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INTERNATIONAL NEWS

World economy stumbling towards two-track recovery: Report

The world economy is facing sharply divergent growth prospects across various regions, as prospects of a uniform swift snapback from a dismal 2020 have become clouded, says a latest report. Vaccination euphoria and attendant hopes of a rapid, broad-based recovery have been tempered by a fresh COVID-19 wave sweeping through a number of economies, putting their growth trajectories at risk.

The latest update of the Brookings-Financial Times Tracking Indexes for the Global Economic Recovery (TIGER) reveals grounds for optimism about global growth prospects but also renewed concerns about impediments to a strong recovery. The report—a set of composite indexes—has been constructed by Eswar Prasad of Brookings and Aryan Khanna and Darren Chang of Cornell, in collaboration with the Financial Times.

The US and China are shaping up to be the main drivers of global growth in 2021, says the update to the TIGER report. Household consumption and business investment have surged in both economies, along with measures of private sector confidence. Industrial production has rebounded in most countries, contributing to firming commodity prices and robust international trade.

However, the US, China, and India are likely to be the only major economies (along with Indonesia and South Korea) that exceed pre-COVID-19 GDP levels by the end of 2021. In most other regions, the scarring effects of the 2020 recession on both GDP and employment are likely to be longer-lasting, according to the report.

The US economy is poised for a breakout year as massive fiscal stimulus, loose monetary policies, and pent-up demand power rapid GDP growth. Renewed consumer and business confidence have been reflected in generally strong consumption and business investment growth, while financial markets have continued to perform well. Labor market performance has been encouraging, although progress in job growth and unemployment reduction has been uneven in recent months.

China's growth momentum has stayed strong and balanced, with the government's attention turning to medium-term structural issues and containment of financial system risks.

The recent National People's Congress meeting ended with a renewed focus on rebalancing demand toward household consumption and shifting growth sources toward high-end manufacturing, the services sector, and small and medium enterprises.

The government seems to be leaning toward normalisation of macroeconomic policies, with a lower fiscal deficit and some tightening of monetary policy anticipated later in the year.

Source: fibre2fashion.com - Apr 12, 2021

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IMF paints a rosy picture, says Asia's economy to grow 7.6% in 2021

The International Monetary Fund offered a more upbeat view on Tuesday on Asia's economic outlook than six months ago, but warned a faster-than-expected rise in US interest rates could disrupt markets by triggering capital outflows from the region.

While Asia is rebounding from last year's slump caused by the Covid-19 pandemic, there is a divergence between nations benefiting from surging global demand and those reliant on tourism, said Jonathan Ostry, deputy director of the IMF's Asia and Pacific Department.

“Setbacks in the vaccine rollout, questions about the potency of the vaccine against new variants of the disease, and a resurgence of the virus, together constitute a key downside risk,” Ostry told an online briefing. The IMF expects Asia’s economy to expand 7.6 per cent this year, up from an 6.9 per cent increase projected in October, as advanced economies such as Japan, Australia and South Korea enjoy solid growth thanks to robust US and Chinese demand.

The IMF expects Asia's economy to grow 5.4 per cent in 2022. The region's outlook, however, is bound with risks including the fallout from US fiscal and monetary policy, Ostry said. While Washington's massive fiscal spending will be positive for export-oriented economies, rising US interest rates were already spilling over to emerging Asian markets, he said.

“If US yields rise faster than markets expect, or if there is miscommunication about future US monetary policy, adverse spillovers through financial channels and capital outflows, as during the 2013 taper tantrum, could present challenges by compromising macro-financial stability," Ostry said.

Asia has buffers against abrupt outflows of funds as many countries had accumulated foreign reserves, adopted flexible exchange rates and conducted stronger supervision over bank balance sheets, he said.

Source: business-standard.com - Apr 14, 2021

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USA: Why Retail Apparel Prices Fell Again in March

Retail apparel prices declined a seasonally adjusted 0.3 percent in March, following a 0.7 percent decline the previous month, as a drop in the cost of women's and girls' clothing outweighed increases in men's and boys', the U.S. Bureau of Labor Statistics (BLS) revealed Tuesday in its Consumer Price Index (CPI).

Women's wear prices were down 2.1 percent last month compared to February, with wide disparities by category seemingly based on demand and seasonality. Suits and separates prices fell 4.1 percent for the month and outerwear decline 1.5 percent, while prices for dresses were up 2.4 percent and the cost of goods in the underwear, nightwear, swimwear and accessories group was up 1 percent.

Retail apparel prices for men's wear increased 1.1 percent in March, with increases in every category except suits, sport coats and outerwear, where prices fell 1.7 percent. Prices were up 2.6 percent in pants and shorts, 1.7 percent for shirts and sweaters, and 0.8 percent for the underwear, nightwear, swimwear and accessories group.

Boys' apparel prices jumped 6.8 percent, but girls' clothing cost 5.6 percent less. Prices for infants' and toddlers' apparel fell 5.6 percent.

Prices on apparel are also affected by raw materials cost further down the supply chain.

Spot prices for U.S. cotton averaged 74.97 cents per pound for the week ended April 8, down from 75.46 cents the prior week, but up from near historic lows of 47.85 cents a year earlier, the Department of Agriculture reported. The synthetic fiber Producer Price Index rose 2.2 percent in March from the prior month, according to BLS.

The overall CPI increased 0.6 percent in March on a seasonally adjusted basis after rising 0.4 percent in February. The March increase was the largest rise since a 0.6 percent increase in August 2012, BLS said. Over the past 12 months, the CPI was up an unadjusted 2.6 percent.

The gasoline index continued to increase, rising 9.1 percent in March and accounting for nearly half of the overall increase. The natural gas index also rose, contributing to a 5 percent rise in the energy index, important for business operations and discretionary consumer income, over the prior month.

The core index, minus food and energy. rose 0.3 percent in March. The shelter index increased in March, as did the motor vehicle insurance index, the recreation index, and the household furnishings and operations index. Indexes that decreased over the month included apparel and education.

The overall CPI was up 2.6 percent for the 12 months ending March, a much larger increase than the 1.7 percent reported for the period ending in February, BLS noted. The core index rose 1.6 percent over the past 12 months, after increasing 1.3 percent over the previous period.

Source: sourcingjournal.com- Apr 13, 2021

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Textile Makers Saw 9% Sales Decline in 2020, but Outlook Brightens

The seventh International Textile Manufacturers Federation (ITMF) Coronavirus Impact Survey revealed that global textile sales dropped 9 percent in 2020 compared to 2019, making it one of the worst years in history for the global textile and apparel industry.

However, companies see light at the end of the pandemic tunnel.

Conducted between Jan. 25 and March 10 among ITMF members and affiliated companies and associations, 196 companies responded when asked about the impact the pandemic has had on the global textile value chain. The first ITMF "Corona-Survey" was conducted in March 2020 when the first lockdowns were announced in Europe.

While this sales decrease was significantly better than the expected drop of 33 percent in the third survey at the height of the first virus 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, ITMF said.

In comparison to the expectations expressed in the sixth ITMF survey conducted from Nov. 20 to Dec. 14, actual sales for 2020 compared to 2019 improved 3 percentage points from 12 percent.
"As could be expected, the entire textile value chain was hit hard by the pandemic, including textile machinery producers," ITMF said. "Practically all segments under review were impacted negatively to different degrees in 2020."

The two segments standing out positively were fiber manufacturers, with a 10 percent increase, and producers of nonwovens, with flat sales.

"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," ITMF 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, sales expectations are especially strong for 2021 and 2022, an indication that companies are expecting a strong recovery, ITMF noted. For 2023 and 2024, companies' growth expectations are weaker.

Looking at the various regions, the most positive outlook was from companies in Africa, with a 31 percent gain projected compared to the other regions that range between 12 percent and 21 percent gains.

Source: sourcingjournal.com- Apr 12, 2021

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2021 to be critical for European textiles and clothing sector: Euratex

2021 will be a critical year for the European textile and clothing sector, according to the European Apparel and Textile Confederation (Euratex). On the occasion of releasing its quarterly economic update, Euratex is concerned that the COVID-19 crisis may be followed by disruptions in the global supply chains, affecting 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 (with production losses over 50 per cent). Towards the last quarter of 2020, business activity recovered in the textile industry (+1.6 per cent as compared with the previous quarter), while it further deteriorated in the clothing sector (-6.8 per cent), as a result of the decline in consumption expenditure and the slowdown in non-essential activities, according to Euratex.

Looking at trade performance, T&C (Textile and Clothing) 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 (increase from €1 billion in 2019 to €20 billion in 2020). 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, according to a press release by Euratex.

However, these signs of recovery are jeopardised by recent turmoil in the T&C supply chain. Raising prices of raw materials (textile fibres, dyestuff, and so on) and transport costs, negative impact of CO_2 prices and political turmoil in some important sourcing countries (China, Myanmar) create uncertainty, adding to the challenges of the corona pandemic. On that basis, 2021 will be a critical year for the competitiveness of the European T&C industry. A forward-looking EU textiles strategy, which offers the right policy mix and support instruments for our SMEs, is essential in this context, Euratex said.

"European textiles and apparel companies have shown great resilience and flexibility during this pandemic, but continue to face global challenges. Now is the time to design a modern framework to support these companies in their transition process. We need to focus on promoting innovation, offering support towards digitalisation, creating robust supply chains and ensure a level playing field," Euratex director general, Dirk Vantyghem said in a statement.

The EU Textiles strategy is expected for the third quarter of 2021; while it is expected to put a strong focus on sustainability and circularity, Euratex insists the strategy should take a broader perspective and ensure long term competitiveness of this essential pillar of the European economy.

Source: fibre2fashion.com– Apr 12, 2021

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Why Fashion Should Revisit the Merits of Dirt-to-Shirt Sourcing

A side effect of the coronavirus pandemic has shown that textile and apparel manufacturers in Mexico, El Salvador, Guatemala, Honduras, Haiti and the Dominican Republic can be a viable source for the Canadian and U.S. markets.

A new report from Nicole Bivens Collinson, who leads the international trade and government relations practice of Sandler, Travis & Rosenberg (ST&R), for the Inter-American Development Bank found that the ability of regional manufacturers and governments to recognize and act on the possibilities of a post-pandemic environment could dictate outcomes for this industry for the next decade.

According to the report, the pandemic uncovered several factors that could prove beneficial for textile and apparel producers in these countries. It cited noticeable vulnerabilities in brands' and retailers' supply chains that are causing them to consider changes such as hub-and-spoke sourcing models, vertical manufacturing in individual countries or regions, and nearshoring.

For example, they may begin to produce in the Western Hemisphere for the Western Hemisphere market, in a strategy known as dirt to shirt. They may produce in Africa for the European market and may produce in Asia for the Asian market. At each hub, they will look to develop a vertical production line so that all inputs are available for each target retail market, the report noted.

The use of a hub and spoke or more vertical regional sourcing also meets the needs and demands of corporations seeking to become more sustainable and to reduce their carbon footprint. Brands are seeing a growing trend towards a "green deal" that may force certain environmental reforms or taxes on them. The U.S. is expected to investigate the possibility of a carbon border tax on imports under the Biden administration, the report said.

Combined with the need for supply chain verticality as evidenced by the coronavirus crisis, these forces are prompting corporations to address these manifold issues simultaneously.

"In other words, they can justify the additional costs of shifting production to more expensive locations to demonstrate that it will protect investment and supply chains in the event of another pandemic and that it will help meet their corporate sustainability and environmental goals at the same time," the report said.

Brands and retailers are also reexamining their sourcing schemes in the context of another pandemic, the report noted.

"For supply chains that rely on cotton from one country, spinning in another, weaving in a third country, then cut, make and trim in a fourth country, the potential to be impacted multiple times by the virus exponentially increases," it said. "At each juncture of the supply chain, the possibility for work stoppage exists. There is a desire by the government and many brands and retailers to produce closer to home through either on shoring or near shoring production."

This comes when consumer shopping behaviors are evolving, with e-commerce sales increasing exponentially.

Concurrently, the United States and Canada are imposing trade-restrictive measures on major suppliers in China in response to concerns about forced labor practices in that country. There are also increasing civil and governmental pressures to bring manufacturing and jobs back to or nearer to the U.S. and Canadian markets, where more mutually beneficial trade tends to take place.

The report asserts that these countries–eligible for duty-free trade under the U.S.-Mexico-Canada Agreement and the Central American Free Trade Agreement–can take advantage of the evolving situation and become a post-pandemic manufacturing destination if they engage in a collaborative public-private sector effort.

This effort includes continued steps to demonstrate flexibility and quick response to market circumstances; maintenance of versatility in production and supply chains for e-commerce and drop shipment; development of verticality in supply chains for yarns, fabrics and apparel by working as a regional coordinated supplier; capitalizing on their proximity to and free trade agreements with the U.S. and Canada, and providing full transparency into their supply chains to demonstrate that no forced labor is used.

The report also recommends that companies leverage accelerated trade lanes for trusted or known traders, pursue cooperative agreements with the U.S. and Canada for pre-approved customs clearance for shipments, regional education and training initiatives, and integrate existing free trade agreement provisions.

“The natural benefits of geographic proximity and duty-free access remain attractive to buyers, but the need for greater capacity, more flexibility, more verticality and more speed are essential for the future,” the report added.

“Because these countries have been supplying brands/retailers with information on country of origin for inputs, they have an advantage in ensuring full visibility into the supply chain, which is essential as more U.S. policy action is taken with respect to preventing the import of any goods containing cotton that may have been produced using forced labor.”

Source: sourcingjournal.com– Apr 12, 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: kohantextilejournal.com– Apr 12, 2021

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EU online deliveries to UK drop by 50% since Brexit

E-commerce deliveries to the UK from the EU plummeted by over 50 per cent in the first quarter of 2021 in comparison to the last quarter of 2020, research from shipping platform Sendcloud has found. The research comes in the backdrop of the UK government's Office of National Statistics (ONS) recent announcement that imports from the EU fell by £6.6 billion in January.

Since Brexit, sellers from the EU have been required to register for VAT in the UK. While goods manufactured entirely inside the EU attract no customers fees when being imported to the UK, goods from the EU which were manufactured outside the bloc do not qualify as tax-exempt.

According to Sendcloud's findings, 51 per cent of customers surveyed were put off by higher delivery costs and another 32 per cent over increased delivery timelines. Close to 40 per cent were concerned over increased customs duties.

"Brexit shouldn't stop retailers from buying and shipping abroad, yet it's clear from these results that many retailers are struggling to overcome post-Brexit delivery issues," Sendcloud's founder and chief executive Rob van den Heuvel said in a statement.

"As a result, consumers are much less likely to buy internationally. To continue smooth international trade to our European neighbours, it's important for UK retailers to streamline their international shipping. A futureproof strategy requires a thorough understanding of international trade rules and the impact they will have on day-to-day operations," van den Heuvel said.

Source: fibre2fashion.com– Apr 14, 2021

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Sri Lanka to ban fabric imports

Sri Lanka is all set to ban the import of textile fabrics in a bid to protect domestic industry, the state minister for batik, handloom textiles and local apparel productions, Dayasiri Jayasekara, has announced.

The relevant gazette notification has been approved by Parliament, and will be notified soon, the minister said last week.

Jayasekara told a news conference that a number of factors had contributed to the decline in the production of local handloom textiles, and that the local handicrafts industry had collapsed in the wake of imports of large quantities of textile products such as saris, pillows and bedding.

The minister also regretted that the local handicrafts industry could not be developed as a result. The government is taking steps to revive the batik industry, he added.

Among the plans to revive the local handicrafts industry is a proposal to provide incentives of SLR 5,000 to individuals. Local manufacturers will also be given the opportunity to supply fabrics for school and security uniforms. “We now have a great opportunity to take handloom textile and batik products manufactured in Sri Lanka to a great height,” the minister said.

Sri Lanka’s batik, handloom and apparel industry has set an export target of $6 billion for 2021. Exports in 2020 had dropped from $5.6 billion in 2019 to $4.4 billion for the year.

Source: fibre2fashion.com– Apr 14, 2021

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Apparel production in Latin America could benefit post-COVID: ST&R

The COVID-19 pandemic has demonstrated that textile and apparel manufacturers in Mexico, El Salvador, Guatemala, Honduras, Haiti, and the Dominican Republic can be a viable source for the Canadian and the US markets, finds a new report prepared by Nicole Bivens Collinson of Sandler, Travis & Rosenberg, P.A. (ST&R) for the Inter-American Development Bank. "The ability of regional manufacturers and governments to recognise and act on the possibilities of a post-pandemic environment could dictate the condition of this industry for the next decade," states the ST&R report.

The pandemic revealed a number of factors that could prove beneficial for textile and apparel manufacturers in these countries. For example, there are noticeable vulnerabilities in brands' and retailers' supply chains that are prompting them to consider changes such as hub and spoke sourcing models, vertical manufacturing in individual countries or regions, and nearshoring. Additionally, a transformational shift is occurring in consumer shopping behaviours, with e-commerce sales increasing exponentially.

At the same time, the US and Canada are imposing trade-restrictive measures on major suppliers in China in response to concerns about forced labour practices in that country. Further, there are increasing civil and governmental pressures to bring manufacturing and its attendant jobs back to or nearer to the US and Canadian markets.

The report asserts that the countries at issue can take advantage of this evolving situation and become a post-pandemic manufacturing destination if they engage in a collaborative public/private sector effort that includes continued steps to (1) demonstrate flexibility and quick response to market circumstances, (2) maintain versatility in production and supply chains for e-commerce and drop shipment supplies, (3) develop verticality in supply chains for yarns, fabrics, and apparel by working as a regional coordinated supplier, (4) capitalise on their proximity to, and free trade agreements with, the US and Canada, and (5) provide complete visibility into their supply chains to demonstrate that no forced labour is used.

Other recommendations made by the report include accelerated trade lanes for trusted or known traders, cooperative agreements with the US and Canada for pre-approved customs clearance for shipments, regional education and training initiatives, and integration of existing free trade agreement provisions.

Source: fibre2fashion.com– Apr 14, 2021

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Output & profit of Chinese garment firms rise in Jan-Feb '21

Showing further recovery, garment enterprises in China saw their output, revenue and profit grow in the first two months of the current year. Online retail sales and garment exports too rose during the period.

However, the country's garment industry is yet to rebound to the pre-pandemic level, according to the ministry of industry and information technology.

The combined output of major garment enterprises in China during January-February 2021 increased by a sharp 38.4 per cent year-on-year to 3.4 billion pieces, according to the ministry data.

The combined operating revenue of 12,438 garment firms during the two-month period totalled 179.2 billion yuan ($27.4 billion), up 21.4 per cent year-on-year, the official data showed. Total profits of these companies too jumped 42.8 per cent from a year ago to 7.8 billion yuan.

Meanwhile, online retail sales of clothing products in China increased by a sharp 44.3 per cent year-on-year in the first two months of the current year.

During the period, garment exports fetched $24 billion for the country, a rise of 50 per cent year-on-year.

Source: fibre2fashion.com– Apr 13, 2021

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Indonesia in push to make textile sector Industry 4.0 ready

Indonesia is making a push to ensure seven key industries – including textiles and clothing – are more Industry 4.0 relevant in order to boost efficiency and competitiveness.

In 2018 the President of the Republic of Indonesia, Joko Widodo, launched a road map for 'Making Indonesia 4.0' with the aspiration of putting Indonesia into the top ten of the world economy by 2030.

"It is hoped that Indonesia will be in the top ten with net exports reaching 10% of Gross Domestic Product (GDP), doubling industrial productivity, and building local innovation capabilities by increasing research and development (R&D) funding allocations to reach 2% of GDP," said Eko SA Cahyanto, director general of Security, Zoning, and Access Industries International (KPAII) at the Ministry of Industry today (14 April).

To achieve this, the Government has determined ten national priorities in 'Making Indonesia 4.0', namely, increasing the flow of goods and materials, redesigning industrial zones, accommodation for sustainability standards, empowering medium and small scale enterprises (MSMEs), building national digital infrastructure, attracting foreign investment, improving the quality of human resources, developing an innovation ecosystem, incentives for technology investment, and harmonising rules and policies.

The Ministry of Industry (Kemenperin) has identified seven sectors – food and beverage, textiles and clothing, automotive, chemical and electronic, pharmaceuticals and medical devices – based on the impact they will have and the ease in implementing industrial technology. The sectors also contribute around 70% of industrial GDP, 65% of industrial exports, and 60% of the workforce in the manufacturing sector.

In an effort to accelerate the transformation, the Ministry of Industry is actively increasing awareness of industry players through the Indonesia Industry 4.0 Readiness Index (INDI 4.0). Through this programme, companies can measure the level of industry readiness to transform towards industry 4.0 with an independent assessment.

"With the readiness of industry in the country to implement Industry 4.0, we can build an industrial innovation ecosystem 4.0," Cahyanto said. The Government has plans to build a Center for Innovation and Development of

Industrial Human Resources (PIDI 4.0) to provide direct experience and assistance to the industries in implementing industry 4.0.

"PIDI 4.0 will become a digital manufacturing learning centre that helps companies develop their operations, designs and productivity throughout the value chain."

The Ministry of Industry is also currently developing a programme related to smart-eco industrial parks, which is also in line with efforts to realise sustainable industrial development and apply green industry principles, as well as increase competitiveness.

Smart industrial estates will take advantage of Industrial 4.0 technology, such as automation, artificial intelligence (AI), the Internet of Things (IoT), as well as the digital ecosystem in operation. They will be "an innovative model for integrating supply and demand for energy, water, waste and logistics, and security," the Ministry says.

"This forms a synergy between humans and high technology, equipped with adequate facilities and infrastructure, proving that Indonesia is ready to implement Industry 4.0," Cahyanto added.

To further support industry players and technology providers, the Ministry says it will optimise regulations and policies to make it investor-friendly. "We strive to make Indonesia a home for industrial players who make efficiency, collaboration and connectivity as the main principles in running their business," Cahyanto concluded.

Source: just-style.com– Apr 14, 2021

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Pakistan withdraws customs duty on cotton yarn import to support textile sector

The Economic Coordination Committee (ECC) of Pakistan on Wednesday approved to withdraw customs duty on import of cotton yarn till June 30 of 2021 to facilitate the textile sector, the finance ministry said here.

The top economic body took the step "to ensure smooth supply of cotton and cotton yarns to the value-added industry, while bridging the gap between domestic production and overall demand for the inputs," a statement by the ministry said.

Shortly after the committee's decision, Abdul Razak Dawood, advisor to Pakistani prime minister on commerce, textile, industry and production, and investment said on Twitter that regulatory duty on cotton yarn import was already withdrawn in December of last year.

"ECC has withdrawn customs duty on import of cotton yarns to facilitate the Value-Added exporters. This will be notified with the approval of the cabinet," he added.

Source: china.org.cn– Apr 15, 2021

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Egypt's textile and apparel exports are expected to fall 15% in 2021

Egypt's textile and apparel exports are expected to fall 15% in 2021 as a result of production cuts by several manufacturers, especially in the cotton textiles industry.

In 2020, the country's textile and apparel exports fell by 29% to $2,313.38 million. In 2019, the top five export destinations were the United States, Turkey, Germany, Italy, and Spain; however, in 2020, the United Kingdom replaced Italy on the list.

Egypt exports a lot of clothing, home textiles, and fabrics. Yarn and fibres are also exported, but in much smaller quantities. From April to June 2020, there was a decrease in the country's textile and apparel exports.

It recovered in the months after that, then fell again in November and December 2020.

Source: textilefocus.com– Apr 11, 2021

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Vietnam's textile, apparel firms concentrate on sportswear as PPE demand falls

Falling demand for masks and PPE is encouraging Vietnamese textile and apparel industry to concentrate on sportswear and yarn, says Le Tien Troung, General Director, Viet Nam National Textile and Garment Group. Many clothing and footwear companies in Vietnam are looking for new markets after COVID-19.

Sportswear is the most profitable avenue for such businesses, as public perception of physical activity increased during the pandemic. Euromonitor International expects demand for sportswear to fall by just 8 per cent in 2020.

Over the last five years, the sportswear market has grown at 6.5 per cent CAGR, 1.5 times the industry average, and is predicted to be worth $479 billion globally by 2025.

One of Vietnam's most profitable businesses in 2020, The Thanh Cong Textile Garment Investment Trading JSC, has stopped taking orders for medical protective gear and antibacterial masks in favor of traditional items like T-shirts and sportswear.

According to the Viet Nam Textile and Apparel Association, several businesses have received orders until the end of April, mostly for sportswear. The Ky Yarn Joint Stock Company also intends to concentrate on high-quality, competitive yarn, says Dang Trieu Hao, President.

Source: fashionatingworld.com– Apr 13, 2021

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Pakistan: Textile exports decrease by 1.42pc in 8 months: SBP

The exports of textile and its articles from the country witnessed decrease of 1.42 percent during the eight months of current financial year 2020-21 as compared to the corresponding month of last year.

Pakistan exported textile and its articles worth US $9057.503 million during July-February (2020-21) against the exports of US $9152.889 million during July-February (2019-20), showing negative growth of 1.42 percent, according to the data issued by the State Bank of Pakistan.

The commodities that contributed in growth were man-made staple fibers, export of which grew from $206.962 million last year to $208.318 million during the period under review, showing growth of 0.65 percent.

The exports of articles of apparel and clothing accessories grew by 1.63 percent from $2247.134 million to $2058.455 million while the exports other made-up textile articles (sets, worn cloth) also increased by 9.86 percent from $2692.131 million to $2957.635 million.

During the period under review, the export of silk rose by 44.41 percent from $1.360 million to $1.964 million whereas the export of other vegetable textile fibers (paper yarn) increased by 52.23 percent from $4.813 million to $7.327 million, the data revealed.

Meanwhile, the export of special woven fabrics, tufted textile fabrics, lace increased by 89.52 percent from $26.234 million to $49.720 million, the data added.

On the other hand, the commodities that contributed in negative growth included cotton, exports of which declined by 21.44 percent from $2215.134 million to $1740.110 million while the export of man-made filaments also decreased by 34.02 percent from $36.526 million to $24.097 million.

During the period under review, the articles of apparel and clothing not knitted dipped by 4.63 percent from $1806.264 million to $1722.633 million while the exports of carpets and other textile floor covering also decreased by 4.29 percent, from $52.843 million to $50.573 million, the data revealed.

Source: brecorder.com– Apr 13, 2021

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Pakistan: Yarn shortage pushing industries towards closure

Textile exporters have lamented that the aggravating cotton yarn crisis due to its shortage has caused a drastic decline in exports, pushing industries on the verge of closure and sparking fears of layoffs of millions of workers.

At a joint press conference of various textile associations, Pakistan Apparel Forum Chairman Jawed Bilwani said, “The government has closed its eyes on the hoarding of cotton yarn and cartelisation, which can be dealt with as per law under the Price Control and Prevention of Profiteering and Hoarding Act 1977 and Competition Act of Pakistan 2010.”

The entire nation decried the sugar scandal but silence over the cotton yarn crisis faced by the value-added textile sector exporting goods worth Rs1,980 billion was incomprehensible, highlighted Bilwani.

Echoing Bilwani’s views, Pakistan Hosiery Manufacturers and Exporters Association Chairman South Zone Tariq Munir stated that it appeared that the government had given complete liberty to the spinning mills and yarn traders for creating monopoly and hoarding.

“The Price Control and Prevention of Profiteering and Hoarding Act 1977 is selfexplanatory, which also covers yarn, by suggesting legal action in case of violations,” Munir said.

“Internationally, prices of cotton and cotton yarn have decreased, however, in Pakistan the prices of cotton yarn are exorbitantly high,” said Pakistan Readymade Garments Manufacturers and Exporters Association Chief Coordinator Shaikh Shafiq.

Bilwani added that it seemed that some people in the government were playing a role contrary to the policies of Prime Minister Imran Khan to hurt exports and deal a blow to the foreign exchange earnings.

“It is a fact, which has also appeared in the media in the past several months, that textile exporters have been urging the government to allow duty-free import of cotton yarn,” Munir said.

Adviser to PM on Commerce and Investment Abdul Razak Dawood supported the exporters and regulatory duty was abolished, but customs duty was not removed due to resistance by some cabinet members, he said.

Complete remedy was not provided to the textile exporters, who again appealed to the government to allow import of cotton yarn from neighbouring India through the land route due to congestion of sea traffic and containers at ports.

The Economic Coordination Committee's proposal to allow import of cotton yarn from India compelled the local spinners and cotton yarn traders to reduce prices of yarn, however, the cabinet deferred decision on the proposal, he said.

Source: tribune.com.pk– Apr 13, 2021

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Pakistan: Cotton output crash a policy failure

Pakistan's cotton output during the current crop year fell to 5.645 million bales from 10.763 million bales last year – a sharp decline of 47.5%, figures released by the Pakistan Cotton Ginners Association show.

This is the lowest output in the past three decades and is far below the target of 10.8 million bales. The lower-than-targeted cotton output has already started hurting the textile economy.

Imports of cotton continue to meet the country's requirement of about 15 million bales, resulting in massive outflow of foreign exchange. The low cotton production – only 52% of the targeted volume – will also make it difficult to meet the overall agricultural growth target of 2.8%, which in turn could negatively affect the overall economic growth.

Cotton output crash a policy failureThe State Bank of Pakistan (SBP) recently said that the economy could grow 3% this fiscal year against the target of 2.1%. But that seems too difficult now – if not impossible.

Pakistan was to bring an area of 2.31 million hectares under cotton cultivation to get 10.8 million bales of output. But that did not happen. This is one big reason for a massive 48% decline in output.

According to an SBP report, cotton was cultivated on just 2.2 million hectares – the smallest area under cultivation since 1982.

Cotton yield also did not rise to make up for the output loss due to shrinkage in the area under cultivation. The yield rather fell to 445 kg per hectare from 551 kg per hectare a year ago, statistics released by the US Department of Agriculture reveal.

It is not for the first time that Pakistan has witnessed the twin trouble of shrinkage in the area under cotton cultivation and the decline in yield. With the exception of a few years, this has been a norm for 30 years, historical data on cotton cultivation and yield shows.

Textile sector woes

A massive decline in cotton output has created insurmountable problems for the textile millers.

They say the cost of yarn and textile products is growing due to greater use of imported cotton, which is costlier by 15% than domestic cotton. This makes it too hard to boost domestic textile sales – and that too in a slow growing economy – and increase exports amid fierce competition with India.

Meanwhile, bulkier import of cotton has increased the overall import bill at a time when the country desperately needs foreign exchange. Pakistan has only recently secured resumption of the stalled $6 billion IMF lending programme on tough conditions and has raised $2.5 billion via Eurobonds on high returns.

Cotton import bill more than doubled to $870 million for Jul-Feb 2020-21 from $390 million for Jul-Feb 2019-20, according to the Pakistan Bureau of Statistics.

Market reports suggest that 2019-20 cotton output of 10.763 million bales, which was down from 10.78 million bales in 2018-19, discouraged many growers to go for cotton cultivation in 2020-21. And, they opted for rice and sugarcane.

When output of a crop keeps falling year after year – and cotton output has been showing this decline after peaking at 14.8 million bales in 2014 – growers start losing interest. They opt for another crop whose output is showing a rising trend.

This leads to shrinkage in the area under cultivation of the crop in trouble, which in turn results in a lower output.

Only those growers stick to growing a troubled crop who have all the resources to boost the yield and emerge as major producers to dictate their terms in the market.

Federal and provincial governments should have considered this mindset of farmers in cotton-related target setting and policymaking. However, they have failed to do so and have continued to set higher output targets only to watch helplessly how those targets are missed.

Cotton output has been on the decline since 2014 also because rice and sugarcane production has posted progressive growth year after year—with one exception as sugarcane production has started falling recently.

Policymakers could also have taken care of this fact and could have incentivised cotton production. But one reason why this could not be done is that in Pakistan the sugar industry is politically the most powerful.

Top leaders of the two main opposition parties and a few senior leaders of the ruling party all have stakes in the sugar industry and keeping sugarcane output high.

New seed variety

A third reason for the declining cotton output is the absence of a new variety of certified cotton seed, according to the Sindh Abadgar Board.

Its Senior Vice President Mahmood Nawaz Shah says ever since the arrival of Bt cotton (about a decade ago), no new cotton seed variety has been developed in Pakistan.

In a scholarly article on Pakistan’s cotton dynamics published in the Pakistan Journal of Agriculture Research in late 2018, a group of Pakistani and Chinese agronomists established with empirical evidence that heat stress had traditionally hit cotton output in the country.

A crop is under heat stress when average temperature rises and remains high for some time than the average temperature required for cultivation of that crop.

In case of Pakistan’s cotton, the ideal temperature range required is between 27 and 35 degree Celsius. But we all know in cotton-growing belts in Sindh and Punjab sometimes the actual temperature remains far higher.

Whatever the reasons for the continuing decline in cotton production –and there are a few others in addition to the ones discussed above like pest attack and scant water supply, there is an urgent need to make policies for boosting the output immediately.

Else, the country must be prepared to let its import bill rise significantly in the years to come, which it cannot afford obviously.

Source: tribune.com.pk– Apr 13, 2021

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Bangladesh: Fifty years of the evolution of trade policy in Bangladesh

The country celebrated the golden jubilee of independence this year, and there is indeed much to celebrate. Analysts of all shades of opinion have hailed the quality of social and economic progress achieved by the country which was, at inception, derided as a "basket case" by none other than Henry Kissinger, the then US secretary of state. Bangladesh emerged in 1972 with a per capita income of under USD 100, at the bottom of the income pile, in the company of such nations as Chad, Rwanda, Burundi, and Nepal. Today, having crossed the per capita income threshold of USD 2000, with a GDP of USD 325 billion, it ranks in the top 40 economies of the world by GDP.

The growth momentum it picked up in the 1990s has not lost steam yet. The minor dip in fiscal year (FY) 2020 growth notwithstanding, over the past two decades, Bangladesh has recorded the fastest rate of GDP growth among developing countries. Any economy that consistently records six to seven percent GDP growth per annum for two decades has to experience significant augmentation of income per capita accompanied with substantial reduction of poverty. The economy and society also undergoes momentous transformation as a consequence. That is exactly what has happened in this country of 166 million people.

What were the key drivers of this notable transformation? Of course, there were positive political and social developments that planted the pillars of stability and inclusiveness in the transformation process. In my view, the general direction of economic policies was broadly consistent with the fundamental tenets of macroeconomic stability that laid the foundations for rapid growth and poverty reduction.

To keen observers of the Bangladesh economic scene, the trigger that unleashed the forces of rapid economic growth would have to be the radical change of direction in trade policy (complemented by market orientation and deregulation) during much of the 1990s. It is now possible to make the assessment that after the first two decades of prevarication in trade policy, Bangladesh was able to change course and get it right—at least partially so. In my assessment, nowhere in the policy space was there such a radical change of direction as in the case of trade policy. Evidence shows that Bangladesh massively reaped the benefits of those changes in the subsequent decades.

In the 1970s, trade policy as an instrument of development never seemed to have been on the radar. The priority agenda was addressing massive poverty and fuelling economic recovery, largely through domestic policies supported with donor assistance. By default, the trade policy stance was a legacy of the past—where East Pakistan was turned into a captive market for West Pakistani financial and industrial corporates via high tariffs and import controls, resulting in an inward-looking import substituting economy. Starting with zero foreign exchange reserves to pay for much needed imports, high tariffs and import controls were found to be the expedient approach to keep from falling into a balance of payments crisis.

The notable industrial and trade policy innovation (indeed, we can call it that) came with the special dispensation formulated for the readymade garments industry at the end of the decade. The innovation was the grant of duty-free importation of inputs and back-to-back letter of credit (LC) facility to cover import costs, to be paid from export proceeds. Taking advantage of this facility, Desh garments, set up by an influential civil servant, collaborated with the Korean firm, Daewoo, to launch a 100 percent export-oriented enterprise to access Western markets under the multi-fibre arrangement (MFA) that offered export quotas for Bangladesh. Thus was born Bangladesh's leading manufacturing sector, that would exploit Bangladesh's comparative advantage in labour-intensive production and create millions of jobs, particularly for women. The rest is history.

There were three notable developments in the trade policy arena during the 1980s. First, there was widespread disenchantment over import substitution—which restricted imports to grow domestic industries—as a strategy of development, because there was growing evidence that this approach neither generated competitive industrialisation nor fuelled growth. On the other hand, protectionism tended to perpetuate itself, leaving numerous inefficient firms in its wake, as "infant" industries failed to become competitive and needed higher protection over time to survive. Second, departing from the import substitution regime, a new development paradigm—export-led growth—had emerged out of the tremendous export-led growth successes of several East Asian economies (described by the World Bank as the East Asian Miracle) in the 1960s and 1970s. By the 1980s, this new paradigm had got a firm foothold in development discourse. Third, there was the Washington Consensus—a set of free-market economic policies that emphasised inter alia trade liberalisation and was promoted by multilateral institutions such as the International Monetary Fund (IMF) and World Bank (WB)—which gained currency among development institutions and most development practitioners.

Inexplicably, these significant developments in the policy sphere got little attention from policymakers in Bangladesh. Thus, as far as trade policy developments in Bangladesh are concerned, the 1980s was a lost decade. There was little traction in mainstreaming trade policy as an instrument for development as the government took no initiative to bring trade policies into the development discourse. When trade-related actions were taken at the prompting of multilateral institutions, it tended to be episodic (for example, tied to some World Bank loan) and limited to tariff liberalisation for specific imports or sectors, without a holistic approach towards the overall extent of trade openness or measures to augment competitiveness.

Click here for more details

Source: thedailystar.net– Apr 14, 2021

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NATIONAL NEWS

India, EU to resume formal FTA talks in May

After a gap of about eight years, India and the EU will resume formal negotiations for a trade and investment agreement on May 8, with both sides aiming to expedite a deal to aid economic growth in the post-pandemic era.

In a virtual meeting with Portugal's foreign minister Augusto Santos Silva on Tuesday, finance minister Nirmala Sitharaman said "that resumption of formal negotiations on both Trade and Investment agreements at the Leaders' Meeting of India and EU on 8th May, 2021 in Porto, Portugal would be a notable success for the Portuguese Presidency of the Council of the European Union", the finance ministry tweeted. Prime Minister Narendra Modi is scheduled to attend the leaders' summit.

The EU, including the UK, was India's largest export destination (as a bloc) in FY20, with a 17% share in the country's overall outbound shipments.

The dialogues come at a time when India's planned free trade agreement (FTA) with the EU has lost some of its sheen, thanks to Brexit. The UK accounted for 16% of India's $53.7-billion exports to the EU in FY20. Hence, trade deals with both the EU and the UK are crucial. In fact, India and the UK are also exploring the feasibility of a trade agreement.

After 16 rounds of talks between 2007 and 2013, negotiations for an India-EU FTA were stuck due to differences, as the bloc insisted that India cut import duties on automobiles and wine (which would benefit mainly Germany and France), among others. The UK is unlikely to be too rigid over these issues, analysts have said.

In February, commerce and industry minister Piyush Goyal had pitched for a quick "early-harvest deal" with the EU, in a meeting with EU trade commissioner Valdis Dombrovskis. This, he had suggested, could be followed by a time-bound and balanced FTA.

The renewed thrust on trade talks after the Covid-19 disruptions reinforces India's commitment towards greater integration with the global value chain, just as it maintains that its Atmanirbhar initiative is not inward-looking.

Having pulled out of the China-dominated RCEP deal, India has been seeking to expedite trade talks with large markets.

India and the EU have already agreed to a review of the progress of discussions on the proposed bilateral trade and investment agreement on a monthly basis by senior officials. It will be followed by a quarterly review by both Goyal and Dombrovskis.

Source: financialexpress.com– Apr 14, 2021

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DGFT's 'Trade Facilitation' mobile app to promote exports

The app provides real-time trade policy updates and notifications

Exporters and importers in India can now have access to a mobile app that is aimed at providing easy, omni-channel access to various trade related processes and enquiries at the touch of a button.

Commerce & Industry Minister Piyush Goyal launched the Directorate General of Foreign Trade (DGFT) India's 'Trade Facilitation' mobile app on Monday to promote ease of doing business and provide quick access to information to importers/exporters.

Real-time updates

The Minister said the Trade Facilitation app was ready for 'Industry 4.0', as it provided real-time trade policy updates, notifications, applications, status alert and tracking help requests. It explored item-wise export-import policy and statistics and tracked IEC portfolio. It also provided AI-based round-the-clock assistance for trade queries.

In the post-Covid world, tech-enabled governance will play a key role in determining India's growth and competitiveness, said Goyal. "We desire to move towards paperless, automated processing systems, simple procedures for trade players, online data exchange between departments, digital payments and acknowledgements," he added.

The DGFT is standing up for businesses as a true leader with e-issuance of certificates and QR scan process to validate documents, Goyal said. It will significantly contribute to achievement of India's export target of $1 trillion by 2025 and GDP target of $5 trillion, he added. For advanced app development, more inputs and ideas of stakeholders should be invited, the Minister said.

Source: thehindubusinessline.com– Apr 12, 2021

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‘Extend interest subsidy scheme for exporters’

Commerce Ministry tells RBI to continue all the benefits under the scheme To help Indian exporters struggling to conduct their business in the uncertain global market, the Commerce Ministry is trying to ensure that the interest equalisation scheme, which lapsed on March 31, is extended by the Reserve Bank of India (RBI) without curtailments.

“The Commerce Ministry is in touch with the RBI on the extension of the interest equalisation scheme for exporters. It is being hoped that the scheme will be extended to all beneficiary sectors without modifications soon,” a source tracking the matter told BusinessLine.

The background

The interest equalisation scheme, introduced on April 1, 2015, extends a subsidy on interest provided on pre- and post-shipment export credit ranging between 3 per cent and 5 per cent to exporters.

The banks provide credit at the lower interest rate to exporters and the differential amount is later reimbursed by the government. In addition to MSME exporters of all items, exporters of 416 identified products are eligible for the benefit.

“Exporters are hopeful that the benefits under the interest equalisation scheme will remain intact in the new fiscal and there will be no curtailment in the list of eligible items or a tinkering of rates,” the source said.

Since the budgetary allocation for 2021-22 set aside by the Finance Ministry for the scheme at ₹1,900 crore is more than the revised estimates for last year, there is a general optimism that there will be no rude surprises in store for exporters.

“Although, there are indications that there will be continuity in the scheme, one can never be certain till it is notified by the RBI,” the source added.

Last year, following the one year extension of the old five-year Foreign Trade Policy till March 31, 2021, the RBI also issued a notification for a one-year extension of the interest equalisation scheme.

Scheme to be extended?

Now that the government has given a second extension to the old FTP, this time by six months (till September 30, 2021), there are speculations about the period of extension of the scheme.

“There is uncertainty whether the government wants the interest equalisation scheme to be part of the next five year FTP. As some experts feel the scheme has the potential of getting identified as an export subsidy at the WTO and, therefore, create possible conflict in the future, it may be better to extend it on a piece-meal basis,” the official said.

India’s goods exports in April-March 2020-21 were valued at an estimated $289.92 billion, which was 7.4 per cent lower than exports worth $313.36 billion in April-March 2019-20. In March 2021, however, exports shot up by 58.23 per cent to $34 billion, propelled by sectors such as engineering goods, gems & jewellery and pharmaceuticals.

Source: thehindubusinessline.com– Apr 12, 2021

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India, Japan plan virtual biz meet to bolster trade, investments

Taking forward the recent initiatives to strengthen bilateral trade and investment ties, India and Japan are planning a virtual business partnership meet with the possible participation of Prime Minister Narendra Modi and his Japanese counterpart Yoshihide Suga later this month or early May.

"The two sides are tentatively considering April 30 or May 1 for the business meeting but it also depends on other factors including the dates for the Japanese PM's proposed India visit," a source told BusinessLine.

Brighter prospects

India's prospects as a destination for additional Japanese investments brightened last year when Japan decided to provide subsidies to Japanese manufacturers for shifting their manufacturing setups from China to not only ASEAN countries, but India and Bangladesh as well.

"Now that the Japanese government is looking at doubling the budget for the subsidies to incentivise its manufacturers to shift from China, from the existing ¥23.5 billion, even more investments can flow into India," the source said.

The business meet, which will be supported by the Trade Ministries from both sides, is being organised by industry associations such as the Japan External Trade Organisation (JETRO) and the CII, the source said.

Investments

Japan is the fifth largest investor in the Indian economy with cumulative FDI inflows of $34.5 billion in the April 2000 to December 2020 period accounting for 7 per cent of total FDI inflows in the same period. Some of the prominent Japanese investments in India include Maruti Suzuki, Uniqlo, Mitsubishi Group, Mitsui and Honda. There are also important Indian investments in Japan from companies such as Infosys, TCS, HCL, Oyo, SBI and Sun Pharma.

India has already drawn up a tentative list of Japanese companies that could channelise their investments into India, taking advantage of the Japanese government's subsidy scheme and is looking at ways to woo them.

New Delhi is also keen on a review of the India-Japan Comprehensive Economic Partnership Agreement (CEPA) to improve market access for Indian goods and check the growing bilateral trade imbalance, in Japan's favour, since the pact was implemented in 2011.

"Attempts are being made to ensure that both the Japanese and the Indian PMs can address the business meet, but the programme is tentative at the moment as the Japanese PM's travelling plans are being finalised," the source said.

Suga is likely to visit India the end of April, following his US visit earlier in the month, but a lot also depends on the Covid-19 situation in India. "The Japanese PM is very keen to visit India after his US visit as he wants to strengthen the `Quad' initiative, between India, Japan, the US and Australia, that was strongly supported by his predecessor Shinzo Abe. However, the rising wave of the pandemic is a concern," the source said.

Source: thehindubusinessline.com– Apr 13, 2021

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Maharashtra COVID-19 restrictions: White goods output to halt in peak season; confusion over exports

New restrictions to combat the rapid spread of COVID-19 in the industrialised state of Maharashtra will force non-essential manufacturing plants to shut down until the end of April, which is a big blow for makers of white goods as this is the peak period for sale of fans, refrigerators and air conditioners.

Chief Minister Uddhav Thackeray has announced a slew of restrictions that will come into effect from 8 p.m. on April 14 as the states has the highest, and rapidly growing, number of infections in the country. The restrictions require non-essential manufacturing facilities to be shut down until April 30.

"Despite requesting to not have lockdown for manufacturing plants, the state government decided to halt production. However, we are better prepared than last year and inventory across companies is at 65-70 percent capacity," said the head of home appliances at an electrical goods firm.

Maharashtra has manufacturing hubs in areas like Ahmednagar, Pune, Nashik and Amravati. Consumer durables like fans, small kitchen appliances, refrigerators, air conditioners and allied raw materials are manufactured in these areas.

The state government said that export-oriented businesses could be allowed to continue but white goods makers are yet to get any clarity on which industries would be included in this exemption.

"April is the time when finished products are exported to South-East Asian markets. We are yet to get a confirmation on whether products in final stages of production could be completed to be sent for exports. If we aren't allowed to do that, consumer durables firms will face heavy losses," said the chief financial officer of a white goods firm.

The size of the white goods industry in India is estimated to be Rs 80,000 crore. Over and above this, Rs 8,000 crore-10,000 crore accounts for exports of fully built units to nearby markets like Nepal, Bangladesh and Sri Lanka.

In 2020, sales of white goods halved between April to July due to the strict nationwide COVID-19 lockdown that was imposed.

Online sales to be hit

With summer sales of appliances announced across e-commerce platforms, white goods makers fear sales being hit by the fresh restrictions.

The state government said that while e-commerce is permitted, only 'essential' e-commerce will be allowed for delivery. This would only include grocery and medicines.

"For customers who have placed orders online, we will be unable to deliver products for the next 15 days. This is because appliances have been excluded from the essential category. We are already starting to receive a few product cancellation calls," said the head of West at a pan-India appliance retailer.

Source: moneycontrol.com– Apr 14, 2021

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Definitive anti-dumping duty imposed on N-Butanol imports from EU, Malaysia, Singapore, South Africa and US

The Finance Ministry has imposed definitive anti-dumping duty on 'Normal Butanol' imports from the European Union, Malaysia, Singapore, South Africa and the US.

Andhra Petrochemicals Ltd — which is the sole producer of N-Butanol in the country — had filed the petition seeking sunset review of the anti-dumping duty on imports from these countries.

Based on the recommendations of the Designated Authority in the Directorate General of Trade Remedies in the Commerce Ministry in end March 2021, the Revenue Department has now imposed definitive anti-dumping duty of $46.27 a tonne on Normal Butanol imports from the EU; $51.42 a tonne from Petronas Chemicals Derivatives, Malaysia; $26.59 a tonne from BASF Petronas Chemicals and $149.31 a tonne from other producers from Malaysia; $35.66 a tonne on imports from Singapore; $13.24 a tonne on imports from South Africa.

In the case of normal butanol imports from the US, the definitive anti-dumping duty has been pegged at $24.16 a tonne. The anti-dumping duty will be applicable for a period of five years, the Revenue Department said.

Normal Butanol is a primary alcohol and is an excellent solvent for acid-curable lacquers and baking finishes derived from urea, melamine or phenolic resins.

A large part of N-Butanol is converted into derivatives for use as solvents in coating industries and printing inks. Normal Butanol also finds application as extractant in production of drugs and natural substances, additive in polishes and cleaners, solubiliser in the textile industry, additive in de-icing fluids, anti-icing additive in gasoline, humectant for cellulose nitrate, feedstock in the production of glycol ethers and flotation aids (Butyl Xanthate) and as starting material for the production of butyl mono carboxylates, butyl acetate and butyl butyrate.

Source: thehindubusinessline.com– Apr 13, 2021

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CMAI appeals against another full lockdown in Maharashtra

The Clothing Manufacturers Association of India (CMAI), which includes 4,500 members of the country's apparel manufacturing and retail market, has appealed to the government of Maharashtra against imposing a complete covid-19 lockdown, which, it said could further cripple the financial health of the state's garment manufacturing units.

“Garment industry has been hit particularly severely by the pandemic last year. Retail, which is the lifeline of garment industry, was one of the last sectors to be opened. It has taken the industry close to a year to regain at least some semblance of pre-covid business levels.

Even now our industry, unlike many others, has just about touched 70% of pre-covid levels. To go into another lockdown will completely kill the garment industry of Maharashtra," Rajesh Masand, president, CMAI, said in a statement.

Maharashtra is currently under a lockdown that prohibits the opening of non-essential shops. The growing tally of covid cases has also prompted the government to consider a full lockdown in the state.

There are 18,000 garment factories in Maharashtra, 10,000 of which are in Mumbai.

The garment industry employs 1.3 million people in the state.

The state’s rising covid graph is a matter of great concern, and we compliment the Maharashtra government for taking immediate and necessary steps to control the further spread of covid-19. However, it is also disturbing to hear reports about the government contemplating the reintroduction of lockdowns as a means to control the virus, Masand said.

CMAI said it is crucial to impose strict measures but added that it is equally critical not to allow recovery to stall once again by shutting down factories.

Source: livemint.com– Apr 13, 2021

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Truck rentals plunge, hit by new Covid-19 wave

Drop in arrival of food items and vegetables at mandis, says transport research body

Truck rentals have plunged beyond expectation in the first fortnight of April, prompted by a surge in Covid-19's new wave that has led to a decline in the arrival of food and vegetable items at the mandis (Agriculture Produce Market Committees or APMC), according to the Indian Foundation of Transport Research and Training (IFTRT), a transport sector think tank.

APMCs were set up by the State governments to ensure good price discovery for farmers and to prevent retailers from having an undue bargaining advantage.

Covid-19's new wave in the last fortnight has led to a decline in arrival of food and vegetable items at the APMCs, with a 10-15 per cent drop in demand from restaurants and hotels, said IFTRT's Senior Fellow S.P. Singh. Dispatches from factory gates, too, dropped lower by a similar 10-15 per cent.

The worst hit was production in Micro Small and Medium Enterprises (MSME), although diesel and tyre prices (two main variables operating expenses) have remained unchanged over the previous fortnight of March 2021).

RENTALS DROP

Consequently, truck rentals on trunk routes plunged beyond expectation for round trips on an 18-20 tonne payload between April 1 and April 14, said IFTRT.

Rental charges on the Delhi-Mumbai-Delhi route dropped 16 per cent on April 14 against April 1 (from Rs 1.35 lakh to Rs 1.15 lakh), the two big metros in the North and West. Both the cities face a sharp surge in Covid-19 cases. Also, rentals on the Delhi-Nagpur-Delhi route have plunged by 10 per cent (from Rs 1.07 lakh to Rs 96,800), the research body said referring to Nagpur, the central point of the country that has a lot of warehouses given the location.

Similarly, rates on the Delhi-Ranchi-Delhi sector have plunged 15 per cent (from Rs 1.17 lakh to Rs 1 lakh), with the eastern city facing a sharp surge in Covid-19.

Rates on the Delhi-Chennai-Delhi sector are down 13 per cent (from Rs 1.55 lakh to Rs 1. 35 lakh), while truck rentals on the Delhi-Kandla-Delhi route have dropped by 15 per cent (from Rs 1.02 lakh to Rs 86,000).

Overall, on 75 medium and long haulage truck routes tracked by IFTRT, trucking business has faced a sudden slump after bouncing last month, due to fears of a “direct or backdoor lockdown” across the country.

Fleet utilisation down, drivers head home

Fleet utilisation is down to 60 per cent and given the emerging trend of truck drivers preparing to return to their home towns or villages to escape the new wave of coronavirus, the situation for trade, commerce and industry is grim, leading to panic in the transport business.

That said, the Government has done its bit by extending the payment of road tax or permit fee by three more months up to June 30, 2021. Also, for the second consecutive year, the annual hike in insurance charges (with effect from April every year) have been avoided at the orders of the regulator, which has come as a relief for fleet owners. But if the situation remains dull, truckers may default in paying their equal monthly instalments (EMI) for truck purchase. Also, truck unions may demand yet another moratorium, predicted IFTRT’s Singh.

Source: thehindubusinessline.com– Apr 14, 2021

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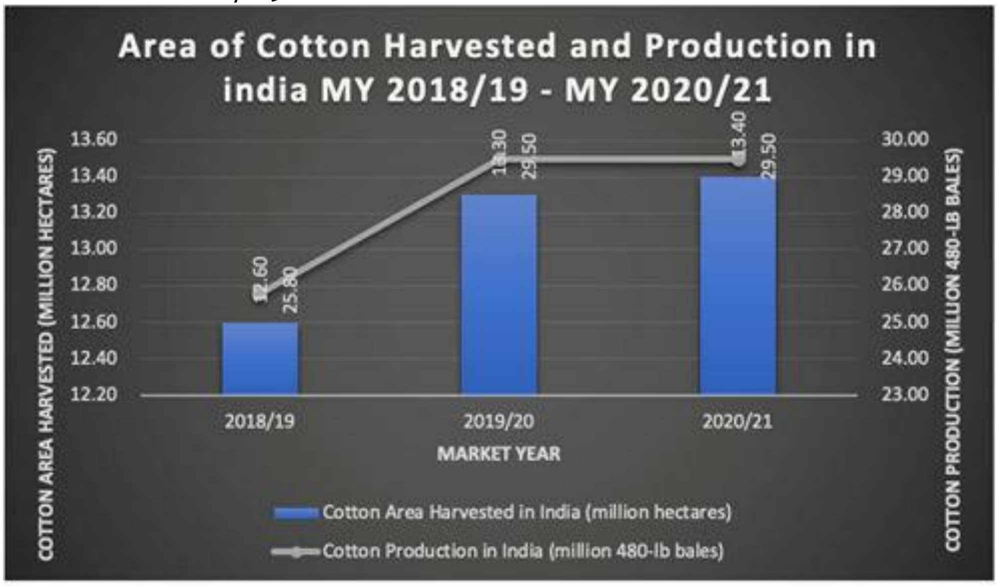
Indian trade for cotton & cotton products to rise in MY 2020/21

The cotton area harvested and the cotton production in India have shown a significant rise in the MY (market year) 2019/20 as compared to the area harvested in MY 2018/19. The cotton area harvested, and the cotton production has increased by 5.56 per cent and 14.34 per cent to 13.30 million hectares and 29.50 million 480-lb bales respectively in MY 2019/20 over MY 2018/19.



It is expected to increase in the upcoming MY 2020/21 with higher demand for cotton yarn and fabric for exports. It also triggered cotton fibre and yarn prices in the beginning of the year 2021. The purchase of cotton by the government of India under the MSP programme has been done in various states which has secured approximately more than 24.00 per cent of total production.

The area harvested and production is expected to move up to 13.40 million hectares and 29.50 million 480-lb bales in the MY 2020/21. The excess rains of northeast monsoon and rising pest infestation lowered the production of cotton in Telangana. But the cotton area harvested in Telangana soared by 15.00 per cent in MY 2020/21.

The domestic consumption of the country got subjugated as a majority of people worked from home. Also, the lockdown had limited the retail footfall with slower recovery. The customers became more cautious and they focused on the savings.

India cotton trade

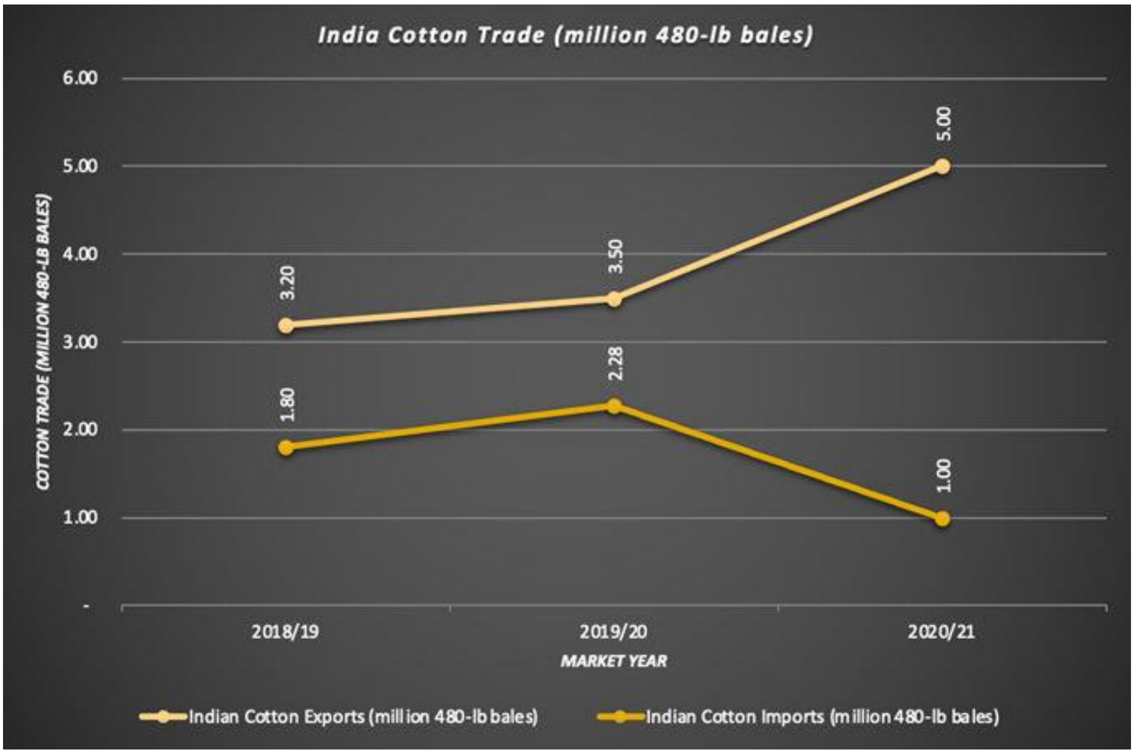
The cotton exports of India have considerably moved up in the MY 2019/20. The country's cotton export remained at 3.20 million 480-lb bales in the MY 2019/20 with the growth of 9.37 per cent over the previous MY 2018/19. The cotton exports got the boost with the ongoing Sino-US trade war. But this boost was offset by the impact felt due to the spread of the Covid-19 pandemic.

The impact of Covid-19 has been partly controlled with the help of lockdown and the release of vaccine. The shipments have been rising regularly with time. Also, certain governments have developed alternative ways to increase trade. India's exports and imports moved up with strong overseas as well as domestic demand. India's cotton imports increased by 26.67 per cent in the MY 2019/20 to 2.28 million 480-lb bales from 1.80 million 480-lb bales in MY 2018/19.

The cotton exports are expected to move in the MY 2020/21 to 5.00 million 480-lb bales from the 3.50 million 480-lb bales in MY 2019/20. The prices of the Indian cotton remained lower as compared to the overseas cotton prices. From October 2020 to January 2021, the Indian cotton prices surged by 16.00 per cent as compared to 23.00 per cent rise of the Cotlook A-Index.

This price gap has given a competitive advantage to the Indian cotton players over the overseas players. The gap between Indian ex-gin and Cotlook A Index prices kept Indian raw cotton as a cost-effective alternative. According to FAS analysis, Bangladesh, China, and Vietnam remained at the top of the list of Indian cotton suppliers in 2020 and contributed for more than 90.00 per cent of total Indian cotton exports.

The Indian cotton exports are expected to increase in MY 2020/21 with a rate of 42.86 per cent to 5.00 million 480-lb bales from the 3.50 million 480-lb bales in MY 2019/20. But the imports are expected to move down by 56.14 per cent to 1.00 million 480-lb bales in MY 2020/21 from the 2.28 million 480-lb bales in MY 2019/20.



SOURCE: - TexPro & USDA

Indian cotton prices (State-wise)

	1st Jan-21	15th Jan-21	29th Jan-21	12th Feb-21	26th Feb-21	12th Mar-21
DCH-32 Karnataka (34 mm)	59.29	61.91	64.48	67.09	69.53	71.23
J-34-RG Bhatinda	42.40	42.60	42.52	43.80	44.67	44.42
MCU-5 Andhra Pradesh (32 mm)	44.89	45.71	46.38	47.51	48.28	47.43
MECH Maharashtra (29 mm)	43.45	44.91	44.90	45.65	46.24	46.08
Mech-I/H-4 Madhya Pradesh (28 mm)	42.79	43.79	43.66	44.52	45.53	45.19
Shankar-6 Gujarat (28 mm)	42.23	43.39	43.52	44.38	45.30	45.13
V-797 Gujarat (22 mm)	27.58	29.33	29.76	31.33	33.61	33.89

SOURCE: - TexPro

The prices of Indian cotton have shown considerable rise in first half of MY 2020/21, from August 2020 to January 2021. The prices are striking again from the beginning of 2021. The price rise has been observed in almost all cotton fibres in the country. Out of the major cotton fibres in India, the prices of DCH-32 from Karnataka and V-797 from Gujarat have shown a considerable price augmentation in the first quarter of 2021. DCH-32 and V-797 have shown a price rise of 20.14 per cent and 22.87 per cent to 71.23 INR/candy and 33.89 INR/candy in March 2021 from 59.29 INR/candy and 27.58 INR/candy in January 2021, respectively. The prices of other cotton varieties such as J-34-RG from Bhatinda, MCU-5 from Andhra Pradesh, MECH from Maharashtra, Mech-I/H-4 from Madhya Pradesh and Shankar-6 from Gujarat have also shown a rise, but the increase was negligible and remained between 4.00 to 7.00 per cent.
India cotton yarn and fabric exports

SOURCE: - TexPro, USDA & DGFT

The demand of the cotton yarn in abroad countries has been increasing from the beginning of the MY 2020/21 with there is a surge in demand for value added cotton textiles. This also sustained the escalated prices of the Indian cotton textiles. The counties such as China, Bangladesh, and Vietnam have exponentially imported cotton from India in the second half of 2020. Exports of cotton fabrics also followed the same trend as cotton yarn. But the cotton imports remained low due to ample domestic crop in the country with relatively low buying from mills.

The yarn export of the country remained at 930.00 thousand metric tonnes in MY 2019/20 with a monthly average of 77.50 thousand metric tonnes. The monthly average of yarn exports in the first half of MY 2020/21 has prominently surged to 89.64 thousand metric tonnes from the monthly average exports of 77.50 thousand metric tonnes in MY 2019/20 with a growth of 15.67 per cent. It further expected to move up 6.64 per cent from January 2021 to July 2021.

The fabric exports of India were 1,489.15 thousand metric tonnes in MY 2019/20 with a monthly average of 124.10 thousand metric tonnes. The monthly average of fabric exports in the first half of MY 2020/21 has increased to 169.52 thousand metric tonnes from the monthly average exports of 124.10 thousand metric tonnes in the MY 2019/20 with a hike of 36.61 per cent. But it is expected to remain stable to a slightly lower value between January 2021 to July 2021.

Source: fibre2fashion.com– Apr 13, 2021

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Unemployment rate at 15-week high of 8.58%

India's unemployment rate galloped to a 15-week high of 8.58% for the week ended April 11, largely due to a sudden 260 basis points rise in the urban unemployment rate to 9.81% over the week.

Rural unemployment, however, eased to 8% for the week ended April 11 from 8.58% in the previous week, data put out by Centre for Monitoring Indian Economy (CMIE) showed.

Urban unemployment rate had fallen to 7.21% for the week ended April 4 from 8.84% for the week ended January 31.

CMIE managing director and CEO Mahesh Vyas would not hazard a guess as to what led to the sudden spike in the urban unemployment rate in just a week's time. However, he said, "We should worry about the future."

After the government imposed a lockdown towards the end of March last year as the pandemic hit, the country's unemployment rate started picking up and rose to its peak of 27.11% for the week ended May 3 last year.

It then fell to 4.66% on January 17 this year, but again went up to 8.16% for the week ended April 4, coinciding with the rapid spike in the fresh Covid-19 cases. In recent weeks, the peak was on December 27 at 9.5%.

In a fast-spreading second wave, the country has recorded more than 9.37 lakh cases for the week ended April 11 — the highest weekly tally since the beginning of the pandemic last year. It is widely expected that the second wave will have a far more damaging impact on the job market and thus, unemployment rate will again go up in the coming weeks.

Source: financialexpress.com– Apr 13, 2021

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India to manufacture containers in Bhavnagar, to create 1 lakh jobs

Eyeing indigenous production of containers amid a global surge in demand, the Centre is looking to develop Bhavnagar in Gujarat as a container hub and has set up pilot projects for its manufacturing, Union Minister Mansukh Mandaviya said.

The initiative aimed at attaining self-reliance in container production eyes Rs 1,000 crore investment from private players and looks to create one lakh jobs.

The move assumes significance amid reports of global shortages of containers with Indian containerised trade taking a hit owing to the staggered supply and demand shocks across geographies as per logistic majors.

"India requires about 3.5 lakh containers every year. ...There is no container production in India and we have to depend mainly on China which is a global producer. Now we want to develop Bhavnagar in Gujarat as a container hub and we have selected 10 places there for its production on a pilot basis," Ports, Shipping and Waterways Minister Mansukh Mandaviya told PTI.

The pilot project has been successful, he said.

Mandaviya said the Ministry of shipping during the last six months has taken several initiatives to encourage container production at Bhavnagar with the help of re-rolling and furnace makers who are being encouraged to diversify in the space.

"We expect private players to invest about Rs 1,000 crore in this space. We also expect creation of one lakh local jobs," the minister said. The intiative has been taken to realise the dream of Prime Minister Narendra Modi of 'Aatmanirbhar Bharat', Mandaviya said.

He said existing re-rolling and furnace industries are being encouraged to expand and take up this as demand for containerised cargo is increasing in India and globally. "Encapsulating this opportunity and furthering Prime Minister Narendra Modi's vision of 'Aatmanirbhar Bharat', efforts are on to make Bhavnagar the hub for container production," the minister said.

He said one container costs about Rs 3.5 lakh and once the production picks up, India would not be require to import it.

"We have formed a committee to look into the finer details like standardisation, certification etc. The committee comprises experts from Ministry of Shipping, IRS (Indian Register of Shipping), IITs etc," Mandaviya said.

Mandaviya said in days to come, India will start production which will be consumed by shipliners.

"We had a meeting with shipliners associations. Shipping liner associations have assured us that they will purchase the containers providing reasonable profits...They have assured us that they will not import it once indigenous production starts," he said.

Asked about raw material availability, Mandaviya said his ministry has talked to large steel players in this regard. He said they had a talk with global steel giant ArcelorMittal which has assured to provide the specific grade of steel for container manufacturing.

ArcelorMittal is the largest global steel maker with 89.8 million tonnes crude steel production in 2019 and 18 steel manufacturing units worldwide.

Bhavnagar district in Gujarat houses Alang ship-breaking yard, one of the biggest recycling yards in the world. There had been reports recently that non-availability of containers has resulted in air-lifting of cargo by some players.

As per the ports apex body IPA, container cargo handling has been on decline at 12 major ports with the just concluded fiscal recording 2.13 per cent decline in container cargo tonnage to 143.74 million tonnes as against 146.84 MT in 2019-2020.

The Indian Ports Association (IPA) in its latest report also said that container cargo in terms of TEUs (twenty foot equivalent unit) also dipped 3.75 per cent in 2020-2021 over the previous fiscal.

Source: economictimes.com– Apr 12, 2021

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Indian marketplace Flipkart signs partnership with Adani Group

Flipkart, India's leading home-grown e-commerce marketplace that includes group companies Flipkart, Myntra, and Flipkart Wholesale, has announced a strategic and commercial partnership with Adani group. Over the years, Adani has positioned itself to be the market leader in its transport logistics and energy utility portfolio businesses in India.

In this two-pronged partnership, Flipkart will work with Adani Logistics, the largest diversified end-to-end logistics service provider in the country and a wholly owned subsidiary of Adani Ports & Special Economic Zone Limited, to strengthen Flipkart's supply chain infrastructure and further enhance its ability to serve its rapidly growing base of customers, according to a press release by Flipkart.

In addition, Flipkart will set up its third data centre at AdaniConneX, a Chennai based facility, leveraging AdaniConneX's world-class expertise and industry-leading data centre technology solutions. AdaniConneX is a new joint venture formed between EdgeConneX and Adani Enterprises. As part of this partnership, Adani will construct a massive 534,000 square feet. fulfilment centre in its upcoming logistics hub in Mumbai that will be leased to Flipkart to address the growing demand for e-commerce in Western India and support market access of several thousands of sellers and MSMEs in the region. Leveraging state-of-the-art technologies, the centre is expected to be operational in Q3 2022 and will have the capacity to house ten million units of sellers' inventory at any point. In addition to strengthening Flipkart's supply chain infrastructure to support MSMEs and sellers, the facility will enhance local employment and create around 2,500 direct jobs and thousands of indirect jobs, Flipkart said.

The other prong of the partnership will see Flipkart developing its third data centre at the AdaniConneX facility as a part of one of the largest private cloud deployments in the country thereby further strengthening its growing marketplace e-commerce business in India. The data centre has been designed to meet the highest standards in reliability, security, and sustainability, which will capitalise on Adani's capability as the largest solar player in the country to generate and source green power. The AdaniConneX data centre is a brand-new facility enabling Flipkart to design the data centre to its growing infrastructure needs with a significant focus on security and keeping data locally within India, according to Flipkart.

“I am delighted to see two of India’s fastest-growing businesses come together to help build some of the most critical as well as state-of-the-art infrastructure that our nation needs. This is what Atmanirbharta should be all about. This broad-ranging partnership across our logistics and data centre businesses is a unique business model, and we see this as a great opportunity to serve Flipkart’s physical as well as digital infrastructure needs.

Flipkart has been instrumental in defining e-commerce adoption in India, both through the value it creates and its constant technological innovation to serve its consumers. We look forward to a long and fruitful partnership as we focus on learning from each other as well as leveraging our mutual strengths to prioritise consumers and development of India’s MSME ecosystem,” Karan Adani, chief executive officer of Adani Ports and Special Economic Zone (APSEZ) said in a statement.

“Adani is unmatched in the way it has gone about building infrastructure across India. What it brought to us was a unique combination of logistics, real estate, green energy, and data centre infrastructure capabilities. We are delighted to initiate our association with Adani to strengthen our supply chain and technology infrastructure.

At Flipkart, we are focused on ensuring that our customers get access to a wide range of products made available by sellers across the country as we continuously innovate to drive greater affordability. Our logistics network and technology stack are instrumental in making this a reality. These investments will help us strengthen our presence and capabilities in India to support MSMEs and sellers while also accelerating job creation and growth,” Kalyan Krishnamurthy, chief executive officer at Flipkart said.

Source: fibre2fashion.com– Apr 14, 2021

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