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INTERNATIONAL NEWS

Global economy projected to grow at 6% in 2021, 4.4% in 2022: IMF

The global economy is projected to grow at 6 per cent in 2021, moderating to 4.4 per cent in 2022, according to the upgrade to global growth announced recently by the International Monetary Fund (IMF) in its World Economic Outlook. That is a big turnaround from an estimated contraction of 3.3 per cent in 2020 when the world was hit by the COVID-19 pandemic.

“This reflects the additional fiscal support provided in the United States, vaccination efforts that are going to lead to a strengthening of recovery in the second half of this year, and also the continued resilience of economic activity to the pandemic in many parts of the world,” said IMF chief economist Gita Gopinath.

Gopinath stressed that a high degree of uncertainty surrounds the IMF’s projections as the pandemic is yet to be defeated and virus cases are accelerating in many countries.

That’s leading to diverging recoveries both across and within countries, as economies with slower vaccine rollout, more limited policy support, and more reliant on tourism do less well, an IMF press release said.

“The biggest risk right now is still the pandemic, if there are new virus variants that evade the vaccine, then that could lead to a sharp downgrade. But if, on the other hand, there's faster roll out of vaccinations, then that could uplift the outlook,” said Gopinath.

She also added that multi-speed recoveries could pose financial risks if interest rates in the United States rise further in unexpected ways. This could cause inflated asset valuations to unwind in a disorderly manner, financial conditions to tighten sharply, and recovery prospects to deteriorate, especially for some highly leveraged emerging markets and developing economies.

“The second big risk is to financial conditions. We see multispeed recoveries and we have seen interest rates go up. If interest rates go up even further in a more disorderly fashion than that could have negative implications for several countries, especially for some highly vulnerable emerging and developing economies," said Gopinath

Policy makers will need to continue supporting their economies while dealing with more limited policy space and higher debt levels than prior to the pandemic, Gopinath added. This requires better targeted measures to leave space for prolonged support if needed.

"Given that we are not out of the woods, it is very important for policy support to be continued in this crisis. Of course, countries are dealing with high debt levels, so they'll have to make sure this support is better targeted and well-tailored to countries specific economic conditions, the stage of the recovery they are in and the structural characteristics of the economy," she said.

She also urged central banks to keep access to money easy in the current environment.

"Monetary policy should also remain accommodative while proactively addressing financial risks that we do see using macro prudential tools," added Gopinath.

Source: fibre2fashion.com - Apr 07, 2021

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US trade deficit jumps 4.8% to USD 71.1 billion in February

The US trade deficit grew to a record USD 71.1 billion in February as a decline in exports more than offset a slight dip in imports.

The February gap between what America buys from abroad compared to what it sells abroad jumped 4.8 per cent above the revised January deficit of USD 67.8 billion, the Commerce Department said Wednesday.

The increase reflected a 2.6 per cent decline in exports of goods and services to USD 187.3 billion on a seasonally adjusted basis. That wiped out a 0.7 per cent decline in imports, which ticked down from January's record high of USD 260.1 billion.

The February goods deficit of USD 87.1 billion was also the highest on record.

The year-to-date trade deficit after two months of 2021 is USD 138.9 billion, more than 68 per cent higher than the USD 82.4 billion for January and February of 2020.

The goods deficit with China grew 11.4 per cent from January to USD 30.3 billion in February, while the goods deficit with Mexico shrank 42.9 per cent from USD 11.9 billion to USD 6.8 billion.

Source: financialexpress.com - Apr 07, 2021

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US Apparel Imports Still Down in '21, But This Sourcing Nation Bucks the Trend

U.S. apparel imports for the first two months of 2021–which marked the beginning of factory shutdowns in Asia last year and a pickup in demand in the States this year as vaccines rolled out–still declined 13.84 percent year over year to a value of $10.92 billion, the Commerce Department's Office of Textiles & Apparel (OTEXA) reported Wednesday.

Only Pakistan of the Top 10 apparel suppliers saw an increase in the value of shipments to the U.S., up 13.45 percent to $270 million. Imports from China, still the largest supplier even as its market share has narrowed significantly the past couple of years during the pandemic and tariff-fueled trade war with the U.S., posted a decline of 9.22 percent in the period to $2.45 billion, according to OTEXA.

Among the other major Asian producers for U.S. brands and retailers, imports from No. 2 Vietnam declined 12.09 percent year to date through February to $2.1 billion and third-place Bangladesh's shipments fell 13.11 percent to $1 billion.

Imports from Cambodia decreased 14.08 percent to $451 million, India's shipments were down 21.89 percent to $594 million and imports from Indonesia fell 29.62 percent to $553 million.

Rounding out the Top 10 were Western Hemisphere supplier nations Mexico, which saw its imports drop 13.25 percent to 282 million; Honduras, with shipments off 11.74 percent to $331 million, and El Salvador, with a decline of 10.63 percent to $242 million.

Looking deeper into OTEXA data, for the month of February compared to a year earlier, apparel import volume ticked up 3.2 percent to 2.07 billion square meter equivalents (SME).

Notable volume gains were posted by China, up 24 percent to 718.34 SME; Pakistan, increasing 25 percent to 62.1 SME; Egypt, gaining 24.6 percent to 30.57 SME, Bangladesh, ahead 2.3 percent to 194.08 SME, and Guatemala, up 3.1 percent to $29.38 SME.

China also saw a 6.8 percent year-to-year gain in the month in value terms to $1.15 billion amid continued controversy over human rights in the country, as did Pakistan, up 15.3 percent to $123.09 million.

Also on Wednesday, the U.S. Census Bureau and Bureau of Economic Analysis announced that the U.S. trade deficit increased $3.3 billion to $71.1 billion in February. The February increase reflected an increase in the goods deficit of $2.8 billion to $88 billion and a decrease in the services surplus of $50 million to $16.9 billion.

Source: sourcingjournal.com - Apr 07, 2021

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IMF lifts China's GDP to 8.4 %, but Gita Gopinath says growth unbalanced

The IMF has increased China's GDP projection to 8.4 per cent for this year, a 10-year high, but its chief economist Gita Gopinath cautioned that economic growth in the world's second largest economy was unbalanced and private consumption has not recovered as fast as expected following the coronavirus crisis.

The International Monetary Fund also urged China to address its high corporate debt levels resulting from the easy monetary policy put in place during the coronavirus pandemic.

In its latest issue of the World Economic Outlook released in Washington, the IMF put China's 2021 growth at 8.4 per cent, up 0.3 percentage points from its January forecast.

Its projection for China's economic expansion for 2022 remains unchanged at 5.6 per cent, official media here reported on Wednesday.

The IMF forecast for China, though much higher compared to other major economies including the US, Germany and France, is lower than 12.5 per cent growth rate for India in 2021. The 8.4 per cent projection is above six per cent target fixed by the Chinese government for this year.

China's economy, which was the first to be hit by the coronavirus pandemic and early to recover from its impact, grew 2.3 per cent in 2020, registering the lowest annual growth rate in 45 years.

The Gross Domestic Product (GDP) of the world's second-largest economy grew by 2.3 per cent expanding to USD 15.42 trillion in 2020, according to the data released by China's National Bureau of Statistics (NBS).

In the local currency, the GDP exceeded 100-trillion-yuan threshold to 101.5986 trillion yuan.

"With global growth being stronger, you have more exports. The US rescue plan also will increase demand for China's goods," said Gita Gopinath, the IMF's chief economist and director of research.

She, however, viewed China's growth as somewhat unbalanced.

"It's still very heavily reliant on public investment. And private consumption has not recovered as fast as we would have hoped, Gopinath was quoted by the Hong Kong-based South China Morning Post.

To "make this a durable recovery, our hope is that fiscal measures and other support measures would work in the direction of supporting the recovery coming from the private sector, as opposed to the public sector," she added.

China-US tensions that remain elevated on multiple fronts, ranging from international trade to intellectual property and cybersecurity, also got a mention in the report.

"Domestic economic disparities arising from the pandemic downturn may also prompt new trade barriers Amid already high levels of trade restrictions, such actions would add to inefficiencies and weigh on the recovery. Furthermore, risks of protectionist tendencies surrounding technology are emerging," the IMF report said.

The IMF has also advised China to further address its high corporate debt levels that have resulted from the easy monetary policy put in place during the coronavirus pandemic.

"China, of course, has re-emerged from the crisis more quickly than any other country. The measures that were taken were very quick and very effective, Tobias Adrian, financial counsellor at the IMF, said while releasing the report.

"But the measures that were deployed have led to [a] further increase in leverage and vulnerabilities, he was quoted as saying by the Post.

China's financial authorities, the IMF financiers said, should move away from providing easy access to capital to rein in corporate debt risks.

According to an IMF report on global financial stability released on Tuesday, the vulnerabilities in China were particularly driven by riskier corporate borrowers.

China made it easier for businesses to borrow during the pandemic to keep them and the economy afloat. Companies large and small borrowed at a rapid pace and the loans went to many struggling firms.

The nation's debt-to-GDP ratio rose to 266.4 per cent at the end of the third quarter in 2020, up from 245.4 per cent a year earlier, according to the Chinese Academy of Social Sciences (CASS), a State Council-affiliated think tank. It expects the ratio to hit 275 per cent for the whole of 2020.

This has exacerbated the debt problem that existed before the pandemic, the Post said.

Pre-Covid, many Chinese firms received favourable pricing on their bonds and loans because of implicit guarantees, as governments at various levels provided backstops to local borrowers to attract investors.

Among the debt issued by companies that had two years of operating losses before the pandemic, more than two-thirds had credit spreads that implied a relatively low risk of default, the report said.

The spreads, the difference in yield between the government and the corporate debt, were distorted by the implied government guarantee, not the soundness of the business, the report said.

Several unexpected defaults of state-owned enterprises in the fourth quarter of 2020 have raised investor concerns about the presumed guarantees for weaker borrowers. That has started to translate into an uptick in future default risks, the report said.

China Banking and Insurance Regulatory Commission (CBIRC) warned in July last year that potential financial risks remain high, while urging precautions to be taken in advance for a possible spike in non-performing loans (NPLs).

In a release, the commission listed several apparent risks and challenges, including growing NPLs, deteriorating asset quality in small and medium-sized financial institutions and the resurgence of shadow banking.

Source: financialexpress.com - Apr 07, 2021

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Air Cargo Demand Up 9% in February Compared to Pre-Covid Levels

Air cargo demand in February continued to outperform pre-Covid levels, with global demand up 9 percent compared to February 2019, the International Air Transport Association (IATA) reported Wednesday.

IATA said since comparisons between February 2021 and 2020 results are distorted by the extraordinary impact of the onset of the global pandemic in Asia, its report made comparisons to February 2019, which followed a more normal demand pattern.

Demand in February also showed strong month-on-month growth, with volume increasing 1.5 percent from January and marking a return to 2018 levels prior to the United States-China trade war.

The recovery in global capacity stalled due to new capacity cuts on the passenger side, as governments tightened travel restrictions over the recent spike in Covid cases. Capacity shrank 14.9 percent compared to February 2019.

“Air cargo demand is not just recovering from the COVID-19 crisis, it is growing,” Willie Walsh, IATA’s new director general, said. “With demand…above pre-crisis levels, one of the main challenges for air cargo is finding sufficient capacity. This makes cargo yields a bright spot in an otherwise bleak industry situation. It also highlights the need for clarity on government plans for a safe industry restart. Understanding how passenger demand could recover will indicate how much belly capacity will be available for air cargo. Being able to efficiently plan that into air cargo operations will be a key element for overall recovery.”

All regions except for Latin America saw an improvement in air cargo demand compared to pre-Covid levels, with North America and Africa were the strongest performers. Asia-Pacific airlines saw demand for international air cargo rise 10.5 percent in February compared to the same month in 2019.

“As the main global manufacturing hub, the region has benefited from the pickup in economic activity,” IATA said. “Demand in the majority of the region’s key international trade lanes has returned to pre-COVID-19 levels.” Capacity remained constrained in the region, down 23.6 percent versus February 2019.

North American carriers posted a 17.4 percent increase in demand in the month compared to February 2019. Economic activity in the U.S. continues to recover, supported by the rising demand for e-commerce amid lockdown restrictions, the report stated. Demand grew 39 percent on the Asia-North America route from February 2019.

“The business environment for air cargo remains supportive,” IATA said. “The $1,400 stimulus checks to U.S. households will likely drive further growth in e-commerce and the level of inventories remains relatively low compared to sales volumes. Historically, this has meant that businesses had to quickly re-stock, for which they also used air cargo.”

International capacity in the region grew 4.4 percent in February compared to 2019. European carriers posted a 4.7 percent gain in demand in February compared to same month in 2019. Cargo demand was largely unaffected by the new lockdowns in Europe and the operating conditions remain supportive for air cargo, the report noted. Capacity decreased 12.5 percent.

Middle Eastern carriers saw an 8.8 percent rise in international cargo volume in February versus February 2019. Of the region’s key international routes, Middle East-Asia and Middle East-North America have provided the most significant support, IATA said. February capacity was down 14.9 percent.

Latin American carriers reported a 20.5 percent decline in international cargo volume in February compared to the 2019 period. Drivers of air cargo demand in Latin America remain relatively less supportive than in the other regions, the report noted. Weakness within the Central and South America markets, which dropped around 40 percent compared to February 2019, continued to outweigh the full recovery seen on North-Central America routes, which saw levels increase 10 percent compared to February 2019, IATA said. International capacity decreased 43 percent from February 2019.

African airlines’ cargo demand in February jumped 44.2 percent compared to the same month in 2019–the strongest of all regions. Robust expansion on the Asia-Africa trade lanes contributed to the strong growth. February international capacity grew by 9.8 percent compared to February 2019.

Source: sourcingjournal.com– Apr 07, 2021

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UK economy ended 2020 better than previously expected

The pandemic-hit UK economy grew quicker than earlier expected in the final three months of 2020, but still shrank by the most in more than three centuries that year, according to official data, which revealed the biggest pile of household savings on record last year. The Bank of England thinks this will fuel a recovery when consumers are freed from lockdown.

Gross domestic product (GDP) increased by 1.3 per cent between October and December from the previous three-month period, UK media reported citing the Office for National Statistics (ONS).

In 2020, GDP fell by 9.8 per cent from 2019, only slightly less sharp than an initial estimate of a 9.9 per cent slump.

The UK economy suffered the biggest drop of all countries in the Organisation for Economic Cooperation and Development (OECD) except for Argentina and Spain last year, OECD data has shown.

It remained 7.3 per cent smaller than before the pandemic, in inflation-adjusted terms, the second biggest drop among eight major economies listed by the ONS.

Although this partly reflects the way different countries produce the data, some of the weakness shown by Britain's economy, particularly in household spending, was real.

After a rollercoaster 2020, when GDP careened 19.5 per cent lower in the second quarter, during the first lockdown, and grew by almost 17 per cent in the third, the Bank of England expects growth of 5 per cent in 2021 as a whole, helped by Europe's fastest vaccination programme.

The savings ratio rose to 16.1 per cent from 14.3 per cent in the third quarter and for 2020 as a whole it hit a record high of 16.3 per cent, compared with 6.8 per cent in 2019, the ONS said.

Source: fibre2fashion.com– Apr 08, 2021

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Global turnover in 2020 dropped 9% on average: 7th ITMF Survey

International Textile Manufacturers Federation (ITMF) has announced that compared to the expectations expressed in the previous survey (Nov 20 – Dec 14, 2020), the actual turnover in the 7th ITMF Corona-Survey for 2020 has improved 3 per cent from -12 per cent to -9 per cent. The 7th IMTF Corona-Survey was conducted between January 25 and March 10, 2021.

While this decrease is significantly better than the expected drop of -33 per cent in the 3rd survey at the height of the first Corona- wave in April 2020, the year 2020 will go down into history as one of the worst years for the global textile and apparel industry, according to ITMF's press release.

As could be expected the entire textile value chain was hit hard by the pandemic including textile machinery producers. Practically all segments under review were impacted negatively to different degrees in 2020. The two segments standing out positively are the producers of nonwovens (+/-0 per cent) and of fibres (+10 per cent). It can be assumed that those two segments have benefitted from the extraordinary demand for masks during 2020, which compensated to a significant extent for the loss in other areas like automotive or apparel, the release said.

For 2021 and the following years up to 2024, turnover expectations are positive and have overall not changed compared to previous surveys. On a global level, turnover expectations are especially strong for 2021 and 2022, an indication that companies are expecting a strong recovery. For 2023 and 2024 companies' growth expectations are weaker. Looking at the various regions the most striking result is the positive expectations of companies in Africa (+31 per cent by 2024), compared to the other regions that range between +12 and +21 per cent.

The survey was conducted amongst ITMF members and affiliated companies and associations about the impact the Corona-pandemic has on the global textile value chain. In total, 196 companies from around the world participated.

The 1st ITMF Corona-Survey was conducted in March 2020 when the first lockdowns were announced in Europe.

Source: fibre2fashion.com– Apr 08, 2021

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Brazilian cotton index drops 4.96% in March

The CEPEA/ESALQ Index for cotton in Brazil dropped by 4.96 per cent for the month from February 26 to March 31, closing at 4.8088 BRL/pound on March 31, according to the Center for Advanced Studies on Applied Economics (CEPEA). However, the monthly average for the Index closed at 5.0055 BRL/pound, 4.5 per cent higher than that in February.

During the month, the Brazilian cotton market saw two distinct moments. In the initial days of the month, prices continued to rise—a trend that was observed in January and in February. This was because of a boost in demand, firm stance of sellers concerning prices, and low supply in the domestic spot market. Thus, the CEPEA/ESALQ Index for cotton hit 5.2251 BRL/pound on March 4, a record since CEPEA began tracking prices in 1996.

In the later part of the month, however, high prices, uncertainties related to the increase in the number of covid-19 cases in the country, and the consequent increase in the restrictive measures to fight the pandemic drove agents away from the Brazilian spot market. As a result, supply surpassed demand, and prices began to decrease.

"In general, only small volumes were purchased sporadically, also because agents were opting for working with the cotton stocked and/or being delivered (previously purchased)," CEPEA said in its latest fortnightly report on the Brazilian cotton market.

"As regards sellers, only the farmers with higher needs were willing to lower asking prices. It is worth to highlight that most cotton farmers in Brazil have made cash flow and that a large volume of the coming crop has been sold," the report added.

Source: fibre2fashion.com– Apr 08, 2021

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Global politics exert influence on cotton supply chain

While cotton is a natural plant, this year more than in recent memory it is politics rather than agriculture that is impacting global supplies and prices of one of the key ingredients in many home textiles products.

How all of this will play out in 2021 and into next year was the subject of a special presentation during the recent Home Textiles Week's schedule of programs, featuring a cross section of experts on cotton and its place in the home business.

Even as global cotton supplies are caught up in politics between China and the U.S. and in new tariffs in India, "there's a real enthusiasm about cotton this year and lots of opportunities," said Marc Lewkowitz, president of Supima, the organization that represents and markets American made premium pima cotton.

The interest in cotton, driven by the increased attention to natural fibers, sustainability and health and wellness during the pandemic, will be challenged by global politics, said Robert Leo, an attorney with Meeks, Sheppard, Leo & Pillsbury, who specializes in global trade and is legal counsel to the Home Fashion Products Association and a second panelist on the session.

He explained the current U.S. ban on the use of cotton from the Xinjiang region of China due to alleged human rights violations further impacting overall trade relations between the two nations. "U.S. companies essentially have to prove the negative," he said, "requiring them to know their suppliers all the way back to the cotton."

This comes on top of trade issues between the two nations that were impacted by the tariffs put in by the Trump administration and which are likely to remain in place for the immediate future under President Biden.

"Trade tensions are getting tighter and more acrimonious," he said, also mentioning a new 10% tariff India has put in place for imported cotton.

Overall cotton availability and prices remain better than could be expected given this situation, said Dr. Jody Campiche, vice president of economics and policy analysis for the National Cotton Council, the third panelist. 'We have a lot of cotton in the world though levels are getting lower in the U.S."

Cotton prices are up from the start of the pandemic a year ago but have remained somewhat level more recently as a result. This comes even as exports of American cotton to China have increased under new trade agreements. She said these will continue through the balance of this year and into 2021.

Looking at cotton prices and availability going forward, Dr. Campiche said much depends on the size of the crop that will be planted over the next 60 days. “We expect to see higher acreage planted, but the yield might be lower,” she said due to drought conditions in West Texas, a key cotton growing region.

When it comes to premium cottons like Supima, Lewkowitz said he expects next year’s crop to be smaller based on projected plantings. The 2021 crop may yield some 400,000 bales, down from 540,000 bales last year. With the current supply expected to be exhausted this year Lewkowitz said to look for higher prices of premium extra-long-staple cotton like Supima. That will be further impacted by the ban on Xinjiang cotton, which is the second largest supplier of ELS cotton in the world.

Nevertheless the panel agreed that the outlook for cotton remains strong and the shortages of a decade ago that tripled its price are unlikely to be repeated. That seemed to be the key takeaway from the session, which was presented as part of the Home Textiles Today Education Network series.

Source: hometextilestoday.com– Apr 07, 2021

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Texworld Evolution Paris - Le Showroom returns from July 5-9, 2021

Faced with uncertainties related to Covid-19 crisis and restrictions on major international events, Messe Frankfurt France has decided to renew Texworld Evolution Paris - Le Showroom formula, in Paris, from July 5-9. This format allows to maintain exchanges with fabrics and finished products manufacturers, while respecting sanitary regulations.

"Inspired by the concept developed with great success in February, this new edition is a must-attend rendezvous to meet the expectations of international fashion players. This convivial event, imagined as a trade show in the heart of the fashion capital, will focus on a selection of trendy products from the textile trade shows Apparel Sourcing, Avantex, Leatherworld and Texworld Paris, chosen to allow buyers to build their collections and exhibitors to present their know-how," the organisers said in a press release.

This appropriate and innovative business solution has already seduced buyers from major ready-to-wear brands, young talents and many fashion designers to whom it has brought a fresh breath of creativity while offering a real meeting place to discover, hold fabrics in hand, get inspired and talk business.

Praised by the European press, the first edition allowed several hundred buyers and fashion designers to discover physically and in optimal conditions of comfort and security, more than 2,500 samples selected by the teams of Messe Frankfurt France from 75 international manufacturers from a dozen countries.

During five days, buyers were able to exchange 3,235 requests related to collection projects or orders.

"This unique event held in Paris will present an expanded offer compared to the previous edition, with an even wider selection of finished products from Apparel Sourcing and fabrics from Texworld exhibitors. This array of products will express the full creative potential of the fall-winter 2022 season," the release said.

"As in February, buyers will be welcome upon invitation in order to ensure an adequate flow of attendees. From the moment they arrive at the showroom, buyers will be provided with a digital tool specifically developed to facilitate direct contact with manufacturers for expressing interest, requesting samples or quotations, while enjoying an exceptional setting."

And for those who are not able to visit the showroom, the experience continues online through the digital sourcing platform developed by Messe Frankfurt France with its partner Foursource.

Source: fibre2fashion.com– Apr 07, 2021

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Cambodia Starts Effort to Vaccinate 500,000 Garment Workers by June

Two months after Cambodia rolled out its Covid-19 vaccination scheme, garment workers are now getting jabs in their arms.

The move is a rare bright spot for the Southeast Asian nation's embattled $7 billion garment sector, which is the country's largest employer and represents 16 percent of its gross domestic product.

Though Cambodia has had one of the world's smallest coronavirus tolls, with fewer than 3,000 cases and 22 deaths, the industry has had to deal with the one-two punch of declining orders, coupled with what one insider dubbed "quite ridiculous payment terms," and the partial withdrawal of European Union (EU) Everything But Arms privileges over alleged human and labor rights abuses.

Cambodia's exports in clothes, footwear and travel goods fell 9 percent for the first 10 months of 2020, according to data from the General Department of Customs and Excise. Clothing imports to the U.S. for January and February slumped 14.08 percent to $451 million, the Office of Textiles and Apparel reported Wednesday. Meanwhile, exports to the EU, which are worth roughly $5.5 billion a year, crashed by nearly $1 billion in the first nine months of 2020.

The weather hasn't been on Cambodia's side, either. Last October, torrential floods damaged 79 factories and forced at least 40 of them to temporarily freeze operations.

The country's production landscape has shifted, too, with 100 factories shuttering as a result of pandemic-related factors and 221 new ones opening. At the end of 2020, the number of facilities totaled 1,853, providing employment for 900,000 workers, according to Secretary of State Heng Sokkong.

Labour Ministry spokesman Heng Sour told Reuters the government plans to pick up the pace of vaccinations to 1,000 to 1,200 a day at each injection location. Two have been established at the moment, with another 10 forthcoming. The Ministry of Labour, he added, has set up 60 teams with eight doctors per team.

The government seeks to vaccinate 100,000 workers in April, 200,000 in May and another 200,000 in June, according to the Garment Manufacturers Association of Cambodia (GMAC), the trade organization that represents the nation's garment and footwear industries.

"We continue to strictly implement the safety procedure and speed up vaccination process at the fastest speed possible," Kaing Monika, deputy secretary of the GMAC, told Reuters.

The news comes just as the United Nations Educational, Scientific and Cultural Organization (UNESCO) and GMAC announced the rollout of a literacy program in 11 factories across seven provinces year to increase employee skills in the workplace.

The Factory Literacy Programme, which UNESCO developed by the Ministry of Education Youth and Sport, is designed to provide workers with functional literacy and numeracy skills to "help them cope with the day-to-day challenges of life." Since its debut in 2016, the program has reached 2,063 workers across 12 provinces through 25 factories, UNESCO said, with an "impressive" 72 percent completion rate among participants.

Source: sourcingjournal.com– Apr 07, 2021

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H&M's 30 Store Closures in Spain Seen Cutting 1,100 Jobs

H&M Group is planning to close 30 Spanish stores in a move that would eliminate roughly 1,100 jobs.

The Swedish retail giant's decision to shutter 27 H&M-branded stores and 3 Cos locations in Spain is part of a global restructuring that will slightly offset 350 planned closures worldwide with 100 new brick-and-mortar outposts through 2022.

"H&M has the intention to maintain as many jobs as possible," it said in a statement. "In order to mitigate the impact of these measures, it will be prioritized whenever possible the option of voluntary terminations, it will be offered certain relocations and transfer possibilities, and it will be implemented an outplacement plan for those employees who finally will have to leave the company."

On Tuesday, H&M notified the employee union in Spain that it plans to enact a "collective dismissal."

The fast-fashion chain cited retail's swift digitization and evolving consumer habits as factors fueling the store rationalization. "We need to adapt to changing customer behavior and needs in order to be able to remain competitive," it said. "We consider all these changes as a vital step in ensuring the long-term sustainability of our business." It will continue investing in strategic stores and in digital, and will plant new locations where it sees "great potential" to meet new customer demands.

The Swedish retailer has seen many of its stores in Europe either impacted by lockdowns or by restrictions on business hours as countries strive to try to stem the pace of infections during the ongoing coronavirus pandemic.

In H&M's 2020 annual report published Tuesday, CEO Helena Helmersson noted that temporary store closures last year impacted 4,000 of its 5,000 stores, forcing the company to rely on digital for sales. By the end of January, however, just 1,800 stores, or 36 percent, were still closed due to restrictions, she said.

"By accelerating the digital shift in the industry, the pandemic also hastened our need for a skills shift, with an increased need for online, tech and logistics skills while the opposite is the case for operations in the physical stores. This affected many of our employees and therefore meant difficult decisions had to be taken, but these were absolutely necessary in order for the business to adapt to the ever faster changes in the world around us," she wrote.

H&M found itself bolstering its liquidity and cash on hand by scaling back some of its approved investments and redirecting resources to digital and supply chain infrastructure, Helmersson added.

"With the majority of the stores closed, we strengthened our focus on the digital sales channels further—and since we had expanded online sales globally, our customer offering remained available in many markets," Helmersson said.

She said Covid-19 heightened awareness around the importance of sustainable development and the need for local relevance. Demand for good value and sustainable products is expected to stick around for the long term, Helmersson added, noting that flexible supply chains are a must given today's rapidly evolving landscape.

Source: sourcingjournal.com– Apr 07, 2021

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Bangladesh: Gas crisis haunts Gazipur garment factories as well

An acute gas crisis has continued to severely impact production in textile and garment factories not only in Narayanganj and Narsingdi but also in the country's largest industrial belt of Gazipur and Maona.

Factory owners in the latter two said they have been losing production and incurring financial losses for over six months.

Yesterday the gas pressure was so low in some places that production had been put on hold. In places where the pressure was a little bit high, factories could not run in full swing.

Nearly 500 textile, spinning, dyeing, finishing and weaving mills have been impacted in the industrial belts of Narayanganj, Narsingdi, Madhabdi, Maona, Bhabanipur and Kanchpur.

However the plight of just around 100 came to the fore, primarily because they were members of Bangladesh Textile Mills Association (BTMA) and were the bigger gas consumers.

All of these units are subscribers of the state-owned Titas Gas Transmission and Distribution Company. The gas supply is critical for production since the industrial and commercial energy users convert it to generate captive power for their own energy consumption.

"I could not run my factory since Tuesday night as the gas pressure varies between 1 to 1.5 pounds per square inch (PSI) rather than the required 15 PSI," said Fazlul Hoque, managing director of Ishraq Spinning Mill.

"Despite having the low pressure I managed to produce 60 tonnes to 70 tonnes every day over the last few months," said the owner of the Maona-based factory in Gazipur.

"But from Tuesday night my mill has remained almost idle as the pressure is too low now," said Hoque, adding that he was capable of producing 125 tonnes of yarn a day had the supply of gas been normal.

"My buyers are putting pressure on me for delivering the yarn on time as they will also have to make timely shipment of goods. Otherwise they will face work order cancellations and expensive air shipments," he said.

Similarly, Mosharaf Hossain, chairman and managing director of Mosharaf Group, has been making do with producing 50 tonnes to 60 tonnes of yarn a day instead of the usual 130 tonnes under normal gas pressure.

The group has composite facilities at Bhabanipur in Gazipur comprising spinning, dyeing and garment production units.

"So everyday I have been losing money and my buyers are putting pressure on me for quick delivery of goods," Hossain told The Daily Star.

He said his Tk 1,600 crore investment in his composite mill and 10,000 workers would fall in jeopardy if the factories could not be run in full swing.

The views of Hoque and Hossain were echoed by Azahar Khan, chairman of Mithela Textile Industries based at Araihazar in Narayanganj, and Saleudh Zaman, managing director of NZ Textiles, a spinning mill at Bhulta in Narayanganj.
They have also been facing an acute gas crisis in their production units since March 13.

Azahar Khan said he was capable of exporting $10 million worth of goods from his mills and factories every month. However, the export figure was feared to be very low this month because of reduced production for low gas pressure.

"I also run my mills with rice husk as it is a green factory and I can save 68 per cent of energy. But since it is not the season of rice husking, the old stock of husk has been used up over the past one month," he said.

"So I am in very big trouble now," he added.

"This is gross negligence of the Titas," said Mohammad Ali Khokon, president of the BTMA, the platform for primary textile millers.

"This state-owned company has not been addressing concerns despite repeated assurances over smooth supply of gas to the production units in those industrial belts," he said.

"Even today (Wednesday) the BTMA sent a letter to the Titas demanding fixing the gas problem as soon as possible. But action is yet to be taken by the Titas," Khokon told The Daily Star over the phone.

Every day over the last few months the members of the BTMA have been posting complaints with the association as they are facing losses due to the gas crisis which has severely affected productivity, Khokon said.

"I hope the problem will be solved soon. I hope for the best," said Ali Iqbal Mohammad Nurullah, managing director of the Titas, over the phone without elaborating.

Source: thedailystar.net– Apr 07, 2021

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Bangladesh: Giant Group MD Faruque Hassan elected new BGMEA president

Sammilita Parishad, the panel led by Faruque Hassan, managing director of the Giant Group, recently won the biennial election for the board of directors of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) for 2021-23. Hassan will be the next president. The new board will take over on April 20. Incumbent president Rubana Huq also contested.

The Parishad bagged 24 out of 35 directors' posts, while the remaining 11 director posts were elected from the Forum panel, lea by ABM Shamsuddin, chairman of Hannan Group and a former vice president of BGMEA.

The board of directors of BGMEA comprises 35 directors, of which nine are from the Chittagong zone. A total of 1,604 voters are in Dhaka and 392 in Chittagong.

“We will work closely with the government and the European Union to retain duty-free market access in the region up to 2031, after the LDC graduation in 2026. It is possible through apparel diplomacy," Hassan was quoted as saying by Bangladeshi media reports.

"My vision of BGMEA is to ensure that it becomes an organization that prioritizes service delivery for its members, where its members can receive them without any hassle," he added.

Source: fibre2fashion.com– Apr 07, 2021

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Pakistan: No change in spot rate on cotton market

The local cotton market remained sluggish on Wednesday with low volume of business and there was no change in the spot rate.

Cotton market analyst Naseem Usman said that spot rate remained at 11, 000 at the level of yesterday. Appreciation of greenback against Pak rupee strengthened the yarn markets and demand also improved. There was an expectation that decline in fiber may push the cotton market downward but dollar gathered strength again and improved the yarn markets too. He further said that China and New York markets opened in plus on April 06 while crude oil prices also seen bullish, which has created a certainty that it would support the yarn market too.

Farmers advisory committee (FAC) issued fortnightly guidelines for cotton farmers of Sindh and Punjab in its first meeting of the season on Tuesday observing that cotton sowing has surpassed last season's sowing figures in lower Sindh and still in progress there while it has just begun in Punjab since Apr 1, 2021.

FAC experts advised farmers to get their soil analyzed by soil testing laboratory for balanced and need-based application of fertilizers to cut cost and get good production. Farmers should apply suitable pesticides on seed before sowing that will keep the crop safe against sucking pest attack particularly Thrips and Aphid for 35-40 days.

FAC experts advised farmers to sow only registered varieties of seed. It is also learnt that the Federal Agriculture Committee (FAC) is meeting tomorrow (Thursday) in Islamabad to set the targets for the Khareef crops including cotton sowing in Punjab.

Value-added textile sector associations on Tuesday asked the government to place an immediate ban on the cotton yarn export to ease the commodity crisis.

They also proposed a 10 percent duty on the cotton yarn export, saying he proposition if implemented will help stem falling trend in apparel textiles export. The associations also demanded of the government to permit a duty free import of cotton yarn from worldwide for at least next six months to arrest the commodity crisis that continues to hit the local market.

The proposals and demands were placed by the representatives of different apparel textiles associations to Adviser to Prime Minister on Commerce Razak Dawood during a meeting held on Tuesday virtually through internet.

Globally, the prices of cotton have decreased but the commodity is still costlier in Pakistan.

Announcement of ECC proposal to allow import of cotton yarn from India had temporarily helped reduce the cotton yarn prices in the local market, but the cancellation of trade with the neighboring nation again spurred the commodity rates to the higher levels, they said.

They demanded of the government to open an immediate forensic audit of local cotton yarn producers, similar on the pattern of sugar probe.

Meanwhile, ICE cotton futures gained over 3% on Tuesday, on mill fixations and expectations supplies will remain tight as forecasts pointed to dry weather in West Texas, the largest U.S cotton-producing region.

Cotton contracts for May rose 2.04 cent, or 2.6%, to 79.92 cents per lb by 2:02 p.m. EDT (1802 GMT), having gained as much as 3.9% earlier in the session. Prices traded within a range of 77.7 and 80.88 cents a lb.

“We are seeing a little speculative buying return to the market… we probably saw some overnight export business and some mill fixations,” said Jim Nunn, owner of Tennessee cotton brokerage Nunn Cotton, adding that a dry weather outlook in West Texas could have spurred some speculative buying.

The US Department of Agriculture’s (USDA) weekly crop progress report on Monday showed the cotton crop was 6% planted in the week ended April 4, 1% below the same week a year-ago.

Cotton prices could rebound further in the near-term but the rebound will likely be capped by 5 cents as the fear over export cancellations will likely keep merchants from “aggressively” purchasing the natural fibre, said Keith Brown, principal at cotton brokers Keith Brown and Co in Georgia.

Total futures market volume rose by 16,012 to 42,021 lots. Data showed total open interest gained 1,447 to 228,607 contracts in the previous session.

Naseem Usman talking about rates said cotton’s rate in Sindh was in between Rs 10,200 to Rs 10400 per maund. The rate of Phutti in Sindh is in between Rs 4500 to Rs 5100 per 40 kg. The rate of cotton in Punjab is Rs 10,500 per maund. The rate of Phutti in Punjab is in between RS 4,800 to Rs 6,300 per 40 kg.

Similarly, the rate of Banola in Sindh was in between Rs 1,600to Rs 2,000 while the price of Banola in Punjab was in between Rs 1,800 to Rs 2,250. The rate of cotton in Balochistan is Rs 12000 per maund. The rate of Phutti of Dalbadin Balochistan is available at Rs 6,300 to Rs 6,400 per 40 Kg.

The Spot Rate remained unchanged at Rs 11000 per maund. The Polyester Fiber was available at RS 215 per Kg, Naseem Usman concluded.

Source: brecorder.com– Apr 07, 2021

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NATIONAL NEWS

US to India: Explain new agri cess, RoDTEP scheme

A key export tax refund scheme, Agriculture Infrastructure and Development Cess (AIDC), subsidy on crop loans, import duty on cotton and ban on onion exports are among a raft of India's policy interventions that have come under a heightened glare of various World Trade Organization (WTO) members, especially the US.

Seeking "an update on the operational status and guidelines" of the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, Washington wants New Delhi to "provide an explanation of this measure, including what specific duties and taxes are eligible for refund for agricultural products such as rice". "If operational, please list what agricultural products are eligible under this measure," it says.

The RoDTEP scheme has, from January 1, replaced the Merchandise Exports from India Scheme (MEIS), which was successfully challenged by the US at the WTO on ground of being inconsistent with global trade norms. India has appealed against the ruling of the WTO's dispute body and a verdict is yet to come.

The US wants India to clarify if the AIDC would apply to the specified agricultural products produced and sold domestically and how long New Delhi intends to slap it. The cess, the US says, appears to apportion the existing basic custom import duty into two separate taxes or duties and asks the "reasoning for apportioning the BCD into two different duties for select products".

Before a meeting of the WTO's committee on agriculture on March 29 and 30, countries had submitted questions on various farm policies adopted by India. While such meetings provide an opportunity to WTO members to seek replies from one another on various measure in the farm sector, they are at times aimed at gauging if the steps are trade-distorting and can be challenged at the multilateral body.

Presenting the Budget for FY22, finance minister Nirmala Sitharaman had proposed AIDC. However, while applying this cess though, she made sure that there would not be extra burden on consumers on most items. The new cess is levied on 29 products, including gold, imported apple, imported alcohol (excluding beer), petrol and diesel. At the same time, the custom duty has been reduced on 25 of these products and excise duty and special additional excise duty have been trimmed on unbranded and branded petrol-diesel.

As for the RoDTEP scheme, Indian officials have asserted that the it is fully WTO-compliant, as it only reimburses levies paid on inputs consumed in exports. The scheme has been implemented from January 1 but operational details and refund rates are yet to be notified.

The MEIS, which was replaced by the RoDTEP, was the largest export incentive scheme under which the government had approved Rs 39,039 crore for FY20.

Australia has sought to know the domestic market circumstances and policy considerations that led to a 10% tariff being imposed on cotton imports. “Whether India expects further tariff increases on cotton or the introduction of other measures to limit imports of cotton?” it asks.

The US has also posed queries on India’s export subsidy in the sugar sector, seeking details of how this programme is implemented. It highlighted that New Delhi had, in December 2020, approved sugar export subsidies of Rs 3,500 crore for the marketing year 2020-21 to ship out six million tonne of the sweetener.

Washington also seeks a reply as to how the interest subvention scheme is implemented in short-term crop loans. “What commodities benefit from each scheme included in the notified measure ‘interest subsidy’?” it asks.

Japan wants India to explain as to how New Delhi has given due consideration to the effects of an onion export ban on importing countries’ food security.

Source: financialexpress.com– Apr 08, 2021

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India's Reserve Bank keeps monetary policy unchanged

For the fifth time in a row, the Monetary Policy Committee (MPC) of the Reserve Bank of India, the country's central bank, has kept the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0 per cent. Consequently, the reverse repo rate under the LAF remains unchanged at 3.35 per cent and the Bank Rate at 4.25 per cent.

The marginal standing facility (MSF) rate also remains unchanged at 4.25 per cent.

The MPC also decided to continue with the accommodative stance as long as necessary to sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI has retained the projection of real GDP growth for 2021-22 at 10.5 per cent consisting of 26.2 per cent in Q1, 8.3 per cent in Q2, 5.4 per cent in Q3 and 6.2 per cent in Q4.

Turning to the growth outlook, the MPC noted that the supply side pressures on inflation could persist. It also noted that demand-side pull remains moderate. While cost-push pressures have risen, they could be partially offset with the normalisation of global supply chains.

"On imported inflation from global commodity prices, urgent concerted and coordinated policy actions by Centre and States can mitigate domestic input costs such as taxes on petrol and diesel and high retail margins. The renewed jump in COVID-19 infections in certain parts of the country and the associated localised lockdowns could dampen the demand for contact-intensive services, restrain growth impulses and prolong the return to normalcy.

"In such an environment, continued policy support remains necessary. Taking these developments into consideration, the MPC decided to continue with the accommodative stance as long as necessary to sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward," the RBI statement said.

Source: fibre2fashion.com– Apr 07, 2021

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India, EU narrowing gaps in trade pact to re-start negotiations at Lisbon Summit

Trade Ministers may meet before Modi, EU leaders meet on May 8

India and the EU will focus on narrowing broad differences that have been holding up the long-pending broad-based trade and investment agreement (BTIA) this month, so that the announcement on re-launching the negotiations by leaders of the two sides at the India-EU bilateral Summit in Portugal in May becomes a possibility.

"The two sides have decided to make serious efforts to get the stuck issues moving and the negotiations re-launched at the Summit in Portugal. Officials from both sides are likely to meet at the diplomatic level this month to discuss how existing differences can be best addressed," a source tracking the matter told BusinessLine.

Prime Minister Narendra Modi is scheduled to attend the India-EU Summit in Lisbon on May 8 and will then travel to France for a bilateral visit.

Background

Negotiations for India-EU BTIA, launched in 2007, were suspended in 2014 following differences over market access demanded by the EU for key items such as automobiles, wines & spirits, dairy and financial services. India's demand for easier movement of professionals and data secure status was also an area of debate.

A number of attempts were made subsequently to re-start the talks but failed especially as the EU also wanted labour, environment and government procurement issues to be part of the pact.

Renewed interest

However, with new leadership taking over at the EU and the European Commission in December 2019, there was renewed interest in the trade talks reflected in the first High Level Dialogue between Commerce & Industry Minister Piyush Goyal and European Union Executive Vice-President & Trade Commissioner Valdis Dombrovskis in February 2021. Both Ministers agreed to hold regular interactions to re-initiate the bilateral BTIA at the Dialogue.

There is a possibility that the Indian Commerce Minister and his EU counterpart will meet later this month to take stock of all pending issues and finalise how negotiations could re-start," the source said.

While nitti-gritties of the BTIA are to be discussed when negotiations re-start, there has to be a broad consensus on what can or cannot be included in the negotiations and also what the red lines for both sides are, the official added.

The EU is one of India's largest trade partner accounting for $ 45 billion of exports (14.36 per cent of total exports) in 2019-20. India is also seeking to get into an FTA with the UK, which has now exited from the EU.

Source: thehindubusinessline.com– Apr 07, 2021

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Economy likely to rebound strongly in 2021-22: RBI

Domestic economic activity is widely expected to rebound strongly in 2021-22, according to the Reserve Bank of India's monetary policy report.

Taking into account the baseline assumptions, the survey of profession forecasters indicators, and model forecasts, real GDP growth is projected to pick up from (-) 8.0 per cent in 2020-21 to 10.5 per cent (same as the projection made in the previous bi-monthly policy review) in 2021-22.

The GDP growth will have a quarterly path of 26.2 per cent in Q1, 8.3 per cent in Q2, 5.4 per cent in Q3, and 6.2 per cent in Q4 – with risks evenly balanced. Rapid vaccination drive, large pent-up demand, investment enhancing measures by the government and better external demand provide an upside to the baseline growth path.

However, the surge in infections, new mutants, and deviation of the south-west monsoon from the baseline assumption of a normal monsoon, higher crude oil and non-oil commodity prices and global financial market volatility impart downside risks to the baseline growth path. For 2022-23, assuming a normal monsoon and no major exogenous or policy shocks, the structural model estimates indicate real GDP growth at 6.8 per cent, with quarterly growth rates in the range of 6.2-7.3 per cent, the report said.

CPI (consumer price index) inflation is projected to average 5.0 per cent in Q4:2020-21, 5.2 per cent in Q1:2021-22 and Q2, 4.4 per cent in Q3, and 5.1 per cent in Q4, with risks broadly balanced. Lingering supply chain disruptions, rising global crude oil prices and stronger pass-through of input costs could push headline inflation above the baseline.

There is also the probability of softer international crude oil prices on the back of a weaker than anticipated global demand, bountiful foodgrains production and effective supply management coming together to ease inflation more than expected.

The report observed that evolving Covid-19 trajectory and progress on vaccination remain the key drivers of economic activity and inflation, globally and in India.

Source: thehindubusinessline.com– Apr 07, 2021

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Status of Production-Linked Incentive Schemes

In the Union Budget 2021-22, presented on 1st February 2021, the Finance Minister announced an outlay of INR 1.97 Lakh Crores for the Production-Linked Incentive (PLI) Schemes for 13 key sectors, to create national manufacturing champions and generate employment opportunities for the country's youth. This means that minimum production in India as a result of PLI Schemes is expected to be over US$ 500 billion in 5 years.

PLI Schemes are a cornerstone of the Government's push for achieving an Atmanirbhar Bharat. The objective is to make domestic manufacturing globally competitive and to create global Champions in manufacturing. The strategy behind scheme is to offer companies incentives on incremental sales from products manufactured in India, over the base year. They have been specifically designed to boost domestic manufacturing in sunrise and strategic sectors, curb cheaper imports and reduce import bills, improve cost competitiveness of domestically manufactured goods, and enhance domestic capacity and exports.

The first three PLI Schemes were approved earlier in March, 2020 and these were followed by another 10 New PLI Schemes in November, 2020. Of these, the previous three Schemes have been notified, and six of the ten New Schemes havealso been approved by the Cabinet as below:

1. Electronic/Technology Products – MeitY(notified on 3 March 2021)
2. Pharmaceuticals drugs – D/o Pharmaceuticals(notified on 3 March 2021)
3. Telecom & Networking Products - D/o Telecommunications(notified on 24 Feb 2021)
4. Food Products -Ministry of Food Processing Industries
5. White Goods (ACs & LED) – DPIIT
6. High Efficiency Solar PV Modules -MNRE

Another four Schemes are in process of obtaining Cabinet approval as below:

1. Automobiles & Auto Components – D/o Heavy Industry
2. Advance Chemistry Cell (ACC) Battery – D/o Heavy Industry
3. Textile Products: MMF segment and technical textiles – M/o Textiles
4. Specialty Steel -M/o Steel

Click here for more details

Source: pib.gov.in– Apr 07, 2021

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Cotton sector divided over prospects of higher acreage

Area may drop 2% as farmers may switch over to other crops: USDA

The cotton sector is split over its view on the prospects for the fibre crop next crop year (July 2021-June 2022) with a section saying that the area under the crop might increase, while the other expressing pessimism over the prospects of a higher acreage.

This is despite growers getting higher than minimum support price (MSP) for most part of the current season and States such as Telangana declaring their intention to bring more acreage under the fibre crop.

“The area under cotton will increase next season since the kapas (raw cotton) rate is ruling at ₹6,500-6,600 a quintal. That is almost 15 per cent higher than the MSP,” said Cotton Association of India President Atul Ganatra. For this season, the Centre has fixed the MSP for medium staple cotton at ₹5,515 a quintal.

“Chances of a higher acreage in cotton are bright as it is the most attractive cash crop,” said K Selvaraju, Secretary-General, Southern India Mills Association – a representative body of the textile industry in the southern region.

Alternative crops

The United States Department of Agriculture (USDA), in its annual outlook, said that the area under cotton could remain stagnant or drop two per cent from about 13 million hectares (mh) this season.

During the current season, area under cotton dropped to 12.96 mh from 13.37 mh last season, according to the Committee on Cotton Production and Consumption (CCPC). “Farmers are expected to shift to alternative crops such as soyabean and paddy due to better prices,” it said.

Rajkot-based raw cotton, yarn and cotton waster trader Anand Poppat said that there were chances of farmers switching over to crops such as groundnut since returns from these crops were higher compared to cotton. “If farmers grow groundnut, they can cultivate another crop too like wheat,” he said.

“Also, Telangana Chief Minister (K Chandrasekhara Rao) has said that this year cotton would be grown on eight mh. So, Telangana is expected to overtake Maharashtra in cotton acreage and become number two in cotton production after Gujarat,” CAI’s Ganatra said.

The CAI President said that as per information the trade has received, sowing of cotton would increased in Gujarat and Rajasthan, besides Telangana. Overall, the area could increase by eight to 10 per cent.

Poppat said the area under cotton in the Saurashtra region could increase next season but the acreage could drop in other parts of Gujarat, Maharashtra and Madhya Pradesh. “If there is an increase in the area under cotton, it could be not more than five per cent,” he said.

The USDA said that the area in North India, comprising Punjab, Haryana and Ganganagar tracts of Rajasthan would increase by two per cent in view of prevailing market prices.

In Maharashtra, the area would drop two per cent as farmers could shift to pulses in view of kapas prices ruling around MSP levels only, while in Madhya Pradesh demand for edible oils could see growers switching over to soyabean.

The USDA expects the cotton area in Telangana to drop 11 per cent and in Karnataka, it could slip five per cent.

Higher yield

However, the US agency said that production could be higher next season at 380 lakh bales (of 170 kg each) as the yield could increase by five per cent to 496 kg/ha in view of the projection of a normal monsoon.

The projection of a higher production next season is against estimates of 370 lakh bales output this season. According to the CCPC, output this season is expected to be 371 lakh bales compared with 365 lakh bales.

The CAI has projected production to be unchanged this season at 360 lakh bales this season from the last one.

“If we are getting a big cotton crop next season, it is good for Indian farmers, ginning factories and spinning mills. A big crop is a win-win situation for the entire textile chain,” Ganatra said.

Record carryover stocks

Besides higher production, the cotton industry has also carried over record stocks from last season. According to CCPC, a record 120.95 lakh bales of cotton had been carried over to this season, while for the next season, the carryover stock could be 97.95 lakh bales.

The USDA does not visualise any problem with regard to demand for Indian cotton, both abroad and in the domestic market.

"The global recovery in consumption will fuel strong exports of cotton fibre and yarn. In addition, domestic consumption is likely to rise as COVID-19 measures are relaxed and consumers increase their in-person shopping," the USDA said.

For the current season, India has exported 55 lakh bales of cotton compared with 50 lakh bales last season.

According to Cotton Corporation of India Chairman-cum-Managing Director PK Agrawal, cotton exports could top 75 lakh bales this season on account of good shipments to Bangladesh, Vietnam and China. Poppat said Indian cotton was also finding its way to Turkey.

Competitive price

A major reason for cotton exports topping last year's total shipments is that it has been priced competitively compared to other destinations such as the US, Brazil, West Africa and Australia.

Currently, Indian cotton is offered for exports at ₹45,300-45,700 per candy (of 356 kg). In contrast, cotton in New York is ruling at 79.90 cents a pound (₹47,050 a candy). Usually, cotton from Australia, US and West Africa is sold at a premium to New York prices.

Domestic consumption could increase over five per cent next season to 324 lakh bales from this season, the USDA said. The demand outlook was positive in view of mass vaccinations across the country, it added.

Source: thehindubusinessline.com– Apr 07, 2021

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Rising Covid cases latest blow for Tiruppur's garment manufacturers

Already struggling to stay afloat due to the soaring prices of cotton yarn and a drop in export orders, Tiruppur's garment manufacturers are worried as the second wave of the pandemic could further worsen production at their units.

"Several top brands and showrooms have been shut in Europe due to Covid, so they can't even accommodate our old orders that have been exported. This has caused a reduction in the number of new orders," explained Tiruppur Exporters Association president Raja M Shanmugam. Besides, the high cost of yarn doesn't let them sell their products at the prices fixed by European traders, he added.

Known as the knitwear hub of the country, Tiruppur houses over 9,000 units and employs over 5 lakh labourers. Recently, a manufacturing unit in the region was sealed for two days after 31 workers tested positive for coronavirus. Taking note of the situation, senior State government officials convened a virtual meeting with exporters and manufacturers of Tiruppur on Wednesday, and advised them to be proactive about restricting the spread of the virus.

Besides enforcing strict adherence to SOPs, industry players were told to encourage eligible staff to get vaccinated. "The cost of yarn has increased by almost 40 per cent in the last six months. So we can't deliver export and domestic orders, and are suffering huge losses. And now, the rise in the number of Covid-19 cases has added to our woes," said S Jayakumar, a manufacturing unit owner in Tiruppur.

He added that not many units have facilities to house workers, and hence, it is difficult to keep a tab on their health. "Many patients are asymptomatic, so it is difficult to trace them," said Vijay K, another trader. "Being a labour-intensive industry, our well-being depends on our workers. We are maintaining physical distance at the factory and are conducting vaccine-awareness drives," said Shanmugham.

Tiruppur exports garments worth about Rs 2,500 crore every month, and the size of its domestic market is also about the same. The industry does business of over Rs 55,000 crore annually.

Source: newindianexpress.com– Apr 08, 2021

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Expect RBI to go in for policy normalisation in second half of FY'22: UBS Securities

UBS Securities sees the Reserve Bank of India (RBI) going in for policy normalisation in the second half of FY'22 (2021-22) as India makes rapid progress in its ongoing vaccination drive.

We expect policy normalisation as 36 per cent of the Indian population will get inoculated by end of this calendar year, if the current rate of 3.5 million doses per day were to be sustained, said Tanvee Gupta Jain—India Economist, UBS Securities.

'Fragile economy'

"RBI cannot afford to do any policy normalisation now especially when economic recovery is fragile. However, we do expect the central bank to go in for policy normalisation in the second half of FY'22 to keep inflation pressures contained as well as preserving financial stability," she said.

At a base case, the Monetary Policy Committee (MPC) will shift from an "accommodative" stance to a "neutral" policy stance in the December or March quarter of FY'22 and pursue 25-40 basis points reverse repo hike.

"We are not expecting any policy rate hike in FY'22 or first half of FY '23. We are expecting a repo rate hike of 50 basis points in the second half of FY'23", she said.

RBI's trilemma

Asked as to what could prompt the central bank to go in for policy normalisation in the second half of FY'22, Jain said that it would be difficult for the central bank to continue to manage the trilemma of keeping the cost of capital low, keeping Indian rupee stable and keeping inflationary pressure under control to preserve macroeconomic stability risk—manage all conflicting objectives at the same time.

Meanwhile, Jain said that UBS Securities had no immediate plans to revise its earlier GDP forecast of 11.5 per cent for 2921-22 despite the latest second wave of Covid-19 affecting the country.

“We will wait and watch to see what other States will do. The latest restrictions by Maharashtra will have an impact on GDP estimates, but we are not revising our estimate only because of this. Definitely, the likelihood of upside surprise that we were expecting a few months back has now been neutralised because of the resurgence in Covid-19 in recent weeks”, she said.

The run rate for vaccination in India has picked up from 0.4 million doses per day in February to 2.7 million doses per day on seven-day average. The last three days average in India has been 3.5 million per day. India is currently third to China on a seven-day moving average. While China is giving 4.6 million doses per day, the US is at 2.8 million doses per day.

Source: thehindubusinessline.com– Apr 07, 2021

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Maharashtra to write to Centre, urge rollback of cotton seed price hike

The Maharashtra government has objected to the Centre's decision to increase Bt Cotton seed prices, with state agriculture minister Dadasaheb Bhuse Wednesday saying they would write to the Union government demanding a rollback.

The state government believes any increase in input cost during khariff sowing, especially amid the Covid-19 pandemic, will compound farmers' financial problems, sources said. Maharashtra cotton cultivators are already grappling with pink bollworm pest attack, and looking for ways to avoid "dobar perni", or second sowing

In a notification, the Centre has stated that the price of Bt Cotton seeds would be raised to Rs 767 for a 450-gram packet. Earlier, this was Rs 730, thus amounting to an increase of Rs 37 per 450-gram packet.

The hike will adversely affect the small and marginal farmers cultivating cotton in the backward Vidarbha and Marathwada regions.

Last kharif, the Minimum Support Price for cotton was Rs 5,500 per quintal. The state registered a record production of 407 lakh quintal (180 lakh bales each weighing 170 kg), across an area of 44 lakh hectares.

The state economic survey 2020-21 has predicted 33 per cent higher production of cotton in this kharif season.

At a meeting on Wednesday to plan pre-kharif preparations for cotton, Bhuse stressed on damage control measures to combat pest attacks.

Every village should adopt a uniform pattern and source Bt cotton seeds from the same sample, he said. This scheme, called ek gaon, ek vaan, plans to ensure every village uses high-quality cotton seeds sourced from one company. This, official said, would help curb substandard seeds supply, as the identity of the company and the seed grade would be known to every farmer. In case of any problem, the administration, too, will find it easier to take action against the company.

Apart from quality cotton seeds, the agriculture department has given instructions to farmers to use fertilisers judiciously and after adequate consultation with experts.

Agriculture centres in every taluka will handhold the farmers to ward off any problems during the kharif sowing, which begins mid-June, government sources said.

Source: indianexpress.com– Apr 07, 2021

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Regional Workshop on Skill Development to be held for North Eastern Region in Gangtok, Sikkim

With an objective to sensitize State Skill Development Mission (SSDMS) and District Skill Committees (DSCs) for effective implementation of the Pradhan MantriKaushalVikasYojana (PMKVY) 3.0, a regional workshop is to be conducted at Gangtok, Sikkim on 08th April, 2021with all eight northeastern states - Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.

Several dignitaries including Shri Praveen Kumar, Secretary, Ministry of Skill Development and Entrepreneurship (MSDE); Shri Atul Kumar Tiwari, Additional Secretary, MSDE;Smt Ganga Devi Pradhan, Secretary, Skill Development Department, Government of Sikkim; Shri Satish Chandra Rai, Advisor, Skill Development Department, State of Sikkim; Shri Bishal Rai, Director, Sikkim Skill Development Mission; Dr. Manish Kumar, MD & CEO, NSDC and Shri Sanjeev Kumar, Jt. Director (Skill Development), MSDE among others will be present during the workshop. Various Industrial Training Institutes (ITIs) will also attend the workshop through video conferencing.

The workshop intends to provide a platform for discussion on skilling ecosystem and serve as a medium for exchange of ideas/thoughts and feedback amongst the participants in paving way for formulation of upcoming initiatives under PMKVY. The regional workshop will also play a pivotal role in fostering the agenda of Skill India Mission wherein the involvement of States along with the District Administrators is crucial. Therefore, the State Skill Development Missions of all the eight States have invited all the District Skill Committees (DSCs) from all the districts for the workshop.

Pradhan MantriKaushalVikasYojana was launched on 15th January, 2021 with the support of States/UTs and as envisaged, training under both the components of PMKVY 3.0 has commenced in most of the States/UTs. Around 1.21 crore candidates were trained under PMKVY 2.0 (2016-2020) and PMKVY 3.0 aims at benefitting 8 lakh youth in the scheme period 2020-21 with an outlay of Rs. 948.90 crore.

Source: pib.gov.in– Apr 07, 2021

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Concor calls EoI from local box manufacturers

State-run rail hauler Container Corporation of India Ltd (Concor) has called expression of interest on wednesday from prospective local container manufacturers ahead of launching a competitive bidding process to buy 6,000 containers as India looks to cut dependence on China for procuring the equipment amidst an acute shortage of containers facing exporters.

Concor said it plans to buy 6,000, 20 feet high cube end open containers, through an open tender in which six vendors will be given a minimum order of 1000 containers.

The purpose of the EoI is to prepare the prospective indigenous container manufacturers for the forthcoming competitive bidding process and also to take their suggestions to achieve the objective of developing local container manufacturing industry in line with the Make in India and Aatmanirbhar Bharat initiatives of the government, according to the EoI document.

Shipping lines and exporters' groups have urged the government to facilitate the manufacturing of marine containers within the country to secure supply chain for exports in view of the container shortage.

China makes about 95 per cent of the global shipping containers. CIMC is the largest container manufacturer with a market share of 40 per cent. Other players include Singamas, COSCO and CXIC.

Currently, India sources its entire container needs from China at prices ranging from ₹2,39,760 to ₹4,54,545 depending on the size of the container. India's external trade grew to $838.46 billion in FY20 and the increasing trade is translating into higher demand for containerisation due to their efficiencies.

India will require approximately 60,000 new containers between 2021 and 2026, an annual addition of about 10,000 containers per year, according to the ministry of ports, shipping and waterways.

Source: thehindubusinessline.com– Apr 07, 2021

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