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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	China to create own standards for cotton
2	Chaos Consumes Garment Supply Chain
3	Inditex, Uniqlo, Skechers Battle Forced Labor Allegations
4	Austrian textile firm Lenzing launches e-comm platform Tencel e-shop
5	Brazilian cotton prices see slight increase this month
6	UK Stores Sees 88% Traffic Growth in First Full Week Back
7	Sri Lanka: Export earnings recover to near pre-pandemic levels in February
8	Sri Lanka at GSP Engagement Week Virtual Conference – An Overview
9	Vietnam's export sectors become M&A targets for foreigners
10	NCTO seeks approval for collection of China 301 duties
11	Benin cotton exports expected to soar till August 2021: TexPro

	NATIONAL NEWS
1	Shri Piyush Goyal launches the Startup India Seed Fund Scheme
2	Jaishankar, Japanese Foreign Minister to hold virtual meet
3	Textiles sector worried over completing export orders
4	Export subsidies face WTO challenge
5	88% Indian CEOs confident on global economic improvement in a year
6	Second Covid wave could spark greater economic uncertainty: Niti Aayog VC
7	'Allow textile units to run without curbs'
8	Unemployment in urban India surges to 10.72%: CMIE
9	As more states impose curbs, e-commerce companies brace for operational challenges
10	Future Retail lenders okay debt recast plan with repayment up to two years

INTERNATIONAL NEWS

China to create own standards for cotton

System would give industry greater voice, protect its rights in global trade

China is set to release its own version of the Better Cotton Initiative standards soon, as it ramps up efforts to build its own brand of cotton to promote a comprehensive set of principles and criteria for offering high-quality products.

Through Zhongnong Guoji, a cotton service provider based in Beijing, the planned cotton program is set to build China's own industrial standards in a bid to foster high-quality development and promote digitalization of the whole cotton industry, according to Luo Yan, secretary-general of the Zhongnong Guoji-backed Xinjiang Digital Cotton Research Center.

"After years of living with pressure under BCI standards, we just want to build our own cotton brand to have a far greater say in the cotton and textile industry," said Luo, who also is participating in early preparation of the cotton project and recruiting of members in Xinjiang.

Experts said the BCI's current technical requirements, such as banning the use of certain pesticides that were prohibited in the Xinjiang Uygur autonomous region more than 30 years ago, are pretty low, and they mainly concern controlling cotton resources instead of certifying quality cotton.

They said it is time for China to set up its own standards rather than live with the current BCI standards.

According to Luo, the cotton program will mainly focus on improving production efficiency through digitalization, a fully traceable cotton production process, low-carbon production and high-quality cotton farming.

Zhongnong Guoji said it had gotten a start on the cotton program two years ago. This year, with the participation of China Fashion Association and the Ministry of Finance-backed Modern Seed Industry Development Fund, the company has completed the basic preliminary work and the three entities are working on a promotion agreement, standards formulation and the establishment of a digital research and development system.

"The first version of the future cotton standards will be released soon, and we will continue to work with the China Fashion Association and Modern Seed Development Fund to attract more cotton farmers and retail brands. We welcome all enterprises in the textile and apparel industry to join the program," Luo added. "Also, we're open to the possibility of establishing a company to promote the future cotton program and handle daily affairs."

According to Luo, the program is poised to better serve the domestic market first, and it is hoped it will go global, empowering more market participants for the long run.

Founded in 2009, the Better Cotton Initiative is a Switzerland-based organization that sets the global standard for cotton industries and certifies cotton farms worldwide, representing around 22 percent of global cotton production in 2019.

Last year, the BCI announced that it would suspend cooperation with licensed farmers in Xinjiang during the 2020-21 cotton season over allegations of "forced labor".However, that statement has now been removed from the organization's website after the Chinese public's backlash over the boycott of Xinjiang cotton.

China is the world's second-largest cotton producer, and Xinjiang is the largest cotton-producing area in the country, according to China Grain Reserves Group.

Yang Shu, an associate professor at China Agricultural University, said building China's own cotton certification and standard system is key to strengthening China's cotton textile industrial chain, allowing the country to have a far greater say in the cotton textile industry and occupy a larger market share in the industrial chain.

"Factors such as labor rights, equality and environmental protection are playing an increasingly critical role in the international trade discourse system. Against that backdrop, we need to have a better understanding of the international business rules system, while protecting our rights through commercial and legal means," Yang noted.

Source: ecns.cn- Apr 20, 2021

HOME

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Chaos Consumes Garment Supply Chain

The garment industry continues to be wracked with turmoil through a combination of escalating geopolitical tensions and the long-term fallout of the Covid-19 pandemic.

Ethiopia

Fewer than half of the 2,000 workers employed in Mekelle Industrial Park in the violence-ravaged northern Tigray region of Ethiopia, for instance, have returned to work since the government's November military offensive devolved into a full-fledged humanitarian crisis that has killed thousands of people and sent tens of thousands of refugees fleeing into Sudan, labor-rights groups said.

Eritrean forces have been helping Ethiopian troops fight Tigray's former ruling party, creating a widespread pattern of human-rights abuses, including starvation and sexual violence, that U.S. Secretary of State Antony Blinken condemned as "ethnic cleansing" last month.

Garment and textile factories such as Almeda, DBL Garments and Sheba Leather, IndustriALL Global Union said, were looted and vandalized, placing thousands of jobs in an already pandemic-hit sector at risk if they're not able to reopen and resume operations.

The park already closed once because of the pandemic, it said, just before war broke out, and union organizations have been having trouble reaching their members and families. Homes, clinics, hospitals, schools, crop fields and grain stores have been ransacked and destroyed, leaving many in the region of more than 5 million without food, water, medicine or shelter. All this turmoil has crushed Tigray's nascent ambitions of becoming a major apparel-sourcing destination, at least in the near term.

In one district south of the Tigrayan capital of Mekelle, where the industrial park is situated, up to 150 people recently starved to death, according to United Nations officials.

While Ethiopia's foreign ministry said in March that it was willing to work with international human-rights experts to investigate allegations of abuses, there is little evidence such efforts are taking place.

“We call upon the government of Ethiopia to provide peace and security to the people and the workers of Tigray,” Valter Sanches, general secretary of IndustriALL Global Union, said in a statement. “It is important that the armed conflict is ended so that workers can go back to work without fear and that communities can go back to living in peace.”

Myanmar

In Myanmar, which continues to be inundated by bloodshed and chaos after a military coup in February ousted the Southeast Asia nation’s quasi-democratic civilian government, labor activist Myo Myo Aye was arrested Thursday after the Solidarity of Trade Unions in Myanmar leader was forcibly taken from her office in Yangon.

“Over the years, Myo Myo Aye has relentlessly worked to defend workers’ rights, freedom of association and freedom of expression in the country. Her arrest represents one more attack against human rights defenders and the democratic movement in Myanmar,” the Clean Clothes Campaign, the garment industry’s largest consortium of labor-rights groups and unions, said in a statement calling for her release, as well as those of other detainees, and the restoration of democracy.

“Since the military took over control in Myanmar…searches and raids against democratic leaders and rights activists have been escalating with a sweep of arrests,” it said. “Many labor leaders are now on the run or are hiding to protect themselves and their families.”

Cambodia

A cluster of Covid-19 cases has emerged in Cambodia, which imposed a two-week lockdown in the capital of Phnom Penh Thursday, after 788 garment workers and related employees across 36 factories were found to be infected with the contagion last week, according to the country’s Sub-Committee on Research and Monitoring of Suspected Covid-19.

Nearly all the cases originated in Phnom Penh and its surrounding areas. Authorities fear another surge in cases once the quarantine ends and factories kick back into gear, the Khmer Times said, because garment workers typically live in cramped dormitories where the virus can easily gain purchase.

Cambodia started vaccinating its 500,000 workers earlier this month, though whether the rollout can outpace infection remains to be seen. Meanwhile, the Garment Manufacturers Association in Cambodia (GMAC) urged brands and retailers not to punish its members if they cannot honor their delivery schedules due to the lockdown.

“The apparel, footwear and travel goods manufacturing sector is not considered essential sector that needs to stay open during the lockdown and thus we have to remain closed,” GMAC said in a statement Monday. “The lockdown is also causing disruptions to the logistics sector and we are unable to freely transport raw materials and/or finished goods.”

Because factories are not able to run as usual, “this may result in delay[s] in production as well as failure to meet previously agreed delivery schedules,” the organization added. “We would like to appeal for your understanding to facilitate and make arrangements to help accommodate this special situation. We urge all of you not to punish our members for this situation that is beyond our control.”

Bangladesh

Across the pond, at least one supplier is hitting out at Peacocks after the British fashion chain allegedly placed orders while the company was in administration before canceling them and offering to pay half of the agreed price.

“What Peacocks did with us is not fair or professional,” Anil Srivastava of Bangladeshi supplier KL Design, which claims it is owed $438,151 or products delivered last June, told The Sunday Times. Edinburgh Woollen Mill, whose chief operating officer Steve Simpson bought Peacocks out of administration earlier this month with the backing of a consortium of international investors, did not immediately respond to a request for comment. (Bangladesh suppliers have threatened to blacklist Edinburgh Woollen Mill before for the non-payment of orders placed before the pandemic.)

A Peacocks spokesman told The Sunday Times that it had “excellent” relations with the bulk of its 1,000-plus suppliers and that it was “deeply grateful to them, our landlords and other partners for helping us through these unprecedented hard times. We won’t forget their support.”

According to a new study, 3 percent of Bangladesh's labor force have been rendered unemployed by the pandemic, creating an estimated 16.38 million "new poor." Small and medium enterprises (SMEs) and the informal sector will face the highest number of job losses by the end of the year, noted the Bangladesh Institute of Labour Studies and the Centre for Policy Dialogue on Saturday. SMEs are expected to shed 66 percent in revenue during the pandemic, the report added.

Bangladesh officials announced Monday a one-week extension on the current lockdown, which has left many workers walking to work on foot or shelling out many times more than their usual fares due to the suspension of public transportation such as trains, buses and ferries.

"The restrictions will continue for one more week from Thursday," Surath Kumar Sarker, the government's chief information officer reporters. Factories can remain open if they follow health safety guidelines.

Source: sourcingjournal.com - Apr 19, 2021

HOME

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Inditex, Uniqlo, Skechers Battle Forced Labor Allegations

A group of nonprofits and a former Uyghur detainee have filed a complaint with the public prosecutor's office in Paris to accuse some of the world's biggest fashion companies for allegedly "encouraging and profiting" from the forced labor of Uyghurs in China's Xinjiang Uyghur Autonomous Region (XUAR), whether directly or indirectly.

Brands targeted include Zara owner Inditex, Sandro and Maje owner SCMP, Skechers and Uniqlo.

Sherpa, the Collectif Ethique sur l'étiquette and the Uyghur Institute of Europe, who are represented by the law firm Bourdon & Associés, wrote in a statement Monday that the complaint is meant to expose the "impunity" of multinational businesses that subcontract part of their production to the northwestern region or market goods using cotton cultivated there, "thus knowingly taking advantage in their value chain of the workforce in a region where crimes against humanity are being perpetrated."

The complaint, which is supported by Members of European Parliament Raphaël Glucksmann and Reinhart Butickhofer, along with the World Uyghur Congress, is just the first of a series of filings that the European Center for Constitutional and Human Rights (ECCHR) will be submitting in other European countries in the coming months, the organizations said.

This "planned series," they added, "demonstrates that this is not an issue of individual companies but demonstrates how closely and systematically European businesses are involved in the allegedly systematic and state-sponsored forceful exploitation of labor in the XUAR region," where millions of Uyghurs, Kazakhs and other Turkic Muslim minorities are believed to be held in mass internment camps, where they might be marshaled into low-skilled jobs, such as cotton picking or the production of textiles and apparel.

"Europe is often quick to criticize China for human rights violations. But European companies finally have to admit–and end–their own involvement in these international crimes," Miriam Saage-Maaß, head of ECCHR's business and human rights program, said in a statement. "We highly welcome the complaint filed in France today. But this problem is not unique to French garment companies or retailers. All across Europe, the textile industry benefits from the suffering of the Uyghur population. It is mandatory to not only end these practices, but also hold companies to account."

A December study by the Center for Global Policy estimates that half a million Uyghurs are forced to pick cotton by hand through a state-sponsored "poverty alleviation" scheme. Other mass labor-transfer programs install Uyghurs from Xinjiang in factory jobs across China, with the purpose of reducing their population density and "influenc[ing], fus[ing] and assimilat[ing] Uyghur minorities" into the dominant Han culture, according to one leaked Chinese document. " Several organizations and governments, including the United States, have labeled Beijing's "intent to destroy, in whole or in part, [a protected group]," as "genocide" under the United Nations Genocide Convention.

A spokesperson from Skechers told Sourcing Journal that the footwear maker doesn't comment on pending litigation. In a statement published last month, Skechers said that audits of the factories it works with, including Dong Guan Lu Zhou Shoes, which was named in a February 2020 report by the Australian Strategic Policy Institute (ASPI) as a suspected beneficiary of forced Uyghur labor, have uncovered no evidence of such practices.

While Uyghurs comprise a portion of Lu Zhou's workforce, Skechers said, they are employed on the "same terms and conditions as all other factory employees and in particular with respect to working conditions, pay, promotions, etc." and are free to leave if they no longer wanted to work there.

"Representations made by Lu Zhou were wholly consistent with both its social responsibility commitment and statement and the results of Skechers' own audits conducted over the course of the three years prior to learning of the allegations," Skechers said. The retailer said it conducted two additional audits of Lu Zhou since the report was published, including an unannounced visit in June 2020, "specifically directed at investigating the ASPI allegations," and another audit last November.

"Neither of these audits revealed any indications of the use of forced labor, either of Uyghurs or any other ethnic or religious group, nor did the audits raise any other concerns about general labor conditions," Skechers said. "Based on these facts, Skechers has no reason to believe that Lu Zhou is using any forced labor; nonetheless, Skechers will continue to closely monitor and audit Lu Zhou and all factories and suppliers globally."

Skechers, it added, is “deeply concerned” by reports of forced labor and other human-rights abuses of Uyghurs. “We fully support the proposal by industry trade associations to find a solution through state-to-state engagements and collaborative partnerships across governments, industries, labor associations and non-governmental organizations,” the company added.

Inditex, which also owns the Bershka and Pull&Bear brands, said the allegations against it are “completely unfounded.”

“Inditex fully complies with all existing legislation and recommendations regarding the protection of workers’ rights and has implemented a human rights compliance framework based on the highest international standards,” the spokesperson told Sourcing Journal.

Uniqlo, whose parent is Fast Retailing, said that the Japanese retailer is committed to protecting the human rights of the workers in its supply chains and that it will “continue to focus on providing products that customers around the world can purchase with a sense of trust.”

“As we have confirmed in the past, none of our production partners are located in the Xinjiang Region, and no fabric or spinning mill used in the manufacture of Uniqlo products is located in the area,” a representative said. “All Uniqlo items use only cotton that originates from sustainable sources. By definition, sustainable cotton requires that human rights are safeguarded in processing. If we ever find evidence of forced labor or any other serious human rights abuse at any of our suppliers, we will cease to do business with that supplier.”

SMCP did not immediately respond to a request for comment.

This isn’t the first time French prosecutors have handled complaints of this nature. In February, the Association of Uighurs in France filed a lawsuit against Nike for “deceptive business practices and complicity in the concealment of forced labor” of Uyghurs through its subcontracting.

Nike denied all charges, telling Euronews that the sportswear giant is “committed to ethical and responsible manufacturing and we uphold international labor standards.”

Taekwang Group, one of the factories implicated in the ASPI report, stopped employing workers from Xinjiang at its Qingdao facility, the Just Do It

Company said. An independent third-party audit “confirmed there are no longer any employees from XUAR” there. “Our ongoing diligence has not found evidence of employment of Uyghurs, or other ethnic minorities from the XUAR, elsewhere in our supply chain in China,” Nike added.

Other brands are also wrestling with their position on Xinjiang. In a statement released Wednesday, Muji brand owner Ryohin Keikaku, sought to alleviate concerns about cotton from the region, which is responsible for roughly 80 percent of China’s cotton.

“With regard to the approximately 5,000 hectares of farms and other facilities in the Xinjiang region, we assess the information about the cotton fields, the profiles of the workers and the personnel plans of the farms, and we dispatch an external, independent, third-party organization to conduct on-site audits in line with the cotton cultivation schedule,” the company said.

Ryohnin Keikaku said the firm is taking “all necessary steps” to respect human rights and that on-site audits have not identified any violations of labor standards.

“From the cotton that is the raw material of our products to the final product, Muji is firmly managing the process as described above,” it added. “...We will continue our business activities that aim at achieving ‘a simple pleasant life and society.’”

Source: sourcingjournal.com- Apr 19, 2021

HOME

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Austrian textile firm Lenzing launches e-comm platform Tencel e-shop

Austrian leader in sustainable specialty fibres Lenzing Group's flagship textile brand, Tencel, has unveiled Tencel e-shop, the first ever e-commerce channel created by a sustainable fibre producer. The e-shop bridges the divide between manufacturers and the end-consumer by curating a diverse mix of apparel and home goods made of Tencel branded fibres.

This debut marks a new milestone in Lenzing's ongoing digitalisation and mission to educate and encourage consumers to make informed purchases. With the e-shop, the Tencel brand will provide consumers with a trusted source to make sustainable purchases conveniently.

"The pandemic has been a catalyst that accelerated the industry's transformation towards digital presence and greater sustainability," Harold Weghorst, vice president of global marketing and branding at Lenzing, said in a press release. "Consumers are electing to buy from the comfort of their homes. Many are also rethinking what they actually need and look for sustainable alternatives where applicable. This is where the new Tencel e-shop comes in. It does not only offer consumers a unique opportunity to find sustainable fashion and home textiles from different brands on one single platform, but also enables them to learn about how the raw materials used in their products are being made. We are excited to launch the e-shop with well-known fashion brands, and provide consumers an easy way to source eco-friendly goods."

Showcasing over 200 products made of Tencel branded lyocell and modal fibres on e-shop, the Tencel brand is leveraging its strong partnership base to expand its textile offerings across multiple segments, from denim to footwear and activewear. The e-shop is available on the English language Tencel website and caters to audiences from different parts of the world. Featuring a mixture of international brands, the e-shop aims to drive a paradigm shift toward eco-responsible production and eco-conscious consumption of fashion and home textile items. Lenzing will continue to expand its brand partnerships with a goal to triple the product count on the Tencel e-shop by the end of 2021.

"We are thrilled to diversify our services and provide brands and retailers a one-stop platform that connects with eco-conscious shoppers directly," Florian Heubrandner, vice president global textiles business at Lenzing AG, said. “As we continue to develop more sustainable textile solutions, we hope that this new e-commerce channel will evolve into one of our brand partners’ key consumer engagement channels. We also hope that consumers will enjoy a new one-stop platform that is not only convenient to use, but also empowers them to make informed purchases of sustainable clothing and home textile products.”

Since the introduction of the Tencel brand in 2018, Lenzing has been advocating for the digitalisation of the textile industry through a number of initiatives, including the introduction of a one-stop e-branding and licensing system, digitalised retailer education toolkits, blockchain-enabled traceability platform as well as presence on various social media platforms.

As part of the “digital first” strategy of the Tencel brand, Lenzing has several digital initiatives in the pipeline, including the reinvigoration of Tencel’s ‘#MakeItFeelRight” campaign, the launch of the Pinterest page for consumers and LinkedIn Group for retail, mill, and non-governmental organization partners. Each digital programme serves to heighten awareness and provide tools to protect the environment, and Lenzing is determined to empower end-consumers and accelerate the transformation to a more sustainable society and economy. Such efforts have pivoted the growth strategy of the Tencel brand to drive a “digital first” approach across the industry supply chain, and among consumers.

“We have been closely monitoring the digitalization of the textile industry since the launch of the Tencel brand. Even before the pandemic, we have witnessed exponential growth of consumer dynamics across digital platforms. Take our Tencel brand website, for example, we have witnessed an increase of nearly 50 per cent traffic over the past year. The number of engagements on our social pages also recorded an increase of 870 per cent. Consumers are proactively seeking for ways make more informed purchases, and we hope with the launch of the e-shop, along with our exciting consumer programmes, we can provide a one-stop platform for consumers to embrace sustainability every day,” Weghorst said in the release.

Source: fibre2fashion.com- Apr 19, 2021

HOME

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Brazilian cotton prices see slight increase this month

After significantly decreasing in the previous month, cotton prices in Brazil were firm again in early April. The CEPEA/ESALQ Index changed from the record 5.22 BRL per pound on March 4 to 4.76 BRL/pound on April 5. Since then, the Index has been recovering, the Center for Advanced Studies on Applied Economics (CEPEA) said in its latest fortnightly report.

Between March 31 and April 15, the CEPEA/ESALQ Index for cotton rose 1.05 per cent, closing at 4.8593 BRL/pound on April 15.

During the fortnight, sellers were focused on international price rises and estimates of lower production in Brazil and a possible export record. Therefore, they were firm in the first fortnight of the month, which sustained prices.

Moreover, some of these players expect a demand increase in the coming periods, given that the cotton industry has not been purchasing the product for immediate delivery since early March, the report said. "As for the demand, only purchasers who have short-term requirements and/or are willing to replenish inventories are operating."

Meanwhile, Brazil's National Food Supply Company (Conab) indicated that the 2020-21 cotton area may total 1.41 million hectares, 15.2 per cent down compared to 2019-20. Productivity is forecast at 1,764 kilos per hectare, a decrease of 2.1 per cent compared to the previous season. Thus, production is likely to amount to 2.49 million tons, a sharp 16.9 per cent down compared to the previous crop.

A report released by the US department of agriculture (USDA) on April 9 said Brazil's cotton inventories for 2020-21 are forecast at 2.7 million tons, down 13.7 per cent from the previous season's inventory.

Source: fibre2fashion.com- Apr 19, 2021

HOME

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UK Stores Sees 88% Traffic Growth in First Full Week Back

With British high streets opening back up to the public on April 12 after four months of Covid-19 lockdowns, non-essential retailers across the U.K. have been able to get their first taste of real in-store shopper traffic this year.

And the numbers are showing just that. According to Springboard Insights, U.K. retail footfall surged 88 percent week-on-week for the week of April 12-18. Annually, footfall was up more than four-fold. However, despite the big improvement, Springboard noted that traffic is still down 25 percent from pre-pandemic numbers from two years earlier.

In high street locations, footfall is down 35 percent from two years ago, while it is off by 28 percent in in shopping centers. In retail parks, the equivalent of larger non-mall shopping centers in the U.S., the decline was just 2 percent.

The analytics firm noted that the extent of the uplift last week means that the gap in traffic from 2019 across all U.K. retail destinations has narrowed by more than a half in a single week, reaching the level achieved after two months of business following the first lockdown in 2020.

"The key issue for retail destinations will be whether this momentum can be sustained," Diane Wehrle, director of Springboard Insights, said in a statement. "From our evidence of the last two lockdowns, we are expecting footfall to continue to increase over the next few weeks, albeit at a lesser rate. However, the reopening of indoor hospitality on May 17 will provide a further boost to retail destinations as many indoor venues are located in high streets and shopping centers."

Retailers in the U.K. need all the positive news they can get, with nearly 10,000 chain stores shuttered in the market last year, according to PwC.

U.K. consumers share the optimism that Springboard Insights has, with 68 percent saying they believe that shopping locally is important and a majority expecting to shop more locally post-pandemic than before, according to a survey from Shopify.

These shoppers are going to want more flexibility in how they pay in store given the desire for quick, convenient payments—70 percent of U.K. shoppers indicated that the ability to make contactless payments was important to them, with 67 percent saying that it is more important now than before the pandemic, the Shopify survey said.

M&S extends fulfillment center to serve as online warehouse

Although the country's in-store foot traffic news is promising, one of the U.K.'s biggest retailers is continuing to fortify its omnichannel operation with the expansion of one of its fulfillment centers to handle more e-commerce orders.

As part of its "Never the Same Again" program, Marks & Spencer (M&S) will extend its Bradford Distribution Centre to include a new section dedicated to online fulfillment. The retailer is trying to build on a 34 percent increase in e-commerce sales and a 75 percent boost in international e-commerce sales in the first half, which underlined the recent shift in customer spend throughout the pandemic.

M&S opened the Bradford Distribution Centre in 2010, with the location currently delivering both clothing and food to M&S stores in partnership with XPO Logistics. This new expansion investment is using existing vacant space within the center to create a new online warehouse for M&S.com, supporting the retailer's first online-centric warehouse in Castle Donington and its in-store pickup model.

The investment in Bradford follows a successful trial over Christmas 2020, where Bradford's employees manually picked product from the existing automated distribution center to service online orders. At its peak, the site was dispatching 14,000 items a day. The build is now underway with the aim to be operational for Christmas 2021.

The team will start with the target of dispatching 35,000 items a day, looking to increase capacity over time. Bradford will be an online warehouse for boxed products from bras to belts and the aim is for it to eventually support around 20 percent of the retailer's online orders.

M&S selected Bradford for this extension due to its location, its excess space, its automation capabilities and its engineering team, the company says. The use of automation is what enabled M&S to adapt to servicing more online orders from Castle Donington during the pandemic, "and most importantly doing so in a safe way," it added.

While automated technologies will power the facility, the extension will still create approximately 300 roles, largely related to product picking. M&S will share more details on the center and the roles within it with the local community this summer.

"We're transforming our clothing business to be more relevant, more often for our 22 million customers, however they choose to shop," Stephen Langford, director of M&S.com, said in a statement. "Whilst it's exciting our stores have reopened, growing our online business has never been more important and part of that is a behind the scenes network which means we can serve our customers as efficiently as possible. Building Bradford is a key way we're setting ourselves up for a more digital future at M&S under the banner of MS2."

MS2 is Marks & Spencer's online, data and digital division, designed to help bolster the company's e-commerce presence based on three pillars: the best offer (e.g. buying for online demand), brilliant selling models such as the company's new "mobile-first" approach and famous service offerings such as click-and-collect.

M&S.com continues to offer free click-and-collect and contact-free home delivery for its shoppers, with these orders predominantly coming from either Castle Donington or the more than 200 stores currently acting as micro-fulfillment centers. And in 2020, app downloads increased 200 percent, with the retailer's Sparks members now at over 10 million.

Shopify's study indicates that M&S has its mind in the right place. According to the e-commerce giant, which surveyed 1,000 U.K. shoppers to discover what they wanted when stores reopened, indicated that while 87 percent of customers did at least half of their shopping for non-grocery items in person prior to the pandemic, this number dropped below 40 percent in the full lockdown. While the in-person number will increase again after the pandemic, the number from before the pandemic that said they will do at least half their shopping online (35 percent) will also jump to 58 percent after the pandemic.

Additionally, the proportion of shoppers ordering a product for delivery when they are in a store is likely to increase by more than half—from 25 percent before the pandemic to 40 percent after—further incentivizing M&S to bolster its fulfillment operation.

Alongside the Bradford facility extension and the implementation of equipment including “autobaggers” at Castle Donington that can each pack 2,000 items every hour, M&S is aiming to reengineer its supply chain through operational technologies such as Microsoft Power BI and Microsoft Teams. In addition to the manual build of Bradford, M&S aims to complete behind the scenes IT deployment to ensure it can most efficiently use its “three” warehouses: Donington, Bradford and its stores.

“Warehouse colleagues have been our behind the scenes heroes during the pandemic, making sure customers’ parcels are picked, packed and shipped, safely and efficiently,” Sarah Monk, program manager for the Bradford project at M&S, said in a statement. “The team at Bradford did an amazing job supporting with online Christmas orders and we’re all so excited that we’ll now be permanently running an online operation from the site which will include the recruitment of 300 new XPO colleagues.”

Source: sourcingjournal.com- Apr 19, 2021

HOME

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Sri Lanka: Export earnings recover to near pre-pandemic levels in February

Earnings from merchandise exports flirted to near pre-pandemic levels in a sign of gradual recovery of international trade with the normalising of economic activities in Sri Lanka's key export markets.

Exports recorded US$ 952 million in earnings in February 2021, just 3.7 percent off from the same month in 2020 as exports of textiles and garments, food and beverage, tea, coconut, spices and rubber products gained, signalling recovery in the key export commodities to levels seen before the pandemic, specially in textiles
and garments.

Textiles and garment exports, the largest commodity export from Sri Lanka, got hit the most since the economies in the West and the Europe closed and started working from home. But, sales are gradually recovering towards levels prior to the pandemic as consumers there have begun to increasingly spend on clothing which they couldn't do last year, the data showed.
For instance the textile and garment exports in February 2021 was US$ 443.3 million, compared to US$ 468.1 million a year ago and US$ 423 million in January 2021.

This mirrored the Index of Industrial Production data for February, which recorded almost 40 percent surge in the sub-index for textile manufacturing in the month from the year
earlier levels.

"Export earnings exhibited a recovery towards pre-pandemic levels since the peak of the second wave of COVID-19 spread in Sri Lanka, reaching levels close to those recorded in the same month of 2020 (US$ 989 million) and 2019 (US$ 981 million)," the Central Bank said.

Meanwhile, imports slipped 2.5 percent from a year ago to US$ 1,524 million predominantly due to the drop in fuel imports, near absence of vehicle imports, decline in spending on building materials and transport equipment.The fuel bill declined 23.5 percent to US$ 320.2 million from a year ago while the personal vehicle imports recorded only US$ 0.9 million in February compared to US$ 53.6 million a year ago.

The food and beverage imports declined by 3.0 percent to US$ 131.8 million due to lower imports of chillies, alcoholic beverages, vegetables such as potatoes, gram, big onions, peas and the likes.

"However, expenditure on oils and fats in February 2021 remained high, compared to February 2020, mainly due to the increase in expenditure on coconut oil imports, possibly impacted by the reduction of the Special Commodity Levy in 2020 since prices in the international market increased year-on- year," the Central Bank said.

With the decline seen in both exports and imports, the trade deficit recorded at US$ 572 million compared to US$ 574 million a year ago, but down from US$ 667 million in January 2021. The cumulative trade deficit for the two months was recorded at US$ 1,227 million, down from US$ 1, 304 million in the corresponding period a year ago.

While the Central Bank is planning for a US$ 500 million surplus in the current account for 2021 with the support of the service inflows such as remittances, IT/BPO and the recovery expected in tourism, there is growing pressure for import restrictions to be lifted, which could make the journey a tough one.

However, the Central Bank maintains that the restrictions on non-essential imports to remain through 2021 or at least till the country gets through the worst of its external sector woes created by the pandemic-induced market tumult.

For instance, the tourism trade, which generated US$ 4.4 billion in 2018, could take longer than expected to return to its former glory days. The Central Bank is expecting US$ 1.5 billion from the industry this year due to lackluster recovery in the trade so far.

The government pins most of its hopes on the new Bill mooted to provide attractive incentives for the investors coming to the Colombo Port City to generate multi-billion dollar worth of direct investments throughout many years.

Source: dailymirror.lk- Apr 19, 2021

HOME

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Sri Lanka at GSP Engagement Week Virtual Conference – An Overview

During the Week of 22 - 25 March, the GSP Hub which is a European Union (EU) funded project launched in 2020 hosted an important virtual engagement relating to the EU's Generalised Scheme of Preferences (GSP)to increase awareness, transparency, and to engage with stakeholders of GSP.

The objective of this brief article is to present the key issues discussed at this virtual Engagement Week, as most of which are of contemporary importance for Sri Lanka being a beneficiary country of EU GSP scheme. The virtual GSP Engagement was attended by representatives of the European Commission, civil society, academia, industry and trade associations, as well as EU and beneficiary countries.

The conference provided a platform for interaction between the economic rationale and the perspective of the value of the Generalised Scheme of Preferences (GSP) and focussed on how the GSP can help economic diversification, what kind of opportunities it presents for EU producers, and how civil and environmental targets can be achieved in beneficiary countries.

The GSP hub plays a vital role in engaging stakeholders to increase the use of GSP, through bringing new EU investment, encouraging European companies to import from the beneficiary countries and promoting the related international sustainability standards.

The GSP Hub maintains a website to facilitate the understanding of the GSP, its activities, and associated important topics, including specifics related to the EU's GSP and a tailor-made monitoring database for facilitating the dissemination of information and building of an active feedback mechanism for stakeholders.

The virtual Engagement Week had five Webinar sessions focusing on the topics of the GSP and Export Diversification, the GSP and Green Economy, the GSP and Labour Rights, the GSP and Inclusive Growth, and the way forward on the trade policy review and the review of the GSP Regulation. The webinar sessions were organized with expert inputs followed by panel discussions.

The Vice President of the European Parliament, who is a Member of European Parliament (MEP) from Finland Heidi Hautala, inaugurated the GSP Engagement Week with a keynote address. She explained the object and purpose of the GSP and the need to further improve the scheme to be more effective in terms of helping the beneficiary countries. At this inaugural session Sri Lanka's Ambassador to the European Union Grace Asirwatham participated as one of the panellists who contributed very pertinent and useful inputs to the discussion presenting the perspectives of Sri Lanka on a number of issues.

First, Ambassador Asirwatham explained the policy initiatives and measures taken by Sri Lanka to achieve greater diversification and measures that the EU should take to facilitate diversification of the export portfolio of beneficiary countries, including Sri Lanka. Second, in her intervention, the Ambassador covered a full spectrum of activities and issues related to Sri Lanka as a GSP beneficiary country. A summary of salient points shared at the Conference is given below;

Sri Lanka was thankful to the EU for the support and cooperation extended to Sri Lanka under the Partnership Cooperation Agreement. Sri Lanka enjoyed Standard GSP since 1971 and it became a GSP plus recipient in 2005. However, due to certain shortcomings in the implementation of Conventions, the GSP plus benefits were withdrawn in 2010, yet Sri Lanka was able to regain the GSP plus in 2017.

GSP which is a non-reciprocal trade preferential arrangement helps developing and least developed countries to achieve sustainable development making use of tariff preferences for their exports to the largest consumer market in the world.

GSP plus concessions provide greater benefits to Sri Lanka to enter the EU market with zero or reduced tariff basis. Overall the EU GSP plus status has had a positive economic and social impact, in Sri Lanka.

Click here for more details

Source: dailymirror.lk- Apr 19, 2021

HOME

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Vietnam's export sectors become M&A targets for foreigners

Vietnam's textiles-garment and leather-footwear sectors are facing a new threat—that of mergers and acquisitions (M&A) by foreign investors. A recent study of COVID-19's impact on key export-oriented industries in Vietnam found that instances of M&As have surged in the textiles-garment, leather-footwear and electronics sectors in the last three years.

In 2018, Japan's Itochu Corporation purchased 10 per cent of the shares of the Vietnam National Textile and Garment Group (Vinatex) at a reported $47 million. Itochu raised its stake to about 15 per cent, thus becoming the second-largest shareholder after the ministry of Industry and Trade (MoIT).

Other major M&A deals include the one between the Taekwang MTC Vietnam Co Ltd and the Jin Heoung Vina JSC in the leather-footwear industry. Korean investors, who have inked a number of M&A deals, have concentrated on sectors like textiles-garment and leather-footwear, besides electronics.

Experts have called for streamlining legal regulations, especially those on information transparency like setting up a regular consultative mechanism between the MoIT and the ministry of planning and investment to develop an M&A database that would protect the interests of all sides.

Vietnamese enterprises should proactively diversify technical solutions to keep the information transparent, identify the targets in M&A deals, and analyse partners to avoid risks during negotiations, they have said.

Vietnam's textiles-garment industry is known for its low labour costs, and has been identified as one of six sectors on a list of supporting industry products prioritised for development. Vietnam is now known as the "footwear factory" of the world, and has also been establishing itself as the world's electronic manufacturing hub.

Source: fibre2fashion.com– Apr 19, 2021

HOME

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NCTO seeks approval for collection of China 301 duties

The National Council of Textile Organizations (NCTO) of the US has requested the Office of Management and Budget (OMB) to reconsider and approve a proposal to direct US Customs and Border Protection (CBP) to collect Section 301 penalty duties on billions of dollars of Chinese goods currently shipped duty-free under Section 321 de minimis waivers.

In a letter to the acting director of the OMB, Robert Fairweather on April 13, the NTCO president and CEO, Kim Glas wrote: “There has been an exponential growth of shipments to the US in recent years that qualify for Section 321 duty-free treatment. US manufacturers of textiles, apparel and other consumer goods that routinely sell for less than the $800 de minimis threshold increasingly find their markets and workforce threatened by this tariff avoidance scheme.”

The letter detailed how the current Section 321 provision is now being coupled with e-commerce to provide billions in duty avoidance on these imported products, including:

- Increased import price pressure on domestic manufacturers of various types of consumer items that routinely sell for less than $800 such as – apparel, footwear, home furnishings, toys, consumer electronics, flatware, auto parts, etc;
- An inability to properly identify and block the import of adulterated products posing a health and safety risk to consumers;
- An inability to properly identify and block imports of counterfeit products that violate intellectual property laws;
- Enhanced ability of countries like China to access the US market, despite their failure to provide reciprocal access to their markets and their persistent illegal and unfair trading practices.

Glas wrote: “Imported merchandise from China that enters under a Section 321 waiver is exempt from all normal tariffs and any penalty duties assessed under the current 301 case.

This unreasonable and unnecessary duty exemption severely undermines the purpose and value of the existing Section 301 determination against China as an effort to address its longstanding predatory trade practices.”

The NCTO president felt that the Biden administration should undertake an exhaustive review of this problem to develop the policy changes needed to mitigate the damaging impact of Section 321 waivers on US workers and manufacturers.

He urged the OMB and CBP to take reasonable steps, such as denying Section 321 benefits to goods covered under the existing China 301 determination [tariffs]. This would be a valuable first step toward limiting the dangerous and growing exploitation of this tariff waiver mechanism, he said.

Source: fibre2fashion.com– Apr 19, 2021

HOME

****

Benin cotton exports expected to soar till August 2021: TexPro

Cotton exports from Benin, the largest cotton producer in Africa and a top cotton exporter, are expected to surge in the first eight months of the current year. President Patrice Talon's re-election for the 2nd term this month, and China's help to Beninese farmers in improving their farm productivity are the main reasons for this likely increase in exports.

In 2019, Benin exported cotton worth $144.39 million with monthly average of $12.03 million. Last year, exports declined by 63.21 per cent year-on-year to $53.12 million as COVID-19 restriction hampered trade. However, exports are forecast to surge by 74.73 per cent during January-August 2021 to monthly average of $7.73 million from monthly average of $4.43 million in 2020, according to optimistic forecasting carried out using Fibre2Fashion's market intelligence tool TexPro.

The bilateral relations between Benin and China have been improving. China is supporting the West African nation to improve productivity of cotton. Some agricultural operators in Benin have joined a one-month training session on Chinese expertise in farm machinery operation.

The re-election of Patrice Talon, a tycoon of cotton business in the country, as Benin's President will also benefit the country in its cotton exports.

Source: fibre2fashion.com– Apr 19, 2021

HOME

****

NATIONAL NEWS

Shri Piyush Goyal launches the Startup India Seed Fund Scheme

Minister of Railways, Commerce & Industry, Consumer Affairs and Food & Public Distribution Shri PiyushGoyal today launched the Startup India Seed Fund Scheme (SISFS). The Fund aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry, and commercialization.

The Scheme was announced by the Hon'ble Prime Minister, Shri Narendra Modi on 16th January 2021 in his Grand Plenary address of 'Prarambh: StartupIndia International Summit', marking the five-year anniversary of the Startup India initiative. Rs. 945 Crore corpus will be divided over the next 4 years for providing seed funding to eligible startups through eligible incubators across India. The scheme is expected to support an estimated 3,600 startups through 300 incubators.

Speaking on the occasion, Shri Goyal said that this scheme is being launched within 3 months of its announcement, one of the fastest in the recent times. He said that times are tough, but our resolve is strong, and never before has it become more important for us to empower our startups.

The Minister said that the SISFS will Secure seed funding, Inspire innovation, Support transformative ideas, Facilitate implementation, and Start startup revolution. He said that this Scheme will create a robust startup ecosystem, particularly in Tier 2 and Tier 3 towns of India, which are often deprived of adequate funding. The Minister said that he would like to especially encourage innovators from rural areas to come forward and benefit from this scheme.

Shri Goyal said that under the guidance of Hon'ble PM Modi, DPIIT has worked tirelessly to bring a tectonic shift in the startup ecosystem in India. he assured that the department has been acting as the Facilitator, with Open door, Open Arms & Open Mind, encouraging largescale youth participation in the innovative activities.

The minister said that there has been change in approach,change in mindset from jobseekers to job providers, which is helping Startups to become the backbone of New India. He said that Startup India Seed Fund Scheme will act as a bridge between ideas and their implementation. Independent & ambitious thinking in the Startup ecosystem will encourage entrepreneurship and create a culture that will recognise innovation

Shri Goyal said that 2020 is testament to the transformative potential of Indian Startup- Startups with their energy &enthusiasm came up with efficient and cost effective solutions which ensured last mile supply of essential commodities across India. He lauded our young entrepreneurs for the ability, agility & dedication. He said that Indian Startups have been inculcating, incubating and innovating not only for the nation but for the humanity.

The minister said that with the motto of Connect, Collaborate & Catalyse, the Government has introduced initiatives like Startup Innovation Challenges, National Startup Awards, Ranking of States, SCO Startup Forum, Prarambh etc.

The online portal created by DPIIT, for the scheme, will allow incubators to apply for funds under it. An Experts Advisory Committee (EAC) has been created by DPIIT to execute and monitor the Startup India Seed Fund Scheme. Grants of upto Rs 5 Crores shall be provided to the eligible incubators selected by the EAC. The selected incubators shall provide grants of up to Rs 20 lakhs for validation of Proof of Concept, or prototype development, or product trials to startups.

Furthermore, investments of up to Rs 50 lakhs shall be provided to the startups for market entry, commercialization, or scaling up through convertible debentures or debt-linked instruments. The detailed guidelines of the Startup India Seed Fund Scheme are provided on the Startup India portal (www.startupindia.gov.in).

The promising startups that are supported at their early stages shall create huge employment opportunities for everyone. The Seed Fund Scheme also envisions to promote virtual incubation for startups by enabling 300 incubators to support startups from all corners of the country. The impact of this will be visible by the spur of innovations in tier 2 and tier 3 regions of India.

Source: pib.gov.in– Apr 19, 2021

HOME

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Jaishankar, Japanese Foreign Minister to hold virtual meet

External Affairs Minister S Jaishankar and his Japanese counterpart Toshimitsu Motegi are scheduled to meet virtually on April 24 to discuss issues of mutual interest such as taking forward the Quad initiative, increasing investment co-operation, development in the Covid-19 situation, and setting the stage for talks between the two Prime Ministers in the next two weeks, sources told BusinessLine.

“Japanese PM Yoshihide Suga is supposed to visit India for an in-person meeting with his Indian counterpart Narendra Modi at the end of this month or in early May and there have been no changes in the plans yet. But the Japanese side has said that they are watching the Covid-19 situation and will proceed accordingly. There is also the option of a virtual meeting if the situation so warrants,” a person tracking the development said.

Quad plan

A prominent area of discussion could be the partnership under Quad—which includes Japan, India, the US and Australia—to strengthen co-operation in the Indo-Pacific and minimise the growing influence of China in the area, official sources said.

“Strengthening the Quad to check China’s influence featured prominently in the recent meeting between Suga and US President Joe Biden in Washington earlier this week,” the source said. Motegi is likely to discuss the takeaways from the meeting between Biden and Suga on Quad to prepare grounds for the Japanese PM’s meeting with Modi.

“Together, we will continue to work with allies and partners, including with Australia and India through the Quad, which has never been stronger, to build the free, open, accessible, diverse, and thriving Indo-Pacific we all seek,” Biden and Suga had noted in a joint statement.

‘More investments’

Increasing investment ties is another important topic that the two Foreign Affairs Ministers are likely to take up. Japan has recently doubled the budget for the subsidies to incentivise its manufacturers to shift from China, from the existing ¥23.5 billion. Since India was added to the list of countries that would attract the subsidies, the increase in budget increases the potential of more investments flowing into India.

"The Japanese government and investors have been discussing with India ways to make the investment climate more attractive and this could feature in the talks between the two Foreign Ministers," the source said.

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. Strengthening of supply chain resilience under the initiative launched by the trade ministers of Japan, India and Australia last year may also feature in the discussions, the source added. India and Japan also had plans of holding a '2+2' format meeting of foreign and defence ministers in Tokyo later this month before the Prime Ministers meeting.

Source: thehindubusinessline.com– Apr 19, 2021

HOME

****

Textiles sector worried over completing export orders

As the pandemic rages on, threatening to disrupt economic activity, the textile industry, which has never had it so good on the export orders front, has sent out an SoS to the Centre and to state Chief Ministers.

The industry is at an inflection point with strong growth potential thanks to geopolitical factors. It has benefited from reports, in the last 6-8 months, of China using Uighurs in Xinjiang province as forced labour. This led to many top global textile brands moving orders to Indian players.

"I think most Western nations have banned sourcing from China. So, India is having a good deal," T Kannan, Chairman and Managing Director, Thiagarajar Mills, told BusinessLine.

Bright outlook

Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation, agreed. "Export order outlook is good, and all developed markets and brands are showing good projections.

Retail sales in the US are witnessing a robust trend along with lower levels of inventory with retailers leading to good demand for products like apparels and home textiles. The UK also opened its retail sector with the easing of he lockdown, post mass vaccination," he said, adding that the sector is at the cusp of getting back its mojo.

But the rising Covid cases is threatening this dream run. "Though the spike in Covid cases is a concern, we have been telling Western clients that there is no major lockdown and operations of textile units are smooth as most units are spread out in rural areas," he added.

Lockdown impact

Kannan is hoping that with government support the industry can complete the surging orders and establish India as a strong alternative sourcing base to China. But instances of States announcing lockdowns is worrying the sector.

The Apparel Export Promotion Council (AEPC) has already written to various Union Ministries and Chief Ministers of several States seeking support for uninterrupted manufacturing.

Any full lockdown, at this point, will tear up the hardwork put in by the apparel export sector over the last one year in getting back on the global map, A Sakthivel, Chairman, AEPC, said in his letter to Union Home Minister Amit Shah.

Source: thehindubusinessline.com– Apr 19, 2021

HOME

****

Export subsidies face WTO challenge

The Coronavirus pandemic played havoc with the economy of the country during the first half of last year. However, exports were beginning to look up in March — touching a record $34 billion which was higher than $33 billion in March 2019 — and signalling a sharp increase during the current fiscal. But now, the exporters face a triple whammy. First, they have not received export benefits worth approximately Rs 35,000 crore under the Merchandise Export from India Scheme (MEIS).

Under the MEIS, which was withdrawn on January 1 this year, exporters were eligible for duty credit scrip — a jargon to compensate for their loss on payment of duties — amounting to two-five per cent of the freight-on-board value of the shipment. Against a total approved amount of Rs 55,000 crore, the Union Government has released just about Rs 20,000 crore (mostly claims for 2019-20) thereby leaving a gap of Rs 35,000 crore.

This has led to a liquidity crunch. And, with the Budget provision for export subsidy during 2021-22 being just Rs 13,000 crore, the situation is unlikely to improve and will seriously impede the exporters' capacity to ramp up supplies to meet the resurgent demand from key global markets, particularly the US and EU.

Second, the Government has not yet notified the refund rates under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, which replaced the MEIS in January. Under the RoDTEP, exporters are eligible for reimbursement of various embedded taxes and levies paid on inputs consumed in exports — but not subsumed by the Goods and Services Tax (GST). A committee headed by former Commerce Secretary GK Pillai tasked with determining the refund rates, after an exhaustive exercise involving scrutiny of embedded levies on 8,000-9,000 tariff lines, had submitted its recommendations in March.

However, it will be some time before the Finance Ministry's Revenue Department — currently vetting the recommended tax remission rates — notifies them. The exporters need to factor in these while firming up contracts for supplies to importers. Although, eventually they will get the refunds retrospectively (from January 1) once the rates are notified, not knowing them in advance creates uncertainty with regard to their ability to decide what price to charge. If, the notified rate turns out to be lower than what the exporter has actually built into the offer price, he will be subjected to a loss.

The above two factors i.e. the delay in release of pending dues under the erstwhile MEIS and the delay in notification of refund rates under the RoDTEP, make for a deadly combination hampering the ability of exporters to sustain the tempo of revival in exports, buoyant demand conditions notwithstanding. Add to this a third factor which relates to the vulnerability of the Indian export subsidy regime to challenge at the World Trade Organisation (WTO). In early 2018, the US had challenged at least half a dozen of India's export subsidy schemes, including the MEIS.

The US Trade Representative (USTR) argued that the schemes provide financial benefits to Indian exporters, creating an "uneven playing field", thereby enabling them to sell goods at a cheaper rate, which was detrimental to the interests of US manufacturers and workers. Even as export subsidies violate the WTO's rules, a limited exception was made for specified developing countries that may continue to provide export subsidies temporarily until they reach a defined economic benchmark of $1,000 per capita gross national income (GNI). Further, developing countries that had a GNI of over $1,000 per capita at the time when the WTO was set up in 1995, were allowed eight years to wind up their export promotion schemes.

India's GNI being below the $1,000 per capita-mark, it initially availed of the exemption from no export subsidy obligation. But in 2015, it surpassed the threshold, thereby pushing it into the "no-exemption" zone. The USTR has accused India of not just continuing with subsidies, but further expanding their scope (the MEIS launched in 2015 was rapidly expanded to include more than 8,000 eligible products, nearly double the number of products covered at its inception).

Accordingly, it wanted India to withdraw the subsidies. But the latter insisted on a transition period of eight years that, too, from 2017 when the WTO notified the fact of its crossing the threshold. The Indian stance is anomalous.

India had ample opportunity to plan. It had 20 years available (1995 to 2015) to get adjusted to a WTO-compatible scenario. That was not done and when the D-day arrived, it wanted more time, which was a totally illogical move. The leeway to withdraw subsisting export subsidies within the eight-year time frame was meant for those developing countries which in 1995 had GNI in excess of $1,000 per capita. It can't be availed by India which falls in a different category.

The Indian position being untenable, the decision of the WTO Dispute Settlement Panel (DSP) has gone against New Delhi. We appealed against the DSP decision before the appellate authority of the WTO's Dispute Settlement Body (DSB) and a verdict is yet to come. Meanwhile, India has abolished the MEIS and launched RoDTEP. The official think tank may feel that the new scheme is "compliant" with the WTO's norms. But Damocles' sword still hangs over us as the US has already asked the Government to explain this scheme and its structure, and may even follow this up by challenging it at the WTO.

The confidence of Team Modi stems from the fact that the RoDTEP is a scheme only for the reimbursement of duties on exported products; hence, there is no financial support from the Government. The duties considered in fixing the refund rates include all the levies that are not subsumed by the GST. These are taxes on crude oil, natural gas, petroleum products such as petrol, diesel, ATF, electricity, mandi tax, stamp duty, besides embedded central GST and compensation cess (under GST, the cess is levied on the so-called demerit products in the highest slab of 28 per cent and the proceeds thereof to be used for compensating the States for the shortfall in revenue).

Given the highly complex nature of these duties and the wide variations between the Centre and the States, it may not be easy to justify giving remission for each one of them. A better way of ensuring that exports are not hamstrung is to bring all the aforementioned products under the GST, besides abolishing all local taxes. The compensation cess will anyway go on March 31, 2022 — as per the extant law. As for the embedded central GST, mechanisms are available for its refund under the GST scheme which treats exports as zero rated. This will require a fundamental change in the extant approach of "first burdening exporters with taxes, then refunding" to one whereby "taxes are not levied in the first place or their burden is kept at a bare minimum." While, this transition may take some time, in the interregnum, remission rates under the RoDTEP should be notified without any further delay. All outstanding dues to exporters should be promptly cleared to enable them to ramp up supplies for catering to the resurgent demand.

Source: dailypioneer.com– Apr 20, 2021

HOME

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88% Indian CEOs confident on global economic improvement in a year

About 88 per cent of India CEOs are confident of global economic growth improving over the next year, and 70 per cent are sure of their own revenue growth in the same period, according to the PWC's 24th Global CEO Survey. **India's CEOs are gearing up** to ride the consumption wave through improved operational efficiencies leading to higher profitability.

The highlights of the survey, in which 60 CEOs participated, include:

Workforce strategy: 42 per cent will focus on productivity through automation and technology as a workforce strategy to make the biggest impact on their organisation's competitiveness, while 35 per cent are focused on health and wellbeing of the workforce.

Climate change: 28 per cent CEOs have explicitly factored climate change and environmental damage into their strategic risk management activities.

Top threats to growth: 70 per cent CEOs view pandemics as a top threat to growth, while 62 per cent consider cyber threats as an impediment. About 53 per cent view uncertain economic growth as one of the top threats.

Strategic risk management activities: 63 per cent factor in speed of technological change as a top threat, while 57 per cent consider availability of key skills and changing consumer behaviour as top threats.

Long term investments: An overwhelming 93 per cent are willing to invest more in digital transformation and 90 per cent would opt for leadership and talent development.

"Concerns around growth will remain for some time, along with challenges around digital transformation, like cybersecurity and reconfiguration of workforce strategies. However, the disruption faced in the past year has catalysed inclusive growth and thinking around becoming truly fit-for-future. This includes prioritising of commitments around environmental and social needs and becoming truly responsible," Sanjeev Krishan, chairman of PwC in India, said in a statement.

Source: fibre2fashion.com– Apr 19, 2021

HOME

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Second Covid wave could spark greater economic uncertainty: Niti Aayog VC

The country needs to prepare for "greater uncertainty" in terms of consumer as well as investor sentiments due to the second wave of coronavirus infections, and the government will respond with fiscal measures as and when required, Niti Aayog Vice Chairman Rajiv Kumar said on Sunday.

While acknowledging that the present situation has become far more difficult than it was in the past due to rising coronavirus infections, Kumar remained hopeful that the country's economy will grow 11 per cent in the current fiscal ending March 31, 2022.

India is grappling with spiralling number of COVID cases as well as related deaths, forcing many state governments to put in place restrictions on movement of people.

According to Kumar, India was on the verge of defeating COVID-19 completely but some new strains from the UK and other countries have made the situation far more difficult this time around.

"Apart from their direct impact on some sectors like the services sector, the second wave will increase the uncertainty in the economic environment which can have wider indirect effects on economic activities. So, we need to prepare for greater uncertainty, both in consumer and investor sentiments," Kumar told PTI.

To a query on whether the government is considering coming up with a fresh stimulus, the Niti Aayog vice chairman said this question has to be answered after the finance ministry analyses both the direct and indirect impact of the second COVID wave.

"And as you have seen from RBI's response, the expansionary policy stance has been continued and I am sure the government will respond with necessary fiscal measures also as and when it is necessary," Kumar said.

Earlier this month, the Reserve Bank left the benchmark interest rate unchanged at 4 per cent but maintained an accommodative stance to boost the economy.

In 2020, the Union government had announced the 'Aatmanirbhar Bharat' package to perk up the economy and the overall stimulus was estimated to be worth around Rs 27.1 lakh crore, which was more than 13 per cent of the national GDP.

Regarding growth in the current financial year, Kumar said that various estimates suggest that it will be around 11 per cent.

In its last policy review, the RBI projected a growth of 10.5 per cent for FY'22 while the Economic Survey, tabled in Parliament earlier this year, estimated 11 per cent growth during the year.

The country's economy is projected to contract by 8 per cent in 2020-21, as per official estimates.

Source: business-standard.com– Apr 19, 2021

HOME

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'Allow textile units to run without curbs'

Staff need to reach home and office at nights, says association

The Southern India Mills' Association has appealed to the government to permit textile units to operate without time restrictions from Tuesday.

Secretary general of the association K. Selvaraju said that textile units –– spinning, weaving, processing, and vertically integrated units –– operate three shifts.

The workers of the 3 p.m. to 11 p.m. shift need to return home and those coming for the 11 p.m. to 7 a.m. shift need to travel at night from their homes.

Shift workers

The State government has announced lockdown from 10 p.m. to 4 a.m. from April 20.

The movement of workers should not be affected for both these shifts as these account for two-thirds of the production. The government should treat textiles as a continuous processing sector and permit operation of the units without time restrictions, he said.

Further, the employees should not be stopped from returning or reaching the workplace when the restrictions remain in place, Mr. Selvaraju added.

Source: thehindu.com– Apr 20, 2021

HOME

****

Unemployment in urban India surges to 10.72%: CMIE

Unemployment rate in urban India has been on the upswing since the beginning of the current month. From 7.21% on April 4, it jumped to 9.81% for the week ended April 11 and further to 10.72% for the week ended April 18, CMIE's latest data showed.

This reflects a shift in the burden of job losses to urban India, reversing the trend of rural India largely bearing the brunt of Covid-induced strain on employment.

The overall unemployment rate was marginally down to 8.4% for the week ended April 18 compared with 8.58% a week ago. The rural unemployment rate, which had been on the upswing for the entire month of March — from 5.86% on March 7, it rose to 6.17% on March 14, 6.41% on March 21 and to 8.58% on April 4 — fell to 8% on April 11 and further to 7.31% on April 18.

Mahesh Vyas, MD & CEO, CMIE, recently told FE six million of the 10 million salaried jobs lost due to the pandemic — March level against the average of 2019-20 — were from the rural sector.

The rural sector workers have been hit because MSMEs and other industrial units are in trouble, he had said. In the absence of opportunities in companies and small establishments, there has been a shift of the labour force to the agriculture space, creating a fair bit of disguised unemployment, he noted.

Unemployment rate reached its peak for the week ended May 3, 2020 at 27.11%. The strain on urban India is now intensifying, Vyas said, adding "we could see more livelihoods lost as states enforce more restrictions." Half the factories in Maharashtra are either shut or on the verge of shutting down. Delhi on Monday decided to impose a week-long lockdown with effect from April 19 evening. Other urban centres may also announce such restrictions soon.

CMIE's 30-day moving average unemployment measure, which is drawn from a fairly large sample, indicates joblessness which was 7% on April 11, has gone up to 7.4%, a fairly swift uptick in a short time.

Source: financialexpress.com– Apr 20, 2021

HOME

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As more states impose curbs, e-commerce companies brace for operational challenges

With more states imposing mini-lockdowns and tightening restrictions to tackle the surge in coronavirus infections, e-commerce companies are again bracing for operational restrictions.

Although they are better equipped to deal with the crisis this year than the last, a varying set of regulations mandated by individual states have made the task arduous.

Delhi, which announced a six-day lockdown on Monday, for instance, has not allowed inter-state movement of non-essential goods, an executive with a top e-commerce firm said. "That is the interpretation from the notification," he told FE. This essentially will hinder shipments to other parts of the country given that a considerable number of delivery trucks pass through the capital.

"The borders will be choked and the situation will be too chaotic. It will not be possible for the police deployed on the ground to check each and every vehicle and figure out which one is carrying essential products and which one is not," the executive said.

Other states, including Maharashtra, on the other hand, have not implemented any such restriction, he said. "There shall be no restriction on inter-state and intra-state movement/ transportation of essential goods," the circular issued by the Delhi government said.

Amazon, in a statement, said: "We request the Delhi government to allow delivery and inter / intra state movement of all products to enable people to maintain social distancing norms. E-commerce is the safest way to serve consumers' needs while supporting livelihoods of lakhs of small & medium businesses including the local shops."

An executive with another e-commerce company said night curfews will delay deliveries. "A lot of the activities involved in ensuring faster deliveries like sorting, packaging and movement of goods are done at night," the official said.

Companies also emphasised that local authorities were rather quick to impose restrictions, leaving them with inadequate time to fulfil deliveries of non-essential products. "Many products are stuck in transit. Firms will eventually have to cancel a spate of orders and warehouses will get choked," the first executive said.

Small businesses, which sell a significant share of these products, will be impacted due to the cancellations.

Vinod Kumar, president of the India SME Forum, said, "The state governments need to at least allow the e-commerce industry to cater to the people for all products and non-essentials. That is the only way to safeguard the interests of micro and small sellers as well as consumers."

Industry executives are of the view that the demarcation of essentials and non-essentials is completely subjective. "For a person in quarantine, a product like a bed sheet is essential; for employees working from home, a laptop is essential," said the second executive quoted above.

Although a representation to the department for promotion of industry and internal trade (DPIIT) has been made on the matter, companies are not very hopeful given that the issue is a state subject.

"At a time when eComm can ensure safe delivery of all type of goods with testing protocols being followed by delivery fleets, it is critical that we don't see a domino effect like last year of states restricting categories of goods that consumers can buy online," Kunal Bahl, co-founder & CEO of Snapdeal, had said in a tweet last week.

Some companies are also not ruling out a labour crunch in the coming days; many workers will want to return to their home states to avoid a rerun of last year's crisis. "... whenever there is an uptick in Covid-19 cases in a given city, we tend to notice that some delivery partners would log off as they intend to go back to their hometowns," Grofers said in a blog. The e-grocer is already hiring additional warehouse and delivery staff to cater to the surge in demand. It has also opened daily slots on its app so as to service more orders.

Source: financialexpress.com– Apr 20, 2021

HOME

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Future Retail lenders okay debt recast plan with repayment up to two years

Lenders to Future Retail have approved a debt recast plan wherein the company can extend the repayment of loans for up to a period of two years. This follows the approval of debt recast plan by the K V Kamath committee, set up by the RBI to recommend parameters for one-time restructuring of corporate loans.

The resolution plan approved by the lenders and the board of directors of Future Retail will be executed by April 26.

A group of 28 lenders, including Union Bank of India, Bank of India, State Bank of India, Bank of Baroda, Axis Bank and HDFC Bank, has decided to extend the repayment period of short term loans, term loans, NCDs, overdue working capital loans (converted into Working Capital Term Loans) of the company. Furthermore, as per the debt recast plan approved by the lenders, interest during the period March 1, 2020, and September 30, 2020, will be converted into Funded Interest Term Loan (FITL) which shall be payable by December 2021.

Also, cash credit will be continued to the company but at a reduced level based on the assessment by banks, and all penal interest and charges, default premiums, processing fees unpaid since March 2020 to the implementation date of the resolution plan will be waived off fully.

Furthermore, as a part of the resolution plan, debt raised through NCDs are also part of the restructuring process and the company has taken consent from all the NCD holders to amend the terms and conditions of the NCDs as per the resolution plan approved by the lenders.

In an exchange notification, the company said, the pandemic has deeply impacted its long-term business viability and led to significant financial stress across the industries.

“The debt burden has become disproportionate relative to the cash flow generated by the company owing to the multiple lockdowns since the pandemic surfaced, posing significant financial stability risks to the business. Hence, the restructuring of the debt is crucial and essential”, it said.

According to rating agency Care Ratings, as of October 2020, Future Retail had loans worth Rs 6,278 crore, including long-term term loans of Rs 528 crore, long-term fund-based bank facilities of Rs 3,250 crore, and short-term non-fund based bank facilities of Rs 2,500 crore.

In August last year, Future Group had announced that it will sell its retail and wholesale business to Reliance Retail Ventures for Rs 24,713 crore. However, the deal has not gone through as Amazon has contested the scheme of arrangements of the deal. E-commerce giant Amazon had invested in Future Coupons in August 2019.

Source: business-standard.com– Apr 18, 2021

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