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INTERNATIONAL NEWS

COVID 19 An opportunity for luxury brands to create stronger value

The pandemic has brought profound challenges for the global luxury goods industry. As per a Bain & Company report, luxury goods sales fell to $331 billion in 2020. They are expected to reach 2019 levels only 2022-end or early 2023. A Forbes report estimates 2021 to be a year of transition for the luxury fashion industry. The year will drive conscious shopping among consumers. A World Bank report also expects the current recession to leave long lasting scars on the global luxury market with declining investments, job losses and disintegration of global trade linkages.

Minimize waste and be more responsive

The pandemic has restricted affluent consumers' luxury purchase budgets. To boost sales, luxury fashion companies need to tighten supply chains, reduce waste and be more responsive. They need to engage in human resources. However, they do not need to reduce their marketing investment, say marketing professors Nirmalya Kumar, Singapore Management University and Koen Pauwels, Northeastern University.

The pandemic spurred online luxury sales from 12 per cent in 2019 to 23 per cent in 2020, says the Bain report. The analysts expect this growth momentum to continue with e-commerce being the leading distribution channel for luxury goods till 2025.

Amazon will lead this growth with its 'Common Threads' storefronts. The storefronts were opened early this year by Amazon for independent brands in association with Vogue and the Council of Fashion Designers of America. In September, the e-commerce company launched its luxury stores mobile app exclusively to Amazon's 150 million Prime members.

Bridging the gap with human emotions

Luxury brands need to program into online technology called Sensitive Technology which centers around human thought, feelings and behaviors. They need to bridge the gap with the human side of luxury, opines Daniel Langer, CEO, Équité and Professor, Pepperdine University.

By 2020-end, Statista estimates the luxury travel market to have totaled to $545 billion. The analyst expect market recovery to pre-pandemic levels to be slow, with air travel not expected to reach 2019 levels until 2024 and hotel demand delayed until 2023.

Home improvement initiatives

In 2020, consumers of luxury goods diverted all their resources to improve their experiences at home. They are now investing in high quality home furnishings and furniture, home appliances, home improvement and electronics sectors, besides paying service providers to decorate and maintain home environments. In 2021, these consumers will continue to invest in home improvement projects. Home décor brands and service providers need to make the most of this opportunity.

Once consumers step out of their homes, they will begin investing in experiential luxury goods as fine art, luxury cars, private cars, etc says the Bain report. This will help customer-focused luxury brands to emerge stronger from the pandemic. Daniel Langer, Equite, opines luxury brands need to focus on building the strongest possible brand equity. They need to adopt sustainable and socially-responsible business practices besides supporting cultural values like gender, race, sexual orientation and income equality.

Future-proofing businesses

Luxury brands also need to future-proof their businesses by catering to consumers basic needs, says Martina Olbertova, Meaning Global. They need to enhance the quality and timelessness of their products and services, she adds. According to her, the crisis has given brands an opportunity to probe into their priorities and create stronger value.

Source: fashionatingworld.com - Apr 09, 2021

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Euratex expresses concerns over supply chain disruptions following COVID-19

In its Quarterly Economic Update, Euratex has expressed concerns over global supply chain disruptions following COVID-19 crisis which may affect the competitiveness of the industry.

Economic data up to December 2020 reflect a dramatic contraction in demand and production of textile and clothing items, caused by the COVID-19 pandemic. Over the full year 2020, the EU turnover fell by -9.3 per cent in textiles and by -17.7 per cent in clothing, compared with 2019.

The crisis was particularly felt in the middle of the year. Towards the last quarter of 2020, business activity recovered in the textile industry, while it further deteriorated in the clothing sector, as a result of the decline in consumption expenditure and the slowdown in non-essential activities.

T&C extra-EU exports slipped back by -13.6 per cent in 2020. The majority of EU top-10 customers experienced a steep decline in 2020. EU imports increased by +5.5 per cent in 2020. However this increase was mostly due to the import of personal protective equipment (including facemasks), especially from China.

Looking forward, the EU Business Confidence* indicator of March 2021 gained momentum, with a confirmed upward trend in the textile industry (+3.8 points), and a modest recovery in the clothing industry (+1.6 points). Also, the employment expectations indicator saw a robust increase.

However, these signs of recovery are jeopardized by recent turmoil in the T&C supply chain. Raising prices of raw materials and transport costs, negative impact of CO_2 prices and political turmoil in some important sourcing countries create uncertainty, adding to the challenges of the corona pandemic.

Source: fashionatingworld.com - Apr 10, 2021

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Global short-staple & rotor capacities decreased in 2019: ITMF report

ITMF (International Textile Manufacturer Federation) has published its report on International Textile Industry Statistics (ITIS) on productive capacity and raw materials consumption in the short-staple organised sector in all textile-producing countries in the world. It shows a decrease in short-staple spindles and open-end rotors capacities in 2019.

The number of installed short-staple spindles went down from 230 million in 2018 to 223 million in 2019. The number of installed open-end rotors decreased from 8.2 million in 2018 to 7.4 million in 2019. These changes are mainly driven by scraping of outdated machinery in China.

The trends observed in other regions are stable. The number of installed air-jet spindles is increasing worldwide, mainly in Asian countries and Turkey, according to a press release by ITMF.

The substitution between shuttle and shuttle-less looms continues but the growth in shuttle-less looms capacities has slowed down. The number of installed shuttle-less looms increased by 1 per cent in 2019 and reached 1.7 million units. Total raw material consumption in the short-staple organised sector has stagnated in 2019.

Consumption of cellulosic short-staple fibre increased by 9 per cent to 5.4 million tons and consumption of synthetic short-staple fibres decreased by -4 per cent to 14.2 million tons. The consumption of cotton has stabilised at 26 mill tones, according to the report by ITMF.

Source: fibre2fashion.com - Apr 09, 2021

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Turkey's exports to UK surge in Q1 following post-Brexit FTA

Turkish exporters have seen a noteworthy surge in exports to the United Kingdom from January to March this year following the signing of a post-Brexit free trade agreement (FTA). Exports to the UK rose by 12.7 per cent to reach $2.7 billion, making it the country's second-biggest market in the first quarter of the year, according to statistics from the Turkish Exporters Assembly (TIM).

Ankara and London inked the FTA in the last days of 2020 to support a trade partnership worth around $25 billion. The deal became effective from January 1, when the UK formally left the European Union. The current pact is expected to be expanded to include areas such as investments and services, according to a report in a Turkish newspaper.

The UK received over $1 billion worth of Turkish goods in March alone, the data showed, a 33.1 per cent year-on-year surge, making it Turkey's third-biggest export market in the month after Germany and the United States.

Overall, Turkey's sales from January through March have surged 17.3 per cent year on year to over $50 billion, marking the highest first-quarter figure ever. Sales soared by 42.2 per cent year on year in March alone to $18.98 billion, an all-time monthly high. Imports were up 25.8 per cent to $23.68 billion.

The United States came in third with nearly $2.71 billion, a rise of $716.27 million from a year ago. Exports to Italy increased by $449.91 million to $2.5 billion, while those to France and Spain were up $451.93 million and $361.14 million to $2.13 billion and around $2 billion, respectively.

On the other hand, sales to Saudi Arabia all but dried up as exports plunged by 93 per cent on an annual basis to $56 million, down from $810.6 million in the January-March period of 2020. Exports to Saudi Arabia in March plunged to just $19 million, the TIM data showed, collapsing 93.7 per cent year on year from around $298.23 million a year ago.

Source: fibre2fashion.com- Apr 10, 2021

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80% of B2B supplier-buyer interactions to go digital by 2025: study

By 2025, four-fifths of all business-to-business (B2B) sales interactions between suppliers and professional buyers will take place in digital channels, according to a new whitepaper recently released by DHL Express, which predicts strong growth for the B2B e-commerce market in the coming years. The study was titled 'The Ultimate B2B E-commerce Guide: Tradition is out. Digital is in'.

The impact of the COVID-19 pandemic on the pace of digitalisation and the purchasing behaviour of technology-savvy millennials, who are now of an age to be the professional B2B decision-makers, are the main drivers of this global e-commerce growth.

What is predicted for the future of the B2B sector, has already been visible in the significant B2C e-commerce rise over the last years, where DHL Express experienced high growth rates, particularly during the holiday peak seasons and mega shopping days.

In total the B2C e-commerce volumes within the DHL Express network increased in 2020 by approximately 40 per cent compared to 2019 figures, DHL said in a press release.

Besides general trends like globalisation and digitalisation, a new technology-oriented generation of millennials is starting to make its mark. Already, millennials account for 73 per cent of all professional B2B purchasing decisions.

Source: fibre2fashion.com- Apr 10, 2021

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South African woven cotton textile sector workers get 5.5% rise

Those working in the woven cotton textile sub-sector in South Africa will receive a 5.5 per cent wage increase, with effect from last month, i.e. March 1, 2021.

The COSATU-affiliated Southern African Clothing & Textile Workers' Union (SACTWU) has concluded its outstanding wage negotiations for the sub-sector with the National Textile Bargaining Council.

The wage increase agreement was signed by the South African Cotton & Textile Processing Employers' Association (SACTPEA).

About 8,000 textile workers employed in 72 companies will benefit from this wage increase, according to SACTWU.

Source: fibre2fashion.com– Apr 10, 2021

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Xinjiang-Alternative Cotton Sourcing: A Brief Look at India, Pakistan, Bangladesh, and China

As concerns amplify over the use of forced labor in the global supply chains for cotton, textiles, and apparel, multinational companies (MNCs) around the world are left with this primary question – is it possible to remove Xinjiang cotton from their supply chains? The short answer is that it is unlikely, at least in the short- to medium-term.

The Xinjiang Uyghur Autonomous Region (XUAR) produces about 20 percent of the world's cotton – and the province is China's largest textile and apparel exporter. Raw cotton from XUAR is also spun into yarns used in factories worldwide, which means many companies are dependent on source inputs from XUAR – whether they are aware of this or not. After all, it is estimated that roughly one in five cotton apparel sold worldwide contains cotton or yarn sourced from Xinjiang. Eliminating XUAR-linked imports and sourcing outright may thus lead to supply chain shocks, particularly as the world is fighting a pandemic.

Below, we provide a snapshot of the global production of cotton and then briefly profile the regional cotton production status and general industry sourcing risk assessment for Bangladesh, India, and Pakistan. Lastly, we illustrate the lopsided growth of cotton production and related agro-industrial output across China.

Xinjiang-alternatives in the global supply chain for cotton: South Asia assessment

Bangladesh

According to the US Department of Agriculture's Foreign Agriculture Service, Bangladesh's raw cotton production was forecast to reach 146,000 bales in the marketing year 2020-21 and imports are expected to reach 7 million bales (showing a rebound in the sector demand since the pandemic struck last year). However, the Bangladesh Cotton Development Board (CDB) says that the country's farmers have sown seeds on 44,450 hectares of land and expect production for the fiscal year 2020-21 to be 200,000 bales. This estimate is four percent higher than the production output in 2019-20, which was 177,890 bales. Bangladesh imported about 41 percent of its cotton needs from West Africa (Burkina Faso, Chad, Mali, Senegal) in

2018 and 2019, due to declining dependence on India because of quality concerns.

In terms of compliance risks for apparel companies, Bangladesh has made some progress in factory health and safety conditions. But its labor standards are a near constant thorn at the side for multinational firms sourcing from the country; the International Labor Organization (ILO) notes "the absence of a well-functioning labor inspection system" or decent enforcement mechanisms to ensure worker dignity and quality of life in Bangladesh.

Since the collapse of Rana Plaza, which housed five garment factories, in April 2013, the ILO has reported about 109 accidents. Bangladesh also has a negative track record for recent actions against workers due to labor disputes and collective action, such as mass retrenchment and arrests (in 2019), as well as reports of unpaid garment workers during the pandemic. Bangladesh features among the 10 worst countries for workers, according to the seventh edition of the International Trade Union Confederation (ITUC) Global Rights Index (that is, for 2020). The index ranks 144 countries on parameters related to worker's rights.
India

India has the largest area under cotton cultivation in the world – that is, 41 percent of the world area under cotton cultivation (between 12.5 million hectares to 13 million hectares). India is thus the largest cotton producer in the world, accounting for 26 percent of global cotton production. Yet, the average yields per hectare, at 487 kgs/ha, which is lower than the world average yield of about 768 kgs/ha. As per the Cotton Corporation of India, the crop area, cotton production, and yield for India in 2018-19, 2019-20, and 2020-21 are as follows:

Click here for more details

Source: india-briefing.com– Apr 09, 2021

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Singapore ratifies mega free trade agreement RCEP

Singapore ratified the Regional Comprehensive Economic Partnership (RCEP) agreement on Friday, becoming the first participating country to do so in a multi-nation trade pact that brings together the 10 ASEAN economies as well as Australia, China, Japan, New Zealand and South Korea.

The RCEP, an initiative led by China, is the world's largest free trade agreement but India had opted out of it though it had been widely expected to be an important market with a large consumer base and export potential, observers said.

"Singapore's expeditious ratification of the Regional Comprehensive Economic Partnership agreement signals Singapore's strong commitment to strengthening our trade and economic linkages with our partners, for the benefit of our businesses and people," Minister for Trade and Industry Chan Chun Sing said.

"We look forward to our fellow RCEP Participating Countries doing likewise, to expedite the entry into force of the agreement," the minister said.
Singapore has deposited its instrument of ratification with the Secretary-General of ASEAN, said the Ministry of Trade and Industry (MTI).

The RCEP was signed by the 15 participating countries in November last year. Prime Minister Lee Hsien Loong had then said: "The RCEP is a major step forward for the world, at a time when multilateralism is losing ground and global growth is slowing."

The RCEP deal establishes a mutually beneficial economic partnership that builds on existing ASEAN agreements with the bloc's five FTA partners, said MTI on Friday.

Comprising about 30 per cent of global gross domestic product and close to a third of the world's population, the deal will complement Singapore's existing network of FTAs and boost trade and investment flows, the ministry said.

These FTAs include India's Comprehensive Economic Cooperation Agreement with Singapore and the ASEAN-India FTA.

Businesses can expect to benefit from tariff elimination of about 92 per cent on average, as well as streamlined rules of origin for greater flexibility to tap on preferential market access benefits.

The RCEP agreement will enter into force after six ASEAN member states and three ASEAN FTA partners have ratified it, according to a Channel News Asia report on Friday.

The participating countries are targeting entry into force on January 1, 2022, said MTI.

On November 4 last year, India walked out of the mega free trade agreement RCEP (Regional Comprehensive Economic Partnership) as negotiations failed to address New Delhi's outstanding issues and concerns.

The remaining 15 member countries have signed the RCEP agreement and have stated that the pact would remain open to India.

Source: financialexpress.com– Apr 09, 2021

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Is Sri Lanka Ready For The New Age Of Global Supply Chains?

A year on since the COVID-19 pandemic upended our world, there are signs that the change in the way we think about global supply chains is going to be permanent.

Take for instance air conditioning giant Daikin Industries' decision to more aggressively operate on the principle of "local production for local consumption". Since air conditioners are seasonal products that need swift delivery to markets, Daikin hopes that building manufacturing plants in different countries will allow it to eliminate the risk of running out of stock in a given market, thus losing market share to a rival. German chemical giant BASF, which already operates a plant in Sri Lanka, has also decided to follow a similar strategy.

Yossi Sheffi, the director of the Massachusetts Institute of Technology's Center for Transportation and Logistics is of the opinion that more businesses will follow Daikin and BASF's lead. In his new book "The New (AB)normal: Reshaping Business and Supply Chain Strategy Beyond COVID-19", Sheffi writes that "In a whack-a-mole world where pandemics, nationalistic trade policies, and local disasters hit different locations at different times to impede the production, flow, or consumption of goods, no single source location can be safe. "Instead, a multi-shore network of locations provides local presence to serve local customers … as well as the resilience required to manage risks of disruptions to capacity."

An emerging opportunity for Sri Lanka

So obviously, things are going to change, and through change, comes opportunity. This is especially true for countries like Sri Lanka, who may lack the resources to become a low-cost destination, but definitely possess the ability to take advantage of lucrative niches. But where do those opportunities lie, and which ones are actually worth pursuing? That is the question AmCham Sri Lanka's TradeShifts project has attempted to find answers to.

On 17 March 2021, the third phase of this project came to a conclusion with the launch of a report that summarises the results of a detailed study which saw the participation of 5 sectoral study groups consisting of 15 different industries/sectors.

Speaking at the launch of the report, AmCham Sri Lanka President, Presantha Jayamaha thanked the representatives of the 15 industry associations/chambers involved and noted that "identifying and understanding the varied scope and requirement of each individual industry, the various challenges and opportunities facing them has been eye-opening. My heart is to increase trade; to encourage & stimulate wealth creation across the entire value chain and provide impetus for sustainable opportunity for the entire nation; As such, engaging in constructive dialog to implement the recommended policy & advocacy engagements and networking required for capturing more US trade as we launch into Phase III and IV of this project will be exciting".

Also addressing the online event was Sri Lanka's ambassador to the United States, Ravinatha Ariyasinghe, who believes that the "[AmCham] report is path breaking in the sense that it ... offers various suggestions to solve a problem. It comes at an opportune time, when the trade shifts and the winds of trade are being helpful with greater openness about trade and opportunity from those seeking to diversify. Among all its other advantages such as geo-strategic location, a skilled and adaptable workforce, a high standard of living, strong IPR laws and high rate of literacy, Sri Lanka's recognition as an ethical manufacturing location, its proximity to India, generous incentives and its legislation allowing for uncomplicated repatriation of earnings are additional advantages to attracting potential investment."

What's in the report?

The report compares Sri Lanka's inherent advantages and disadvantages to its peers in the region such as Vietnam, Thailand, Indonesia, the Philippines, India, and Bangladesh. While Sri Lanka benefits from a strong reputation for quality, well-organised supply chains, an English-speaking workforce, and a relatively high proportion of standards-compliant manufacturing facilities, the country is also hamstrung by high costs, lack of economies of scale, external tariffs, unfavourable regulations, outdated laws, and ad-hoc policy changes.

Given these conditions and global consumer expenditure trends, the study has identified that Sri Lanka's tea, food & beverage, electronics & mechanical, larger scale exports (apparel & rubber), lesser scale exports (toys, giftware, wooden items etc.), pharmaceuticals, boat building, and the IT/BPM industries stand to benefit the most from global companies who are looking to diversify their supply chains.

For that to happen however, there is a lot of work that needs to be done, and government support is essential. Sectoral representatives who were involved in the study have highlighted the need to link businesses with buyers and industry associations, the pressing requirement to establish 'information hubs' that can help exporters educate themselves on different markets and their laws, and the importance of receiving guidance to prepare material and directories of products and services specific industries could supply to demanding markets such as the US. Industries such as apparel and rubber had also called for fast-tracking of the Eravur Textile Park project and the removal of quotas under the Sri Lanka-India FTA.

The report also notes that among the key areas in which government support is being sought are the establishment of one-stop shops for approval of investments into the country, the provision of incentives such as capital allowances and tax incentives, the reduction or elimination of complex approvals to import raw materials, and the digitalization of import/export-related customs and clearance processes. Interestingly, these are also areas that Sri Lanka has traditionally struggled at, which consequently make it harder to convince investors to set up operations in the country. A recent news report in the Daily FT, a local daily, highlighted how Sri Lanka only managed to improve one notch in the World Bank's 'Ease of Doing Business Index, for 2020' moving to 99th, up from 100th in 2019, out of 190 economies across the world. In comparison, India and Pakistan enacted a number of reforms last year that have helped them rank amongst the best improved countries in the Doing Business rankings.
What's next?

AmCham Sri Lanka now expects to hand over the report to the Government of Sri Lanka and collaborate with policymakers to help Sri Lanka implement the report's recommendations. But while the wheels of any bureaucracy are known to turn slowly, it is important that at least in this instance, policymakers act with urgency to harness this once-in-a-lifetime opportunity that holds the potential to reshape Sri Lanka's growth trajectory for the better.

Click here for more details

Source: nation.lk– Apr 08, 2021

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Govt mulls cotton import from Uzbekistan

The government is considering an option to import cotton from Uzbekistan via land routes after it took back a decision of its import from India, Commerce Adviser Razak Dawood said, as textile exporters want government to take decisive steps amid 40 percent drop in the crop output.

The adviser assured value-added textile exporters during a meeting earlier this week that he'd take up the demand of textile exporters on duty-free imports via lands, ban on yarn exports or duty on its exports with the authorities, Jawed Biwani, chairman Pakistan Apparel Forum told The News.

Commerce adviser was apprised of cost-effectiveness of cotton import from India that takes four days and Uzbekistan that takes eight days to reach Pakistan compared to monthslong time of transport via seas.

The exporters said the imports via lands are cost-effective and important considering the 40 percent drop in production this year. Yarn imports should get permission much like pharma products that are imported from India, exporters said.

The cotton import from India was linked with an approval from the parliament as textile businesses seek decisive steps to preempt price turmoil amid 40 percent drop in the cotton output.

Last week, the government withdrew a decision to allow cotton imports from India.

Prices of cotton yarn have been exorbitantly high in Pakistan that reflect hoarding and black-marketing of cotton yarn. The value-added textile exporters are facing financial hardships as their cost of manufacturing has gone out of control due to dollar depreciation and increase in prices of cotton yarn more than 40 percent and 700 percent increase in sea freight charges.

The country is facing approximately 40 percent low cotton crop, which is the lowest quantity during the last 3 decades. The government should facilitate exporters to import cotton yarn from Central Asian Republics through land route via Afghanistan as the sea route is taking prolong duration due to shortage of containers and vessels.

Availability of imported cotton yarn from Central Asian Republics through land route via Afghanistan safely will bring positive impact and textile export.

The value-added textile exporters have also sought guidance from the adviser as how to operate their industries and complete export orders in the current circumstances and cotton yarn crisis which is aggravating every coming day.

They also requested the adviser commerce to expedite release of payments of duty drawbacks as quick as possible to support the textile export industry and demanded rates of gas should be same for new industrial units.

Source: thenews.com.pk– Apr 11, 2021

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Pakistan: Foreign ministry left out of loop on cotton import from India

The Economic Coordination Committee (ECC)'s decision to allow import of cotton and sugar from India sparked a lot of discussion as it was considered a move to normalise relations with the neighbouring country through backdoor diplomacy.

However, officials in the Ministry of National Food Security and Research revealed that the decision had in fact been taken by bypassing the Ministry of Foreign Affairs.

Planning Minister Asad Umar and Adviser to Prime Minister on Institutional Reforms and Austerity Dr Ishrat Husain backed the move as far as economic benefits were concerned.

However, they termed it a political decision and suggested seeking opinion of the foreign ministry on the matter.

However, ECC Chairman and newly appointed Finance Minister Hammad Azhar took the decision by ignoring their concerns.

The Ministry of Commerce proposed to the ECC that import of cotton and cotton yarn from India may be allowed through land and sea routes till June 30, 2021 - until the arrival of new cotton crop.

During discussion, Umar said that economically, it was a good decision, however, the proposal needed to be seen from the political angle also.

His views were also supported by the PM aide with remarks that there would be no harm in import of cotton from India at cheaper rates.

However, he suggested obtaining opinion of the Ministry of Foreign Affairs on the subject.

Meanwhile, the Ministry of National Food Security and Research secretary opposed the plan to import cotton from India mainly because in India cotton was being produced with much subsidised input prices and growers were assured of a minimum support price.

He emphasised that detailed comments of the food ministry may be referred to in the minutes for record.

Azhar observed that in order to further boost exports of value-added textile products, the import of cheaper cotton and yarn would be beneficial at this stage.

The economic decisionmaking body allowed import of cotton and cotton yarn from India through land and sea routes till June 30, 2021.

However, the cabinet blocked this move and deferred the import of wheat and sugar from India.

The State Bank of Pakistan, in its recent report on the agriculture sector, has revealed that the area under cotton cultivation has steadily declined to its lowest level ever at 2.2 million acres since 1982.

The sugar industry was a major reason for the decline in cotton production. Sugar mills were set up in the cotton belt area.

The era of Pakistan Muslim League-Nawaz (PML-N) was the worst when cotton output dropped to 9.9 million bales in 2015-16 compared to average consumption of 15 million bales, making Pakistan a net importer of cotton.

Now, the output has come down to seven million bales - the lowest in several decades. The powerful textile lobby has enjoyed incentives as it got billions on account of subsidy on electricity and gas.

However, there is no one to protect the rights of farmers who are at the mercy of textile barons.

The PML-N government had formed a committee on the agriculture sector that pointed to poor management by different governments over the past two and a half decades.

A report presented to the cabinet by the committee revealed that cotton production had faced virtual stagnation since 1991-92 and fluctuated in a range of 10 to 12 million bales over the period.

Import of white sugar

The Ministry of Commerce also proposed to the economic decision-making body to allow import of white sugar from India.

It suggested that the Trading Corporation of Pakistan (TCP) and private sector may be allowed to import sugar from India.

It also recommended that commercial importers may be allowed to import 300,000 tons of sugar from India till June 2021 on the basis of quota set by the Ministry of Commerce.

It further suggested allowing import of white sugar from India via land and sea routes.

After discussion, the ECC allowed the private sector to import up to 500,000 tons till June subject to payment of all taxes. However, it allowed TCP free of taxes.

Source: tribune.com.pk– Apr 09, 2021

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Pakistan: Weekly Cotton Review: Market remains sluggish; spot rate drops by Rs400

Cotton's Spot Rate dropped by Rs 400 during the last week. New York Cotton registered an increase of 5 Cent per pound. Partial cotton sowing started in the country. Public and private organizations that are desirous to increase cotton production have become active. FPCCI Raw Cotton Committee submits proposals to the government through FPCCI for increasing cotton production.

The local cotton market remained sluggish during the last week because of cautious buying by the textile mills and ginners' interest in offloading their stocks. Karachi Cotton Association also further reduced the 'Spot Rate' by Rs 400 during the week and closed it at Rs 10,800 per maund.

According to a report by the PCGA only 85,000 bales have left in stock while International Markets remained volatile due to which there is a very thin activity in the local cotton market. Principally in such a situation, cotton prices should be increased but the reduction in dollar worth against Pak rupee and dip in cotton yarn rates led to sluggish business in cotton and yarn markets.

The local cotton market remained bearish last week because of the decision of importing cotton, yarn and sugar from India.

The tension between APTMA and Value Added sector though reduced a bit, the value-added sector is still demanding that the government should allow the import of yarn besides abolishing the custom duty completely which at present is just 5 per cent. APTMA is claiming that cotton yarn is in abundance in the country but their counter lobby is saying that APTMA and the spinning sector has made a cartel to avert any decline in yarn prices.

Cotton prices in Sindh are from 10200-10500 per maund, Phutti is almost finished and its rate is between 4800-5200 per maund. Cotton rate in Punjab is 10,500 to 10,800 per maund and again very little Phutti quantity is left in Punjab as well. The rate of Phutti in Punjab is 4800 to 5800 per maund. Cotton stocks are finished in Balochistan but Phutti is coming from Dalbadin in that province and its rate is from 6000-6200 per maund.

Karachi Cotton Association reduced 'Spot Rate' by Rs 400 during the week and it ended at Rs 10,800 per maund.

Karachi Cotton Broker Forum Chairman Usman Naseem said that the international markets witnessed both ups and downs. Cotton prices in New York Market which had dipped to 77 Cent per Pound the other week again rose to 82 Cent per Pound. USDA weekly report also showed significant exports and China bought some 31,000 bales of cotton while Vietnam remained second and then Pakistan. It showed despite an economic tussle, China is buying cotton for its requirement from the USA. Brazil, Central Asia and African markets showed a mixed week while ups and downs were also witnessed in the prices of cotton in India.

Naseem Usman also noted that both public and private organizations that are desirous to increase cotton production have become active since the sowing season has started in Pakistan. Punjab Chief Minister Usman Buzdar and Governor Punjab Chaudhry Muhammad Sarwar also have launched their efforts in this regard.

Governor Punjab chaired a meeting of a special committee which was also attended by the Federal Minister for Food Security & Research Syed Fakhar Imam and Punjab Agriculture Minister Hussain Jehanian Gardezi. The meeting assured to take steps for increasing cotton production while it also recommended fixing support price for cotton at Rs 5,000 per maund. It also suggested giving a subsidy of Rs 15,000 per acre to cotton growers. These steps will definitely prove encouraging for the cotton growers.

Likewise, Khawaja Jalal Uddin Roomi who is head of Dera Ghazi Khan Chamber and in the past also headed Multan Chamber had also appealed to the government to take steps for increasing cotton production.

Moreover, private sector representatives such as Pakistan Cotton Ginners Association Chairman Seth Jasomal also remained active to press the government to take steps to increase cotton production.

FPCCI Standing Committee on Cotton's Convener Malik Talat Hussain also arranged a sitting in Bahawalpur which was attended by the ginners and other stakeholders of the cotton sector and this gathering prepared a set of recommendations which was presented to the government through FPCCI.

Cotton analyst Muddabir Shah and Ginners Forum Chairman Ehtesham ul Haq also submitted their proposals in this regard through print and electronic media.

Likewise, Khawaja Muhammad Ilyas who remained in ginning sector for 40 years and represent a big textile group also suggested some measures in a television interview to increase cotton production. Major Muhammad Kashif has also raised the flag to save the declining cotton crop and he is also pointing out all those factors and people who were responsible for the decline of this crop. He is also using social media to create awareness among the growers.

Karachi Cotton Broker Forum through pages of ‘Business Recorder’ and by using other platforms is also trying to increase cotton production. It seemed that some work had started in this direction. However, there are certain issues still persisting such as the availability of quality certified seed of cotton.

Traders from Umer Kot (Sindh) disclosed that numerous companies had come into the field with cottonseed while some ginners had also produced their own seed. It seemed that they have come to this field because the last season was very bad for the cotton crop and they thought there might be a shortage of seed so they can make some silver by bringing their own seed to the market. However, that traders jokingly said that now sellers of cottonseed are more than buyers and sellers might be selling this seed like a street vendor sell items.

Federal Agriculture Committee (FAC) on Thursday fixed the cotton sowing target at 2.33 million hectares with a production estimate of 10.5 million bales. However, these are just estimated as the cotton area is declining for the last many years as sugarcane and in some areas, maize has replaced this crop. Let’s see what happens this year with our fingers crossed.

Meanwhile, FPCCI’s Regional Standing Committee on Cotton and Textile also held a meeting which was also attended by the Pakistan Kissan Ittehad President Chaudhry Muhammad Anwar said the input cost of cotton had increased manifold as compared to other crops. He said that pesticide cost is higher as compared to the international markets; there is a shortage of certified seed while research institutes are dormant.

Textile Millers’ representatives claimed that the quality of Pakistani cotton has declined as compared to other countries. Cotton Ginners also submitted their point of view on the decline of their sector because of the availability of raw material.

Committee member Dr. Qaiser Rasheed presented a report on the decline of the cotton sector. Committee member and President Farmer Vision Khawaja Muhammad Shoaib presented his report on fake pesticide and the incompetence of research institutes. Major Kashif (retd) presented a report on the marketing side of cotton and depletion in this sector due to quality.

Committee members Seth Prem Chand, Abdus Sattar Memon, Seth Sonomal Sakaija also held PCGS responsible for the deterioration in cotton. Malik Sarfraz assured the meeting that FPCCI Standing Committee will continue playing its role in improving the cotton in the country.

FPCCI Raw Cotton Committee Convener Atif Dada also arranged a zoom meeting to discuss ways and means to improve cotton production in the country. The meeting presented various proposals such as the provision of certified quality seed, elimination of fake pesticide and whether to implement the proposal of a free-market system in cotton instead of fixing the spot rate. It also proposed to determine the acreage for sowing cotton and zoning for cotton crop.

The meeting presented these proposals to the FPCCI President to take these up with the government so as to remove impediments in the way of increasing cotton production and formulation of a policy for the next cotton season.

Source: brecorder.com– Apr 12, 2021

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Vietnam: Garment export turnover target of 39 billion USD reachable: Official

The target of Vietnam earning 39 billion USD from garment and textile exports in 2021 is perfectly feasible, Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (VITAS), has said.

Talking to the Newspaper of Industry and Trade, Giang attributed his optimism to the shifting of major orders from other countries to Vietnam, the recovery of the US market - one of Vietnam's largest, and the activeness of Vietnamese businesses in applying technologies and taking advantage of opportunities brought about by new-generation free trade agreements (FTAs).

Vietnam's garment and textile exports were valued at nearly 9 billion USD in the first quarter of this year, up 6 percent year-on-year. The figure, he said, shows that consumption is bouncing back, which positively affects export activities.

Garment and textile enterprises have been adaptive to market fluctuations through measures to diversify products and markets and invest in automated technologies and equipment.

New-generation FTAs have also added to their advantages. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), for example, has made Vietnamese garment and textile products available in selective markets such as Canada, New Zealand, and Australia, Giang said.

However, he also pointed to several challenges facing the sector, including a shortage of materials and workers and high logistics costs, especially the cost of leasing empty containers rising more than five-fold compared to last year.

A lack of capital at small and medium-sized enterprises (SMEs) for investing in high technology and an imbalance in the production structure are also challenges to the sector, he added.

Source: en.vietnamplus.vn– Apr 09, 2021

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Vietnam's garment export up slightly Q1

Vietnam raked in nearly 7.2 billion U.S. dollars from exporting textile and garment in the first quarter of this year, up 1.1 percent against the same period last year, according to the country's General Statistics Office on Friday.

In March alone, Vietnam's textile and garment export rose 15.3 percent year-on-year to around 2.7 billion U.S. dollars.

Most of the local garment enterprises have received sustained new orders, including several future ones until August, according to the Vietnam Textile and Apparel Association. The recovery of global demand following the rollout of COVID-19 vaccines around the world is expected to bring more positive impacts to the market, said the association.

In 2020, Vietnam recorded an export turnover of roughly 29.5 billion U.S. dollars from textile and garment products, down 10.2 percent from 2019, according to the statistics office. Its largest export markets included China, Japan, the European Union, South Korea and the United States.

Source: xinhuanet.com– Apr 09, 2021

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Bangladesh: 'Don’t cut a single taka from RMG workers' wages during lockdown'

Bangladesh Garment Workers Solidarity today in a statement demanded to ensure hundred percent wages of readymade garment workers during the lockdown.

The central steering committee of the organisation issued a statement in this regard today, signed by its president Taslima Akhter and general secretary Julhas Nain Babu.

Asking government and factory owners to take complete responsibility of the workers during the lockdown, the organisation in its statement said, "During the last lockdown, we have seen that government officials took salaries and other benefits from the government without attending offices but the opposite scenario was found in the context of garment workers."

The workers won't let this happen this time, reads the statement calling upon government to take precautionary measures.

Terming workers as a resource of the country, the statement said the industry will remain alive if the lives of workers are saved, and sought announcement to ensure hundred percent wages of the workers during the lockdown.

Expressing concern over the sharp rise in deaths and infections of coronavirus, the organisation stressed the need of conducting larger scale of tests of the workers.

Source: thedailystar.net– Apr 10, 2021

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Bangladesh: RMG exporters want factories up and running

Garment factory owners and union leaders are at loggerheads over the imminent tough lockdown the government is set to impose across the country to curb the rising cases of coronavirus infections.

Owners want to keep their factories up and running, while union leaders called for a closure of factories and a full payment of the wages for workers during the lockdown period.

The government plans to go for a large-scale lockdown from April 14 for seven days as its current efforts have not had much impact on bringing down the infection rate.

"We do not have the luxury to shut our factories as we have been on a recovery path from the devastating impacts of the first wave of Covid-19," said Fazlul Hoque, managing director of Narayanganj-based Plummy Fashions Ltd.

When international buyers are placing orders for the next autumn and winter seasons, any pause in production will put the industry in deep trouble.

"The order may be shifted to other countries as they have not imposed any lockdown. We will be isolated from the rest of the world if the lockdown is imposed. No competing countries such as China, Vietnam and Cambodia are in lockdown at the moment," he said.

Local suppliers will face order cancellation, deferral payment, discount for delayed shipment, or expensive air shipment if the production is halted due to the lockdown, Hoque said.

"The lockdown will be suicidal for the garment sector as shipments are going on in full swing now," said Mostafiz Uddin, managing director of Denim Expert Ltd, a Chattogram-based factory.

He is one of the sufferers who had faced a lot of order cancellations during the first wave of the pandemic. "My buyers want continued shipment of goods as they also have a business plan."

"My buyers have already said that they would not extend the order execution time. I will face expensive air shipments of goods."

If factories are shut, Bangladesh will face fewer new orders.

"Buyers are exhausted due to last year's liability, store closure, and piling of stocks," said a top official of a buying house in Dhaka.

So, buyers might have to go for harder decisions such as cancellation without liability and shifting orders, he said.

Mohammed Abdus Salam, acting president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said if the lockdown was imposed, the garment sector would go into a long holiday like during Eid-ul-Fitr and Eid-ul-Azha.

"So, the sector will not be able to bear the losses."

Salam also the infection rate in the garment industry was too low as owners had taken a lot of safety measures as per the government's guidelines.

Mohammad Hatem, vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said no competing countries were in lockdown now.

"They will do business, and we will lose our business," Hatem said, adding that factory owners had been running their units following the health guidelines.

The lockdown will affect the sourcing decisions of buyers as the factories in other apparel-producing countries are open, said Faruque Hassan, president-elect of the BGMEA.

During Ramadan, factories usually ship two months' equivalent of products in order to offset the production closure during Eid holidays.

"So, any lockdown in Ramadan means we will fail to carry out all these shipments. Buyers will hardly agree to take them after two months," he said.

Because of the safety measures taken by the factories, the infection rate among garment workers has been nominal, he said.

"So, I think the safety measures are enough to protect the workers from Covid-19," he added.

Citing a survey of the US-based Workers Rights Consortium, Faruque said buyers cut the price by almost 30 per cent after the pandemic.

"We are already struggling to stay afloat. The existence of four million workers hinges on the industry. So, factories cannot sustain and survive if any lockdown is enforced," said Hassan.

"I think the lockdown is okay for seven days. It should not be more than that," said Sirajul Islam Rony, a former member of the minimum wage board for the garment workers.

"The sector might not face any big losses if a weeklong lockdown is imposed," he said.

However, factory owners must not deprive any worker of wages and other incentives.

"Such incidents happened during the lockdown last year. Many workers lost their jobs and faced a reduction in salaries and festival allowances," he said.

Md Towhidur Rahman, president of the Bangladesh Apparels Workers' Federation, called for full payment for the workers even if any lockdown is imposed in the sector.

Nazma Akter, president of the Sammilito Garment Sramik Federation, said if the lockdown caused workers' layoff, it would be very bad.

"Every worker must be paid fully during the lockdown. We will have to follow the government decisions."

The BGMEA, the BKMEA, the BTMA and the Exporters Association of Bangladesh would hold a joint press conference at the Pan Pacific Sonargaon Hotel in Dhaka today to call on the government not to order any factory closure.

Source: thedailystar.net– Apr 11, 2021

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NATIONAL NEWS

Over Rs 35,000-crore export aid held up amid trade recovery

The government is holding back export benefits worth at least Rs 35,000 crore under the Merchandise Export from India Scheme (MEIS), including sizeable funds traceable to FY20, according to trade sources. Inordinate delay in release of these funds could accentuate a Covid-induced liquidity crunch, limiting exporters' capacity to ramp up supplies even as demand from key markets has improved, they added.

Similarly, refund rates under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, which replaced the MEIS from January 1, 2021, are yet to be notified. Since exporters typically factor in tax remission under key programmes while firming up contracts, lack of clarity about RoDTEP rates is adding to their woes, they said. Of course, they will get the refunds retrospectively (from January) once the rates are notified.

Under the MEIS, which ceased to exist on January 1, the government has already approved Rs 39,097 crore for FY20 and Rs 15,555 crore for the first three quarters of FY21. But a bulk of this amount is yet to released, ostensibly due to the pandemic hitting the Centre's resource mobilisation, exporters said.

At best Rs 20,000 crore was released, mostly against claims for FY20 (although some applications pertained to FY19 as well) but no amount has been transferred against FY21 claims, some exporters said.

A senior official said the government will soon start processing the MEIS benefits. Even RoDTEP rates will be announced shortly.

The delay in the clearance of MEIS benefits is nothing unusual, though. In earlier years, such benefits were often delayed for reasons, including faulty claims or wrong paperwork by exporters, the official explained. This time around, the pandemic has mostly contributed to the delay. "This is an unprecedented crisis, so some amount of delay is unavoidable. But the government is fully seized of the matter," he added.

Under MEIS, most exporters were getting scrips amounting to 2-5% of the freight-on-board value of the shipment.

Importantly, at the World Trade Organization (WTO), the US recently asked India to explain the RoDTEP programme and its structure. But former commerce secretary GK Pillai, who headed a committee tasked with recommending the RoDTEP rates, told FE that the new scheme is "compliant" with the WTO norms.

"RoDTEP is a scheme for only the reimbursement of duties on exported products. Other countries do this. This is not an export incentive scheme. Such queries are usually posed at the WTO and the issue can be addressed easily," Pillai said.

After an exhaustive exercise involving a scrutiny of embedded levies on 8,000-9,000 tariff lines, the Pillai committee had submitted its report in March within just 7-8 months of its formation. The revenue department is now vetting the report. The scheme is supposed to reimburse various embedded levies (not subsumed by the GST) paid on inputs consumed in exports.

Earlier, the US had successfully challenged the MEIS and some other export schemes, claiming these were inconsistent with global trade norms. India has appealed against the ruling of the WTO's dispute body and a verdict is yet to come. Still, India has replaced the MEIS with RoDTEP scheme.

The government has budgeted only Rs 13,000 crore for the RoDTEP scheme for FY22 but the actual outgo could be much higher.

"Export orders from key markets (like the US and the EU) are flowing in but the bigger challenge is on the supply side," said Ajay Sahai, director general and chief executive at the Federation of Indian Export Organisations (FIEO).

If the MEIS benefits are cleared fast and RoDTEP rates remain fair and are announced swiftly, exporters can step up supplies, he indicated. Of course, any restriction resulting from the second wave of Covid-19 can potentially weigh on exports.

The RoDTEP scheme is on a "solid-footing" and is in sync with best global practices, so the government shouldn't worry about any challenge at the WTO, Sahai asserted.

Since in many cases exporters themselves have no fool-proof data or even complete knowledge of all levies embedded in the exported products, the Pillai committee has had a herculean task of determining the RoDTEP rates. The exercise has been done in a manner as comprehensive as possible in keeping with principle that taxes are not meant to be exported, according to Pillai. He expected that, with greater submission of data by exporters, the scheme will get better and could stabilise in 2-3 years.

The scheme is proposed to cover levies that are not subsumed by the GST (petroleum and electricity are still outside the GST ambit, while other imposts like mandi tax, stamp duty, embedded central GST and compensation cess, etc, remain unrebated).

While exports have witnessed a roller-coaster ride in FY21 due to the pandemic, given the favourable base effects, outbound shipments are going to record impressive surge in the coming months.

Of course, even in absolute term, exports in March stood at a record of $34 billion, against about $33 billion in the same month in 2019 (before the pandemic struck). However, for sustenance of the growth momentum over the medium term, exporters' liquidity issue needs to be sorted out urgently.

Source: financialexpress.com– Apr 12, 2021

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Pre-packs for MSMEs: Minimum default threshold to be set at ₹10 lakh

Centre has decided to peg the minimum threshold default at ₹10 lakh for initiation of pre-pack insolvency resolution process by a MSME corporate debtor.

This decision comes on the heels of the Centre issuing an ordinance to introduce a pre-packaged insolvency resolution process (pre-pack) for MSMEs registered as a corporate debtor. This ordinance received President's assent on April 4.

Pre-packs are an arrangement where the resolution of a company's business is negotiated with a buyer before the appointment of an insolvency professional. They are seen to be a viable alternative to the current corporate insolvency resolution process as they are less time consuming and more cost effective.

The amendment ordinance has enabled pre-packs for MSMEs classified in a corporate form, but with sufficient checks and balances, said MS Sahoo, Chairperson, Insolvency and Bankruptcy Board of India (IBBI). However, this pre-pack regime will not be available for a proprietorship or a partnership operating as MSME.

"The government has now set the minimum threshold default at ₹10 lakh for pre packs for MSMEs. So pre packs is available for MSMEs in respect of defaults of ₹10 lakhs or more", he said.

Sahoo highlighted that the government has come with pre-pack for MSMEs at the right time and introduced this alternative approach when the haze around moratorium has been cleared by the Supreme Court, the suspension of initiation of insolvency proceedings has expired and the trajectory of Covid-19 is fairly understood.

MCA to frame rules soon

He said that the Corporate Affairs Ministry (MCA) will soon come up with rules for pre-packs for MSMEs.

India currently has about 6-7 lakh companies that are classified as MSMEs and potentially these many could benefit from the newly introduced pre-packaged insolvency framework.

Source: thehindubusinessline.com– Apr 10, 2021

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Union Textiles Minister Smt Smriti Zubin Irani presides over first convocation of NIFT Srinagar

The first convocation of the National Institute of Fashion Technology (NIFT) Srinagar was held today at Sher-i-Kashmir International Conference Centre in Srinagar. Union Minister for Textiles and Women and Child Development Smt Smriti Zubin Irani was the Chief Guest on the occasion and Minister of State for Youth Affairs and Sports Shri Kiren Rijiju was the Guest of Honour. Lieutenant Governor of Jammu and Kashmir, Shri Manoj Sinha attended the ceremony through video conferencing from Raj Bhawan Jammu.

Speaking on the occasion, Smt Irani said that the first batch of NIFT Srinagar has added a golden page in the 35-year-old history of the institution. She inspired the students to be prepared for whatever life has to offer and expressed faith that with the training imparted to them at NIFT, they would be equipped to deal with any tests and hardships that may come their way. The Minister said that the Govt of Jammu and Kashmir has recently announced a package of Rs. 30,000 Crore as part of the J&K Industrial Policy and urged upon the students to put in their best efforts to reap benefit from it.

Smt Irani added that the field of technical textiles, which involves production and design of textiles for use in industries other than apparel and decoration, is going to be the next big thing in the future and the Textiles Ministry is making efforts to utilise its potential to the fullest. She said that NIFT will work towards introducing technical textiles as an academic subject in the near future.

Congratulating the graduates and their parents, Minister of Youth Affairs and Sports Shri Kiren Rijiju urged the students to make best use of the opportunities available to them as the apparel and fashion industry has a lot of potential. He said that the youth of India has an important role to play in defining and portraying soft image and soft power of the country and that the alumni of NIFT Srinagar will play a pioneering role in this direction.

NIFT Srinagar offers two undergraduate courses in Fashion Design and Fashion Communication of four years duration each.

Source: pib.gov.in– Apr 09, 2021

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Production, design of textiles will be the next big thing: Smriti Irani

Production and design of textiles will be the next big thing, said Union Textiles Minister Smriti Zubin Irani on Friday while presiding over the first convocation of the National Institute of Fashion Technology at the Sher-i-Kashmir International Conference Centre in Srinagar.

"The first batch of NIFT Srinagar has added a golden page in the 35-year-old history of the institution. The field of technical textiles, which involves production and design, is going to be the next big thing in the future and the Textiles Ministry is making efforts to utilise its potential to the fullest," a statement quoted Irani.

She further inspired the students to be prepared and said that with the knowledge imparted at NIFT, they would be equipped to deal with any tests and hardships that may come their way.

"The government of Jammu and Kashmir recently announced a package of ₹30,000 crore as part of the Industrial Policy, I urged you to put in your best efforts to reap benefit from it. NIFT will work towards introducing technical textiles as an academic subject in the near future," she added.

At the event, Union minister Kiren Rejiju, who was also present, congratulated the students and said, "The youth has an important role to play in defining and portraying soft image and soft power of the country. The alumni of NIFT Srinagar will play a pioneering role in this direction."

Source: hindustantimes.com– Apr 10, 2021

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Exports Up 297% In First Week Of April 2021

The country's goods exports posted a 297.2 per cent increase (year-on-year) in the first seven days of this fiscal to $6.79 billion and by 8.42 per cent (YoY) over the corresponding period of 2019-20.

Imports in the first week of 2021-22 (April 1-7) increased 244.2 per cent to $ 9.66 billion and decreased by 0.65 per cent (YoY) over 2019-20 during the week.

The data showed that the export of engineering goods showed an increase of 209.65 per cent (YoY) over 2020-21 and of 8.4 per cent YoY over 2019-20. Exports of gems and jewellery and petroleum products also increased.

The US and China accounted for most of the rise in exports during the seven-day period. The imports included petroleum crude and products and electronic goods. UAE and China accounted for a large part of the increase in imports.

The data showed that some of the increase was offset by the decrease in imports of silver, fertilisers, crude and newsprint. The country's exports and imports in April last year were impacted by the situation created by COVID-19.

Source: ndtv.com– Apr 10, 2021

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Indian apparel industry eyes collaboration with global suppliers of man-made fibre

Tie-up will help them overcome supply shortfall and improve production quality

Indian apparel exporters are looking to collaborate with global man-made fibre (MMF) suppliers to overcome the supply shortfall in the country and improve domestic production quality.

Cotton-based apparels

Indian apparels are predominantly cotton-based. However, the bulk of the global demand is in the MMF segment. The global market for MMF garments is estimated at $500 billion, including $170 billion for sportswear.

The share of MMF garments in India's total apparel exports is only $1.6 billion, or about 10 per cent, whereas the world trade in MMF garments is to the tune of $200 billion.

A sunrise industry

The Apparel Export Promotion Council (AEPC) has identified man-made fibre-based garments as a sunrise industry due to strong demand in the domestic and international markets.

"As the Indian apparel industry seeks to grab a good share of $200-billion global man-made fibre (MMF)-based garment trade, India companies have sought help from international MMF suppliers to overcome the shortage of the fabric in the short run, and also to improve the quality of local production eventually," said AEPC Chairman A Sakthivel, while addressing a webinar on 'MMF Fabric Sourcing from International Suppliers', hosted by AEPC.

India needs to import MMF from international suppliers to increase manufacturing in the country and for their export.

"We are also interested in attracting investments in fabric processing in the country," he said adding: "India has abundant production of yarn, but is in short supply of good quality MMF fabric as domestic producers lack the latest processing technologies."

There are production facilities in India, but do not have the latest technologies in processing. Indian apparel exporters are keen on a joint venture or technology transfer or 100 per cent investment. Meanwhile, the Indian government has also come out with incentives and initiatives such as establishment of seven mega textile parks to promote MMF production and textile exports.

“AEPC will make all arrangements to facilitate any technology transfer, joint venture or direct investment in India,” said Sakthivel.

MMF suppliers from China and Taiwan participated in the webinar and discussed their business and requirements from India.

Source: thehindubusinessline.com– Apr 11, 2021

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Cargo handling at top-12 ports falls 4.59 per cent to 673 MT in FY21

Cochin, New Mangalore and Chennai ports suffered a sharp decline of about 7 per cent

Hit by disruptions caused by Covid-19, India's 12 major ports witnessed a 4.59 per cent fall in cargo handling to 672.60 million tonnes (MT) in the just-concluded financial year, according to ports' apex body IPA.

These ports had handled 705 MT, 699 MT and 679 MT cargo in 2019-20, 2018-19 and 2017-18, respectively.

Recently, Minister of State for Ports, Shipping and Waterways Mansukh Mandaviya said the cargo traffic at 12 major ports declined considerably March onwards due to the adverse impact of the Covid-19 pandemic.

"Percentage variation from previous year" in "traffic handled at major ports during April to March 2021 vis-a-vis April to March 2020" declined 4.59 per cent, the Indian Ports Association (IPA) said in its latest report.

In the wake of the Covid-19 pandemic, sharp declines were witnessed in the handling of containers, coal and POL (petroleum, oil and lubricant), among other commodities.
The percentage variation from the previous year was recorded at 4.59 per cent, it said.

All ports, barring Paradip and Mormugao (which recorded 1.65 per cent and 37.06 per cent increase in cargo handling to 114.54 MT and 21.95 MT, respectively), saw negative growth.

Cargo handling at Kamrajar Port (Ennore) dipped 18.46 per cent during April-March 2021 to 25.88 MT, while ports like Mumbai and V. O. Chidambaranar saw their cargo volumes dropping by over 10 per cent during the said period.

Cochin, New Mangalore and Chennai ports suffered a sharp decline of about 7 per cent.

JNPT saw a decline of 5.32 per cent in cargo volumes, while Deendayal Port Trust and Kolkata ports logged an over 4 per cent drop in cargo volume. Cargo handling at Visakhapatnam slipped 3.96 per cent.

India has 12 major ports under the control of the central government -- Deendayal (erstwhile Kandla), Mumbai, JNPT, Mormugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), V. O. Chidambaranar, Visakhapatnam, Paradip and Kolkata (including Haldia). These ports handle about 61 per cent of the country's total cargo traffic.

Source: thehindubusinessline.com– Apr 11, 2021

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India considers reviving FTA talks with Gulf Cooperation Council

India is reconsidering a free trade agreement (FTA) with the Gulf Cooperation Council (GCC) after the United Arab Emirates (UAE), the country's biggest trading member in the bloc, approached it to revive talks that got stalled in 2008.

Early analysis has identified about 1,100 products, including washing machines, ACs, refrigerators, spices, tobacco, cotton fabrics, textiles and leather that can see higher exports through the pact.

Officials said the UAE had reached out to revive the talks.

"We are still considering the feasibility of an FTA. It is in the preliminary stage," said one of them.

Two rounds of negotiations were held between India and the GCC on the feasibility of a free trade agreement, but talks stopped after the latter began a review of its negotiations with all countries and economic groups.
"We were negotiating an FTA with the GCC, but they had some issues. Now, they have approached us to revive the talks," the official added.

As per the official, India is keen to increase its exports to the UAE, the country's largest market in the GCC. The other countries in the group are Saudi Arabia, Kuwait, Oman, Qatar and Bahrain.

In FY21, India imported goods worth $80.5 billion from GCC countries, while exports amounted to $40.5 billion. About half this trade is with the UAE.

India's exports to the bloc in April-January FY21 amounted to $21.74 billion, of which the UAE accounted for $12.9 billion with the main items being mineral fuels, apparel, gems and jewellery, and electrical machinery. During the same period, India's imports from the GCC were worth $45.7 billion, of which those from the UAE were to the tune of $19.65 billion.

As per industry experts, products made of leather, plastic, and iron and steel could also help increase India's exports to the UAE, while New Delhi may have to give tariff concessions to imports of petroleum-related products and fertilisers.

A Framework Agreement on Economic Cooperation between India and the GCC was signed in 2004 that provided for both the parties to consider ways and means to extend and liberalise trade relations besides initiating discussions on the feasibility of an FTA. Two rounds of negotiations were held —in 2006 and 2008. India stands to gain in services as well and could push for long-term business visas with the UAE, experts said.

“We have a geographic advantage with that region and a lot of business travel happens. Long-term business visas will be beneficial for India,” said an expert on trade issues.

Easier movement of professionals, called Mode 4 in trade parlance, could also be among India’s demands, the expert said. Movement of natural persons is one of the four ways through which services can be supplied internationally. It includes movement of natural persons such as independent professionals and is of key interest to India in its global trade relations.

Source: economictimes.com– Apr 10, 2021

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DGFT notifies late cut for MEIS applications for exports made in the Financial Year 2019-20

The Director-General of Foreign Trade (DGFT) notified the late cut for Merchandise Exports from India Scheme (MEIS) applications for exports made in the Financial Year 2019-20.

MEIS applications for Shipping bills with a Let Export date from March 1, 2019, to March 31, 2020, can be submitted without any late cut up to September 30, 2021.

However, any such application submitted after September 30, 2021, the last date for submitting applications shall be as per the Handbook of Procedures, 2015-20, and late cut applied accordingly.

"A relaxation in the late cut provisions have been provided for Shipping bill (s) of the period 01.04.2019 to 31.03.2020 so that if such shipping bills are submitted on or before 30.09.2021, for a MEIS claim, no late cut would be applicable," the DGFT said.

Source: taxscan.in– Apr 10, 2021

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India benefitted from globalization: Abhijit Vinayak Banerjee

Nobel prize winning economist Abhijit Vinayak Banerjee on Sunday said India had been a beneficiary of globalization but the country needed to develop a mechanism to deal with the associated risks. Speaking virtually at an event organised by Bandhan-Konnagar, a Bengal-based NGO, Banerjee said that risks associated with globalization could be managed if resources came in with globalisation. India has been a beneficiary of globalization.

Exports have grown faster than most countries from the early 1990s till today", Banerjee said. The Nobel laureate however added a globalised world means a lot of risks. We can deal with these risks if resources are coming with them, said Banerjee.

He said "these risks are not necessarily concentrated among the poorest of the poor. Banerjee, an alumnus of Kolkatas Presidency College, said "There is a need to build (measures for) mitigation. But less attention was paid towards mitigating mechanisms and was left mostly to NGOs till the time programmes like NREGA and other schemes were developed." Many economists have pointed out in the past that among the effects of globalisation were jobless growth as manufacturing and supply chains shifted and became more automated. Speaking of Indias steps to contain the pandemic, the economist said the lockdown came too early and was too rigid and consequently had a massive ripple effect on lots of people.

He added that policy responses need to be calibrated properly. Referring to the randomised control trials (RCT) which were done to generate sustainable data points in the Targeting the Hardcore Poor (THP) programme of Bandhan conducted in a village in Murshidabad in West Bengal, Banerjee said that after its conclusion after 18 months, it was found people had more incomes, were consuming more and were less likely to complain about ill health.

Banerjee said to fight poverty, there is a need for sustainability of the programme period and a need for creative solutions. The study by a group of economists led by Banerjee and his wife Esther Dufflo, reported on the results of a randomized evaluation of a program designed to help extremely poor people gain a reliable stream of income through direct transfer of productive assets and training. "There is a worldwide interest in the THP including in the World Bank. This has been a possible global tool to fight poverty", he added.

Source: financialexpress.com– Apr 11, 2021

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New Delhi hopes talks on trade and investment pacts will resume at India-EU Summit

India on Friday expressed the hope that negotiations with the European Union (EU) on trade and investment agreements will resume at the India-EU Summit to be held in Portugal next month.

This was conveyed by the Indian side during a virtual summit between Prime Minister Narendra Modi and his Dutch counterpart Mark Rutte. The two sides also agreed to upgrade their joint working group on water to the ministerial level and to launch a "strategic partnership in water".

India and EU member states have decided to launch negotiations on separate trade and investment pacts as both sides believe it will be easier to finalise an agreement on investments, while contentious issues related to market access will take more time to be addressed. The EU is also keen to a predictable investment regime as individual agreements with most European states have already lapsed.

"The India-EU Summit was discussed, and we expressed the hope that in the summit in Porto there will be resumption of negotiations for the India-EU trade agreement and the investment agreement," Sandeep Chakravorty, joint secretary (Europe West) in the external affairs ministry, told a briefing after the summit.

"The Dutch prime minister was appreciative of this and said it is important both India and the EU have these agreements in place to incentivise more trade and investments," he said, adding that the Netherlands is the third largest investor in India and an important player in the EU.

On the bilateral front, Modi and Rutte agreed to launch a "strategic partnership on water" in view of strong synergies between the water-related challenges of India and the expertise of the Netherlands, and to elevate the joint working group on water to the ministerial level.

The Netherlands is seen as a world leader in water use and management, especially in flood control, inland waterways and waste water recycling.

The two leaders also reviewed ongoing bilateral projects under the Namami-Gange Programme and discussed upcoming joint interventions in projects such as "Water as Leverage" in selected towns in the Ganga Basin and a pilot project on pollution and waste management in a textile industrial cluster in Panipat.

The Netherlands, France and Germany have already adopted Indo-Pacific policies and are working to help the EU frame its strategy for the region. Chakravorty quoted Rutte as saying that India will have a critical role in any Indo-Pacific strategy. Rutte also said a Dutch frigate will sail to the Indo-Pacific in the coming months and exercise with the Indian Navy.

Covid-19-related cooperation and vaccines were also discussed in detail by the two leaders and Rutte appreciated India's role in supplying personal protective equipment (PPE), pharmaceuticals and vaccines to other countries. Rutte also noted that an Indian company was present in the Netherlands to set up an European vaccine hub.

The Serum Institute of India, the world's largest vaccine manufacturer, acquired Bilthoven Biologicals of the Netherlands in 2012, and is currently working to make this a hub for vaccine manufacturing.

"The two sides favour a well-balanced trade system in pharmaceutical products. Patients and industry have an interest in securing transparent, open and predictable supply chains, and avoiding critical dependencies in active pharmaceuticals and in formulations," said a joint statement issued after the summit.

Source: hindustantimes.com– Apr 10, 2021

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Textile and apparel companies increase investments in Madhya Pradesh

Many textile and apparel companies are increasing their investments in Madhya Pradesh, says a report by the Apparel Resources.

As per the report, Ludhiana-based Vardhman Group is investing Rs. 800 crore in spinning and this project is expected to complete in the next one-and-a-half years.

Tirupur-based Best Corporation has started construction of its unit near Ujjain which is its first-ever in MP. The company is investing Rs. 60 crore in the garment factory which will be having initially 1,000 stitching machines.

Another textile company that has also announced to invest more in the state is Sagar Group, which is also the leading group of MP. The company is establishing textiles and food processing units at Tamot in Raisen district. There will be an investment of Rs. 600 crore in the projects and 2,500 people would get jobs in the two units.

The main reasons for the fresh investment are easy and very cost-effective availability of land and availability of labour as well. For example, Best Corporation has been allotted 15 acres of land on 75 per cent subsidy compared to the market price of land. On the ground level, the State Government is highly supportive of the industry.

S. Pal, Director, Vardhman Group, said along with polices, the major positive aspect is the supportive attitude of the State Government. Policies related to textile industry in the state are like a complete package for the companies.

The state also has some strong availability of resources for the textile industry like it is amongst the top 10 states of India producing cotton. Since 2008, NIFT is also operational at Bhopal with UG and PG courses. Similarly is NID, Bhopal.

Source: fashionatingworld.com– Apr 10, 2021

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Partial lockdown measures could impact movement of labour, goods: CII survey

Partial lockdown measures could impact the movement of labour and goods which would affect industrial production significantly, according to a CEO's survey.

Covid curfew and micro containment strategies along with Covid-appropriate behaviour are effective to contain the spread of the second wave of infections, the survey by industry body CII suggested.

A majority of the CEOs participated in the survey indicated they expect that "partial lockdown measures could impact the movement of labour as well as movement of goods which would affect industrial production significantly," it said.

More than half of the CEOs polled have stated that their production could be affected if there are restrictions on movement of labour during these partial lockdowns.

"Similarly, 56 per cent of the CEOs expressed their concern over loss of production of up to 50% if there were restrictions on the ecosystem that supports movement of goods," it added.

Stringent enforcement measures to promote strict adherence to health and safety protocols are essential and any measures to restrict social gatherings should not be extended to regular functioning of industry and commerce, T V Narendran, President-designate, CII, said.

Further to mitigate the impact of the restrictions, about 67 per cent of those polled expressed their desire to work with the government for mass vaccination of eligible workforce who are 45 years and above.

Source: financialexpress.com– Apr 11, 2021

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Chile, India discuss furthering trade under Partial Scope Agreement

Delegates from Chile and India are discussing furthering bilateral trade under the so-called Partial Scope Agreement (PSA). Authorities from both countries are holding a series of virtual encounters due to round up Friday.

Heading Chile's delegation is General Director is Felipe Lopeandía, general director of bilateral economic affairs within the Undersecretariat of International Economic Relations (Subrei) while leading India's team is Assistant Commerce Secretary Suresh Kumar.

Among the topics being discussed are market access, rules of origin, sanitary and phytosanitary measures, and technical barriers to trade.

In August 2019 then Chile's Undersecretary of International Economic Relations Rodrigo Yáñez signed an agreement with India's Secretary of Commerce Anup Wadawan, which set forth the terms of reference for the deepening of the trade agreement between both countries.

“India is a strategic market for Chile, as it is the second most populated country on the planet, especially for exporters of fresh fruits and food in general,” said Lopeandía Thursday, who added that Chile's purpose was to continue strengthening trade relations with that nation, which are of utmost importance for products other than copper.

In 2020, trade between the two nations reached 1,470 million dollars and the Asian country ranks 17th among the main economic partners of Chile. Last year, Chilean exports to India grossed 754 million dollars, mainly through the sale of copper, molybdenum, iodine, nuts, cellulose, gold, lithium and fruits, while imports reached 716 million, especially automobiles. medicines, spices, dyes, footwear, rice and textiles.

Source: en.mercopress..com– Apr 09, 2021

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Telangana government to set up apparel industry in Sircilla

The Telangana government on Friday inked a pact with Gokaldas images to set up an apparel industry in Rajanna Sircilla district. Gokaldas Images has come forward to invest in the apparel industry from Telangana state. The apparel industry will provide employment opportunities for 1,100 people in the state.

"The Company will create 1100 employment opportunities for the local youth. Out of this, 75% of the jobs will be given to women. Telangana Government will also provide skill training to the unemployed youth, making them industry-ready," Industries minister KT Rama Rao said.

Gokaldas Images MD Sumir Hinduja, Principal Secretary Jayesh Ranjan, Handlooms and Textiles director Shailaja Ramaiyer and others were present.

Source: thehansindia.com– Apr 09, 2021

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Telangana, Wadhwani AI team up to benefit cotton farmers

The Telangana state agriculture department recently signed an agreement with the Wadhwani Institute of Artificial Intelligence (Wadhwani AI) to deploy solutions for the benefit of cotton farmers. The Mumbai-based institute has developed an AI solution that equips smallholder cotton farmers with knowledge of an agriculture expert with the help of a smartphone.

The solution, delivered through an app, offers real-time localised advisory and surveillance, enabling farmers to catch pest infestations early to take correct and immediate action to avoid significant crop damage and subsequently improve the quality of the crop and incomes.

The solution is based on the scientific concept of action thresholds and is able to predict pink bollworm and American bollworm infestation, two of the most devastating pests for the cotton crop, according to media reports from the state.

In the 2020 kharif season, the solution was deployed with 700 lead farmers and 17,000 cascade farmers across the four states of Telangana, Maharashtra, Gujarat and Karnataka through agricultural programmes managed by the Better Cotton Initiative (BCI) partners.

Source: fibre2fashion.com– Apr 10, 2021

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