPEs can lead exports

However, the Indonesian textile and apparel industry has the ability to rise from this low by encouraging PPE exports, points out Agus Gumiwang, Minister of Industry. Ministry of Industry's Medical Device Monitoring Dashboard (DMA) informs, Indonesia has a capacity to manufacture 39.6 million pieces of PPEs per month or 356.4 million per year. The country can produce 24.9 million pieces of surgical gowns per month or 224.4 million pieces per year. Its capacity to produce medical masks has reached 405.9 million pieces per month or 3.7 billion per year. It currently produces 360,000 pieces of N95 masks per month or 3.2 million pieces per year.

Against this, Indonesia requires only 14.9 million pieces of PPE, 7.5 million pieces of surgical clothes and 176.6 million pieces of surgical masks. Hence, the country has a surplus of 341.5 million pieces of PPE, 216.8 million pieces of surgical clothing, and 3.4 billion surgical masks by the end of 2021. It can export medical devices worth $ 4.54 billion. Of this, it can export PPE worth $3.16 billion, surgical clothing worth $618.03 million, and surgical masks worth $764.69 million.

Demand to boost domestic production capacity

However, Indonesia has been unable to fully optimize its export potential. In 2020, it exported new medical devices worth only $197.6 million. This included PPEs worth $2.47 million, surgical clothing worth $20.29 million, different masks worth $75.19 million, and N95 respirator masks worth $74.09 million. Elis Masitoh, Director-Textile, Leather and Footwear Industry, Ministry of Industry, attributes this to lack of demand for medical devices from abroad.

He believes, an increase in demand can boost domestic production capacity of medical devices. Rizal Tanzil Rakhman, Secretary General, Indonesian Textile Association (API) opines, lack of demand for masks and PPE made in Indonesia is due to its inability to compete with other exporters. He advises the government to encourage trade promotion by Indonesian trade ambassadors in various countries.

As per Ministry of Trade, in 2020 most of Indonesia's trade attaches and even the Indonesian Trade Promotion Center (ITPC) underperformed in exports. Exports to only 11 out of 33 countries increased. This included China, with an increase of 15.59 per cent, United States, Netherlands, Switzerland, Germany, Australia, Belgium, Brazil, Egypt, Russia and Chile The country, therefore, needs to promote trade with ambassadors in other countries, emphasizes Rizal.

Source: fashionatingworld.com– Apr 05, 2021

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S Asian economies bounce back but face fragile recovery: World Bank

Prospects of an economic rebound in South Asia are firming up as growth is set to rise by 7.2 per cent in 2021 and 4.4 per cent in 2022, climbing from historic lows in 2020 and putting the region on a path to recovery, according to the World bank, which recently said growth is, however, uneven and economic activity well below pre-COVID-19 estimates.

That is because many businesses need to make up for lost revenue and millions of workers, most of them in the informal sector, still reel from job losses, falling incomes, worsening inequalities and human capital deficits, said the bank in its twice-a-year regional update.

The latest 'South Asia Economic Focus: South Asia Vaccinates' said the region is set to regain its historical growth rate by 2022. Electricity consumption and mobility data is a clear indication of recovering economic activity. India, which comprises the bulk of the region's economy, is expected to grow more than 10 percent in the fiscal year 2021-22—a substantial upward revision of 4.7 percentage points from January 2021 forecasts.

The outlook for Bangladesh, Nepal, and Pakistan has also been revised upward, supported by better than expected remittance inflows: Bangladesh's gross domestic product (GDP) is expected to increase by 3.6 per cent in 2021; Nepal's GDP is projected to grow by 2.7 per cent in fiscal 2021-22 and recover to 5.1 per cent by 2023; Pakistan's growth is expected to reach 1.3 per cent in 2021, slightly above previous projections.

The improved economic outlook reflects South Asian countries' efforts to keep their COVID-19 caseload under control and swiftly roll out vaccine campaigns. Governments' decisions to transition from widespread lockdowns to more targeted interventions, accommodating monetary policies and fiscal stimuli—through targeted cash transfers and employment compensation programs—have also propped up recovery, the report noted.

"We are encouraged to see clear signs of an economic rebound in South Asia, but the pandemic is not yet under control and the recovery remains fragile, calling for vigilance," said Hartwig Schafer, World Bank vice president for the South Asia Region.

“Going forward, South Asian countries need to ramp up their vaccination programs and invest their scarce resources wisely to set a foundation for a more inclusive and resilient future,” he was quoted as saying in a press release from the organisation.

The report recommends that governments develop universal social insurance to protect informal workers, increase regional cooperation, and lift customs restrictions on key staples to prevent sudden spikes in food prices.

“South Asia has stepped up to vaccinate its people, but its healthcare capacity is limited as the region only spends 2 per cent of its GDP on healthcare, lagging any other region. The main challenge ahead is to reprioritize limited resources and mobilize more revenue to reach the entire population and achieve full recovery,” said Hans Timmer, World Bank chief economist for the region.

Source: fibre2fashion.com– Apr 05, 2021

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Bangladesh Looks to New Chapter With Hassan as BGMEA President

With the results of a bi-yearly election now official, Faruque Hassan will be taking the helm of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Hassan, who is also managing director of London's recruitment software and services firm Giant Group, will hold the post for a two year-stint that will run through 2023.

"My main agenda is to ensure financial support and backup from both the government and Bangladesh Bank to tackle the ongoing second and third wave [of Covid-19], which is already hitting us badly," Hassan said after winning the election.

The new BGMEA board will come into effect April 20.

He takes the position from Rubana Huq, the first woman president of BGMEA, who has held the post the past two years, negotiating the industry through Covid-19 and other related issues.

Bangladesh is the second-largest exporter of garments in the world after China, and the industry employs more than 4.1 million people. Over the past two decades, exports from the country have shown a combined annual growth rate of 14.8 percent, reaching $34.2 billion in 2018-19 (July 2018-June 2019), comprising more than over 84 percent of the country's total exports. In 2019-20, however, due to the Covid-related market slowdown, exports declined to approximately $28 billion.

The garment industry continues to be on uneven ground as coronavirus-related cancellations in orders continue.

Even as the announcement takes place, the Bangladesh government announced a one-week lockdown on Monday, as Covid-19 cases in the country have suddenly escalated.

Over the years, BGMEA has played a major role as global brands have worked in Bangladesh to increase factory safety after the collapse of the eight story Rana Plaza in 2013. Since then, factory inspections and improvement of fire and building safety issues codes have helped the industry grow substantially safer.

Source: sourcingjournal.com– Apr 05, 2021

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NATIONAL NEWS

Textile industry to stop child labour as importing countries act tough

The US government recently issued a restricted import of goods and has included Indian cotton seeds, cotton and, thread/yarn based on some published reports

The Cotton Textile Export Promotion Council has stressed the importance of eradicating child labour in any form of employment across the value chain, mainly importing countries preparing a country-specific restriction list of products that use child labour.

The US government recently issued a restricted import of goods and has included Indian cotton seeds, cotton, thread/yarn, besides other commodities based on some published reports.

The United States Department of Labour has advised Indian companies to monitor and ensure that no child or forced labour is employed within their organisation or supply chain.

The textile industry, including Texprocil, Employers Federation of Southern India, Ethical Trade Initiative and The Southern India Mills' Association, recently organised a Virtual National Seminar on "Eradication of Child Labour" attended by stakeholders across the country from the textile value chain.

Manojkumar Patodia, Chairman, Texprocil, said there is an urgent need for eradicating child labour employment and de-listing cotton seeds, cotton, thread and yarn from the restricted list.

Siddhartha Rajagopal, Executive Director, Texprocil, said the industry has initiated various steps and preparing dossiers by engaging a third party agency study, collecting data from the Department of Labour and NGOs, adopting a code of conduct and strictly adhering to labour laws to eradicate child labour.

Sanjay Kumar, Executive Director cum Secretary, Carpet Export Promotion Council, said it has made registration mandatory for all carpet looms and adopt a specified code of conduct to eradicate child labour apart from introducing various welfare facilities.

Dr K Selvaraju, Secretary-General, Southern India Mills Association, said the labour employment Code recommended by it would facilitate the textile manufacturing unit to protect itself from any criticism from the NGOs and other stakeholders.

SIMA has established a Sustainability Cell that helps textile mills for auditing and certifying an employment code, apart from assisting the mills in compliance, he said.

SIMA has also developed a draft Code on the eradication of child labour for the employer's compliance, he added.

Source: thehindubusinessline.com– Apr 05, 2021

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US questions India’s RoDTEP scheme at WTO

The US has raised questions at India’s Remission of Duties and Taxes on Exported Products (RoDTEP) scheme and asked about its operational status and farm products covered under it. At a meeting at the World Trade Organization last week, Washington inquired about the scheme’s guidelines and eligibility of agricultural products in its ambit.

India implemented the RoDTEP from January 1, 2021 as a replacement of the Merchandise Exports from India Scheme (MEIS) after losing a dispute to Washington in 2019. The US had claimed that MEIS was non-complaint with the global trade norms. The government has said the scheme is facing teething troubles which could be resolved soon.

“The US also wanted an explanation of this scheme, including specific duties and taxes are eligible for refund for agricultural products such as rice,” said a Geneva-based official.

The RoDTEP will reimburse the input taxes and duties paid by exporters, including embedded taxes, such as local levies, coal cess, mandi tax, electricity duties and fuel used for transportation, which are not exempted or refunded under any other existing scheme.

At the meeting, the US and Australia also raised questions at India’s tariffs on cotton, and support to sugar and biofuels. The US argued that India's minimum support price for cotton has increased by 40% and government purchases of cotton have reached record levels. Washington had in 2018 said that India had provided market price support for cotton in excess of its WTO limits.

Though Australia said that India's new 10% tariff on imported cotton, levied in February, is within its bound rate or the maximum rate that can be applied under India's WTO commitments, it was concerned about the impact of this higher duty on Canberra’s cotton producers and exporters.

Australia, Canada, Russia, and the US also quizzed India on the quantitative restrictions it imposed on pulses with some arguing that the measures were in place for more than three years and hence, inconsistent with WTO rules.

Source: economictimes.com– Apr 05, 2021

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At $72.12 billion, FDI inflow in Apr-Jan sets 10-month record

Japan, top investor country; highest inflow into software, hardware sector
India's Foreign Direct Investment (FDI) inflow rose 15 per cent in April-January 2020-21 to $72.12 billion compared to the same period last fiscal.

"It is the highest ever for the first ten months of a financial year," an official release of the Commerce & Industry Ministry circulated on Monday said.
Equity inflow

The trends show that the FDI equity inflow grew by 28 per cent to $54.18 billion in the first ten months of 2020-21, the release stated. FDI inflow includes equity inflows, re-invested earnings and other capital. Japan topped the list of investor countries in India with 29.09 per cent of the total FDI equity inflows during January, 2021. It was followed by Singapore (25.46 per cent) and the US (12.06 per cent).

Sector-wise trend

"The measures taken by the government on the fronts of FDI policy reforms, investment facilitation and ease of doing business have resulted in increased FDI inflows into the country…." the statement added.

Amongst sectors, the highest FDI equity during April-January 2020-21 was attracted by computer software & hardware (45.81 per cent) followed by construction (infrastructure) activities (13.37 per cent) and services sector (7.80 per cent) respectively.

As per the trends shown during January, 2021, consultancy services emerged as the top sector with 21.80 per cent of the total FDI Equity inflow followed by computer software & hardware (15.96 per cent) and service sector (13.64 per cent). These trends in India's FDI are an endorsement of its status as a preferred investment destination amongst global investors, the release said.

Source: thehindubusinessline.com– Apr 05, 2021

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India, UAE and Israel's trilateral trade could reach USD 110 billion by 2030: Top diplomats

The trilateral trade between India, Israel and the UAE can propel to a high of USD 110 billion by 2030 by tapping into their mutual strengths, top diplomats and members of the business community have said.

The comments were made at an event organised by the International Federation of Indo-Israel Chambers of Commerce (IFIICC) on Sunday to discuss the ongoing business collaborations being pursued through IFIICC's leadership across sectors. "The international business potential backed by Israeli innovation, UAE's visionary leadership and strategic partnership of both nations with India could be USD 110 billion by 2030," Ambassador Ilan Sztulman Starosta, Head of the Israeli mission in Dubai, said in a press release issued by IFIICC.

Echoing similar sentiments, Ambassador of the UAE to India and Founding Patron of IFIICC, Dr Ahmed Abdul Rahman AlBanna, said, "UAE and India's bilateral trade is projected to grow from USD 60 billion in 2020 to USD 100 billion by 2030. UAE is a gateway to the world and this trilateral with India and Israel could benefit the world."

Dr Aman Puri, Consul General of India to Dubai, said, "The Indian business community in the UAE could significantly leverage the strengths of this trilateral to boost economic growth of all nations."

The post-Abraham accords phase normalising Israel's ties with the United Arab Emirates, and Bahrain has generated a lot of interest in this trilateral partnership with several events organised by various organisations, including leading banks.

Ran Tuttnauer, Honorary President of IFIICC in Israel and Chairman of Israeli Manufacturers Council at Manufacturers Association of Israel (MAI) participated in the event virtually from Tel Aviv. Tuttnauer stressed that "international business through the UAE in collaboration with India using Israeli Innovation will be the future.

IFIICC was launched on December 14 last year and is looking to set up offices globally, drawing the support of the Indian diaspora, the largest in the world. "Innovation and collaboration can help usher in a new, post-pandemic era of sustainable economic growth," Merzi Sodawaterwala, Founder and Chairperson of IFIICC, said.

Kamal Vachani, Honorary President of IFIICC for the UAE and Group Director & Partner of Al Maya Group, noted that the innovation and economic prospects of this trilateral are endless.

The European business school (ESCP) in a seminar organised recently also highlighted the global potential of trilateral ties between Israel, the UAE and India. The seminar held last month was organised in cooperation with Mumbai-based S P Jain Institute of Management and Research (SPJIMR).

Established in 1819, the ESCP Business School (Ecole Superieure de Commerce de Paris) is considered to be the world's first business school.

Source: financialexpress.com– Apr 05, 2021

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Pre-pack insolvency for MSMEs now a reality

Centre issues Ordinance; debt default threshold to be notified

The Centre has taken the Ordinance route to introduce pre-packaged insolvency resolution process (pre-pack) for companies classified as micro, small and medium enterprises (MSMEs).

India has 6-7 lakh companies that are classified as MSMEs, which could potentially benefit from the newly-introduced pre-packaged insolvency framework.

A pre-packaged insolvency — in the Indian framework context — is an arrangement where the resolution of a company's business is negotiated with a buyer before the appointment of an insolvency professional. It is a blend of informal and formal mechanisms, with the informal process stretching up to NCLT admission, followed by an existing NCLT supervised process for resolution, as specified under the Insolvency and Bankruptcy Code (IBC).

Less time-consuming

Pre-packs are seen to be a viable alternative to the current corporate insolvency process and would be significantly less time-consuming and inexpensive as against the formal insolvency proceedings.

MSMEs first

The government has deemed it fit to first introduce pre-packs for MSMEs as they are critical for the country's economy and they contribute significantly for the country's gross domestic product besides providing employment to a sizeable population.

Also, MSMEs in India have relatively suffered most during the pandemic times. Also with threshold of debt default at ₹1 crore now under IBC, most of the MSMEs are out of this range.

Debtor in possession model

The Centre is expected to notify the debt default threshold for MSMEs for which pre-packaged insolvency resolution process could be used.

The ordinance specifies a maximum time period of 120 days from the pre-packaged insolvency commencement date by when the pre-pack process should be completed.

The framework introduced through the ordinance is an experiment of sorts and different in some ways from the normal CIRP (Corporate Insolvency Resolution Process). Unlike CIRP, this pre-pack framework for MSMEs will be a debtor in possession and creditor in control model.

In the case of normal CIRP, it was resolution professional in possession and creditor in control. Put simply, in the pre-pack for MSMEs, the debtor will continue to control and run the enterprise till resolution happens. In normal CIRP, the RP comes in and takes over on the day of the admission itself.

Speaking to BusinessLine on the Centre's move to issue ordinance, MS Sahoo, Chairperson, Insolvency and Bankruptcy Board of India (IBBI) said the objective of introducing pre-pack for MSMEs is that it is a cost effective mechanism and quickens the process for resolution of MSMEs.

Experts' take

Soumitra Majumdar, Partner, J Sagar Associates, said, "As with any legislation, this Ordinance will also need to evolve, as it goes along to address implementation issues which will arise. Illustratively, the payment/ restructuring terms to dissenting creditors may have to be dealt with soon, especially in light of the recent Supreme Court judgement".

Rajiv Chandak, Partner, Deloitte India, said that currently government has restricted Prepack provisions for MSME and will extend to other Corporates in sometime. Prepacks will help Corporate Debtors to enter into consensual restructuring with lenders and address entire liability side of the Company.

Source: thehindubusinessline.com– Apr 05, 2021

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Maharashtra shutdown: Retailers, traders fear closure of non-essential shops will cripple industry

The Retailers Association of India (RAI) urged the Maharashtra government to calibrate a balance between lives and livelihood and stated that complete shutdown of non-essential retail businesses will impair the ability of retail and allied businesses to survive.

The Confederation of All India Traders (CAIT) has also urged the State government to not overlook the economic impact of such restrictions.

Calling it a 'Retail Lockdown', RAI said that the order by the Maharashtra Government issued on April 4, has brought a majority of retail businesses to a complete halt. It added that retail businesses of non-essential goods are feeling discriminated against for being pressed by restrictions without any respite from the government.

Retail lockdown

In a statement, Kumar Rajagopalan, CEO, RAI, said, "The retail industry will again start experiencing severe liquidity challenges due to the 'Retail Lockdown' in the State, while the fixed operating costs remained intact. It is expected that the retailers pay electricity bills, property taxes, among others inspite of being shut. The new order will have a contagion effect on the entire retail ecosystem in the state and across the country majorly impacting manufacturing and employment of millions."

"Nearly 60 per cent-70 per cent of costs are fixed costs. This, along with low margins, leaves businesses with limited flexibility. Rents and salaries to employees make a large part of this cost. Large capital is invested as working capital as it is a long lead time industry. As most of this is borrowed capital, retailers are already finding themselves in a deep liquidity crisis. Though the manufacturing sector is permitted to operate in the State during this time, they will be unable to get orders since retail is shut," he added.

The retail industry said that formal retail spaces are controlled spaces and have SOPs in place and have the ability to adhere to hygiene standards and can definitely ensure social distancing, as compared to local markets.

"While the order mentioned that the stores cannot be opened until all employees get vaccinated, there has been no recognition of retail employees as frontline workers or prioritising their inoculation. Nearly 90 per cent of the frontline retail workforce is less than the age of 45 years," RAI stated adding that it has urged the Health Ministry to consider prioritising vaccination for the frontline retail workers.

Tweak in timings sought

Meanwhile, CAIT urged the Maharashtra state government that instead of a full lockdown, timings for non-essential shops should be reduced from 11 am to 5 pm and in cooperation with Trade Associations, extra efforts can be made to maintain Covid safety protocols at all levels.

Praveen Khandelwal, Secretary General, CAIT, said, “Other states who are suffering from rising coronavirus, may follow Maharashtra. Though strict measures are needed to combat Covid increase. The role of supply chain manned by the traders assumes much significance as the total population of the state or the country largely depends upon the traders for seamless supply.”

Source: thehindubusinessline.com- Apr 05, 2021

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Ministry of Ports, Shipping & Waterways celebrates 58th National Maritime Day-2021

Ministry of Ports, Shipping and Waterways celebrated 58th National Maritime Day in commemoration of the maiden voyage of the first Indian flag merchant vessel 'S.S.LOYALTY' (Owned by M/s. Scindia Steam Navigation Company), from Mumbai to London, on the 5th April ,1919. The theme of National Maritime Day is 'Sustainable Shipping beyond COVID-19' on the lines of 'Aatma Nirbhar Bharat' initiative of the Government of India.

On the occasion of the celebration of the National Maritime Day, Shri Mansukh Mandaviya, Minister of State(I/C) for Ports, Shipping and Waterways congratulated the maritime community and appreciated their hard work, zeal and courage and role played in the times of the COVID pandemic. Shri Mandaviya said that Maritime India Vision-2030, recently launched by Prime Minister of India, is the comprehensive vision of the next decade for the maritime the sector of India and with a focused approach, the Indian maritime sector will be strong, technologically advanced and Aatma Nirabhar soon.

Shri Mandaviya concluded with a positive note and said, 'India is changing, India is racing ahead, New India is being built like we were the Maritime leader in the past, India will lead the world again through the maritime sector'.

Shri Mandaviya launched the e-magazine as a souvenir for the 58th National Maritime Day and presented awards instituted by National Maritime Day Celebration Committee, which is headed by Director General of Shipping.

Dr Sanjeev Ranjan, Secretary, Ministry of Ports, Shipping and Waterways, said that the Maritime community has played animportant role in the CoVID times and added that Ministry is working tirelessly working towards bringing progressive policy changes to give India a leadership place in the global maritime community.

On this occasion, Senior officials of the Ministry, DG Shipping, officials of the Shipping Corporation of India, Port officials and representative of the Maritime community were present via video conferencing.

The celebration can be watched on :

https://youtu.be/zFRQq1AhwzI

Source: pib.gov.in – Apr 05, 2021

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Start-up GRoboMac to pilot robot cotton-picking in TN this summer

Company plans to commercialise 'Pragati' during Kharif harvest

Green Robot Machinery Pvt Ltd (GRoboMac), a Bengaluru-based farm robotics start-up, plans to pilot its battery-operated cotton picking robot named Pragati in Tamil Nadu around June-July for harvesting the summer crop.

"We plan to deploy the four-arm version robot as a pilot on a 12-acre plot in Tamil Nadu," said Manohar Sambandam, Founding Partner and CEO, Green Robot Machinery Pvt Ltd.

Cotton is grown in parts of the rice fallows in the Cauvery delta region of Tamil Nadu as a summer crop, which is normally harvested during June-July.

GRoboMac is also eyeing the commercialisation of Pragati in the forthcoming kharif harvest season by October, Sambandam said.

The robot uses 3D vision artificial intelligence and has robotic arms custom built for the cotton crop. The company is yet to finalise the pricing for the machine that is being targeted at cotton growers with land holdings of five hectares and above.

The Lithium-ion battery operated robot can pick about 50 kgs over 10-hour period per day from plants that are as high as 5.5 feet.

"It will be viable for farmers with five hectares and above, who can recover the cost of the machine over three seasons," he said.

Additional features

GRoboMac, which has been working on developing the cotton picking machine since 2014-15, is also exploring addition of spraying capability to the robot, so that it can be used to carry out spraying of pesticides, weedicides and foliar nutrition, he said.

Spraying pesticides and weedicides and picking the bolls are labour-intensive process in the cotton crop cycle, which the company aims to address.

Recently, GRoboMac has delivered its first unit of Pragati cotton picking robot to the National Agriculture Higher Education Project Centre of Advanced Agricultural Science & Technology (NAHEP CAAST) centre of Vasantrao Naik Marathwada Krishi Vidyapeeth at Parbhani, Maharashtra.

Development of research

This two-arm cotton picking machine will be used by NAHEP CAAST for development of additional features and research at their centre and for pilot deployment of these machines in the cotton belt of Maharashtra.

“We are glad to be associated with NAHEP, Parbhani in their effort to promote Robotics and Drone-based agriculture mechanisation,” Sambandam said. Also, the company is in talks with Karnataka and Telangana for pilots of these machines.

Source: thehindubusinessline.com– Apr 05, 2021

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