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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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INTERNATIONAL NEWS

After Suez Canal Crisis, Freight Rates Are Sky High. When Will Fees Fall?

In the aftermath of the Suez Canal blockage and bottleneck, port congestion is expected to remain a concern until at least mid-May and carrier schedules are unlikely to return to near-normal operations before mid-June, particularly on the Asia-Europe route, according to a new report from Everstream Analytics.

A month after maritime traffic in the canal was unexpectedly suspended for six days, the effects of the shipping snafu continue to ripple through global supply chains. On April 3, the last of the 360 ships stuck in the Suez Canal at the end of March finally transited the crucial gateway, normalizing operations that were disrupted for almost a week and held up trade valued at more than $9 billion per day.

Everstream, which delivers a range of predictive analytics solutions for supply chain and logistics professionals, said congestion levels have started to affect container gateways in Europe and Southeast Asia, such as Rotterdam, Holland and Singapore, due to simultaneous vessel arrivals. Terminals in Rotterdam are likely to have the highest risk of congestion, as ocean carriers are considering a strategy that involves offloading cargo at major hub ports, skipping subsequent port calls and turning ships around early to return to Asian export hubs.

In Asia, the Port of Singapore, which is expected to receive the largest number of vessel calls on Eastbound services, has also faced an uptick in vessel berthing times over the past 18 days, with vessels now spending 60 hours on average outside the port, compared to 42 hours on April 8, the report noted.

“As empty containers have been held for longer than usual at European ports, Asian export gateways such as Shanghai and Busan, South Korea, will experience scarcity of container equipment in the coming weeks,” the report said.

Spot rates on the Asia-Europe ocean cargo trade lane have been rising due to a lack of capacity following the Suez Canal closure, pushing up rates in the air cargo market as shippers convert ocean cargo to air freight shipments.

Drewry's composite World Container Index (WCI) inched up 0.2 percent or $8 to $4,913.07 per 40-foot container or equivalent unit (FEU) for the week ended April 22. The average composite index of the WCI, assessed by Drewry for year-to-date, was $5,096 per FEU, which is $3,292 higher than the five-year average of $1,804.

Freight rates on the Shanghai to Genoa, Italy, route rose $264 to $7,919 per FEU, while rates on the Shanghai-Los Angeles trade lane increased $71 to $4,209 per FEU. Rates on Rotterdam to New York rose $19 to $2,642 per FEU.

Conversely, rates on Shanghai to Rotterdam dropped $147 to come in at $7,831 per FEI and Shanghai-New York rates fell $78 to $6,255 per FEU.

Everstream said the availability of containers at Asian export hubs is likely to improve toward the end of May, especially when the long queue of vessels outside U.S. West Coast ports carrying hundreds of thousands of containers starts to clear.

"However, no significant decrease in ocean cargo spot rates should be expected until the fourth quarter of 2021, as carriers continue to be in the driver's seat, meticulously managing the supply and demand balance with a clear focus on maximizing profits," Everstream said.

Meanwhile, air cargo rates have risen in April following the Ever Given's grounding, as shippers looked to convert critical shipments from ocean to air. Everstream said this is particularly true on the Hong Kong to North America lane. Figures from the Baltic Exchange Air Freight Index (BAI) showed that average prices in mid-April were higher than at any point during 2020's demand surge amid the export boom of personal protective equipment between March and June.

Source: sourcingjournal.com– Apr 29, 2021

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USA: On PPE Production, NCTO CEO Urges Congress to Learn from Covid Crisis

Winston Churchill wrote, “Those that fail to learn from history are doomed to repeat it,” and National Council of Textile Organizations president and CEO Kim Glas urged Congress on Thursday to remember that adage when it comes to domestic PPE production.

“One silver lining associated with the immense challenges posed by the COVID-19 crisis is that it afforded the domestic textile industry an opportunity to demonstrate its enormous resiliency, flexibility and overall value to the U.S. economy,” Glas said in testimony before the Small Business Committee’s Subcommittee on Economic Growth, Tax and Capital Access.

“Despite the fact that there was virtually no [full] U.S. production of textile-based PPE (personal protective equipment) prior to the pandemic, the heroic actions of domestic textile manufacturers resulted in the ability to supply homegrown PPE at the height of the greatest healthcare emergency our country has faced in the past 100 years,” Glas said at the “Supply Chain Resiliency and the Role of Small Manufacturers” hearing.

“There is much to learn from studying and acknowledging the overwhelming challenges the industrial base confronted during the ongoing pandemic,” she said.

“As our country faced devastating challenges in responding to COVID-19 beginning last spring, U.S. textile manufacturers stepped forward and answered America’s call during this time of crisis. Our industry received pleas, from the highest levels of government to nurses and doctors on the front lines, asking for immediate assistance. The U.S. textile industry was honored to help during this critical time and feel it is our duty to contribute to the health and safety of our nation.”

However, Glas said decades of offshoring these industries to China put the country’s healthcare workers “in harm’s way when global supply chains broke down.”

“U.S. textile manufacturers quickly mobilized to find innovative solutions to the crisis, proactively retooling production lines and retraining workers to provide U.S.-made PPE to front-line medical workers,” Glas said. “They put aside competitive differences to construct multi-company PPE supply chains virtually overnight. In doing so, our members were able to manufacture and supply over 1 billion urgently needed items, including face masks, isolation gowns and their textile components at a time when global supply failed to meet the needs this crisis has required."

"While the U.S. textile industry and its small-business backbone has undertaken heroic efforts to confront the ongoing crisis, the onshoring of a permanent PPE industry will only materialize if proper government policies and other actions are put in place to help domestic manufacturers survive the current economic crisis and incentivize the long-term investment needed to fully bring PPE production back to the United States," she added.

Glas noted that textile manufacturers are considered an "essential" industry in the United States due to the many consumer, military and industrial products that they manufacture, including PPE and textile and apparel products for the military. The U.S. textile industry supplies more than 8,000 different textile products for the U.S. military alone, she noted.

The pandemic created unprecedented demand destruction for apparel and textiles. Billions of dollars of orders for fiber, yarn and fabric were cancelled last year as retail shopping outlets were closed for many months and then operated at reduced capacity.

"This historic downturn in demand led to many U.S. textile manufacturers operating at barely 10 percent of existing capacity beginning in March 2020," Glas said. "The collapse in demand has been felt throughout the supply chain, including very acutely among small manufacturers. These grim statistics lead to the conclusion that U.S. textile manufacturers have suffered as much as any single segment of the U.S. economy because of the COVID crisis."

Noting the country's long-term ability to make PPE in the United States depends on the overall health of a strong domestic textile industry, Glas said, "We must use all the tools necessary to ensure this small-business-heavy manufacturing sector and other key sectors survive and thrive long after this crisis is over."

Glas said as the current crisis subsides, "rational federal policies are once again needed to ensure a stable overall environment where small businesses can compete and thrive, and targeted initiatives are required to ensure that domestic supply chains for critical materials, such as PPE, exist in the United States."

She detailed five key policy recommendations supported by 20 trade associations and labor groups, representing the entire domestic supply chain aimed at strengthening the integrated U.S. textile sector.

Glas urged the government to strengthen Buy American procurement rules, provide funding assistance for companies to reconstitute domestic supply chains important to U.S. national and healthcare security, key contracting reforms, streamline the Small Business Administration loan application process and provide additional funding for workforce training.

"We are pleased that the President's Build Back Better initiative outlines the importance of having stronger domestic manufacturing supply chains," Glas said. "In January, President Biden issued an Executive Order to identify ways to strengthen Buy American rules. For our industry, it is essential that we couple these Executive Orders with legislation that ensures our supply chain is resilient and significantly stronger as we confront the next crisis."

She said without strong federal government policies to incentivize this production chain long term, including domestic procurement requirements and other production investments, "our industry fears that this opportunity to onshore the domestic PPE supply chain will be lost forever."

"We simply cannot let that happen–this is a serious public health security and national security issue," she said. "Your continued leadership to find ways to bolster the small business industrial base is essential to improving the resiliency and global competitiveness of the U.S. textile industry and the overall industrial base."

Source: sourcingjournal.com– Apr 29, 2021

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Post Brexit apparel prices vary between the UK and EU

Brexit has not just changed the way fashion business operates but also brought certain discrepancies in apparel pricing across the EU and UK regions. As per a report by the Edited, tops and outerwear are being sold in the same price range in the EU and UK.

However, prices of footwear and bottoms in these two regions vary. Bottoms in UK are currently priced higher in the range of £40-60 while footwear in the EU is priced between €30-40 and between t, £10-30 and £80-90 in the UK market.

Price differences post Brexit

Online British luxury brands have increased their prices both in domestic market and across Europe. Boohoo has increased prices in the European market on an average €3.41 compared to prices in the UK at £1.01. Similarly, Marks & Spencer has increased prices by £1.01 in the UK, while prices in EU are on par YoY.

Spanish brand Mango has maintained prices in Europe while its UK prices have increased almost £2.00. Vero Moda's UK prices have increased nearly £0.60 YoY while prices in the EU have declined by €1.06. Prada's UK prices have increased by an average of £149.29 than last year compared to those in the EU, where prices have increased by only €82.82.

Prices in the EU-based markets started increasing from the third week of 2021 while the UK market has seen some noticeable price increases since the start of the year. For instance, the prices of & Other Stories' have increased by 3.4 per cent while those of Esprit have increased by 2.8 per cent and Massimo Dutti by 2.6 per cent.

No change in free shipping policy

While prices across categories vary between the EU and UK, minimum orders for free shipping remains the same pre and post-Brexit in both markets. In UK, orders worth £60 from Jack & Jones are eligible for free shipping, while EU customers can avail free delivery on orders worth €50 DE). The figures for Mango are £30 UK / €30 across regions, Vero Moda products are priced at £60 in the UK while they cost €50 DE in the EU.

Brand COS offered free deliveries between January 13-17, 2021 on all orders to compensate for Brexit delivery delays.. Deliveries by Massimo Dutti are priced at £100 in the UK and €80 in EU. & Other Stories charges a minimal amount for shipping. United Colors of Benetton has introduced free shipping on orders over £40 over Christmas. It has maintained these prices post Brexit to reassure its shoppers and encourage shopping.

Source: fashionatingworld.com– Apr 29, 2021

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US' T-shirt imports decline 10.70% during Jan-Feb'21

T-shirt imports by the US declined by 10.70 per cent to $ 2.92 billion in the January-February '21 period from $3.27 billion in the corresponding period of 2020. As per Apparel Resources, import volumes declined 8.04 per cent to 83.68 million dozen during the period.

All major apparel shippers recorded a dip value-wise in T-shirt exports to the US, except China. China's exports grew 5.37 per cent Y-o-Y to $ 403.87 million. It exported 13.51 million dozen T-shirts, a 17.58 per cent yearly growth. Bangladesh's exports grew 2.87 per cent on a yearly basis to 5.35 million dozen, which valued $ 129.10 million and declined by 3.52 per cent in the January-February '21 period.

India's exports declined both in terms of quantity and value. The country clocked $ 140.42 million in January.-February. '21 to ship 4.21 million dozen of T-shirts and noted a marginal drop of 0.06 per cent on Y-o-Y basis during the period.

Source: fashionatingworld.com– Apr 29, 2021

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Eighteen brands join Textile 2030 scheme

Eighteen major brands including Boohoo, Asos, Primark, Next, M&S, Primark, and John Lewis have joined Textile 2030 Scheme that aims to reduce the sector's significant environmental footprint over the coming decade. The initiative launched by waste charity WRAP, commits fashion retailers to halving their carbon emissions by the end of the decade and reducing the aggregate water footprint of their products by 30 per cent.

Alongside pledges to reduce water use and cut carbon emissions, signatories have also committed to using more recycled materials in their products and to pilot and implement business models centred around the reuse of old clothes. The national scheme is set to join a global network of initiatives geared at reducing the environmental impact of clothing around the world dubbed the Textiles Action Network, WRAP said.

MPs on the Environmental Audit Committee held an evidence session today to discuss how the scheme can put the UK fashion industry on a pathway to net zero emissions while incorporating greater circularity across business models. The session also investigated how the planned Extended Producer Responsibility (EPR) scheme for the textiles industry could be designed to support the initiative and incentivize sustainable design within the fashion industry.

Source: fashionatingworld.com– Apr 29, 2021

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Iran aims to increase cotton output by 21% in year to March 2022

Iran's Ministry of Agriculture Jihad (MAJ) says cotton output in the country would increase by 21% in the year to March 2022 as the government keeps encouraging more cultivation of the strategic crop to lower imports of around 130,000 metric tons per year.

MAJ's cotton project manager said on Wednesday that output for unprocessed cotton is expected to top 327,000 tons in the current calendar year. Ebrahim Hezar Jaribi said that lands dedicated to cotton farming would increase by 16% to meet the output target.

Once a major producer and exporter of cotton, Iran is been a net importer of the crop over the past two decades. Many cotton farmers have opted for other crops, especially wheat and barley, to benefit from government schemes that guarantee the purchase of their harvest.

Nearly a third of cotton processing factories in Iran have closed down in recent years, according to the agriculture ministry figures. However, the government hopes increased activity in the Iranian textile industry could cause a fresh boom in cotton farming in the country.

Hezar Jaribi said that current domestic output of cotton stands at around 270,000 tons per year from nearly 100,000 hecrates of lands that are mostly concentrated in east, north and southern Iran.

He said that the country imports around half of its demand for processed cotton from aboard, adding that Uzbekistan continues to be the top supplier of the crop to Iran while textile factories also rely on shipments imported from Tajikistan and India.

Source: presstv.com – Apr 28, 2021

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Japan's March apparel sales up

According to Japanese Chain Stores Association (JCSA), apparel sales in the country increased to 72,027.55 million yen ($665.10 million) in March '21 as against 47,561.47 million yen ($432.51 million) in February '21. Growth could be attributed to an increase in total number of shops associated with JCSA in March '21.

The number of shops that remained open increased from 11,014 shops of 56 companies in February to 11, 789 in March. Of total revenues, menswear category registered revenues of 11,519.80 million yen ($106.37 million) revenues during March '21, noting 21.40 per cent surge on M-o-M basis.

On a Y-o-Y basis, menswear sales grew by 6 per cent as compared to sales figures seen in March '20. Women's wear revenues increased 53.70 per cent to 18,350.70 million yen ($169.45 million) in March '21 on M-o-M basis and 12.30 per cent growth on Y-o-Y basis.

All other type of clothing including kid's wear and unisex products too grew significantly by 61.30 per cent on monthly note to 42,157.07 million yen ($389.27 million), while the growth on Y-o-Y note was 4.70 per cent.

Source: fashionatingworld.com – Apr 29, 2021

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Turkish exporters voice concern over trouble finding containers, ships

Turkish exporters have once again expressed their concerns at not being able to find containers and ships available for transport, a crunch that has been hampering trade recovery.

The shipping sector has been struggling for months with disruptions caused by the coronavirus pandemic and a surge in demand for retail goods that led to wider logistical bottlenecks around the world.

A severe vessel crunch has led to a squeeze on shipping containers and has pushed up costs to unprecedented highs recently and hampered the orders of goods.

Scores of problems have arisen for exporters in global trade due to the outbreak, especially in the field of logistics, Adil Pelister, the head of Turkey's Istanbul Chemicals and Chemical Products Exporters Association (IKMIB), said Wednesday.

Turkish exporters have recently called for the establishment of a local fleet of shipping containers.

Saying that the chemical sector is Turkey's second-largest exporting sector, Pelister stressed that 79.1% of the country's exports are done by maritime transport, 17.6% by road transport and 3.5% by other means.

"Apart from other issues, we face a problem in ports slowing down their work due to the pandemic," he added.

The chemical industry has proved crucial for Turkey's exports as it has long been ranking second in overall sales just behind automotive.

Some $18.26 billion (TL 148 billion) worth of chemical products were exported throughout 2020, according to the Turkish Exporters' Assembly (TIM).

"Our sector has the second-highest exports in Turkey. Here we should also add that the sector contributes to many other industries by providing raw materials and semi-finished products," Pelister noted.

The sector's sales hit $5.3 billion from January through March of this year, surging by 13.8% year-on-year.

Despite the pandemic, Turkish exports went on to hit an all-time monthly high for the fourth straight month in March.

Sales soared by 42.2% year-on-year in the month to $18.98 billion, according to TIM data.

The March figure followed record-high figures in December, January and February when sales reached around $17.8 billion, $15 billion and $16 billion, respectively.

The coronavirus pandemic led to a 6.26% drop in 2020 exports as Turkey closed the year with $169.5 billion in foreign sales, exceeding the target of $165.9 billion in the medium-term program.
Imports were up 4.3% to reach $219.4 billion. The trade deficit widened by 69.12% to $49.9 billion last year.

The country looks to achieve a year-end target of $184 billion, up from $169.5 billion in 2020.

Istanbul and Marmara, Aegean, Mediterranean, Black Sea Regions (IMEAK) Maritime Chamber of Commerce Chairperson Tamer Kıran said, looking in terms of tonnage, nearly 89% of Turkey's foreign trade is being made via sea.

Shipping and the continuation of the supply chain are indispensable for the Turkish economy, Kıran noted.

Source: dailysabah.com – Apr 29, 2021

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Viscose yarn prices to strengthen in Q2 2021: TexPro

The monthly average price of 100% viscose yarn, FOB China, is expected to show regular gain in the remaining period of the second quarter (Q2) of 2021.

Currently, viscose yarn traders and downstream plants are less active with upcoming holiday in May 2021. While some players continue to stock, other players will again start stocking after the holiday.

From the beginning of 2021, the monthly average price of viscose filament yarn has shown a continuous narrow fluctuation, and is expected to reach to $5.68 per kg by June 2021, according to Fibre2Fashion's market intelligence tool TexPro.

The monthly average price of 100 per cent viscose yarn was $2.54 per kg in January 2021 and it moved up to $3.00 per kg in March 2021 with a surge of 18.11 per cent in just two months.

After the substantial rise in March 2021, the price showed a drop of 7.00 per cent in April 2021 and reached $2.79 per kg.

The current market dynamics support the expectations of price rise by the end of the first half of 2021. The price is expected to climb to $3.05 per kg in June 2021 with a growth of 9.32 per cent over monthly average price in April 2021, as per TexPro.

The price rise of 100 per cent viscose yarn in the 1st quarter of 2021 has been supported by the gradual stock building of downstream plants. Hence, viscose yarn inventory declined in the beginning of the year 2021.

Yarn manufacturers remained under cost pressure due to further increase of pulp price amid tighter supply. The offer prices further increased in March 2021 with stable demand and rising prices of raw materials.

Source: fibre2fashion.com – Apr 29, 2021

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Easing of lockdown fuels surge in UK consumer spending: Deloitte

The first three months of 2021 saw a record quarterly rise in consumer confidence, rising 6 percentage points to -11 per cent, the fastest rate of quarterly growth in the Deloitte Consumer Tracker's ten-year history. In a sign that consumers are preparing for further lockdown easing, discretionary spending grew this quarter, albeit by 1 percentage point.

Deloitte's analysis is based on responses from more than 3,000 UK consumers between March 19 and 22, 2021, as the UK's phased lockdown easing remained on track.

"The UK is primed for a sharp snap back in consumer activity. High levels of saving, the successful vaccination rollout and the easing of the lockdown set the stage for a surge in spending over the coming months," said Ian Stewart, chief economist at Deloitte.

In an encouraging sign that consumers are preparing for further lockdown easing, discretionary spending grew this quarter, albeit by 1 percentage point. With late June earmarked for the last of social distancing measures to lift, consumers expect to increase their spending across almost every essential and discretionary category. Net discretionary spending is anticipated to become positive for the first time, meaning the number of consumers expecting to spend more exceed those anticipating to spend less, said the report.

Reflecting consumer eagerness to spend, 'going to a shop' topped the list of leisure activities consumers are most likely to do after lockdown, with 63 per cent saying they would plan to return within a month of measures lifting.

Ben Perkins, head of consumer research at Deloitte, commented: "Mass remote working will continue to impact footfall on the High Street. Shopping behaviours have changed significantly during the pandemic, with some consumers discovering the convenience of online retail for the first time.

It's likely that many of these changes will continue beyond the end of the pandemic. Whether shopping online or in-store, though, if consumers remain confident about their income, then an increase in consumer spending could become the driving force for growth as the economy reopens."

The start of the pandemic in Q1 2020 saw economic sentiment plunge to an historic low. However, armed with a clear map out of lockdown, extended furlough support through to the autumn, and the vaccination programme continuing, consumer sentiment on the state of the economy grew to -61 per cent, a quarterly rise of 12 percentage points, according to the Deloitte Consumer Tracker.

Source: fibre2fashion.com – Apr 29, 2021

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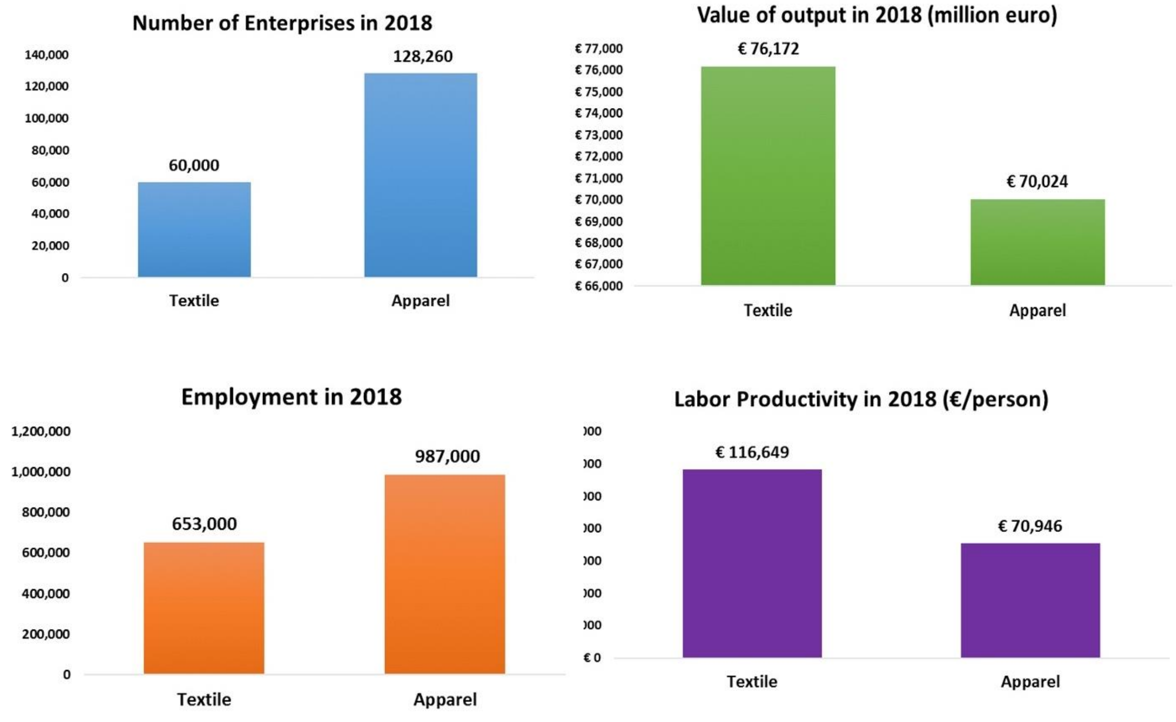
EU Textile and Apparel Industry and Trade Patterns (Updated April 2021)

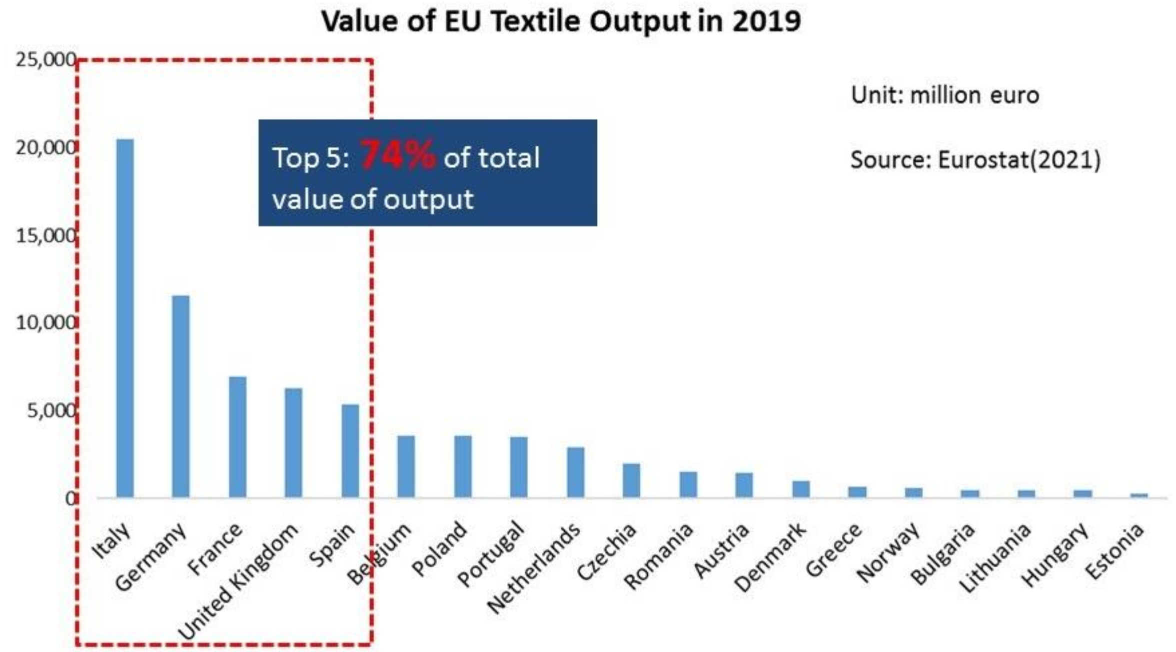
The EU region as a whole remains one of the world's leading producers of textile and apparel (T&A). The value of EU's T&A production totaled EUR137.3 bn in 2019, down around 2% from a year ago (Note: Statistical Classification of Economic Activities or NACE, sectors C13, and C14). The value of EU's T&A output was divided almost equally between textile manufacturing (EUR68.7bn) and apparel manufacturing (EUR68.6bn).



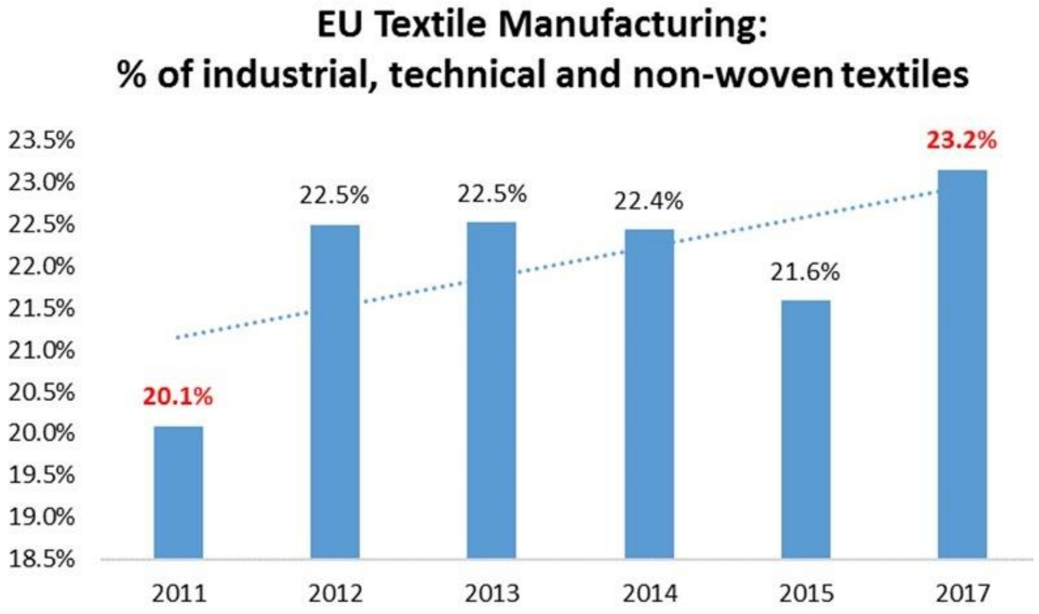
Data source: Eurostat(2020); Euratex (2020)

Regarding textile production, Southern and Western EU, where most developed EU members are located such as Germany, France, and Italy, accounted for nearly 75% of EU's textile manufacturing in 2019. Further, of EU countries' total textile output, the share of non-woven and other technical textile products (NACE sectors C1395 and C1396) has increased from 19.2% in 2011 to 23.0% in 2017, which reflects the on-going structural change of the sector.

Apparel manufacturing in the EU includes two primary categories: one is the medium-priced products for consumption in the mass market, which are produced primarily by developing countries in Eastern and Southern Europe, such as Poland, Hungary, and Romania, where cheap labor is relatively abundant. The other category is the high-end luxury apparel produced by developed Western EU countries, such as Italy, UK, France, and Germany.



Textile Manufacturing in EU: **Developed Western EU countries** are dominant producers



Data source: Eurostat (2020); Note: the 2016 data was not available

It is also interesting to note that in Western EU countries, labor only accounted for 21.7% of the total apparel production cost in 2017, which was substantially lower than 30.1% back in 2006. This change suggests that apparel manufacturing is becoming capital and technology-intensive in some developed Western EU countries—as companies are actively adopting automation technology in garment production.

Because of their relatively high GDP per capita and size of the population, Germany, Italy, UK, France, and Spain accounted for nearly 60% of total apparel retail sales in the EU in 2020. Such a market structure has stayed stable over the past decade.

Click here for more details

Source: shenglufashion.com – Apr 28, 2021

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Transition to Sustainable Fashion

Since 1970, the average amount of clothing that Americans buy has tripled. With constantly evolving fashion trends and unlimited choices for shoppers, buying hauls of clothing has become the norm. Unsurprisingly, this rapid increase in consumption has had devastating environmental impacts, such as greenhouse gas emissions and excess materials being disposed of in landfills or the ocean. Fortunately, there are many options for Georgetown University students to be more sustainable shoppers.

The movement toward sustainable fashion is gaining popularity, yet the issue with the fashion industry is its ever-evolving need to be trendy, causing consumers to continuously shop to stay on top of the newest fashion. Further, sustainable fashion is often associated with higher price tags, simpler designs and more minimal colors than some shoppers might desire. And, while some brands have been able to adopt more sustainable operations, others have struggled with the discordance between the notion of sustainable fashion and the consumer-driven fashion industry.

Consumers largely contribute to the waste created by the fashion industry by shopping from unsustainable stores. By continuing to purchase copious amounts of clothing, consumers are becoming as detrimental to the environment as the production aspect of the fashion industry. For every 2.2 pounds of fabric produced, 50.7 pounds of greenhouse gasses are emitted on average. By overbuying clothing, consumers are propelling the fashion industry toward having an even greater carbon footprint when the industry already makes up 10% of the world's carbon emissions. Further, climate economists predict that if this level of consumption continues, the fashion industry will account for 26% of carbon emissions by 2050.

This waste is largely spurred by the notion of fast fashion, which allows consumers to buy beyond their needs and stay on top of trends without dropping their entire paycheck. But the impact of fast fashion is shown in a report from the World Resources Institute, which explains that the fashion market alone releases almost 1.2 billion tons of greenhouse gasses that contribute to global warming every year. The production of these materials strains water resources, as manufacturers use up to 713 gallons of water to create only one T-shirt. Between brands like SHEIN, ROMWE and Forever 21, it is easy to stay on top of trends. Yet, having a constant rotation of the newest clothes ends up with American consumers throwing away 81 pounds of clothing a year on average.

With unpredictable clothing trends and overproduction, 85% of textiles go into landfills every year, according to Business Insider. Since there is always a new fashion trend, new styles are constantly introduced, and brands are left with excess materials.

A way to combat this waste is by purchasing secondhand clothes to create material circulation and reduce waste. Thrifting allows clothing to be reused rather than discarded when, at the moment, 26 billion pounds of clothing end up in landfills in the United States every year. This practice can also reduce water pollution, as the fashion industry often resorts to disposing of materials in the ocean, which rarely decompose.

Additionally, many of the stores frequented by Georgetown students hide behind the term sustainable fashion without any follow-through. Companies like H&M are known for greenwashing, a marketing strategy to make clothing seem sustainable with little intention of becoming eco-friendly. Another company, ZARA, works to replicate designer clothing and markets its products as imitations of runway styles. This company is the culmination of fast fashion, as it produces clothing that resembles designer pieces, making consumers flock to its stores for the newest trends. ZARA makes little effort to be sustainable or transparent about its materials. Despite producing a long-term goal list, the company has yet to make strides to become a truly sustainable brand. These are two of many brands that claim to be sustainable only to gain favor with environmental shoppers for sales. And unsurprisingly, many companies have initiatives for sustainability that they have yet to begin.

On the other hand, if you are looking for brands in Georgetown that are committed to sustainability, Reformation and Allbirds have viable environmental initiatives. Reformation focuses on utilizing low-impact materials and reused fabrics in order to maintain a sustainable practice. Additionally, Allbirds, a shoe store, has a five-year plan detailing a sustainability guide it has begun working on. The company is also carbon neutral with plans to become carbon positive.

All in all, the transition to sustainable consumption will not be easy. Yet, you as a consumer can make an impact. As a shopper, looking for sustainable options and cutting back on overshopping will make a large impact on the environment.

Whether it is decreasing personal consumption habits, buying more sustainably or simply publicizing companies' misleading marketing practices, there is always a way to partake in sustainable practices.

Source: thehoya.com – Apr 29, 2021

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Pakistan's anachronistic economic policy and its solution

Sustained economic growth has remained, for the most part, elusive for Pakistan. When we seek growth, we tend to focus on policy formation and the role of the government, but perhaps we need to adjust our lens and question the large footprint of the public sector in our policymaking landscape, along with the reliance on brick-and-mortar reforms and foreign aid.

As a far more viable alternative, uplifting local businesses and fostering competitive markets with openness can bring forward champions and lead to much-needed investments. This is one of the key takeaways from the PIDE Reform Agenda, which we will draw upon heavily in this article.
The fallacies of the HAQ/HAG Model
For the last 60 years, Pakistan has been following a project-based growth model that relies heavily on foreign borrowing. Known as the HAQ/HAG Model by Pakistan's economist Dr. Mahbub ul Haq and the Harvard Advisory Group (Haq/HAG).

While this may have held some weight back in the day, it is largely obsolete now, yet it has continued to shape our policy, basing it around three things including building physical ('brick and mortar') projects; 5year plans to justify the projects; seeking foreign aid given the urgent need to build beyond domestic resources.

This hardware-based approach has led to the neglect of software i.e. capacity building, management, and optimizing yield on assets. Even today, 80% share of development spending is 'brick and mortar' (Pasha, 2012, Haque, 2020).

As shown by our index of economic freedom scores, the Pakistani economy has been mostly unfree since the inception of the Index in 1995. Any GDP growth we have managed has been primarily a result of exports of cotton textiles. This gives us sufficient evidence of what the economy needs in order to remain stable.

Rather than allowing foreign donors to be our crutches, we need to support our local exporters, investors, and thought leaders. It comes as no surprise that private investment has been declining in Pakistan for several years, given how rapidly private investors have been losing confidence in the economy.

We have published a detailed critique on foreign aid in the past, but to reiterate, foreign aid in Pakistan erodes the quality of governance by increasing corruption, weakening accountability, and limiting policy learning. Bureaucracy uses the aid agencies to line up jobs post-retirement and is generally compromised in negotiating a fair deal for Pakistan.

The alternative

Foreign aid programs should have been considered only as a temporary and short-term development tool, yet they were allowed to balloon into much larger bodies and dominate the policy landscape in Pakistan. The approach to development has been imperial rather than people-oriented, and this must change.

Our policies must be geared towards uplifting the local business community, exporting sectors, and SMEs. As the world moves forward in technological up-gradation and value addition, our businesses remain unprofitable, as all the time and energy gets used up in meeting high tariffs, as well as complicated regulations.

It is no surprise that Pakistan ranks low in the ease of doing business and competitiveness indices, as many potential startups are burdened by overregulation that hinders them from taking off. Furthermore, archaic technology, lack of policy continuity, and redundant business practices are likely to persist as long as we keep donor agencies on a pedestal and neglect our business community.

Enhanced trade competitiveness leading to an increase in exports is undoubtedly a sustainable path to economic growth, as, unlike aid, it is not tied up in any form of liability. The earnings through exports serve as a valuable inflow to the economy and paired with remittances, these amounts will be the forces that can eventually pull Pakistan out of its current account deficit. Some ways to enhance our trade competitiveness are diversification, improved quality, and integration into global value chains.

The unprofitable nature of the economy is exacerbated by unreasonable anti-export biases including tariffs and duties, leaving firms in a quandary as exorbitant amounts have to be set aside to meet these requirements. The textile sector remains under immense pressure to maintain a heavy chunk of Pakistan's exports, and therefore must be considered critical for Pakistan's economic prosperity.

In this regard, its challenges should be tackled head-on. These include a number of barriers: the lack of access to the latest seed technology for cotton farmers, high tariffs banning entry into value-added sectors and product diversification, and the fragmented nature of the textile chain which must be streamlined through new infrastructure.

Click here for more details

Source: globalvillagespace.com– Apr 29, 2021

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Moot deliberates potential of textile cooperation between Pakistan, China

In a bid to promote business alliances and sectoral matchmaking between private enterprises of the textile sector of Pakistan & China, the Prime Minister's Office, Board of Investment, Pakistan, organized a "CPEC Industrial Cooperation Textile Business to Business (B2B) Webinar" in collaboration with China Council for International Investment Promotion (CCIIP) and China National Textile & Apparel Council (CNTAC) on Tuesday, 27th April 2021. The webinar offered a platform for analysis of industry trends, bilateral investment opportunities & potential collaborations between companies of the two countries.

Secretary BOI, Ms Fareena Mazhar, Executive Director General BOI, Mr. Khashih ur Rehman, Project Director CPEC Industrial Cooperation of BOI, Mr. Asim Ayub, Deputy President, CNTAC, Mr. Xu Yingxin, Author of Textile Industrial Diagnosis Report, Dr. Du Zhen Li, Deputy Director General of Asian Department of the Ministry of Commerce of China, Mr. Wei Yan, Deputy GM, ICBC (Karachi Branch), Mr. Zhang Hongpeng, Director, China Road & Bridge Corporation (CRBC), Ms. Wang Lu, Chairman, FIEDMC, Mian Kashif Ashfaq, Director General (Textile Wing), Textile Industry Division, Pakistan, Mr. Kanwar Usman, Secretary General, All Pakistan Textile Mills Association (APTMA), Mr. Shahid Sattar participated in the webinar.

The opening remarks were delivered by Executive Director General BOI, Mr. Khashih ur Rehman. He stated that the webinar marks actualization of the MOU signed in 2008 between BOI & CCIIP and it will be integral in advancing B2B & P2P ties under CPEC Industrial Cooperation. In this context he informed the participants that to facilitate business to business (B2B) matchmaking, BOI is also working on the development of an Online B2B portal which will assist potential domestic and foreign investors and serve as a one-stop database of available public and private sector investment projects.

Secretary BOI, Ms. Fareena Mazhar welcomed the participants and stated that the webinar aims to rejuvenate the process of enhanced B2B matchmaking between Pakistani and Chinese enterprises. She appreciated the overwhelming support of China National Textile and Apparel Council (CNTAC) and the Ministry of Commerce of the People's Republic of China.

Owing to the sector's financial gains many international companies including Chinese enterprises are already operational in the country. She shared that "Challenge Apparel" a Chinese company has been successfully operating in Pakistan for years and now plans to expand with an additional investment of over USD 150 million.

She apprised the audience about Pakistan's advantageous investment policies pertaining to SEZs, EV, Mobile device manufacturing policy and emphasized on Pakistan's commitment to facilitate B2B matchmaking. Ms. Mazhar underscored that CPEC Industrial Cooperation follows an all-inclusive policy and is open for third party participation. The inclusion of Trade & Investment Officers in the webinar was to apprise them about investment opportunities under CPEC so the same could be communicated to investors in their respective countries. She concluded by welcoming export oriented hi tech Chinese enterprises to invest in Pakistan.

Project Director PMU & Moderator for the event, Asim Ayub stated that the webinar mark's the initiation of an unprecedented partnership involving the BOI, CIECC, CNTAC, CCIIP and the Ministry of Commerce China. He informed the audience that the Textile Diagnostic Study conducted by CIECC on Pakistan's Textile Sector in 2019 was very well received by the Pakistani side, however there exists a need for a follow up action plan to reap more pragmatic and mutually beneficial outcome. The same point was taken up in the 5th Joint Working Group (JWG) meeting on Industrial Cooperation under CPEC held in December 2020.

Mr. Asim Ayub further stated that the webinar was first of a series of webinars which would be held on mutually agreed priority sectors between Pakistan and China to keep steering the initiative of industrial cooperation under CPEC. He informed the participants about the inception of CPEC & the magnitude of its growth and possibilities. He stated that B2B joint ventures are intrinsic to the success of CPEC & SEZs & BOI will extend full support to Chinese investors for successful materialization of their projects in Pakistan.

Wei Yan, Deputy DG of Asian Department PRC highlighted that Pakistan and China share a strong and historic relationship at many levels & CPEC as the flagship project of Belt & Road Initiative will elevate the economic relation between the two countries. He also briefed about the status of various projects under CPEC umbrella.

Ms. Yao Wenping, Executive VP CCIIP also reiterated CCIIP's commitment to promote industrial progress that will resultantly bolster economic growth via employment & investment opportunities. She expressed satisfaction with the progress of multiple ongoing projects in Pakistan.

"ICBC will provide financial advisory services, MNA & financing for competitive expansion" stated Zhang Hongpeng, Deputy DG ICBC.

Author of Textile Industrial Diagnosis Report, Dr. Du Zhen Li, delivered a detailed presentation on the textile sector of Pakistan wherein in he conducted a SWOT analysis of the textile sector and shared that with the amilioration of the Covid-19 situation, a joint team of Pakistani and Chinese Experts will be formulated to undertake matchmaking of textile enterprises from both sides.

While talking about Pakistan's 3rd textile policy that is currently in process, Director General Textile Industry Division, Pakistan, Mr. Kanwar Usman shared that the policy envisions full utilization of home grown cotton to boost value added exports & carve a name for Pak in global textile & apparel supply chain. He also stated that Pakistan textile export during covid 19 increased by an impressive 9%.

Source: dailytimes.com.pk– Apr 28, 2021

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Bangladesh's road to recovery

Exports of fashion and lifestyle products from India have started seeing an uptick as demand in the UK and the United States is picking up, said suppliers to international brands such as Zara, H&M and Primark.

"As demand in the north American region and Britain starts to grow, our business has started to pick up," said Sanjay Jain, chief executive of PDS Multinational Fashions which supplies to brands including Zara, Walmart, Mango and Superdry.

Pent-up demand and increased online sales are expected to give a boost to exports, he said.

"Despite some problems related to migration of workers, exports are doing well," said Rahul Mehta, chief mentor at the Clothing Manufacturers Association.

This comes months after shipments were kept on hold, orders cancelled and payments were stalled, as global retailers were in distress due to the high number of Covid-19 cases in most countries which led to lockdowns and low shopper turnout.

"We sent our first order for the summer collection last week," said an executive at one of the largest apparel exporters to brands such as H&M and Zara, requesting anonymity.

The order volume, however, is nowhere close to the pre-pandemic level as brands want to mitigate risk, said exporters.

Global brands, which have been relying on e-commerce for most of their sales until now, are expecting shoppers to be back in stores as vaccination for Covid-19 has been rolled out and quite a few have taken the jab in the past few weeks.

According to industry estimates, the global textile and apparel market was worth $1.9 trillion in 2019 and was projected to reach $3.3 trillion in 2030. Europe and the US contribute about 30% to the total apparel market and hence the launch of vaccination in these two regions has led to the increase in international orders, said exporters.

At the start of the crisis, Bangladeshi garment factories faced order cancellation and non-payment by buyers using 'force majeure' clauses. But later in the year, suppliers got intermittent support from buyers, so in order to remain afloat, took smaller orders from April to September that barely covered the cost of production.

At the start of the chaos, large order cancellation was the biggest problem, but now general lack of demand and the fact that most orders are smaller with lower prices is the source of concern. Factories are also competing for the same orders, driving prices down further. Exporters do not expect the situation will stabilise for many months yet.

Despite the chaos, the industry – the success of which is one of the main reasons for the country's change from Least Developed to Lower-Middle Income status – is resilient and entering recovery.
But how can it be helped along? According to the Centre for Policy Dialogue, 232 RMG factories were closed down, and 357,000 employees lost their jobs during the COVID-19 pandemic, and a crucial next step for policymakers is to investigate what assistance will help these people get back to work.

This will be no easy feat. It costs factories money to hire employees and provide them appropriate work conditions, and if buyers continue to place smaller orders and suppliers compete for those orders, low prices may make it nearly impossible for suppliers to maintain the industry's past stability.

Policymakers might hate to hear it and feel the worst has passed, but the industry still isn't back on its feet, and its prosperity is key to alleviating poverty in the country.

The President of Bangladesh Garment Manufacturers and Exporters Association has urged the government to extend the salary stimulus package it put in place when the pandemic broke out. While praising the government's timely initiatives for economic recovery from the initial shocks of COVID-19, he highlighted the need to protect the industry from further waves of the pandemic.

That stimulus is an interest-free loan fund for the sole purpose of paying of wages and benefits to workers. In such a dire situation, the government deserves credit for this initiative.

After all, it has provided much needed relief for suppliers, boosted their confidence, and stemmed the flow of job losses.

This makes sense for Bangladesh. After all, these businesses pay more than $400 million in wages every month to ordinary workers, and this money is keeping many of the industry's millions of workers, along with their families, out of poverty.

However, how long the government will provide this option is unclear. By June 2020, 30 per cent of the population, or 50 million people, in Bangladesh were living in poverty, up from 20 per cent in 2019. A 2020 survey of employment prospects in Bangladesh show that between 1.1 and 1.7 million young people were made unemployed due to the pandemic, many of whom would have among the 357,000 jobs lost in the ready-made garment industry.

Clearly, there is a need for more action, even though resources are tight, as this is also all in the context of government rightly providing for the basic needs of the world's largest refugee camp, which houses nearly one million Rohingya people, and its COVID-19 spending in other areas of the economy.

Given its limited resources, the government does face a difficult task in continuing to provide assistance. Still, if it hopes to see this industry, which is providing millions of its people wages, survive, let alone flourish, it simply must provide further assistance to help it recover from the impact of the global pandemic.

Source: policyforum.net– Apr 29, 2021

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NATIONAL NEWS

PLI scheme going under utilised, says Niti Aayog vice chairman

Only three sectors are functioning under the production linked incentive (PLI) scheme of the 13 sectors for which the government has allotted Rs 1.95 lakh crores, Niti Aayog vice chairman Rajiv Kumar has said.

He said India required to raise its investment from below 30% of GDP to35-40% of GDP and exports as a share of GDP must go up as has been in China from 5% of its GDP to 28% of its GDP.

He stressed that the share of manufacturing in GDP should increase and limiting manufacturing only to small scale would not suffice.

Instead it (manufacturing) must emerge to be globally competitive with a condition of trust build between the government and the private sector. While the government should continue removing regulatory hurdles, the private sector should demonstrate self regulation as good faith to evolve as a responsible partner for growth, Kumar said at an interactive session of the MCC Chamber of Commerce in Kolkata.

On the issue of rising input prices, he said it was a global issue and every country was struggling with this problem. But if there were incidences of tax escalations leading to higher prices, the government would look into it.

On agriculture Kumar said, India required to be water efficient since water usage was too high compared to yields.

Given the fragmented pattern of land holding, industrial farming was not an option for India. But India needs to modernise agriculture with more engagement in organic farming.

The Niti Aayog, he said, was looking into coal and other natural resources mining and the reforms recommendations, once implemented, will help in resolve the problems of higher production of natural resources for economic growth.

“If our country can grow at 10-11% per year for the next decades, the per capital income of our country would be $16,000 by 2050,” Kumar said, adding during the 90s , China and India had similar per capita income.

China grew at 10% per annum from 1980 to 2010 and it presently has a $14.9 trillion economy as compared to India’s $3trillion economy. This is because after 1991 Indian economy managed to achieve growth rate in the range of 6%, even as the country has the potential to grow at double digit rates.

Source: financialexpress.com– Apr 30, 2021

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How far will the second wave dent India's economic recovery?

Less than half of the 16 high-frequency indicators considered in Mint's macro tracker were in red, or below their five-year average trend, in March, the best performance since April 2020

The second wave of covid-19 infections in the country has dealt a much bigger shock to India's health system than the first wave last year. But the economic shock may be more moderate compared to last year.

One big reason for that lies in the lockdown rules this year which allow greater relaxations for industrial activity and movement of goods than last year. Unlike last April, when large parts of Indian industry was forced to shut down because of a long nation-wide lockdown, this time has been different.

State governments have taken the lead in imposing restrictions this time, and they seem to have learnt some lessons from the devastating lockdown of 2020. The impact of the second wave on industrial activities thus far remains small, a 26 April note by economists at ratings agency CRISIL Ltd said.

The fact that vaccines are available this time unlike last year provides another reason for hope. As vaccination opens up and vaccine availability improves in the coming months, it is expected to provide a shield against severe disease, if not infections .
Yet, as more and more local authorities impose lockdowns, mobility will take a hit, and high-contact sectors such as hospitality and tourism will be severely impacted. The urban informal sector could also be hit hard. While economic output is likely to be impacted in the April-June quarter, the medium term outlook appears stable, wrote economists at Nomura in a note to clients dated 27 April.

"Parts of the economy like manufacturing, agriculture, or work-from-home and online based services should be resilient... as the pace of vaccinations pick up (which we expect should be evident from June), there should be another return of pent-up demand, in addition to other tailwinds (strong global growth, lagged impact of easy financial conditions, and front loaded fiscal spending)," said the note by Nomura economists Sonal Varma and Aurodeep Nandi.

Recovery Interrupted

The latest monthly data for economic indicators, available as of March, suggests a healthy pace of economic recovery in the country. Seven of the 16 high-frequency indicators considered in Mint's macro tracker were in red, or below their five-year average trend, in March, the best performance since April 2020. Five were in green, or above the average trend, while the rest were in line with it. In February, half the tracker had been in red.

While the pace of economic recovery will likely slow down by the time the next edition of the tracker is published, the slowdown is likely to be less severe than last year. Mint's macro tracker, launched in October 2018, saw its lowest point in April 2020 when almost all indicators turned red as economic activity came to a halt thanks to the world's most stringent lockdown.

Since then there has been a slow recovery that has picked up some speed since late last year. Given the unusual contraction in most high-frequency indicators last year, it makes it difficult to assess year-on-year growth figures. To get a better pulse on the economic momentum in the country, the Mint macro tracker will consider the annualized growth over a two-year period (with 2019 as the base year) in all cases where the year-on-year growth was used previously. This also helps us side-step some of the contentious data from last year, such as that relating to inflation. Finally, to present a more real-time picture of labour market trends, a new indicator has been added to the tracker: the monthly labour force participation rate, as reported by the Centre for Monitoring Indian Economy (CMIE) based on its nationwide surveys.

Weak Spots

The latest edition shows that the consumer economy continues to be a weak spot, with only one indicator (tractor sales) in the green. One (vehicle sales) is flashing amber. The other two indicators remain in the red, despite some improvement. The producer economy fares a little better, with two of the four indicators in the green.

The external sector remains a mixed bag, with gradual growth in exports. March's exports grew at an annualized pace of 2.6% compared to March 2019. However, in major labour-intensive sectors, such as gems and jewellery and leather products, the decline continued in March. Exports in these sectors declined at an annual pace of 1.3% since March 2019. This indicates that the stress in the labour market continues.

Other labour market indicators - the rural wage rate and the labour force participation rate - also suggest continuing stress in the labour market. Taken together with the weakness in consumer demand, this suggests that sustainable recovery in demand may still take time. After the shock of the second wave subsides, we may indeed see pent-up demand powering the economy for a while. But if labour market conditions remain weak, this will act as a drag on the economy over the medium term.

Persistent inflation is another threat, which can erode purchasing power of households, and make it difficult for the Reserve Bank of India (RBI) to continue its accommodative stance in the coming months. The resurgence in covid-19 infections, “if not contained in time, risks protracted restrictions and disruptions in supply chains with consequent inflationary pressures," RBI’s latest monthly outlook report on the state of the economy said.

Source: livemint.com– Apr 29, 2021

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Private sector has to be key driver of growth, says Niti Aayog vice-chairman Rajiv Kumar

Vice-chairman of Niti Aayog Rajiv Kumar on Thursday said that the private sector of the country will have to drive growth and not the public enterprises as they used to be. Speaking at a webinar organised by Merchants' Chamber of Commerce and Industry, Kumar said that the private sector also needs to create trust with the government, which is the need of the hour.

"The private sector of the country has to be the key driver of growth. Earlier, the public sector used to drive the growth engine, but not now," Kumar said. The Niti Aayog official said that India needs to speed up growth rates to at least eight per cent to address the issues of reduction of poverty, improving the healthcare system and increasing the reach of education.

According to him, the growth process has to be equitable and sustainable. Kumar said that in 1990, the per capita income of China was the same as that of India. "Now, China's per capita income is five times more than that of India," he said.

To register higher growth rates, investments have to be increased as a percentage of GDP and India needs to gain a higher share in the global exports, Kumar said. And to increase share in global exports, exchange rate policies should be changed if needed, the Niti Aayog vice- chairman said.

Also, the share of manufacturing in overall GDP must increase, he said adding that the government has extended the Production Linked Incentive (PLI) scheme to 13 sectors. Kumar also harped on the need for modernisation of agriculture to increase productivity.

Source: financialexpress.com– Apr 29, 2021

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Indian opportunity for Taiwan textile machinery

In order to familiarize Indian enterprises with the latest developments in Taiwanese textile machinery, a webinar was held on 29 April, which was organized by the Bureau of Foreign Trade (BOFT), MOEA, Taiwan, (R.O.C.) and the Taiwan External Trade Development Council (TAITRA).

Taiwan's textile machinery industry enjoys a sterling global reputation because of its ability to deliver outstanding products, the event organisers said. With its emphasis on high quality and reliable service, the industry excels at providing flexible technologies and textile-integrated systems, it added.

"Taiwan is the sixth largest textile exporter globally. Taiwan accounts for 70% of the world's output of functional fabrics. The export value of Taiwan's textile machinery was more than US $450 million in 2020," organisers said.

Representatives from four leading Taiwanese textile machinery companies - Logic Art Automation, Pailung Machinery Mill, Acme Machinery Industry, and Hsing Cheng Machinery - presented their latest solutions and technologies. The participants said the textile industry has always brought opportunities in India and they emphasized the possible association between Indian and Taiwan companies. The event attracted over 275 viewers.

The webinar explained various smart manufacturing solutions for textile industry which will lead to the advancement in manufacturing capabilities and cross-industry collaboration. Also, the speakers explained the issues and solutions in areas such as knitting, weaving, spinning, dyeing and finishing and others.

The following speakers from Taiwan addressed the webinar on the relevant topics:

-Mr. Fred Liang - Logic Art Automation - Dye-House Total Solution

-Mr. Mason Chao - Pailung Machinery Mill Co. Ltd - Need of Smart Knitting

-Mr. C.L. Chang, ACME Machinery Industry Co. Ltd - New Generation Eco-Friendly Intelligent Conveyer Drive Dyeing Machine

-Mr. Alfie Lin - Hsing Cheng Machinery Ind. Co. Ltd. - Continuous Washing Range in Rope Form

"Taiwan's textile industry becomes the most preferred partner for major international brands nowadays," the organisers went on to say. "The exchange of ideas and sharing of best practices in this webinar created new avenues for collaboration between the textile companies of Indian and Taiwan."

Source: knittingindustry.com– Apr 29, 2021

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Garment exports save the day for manufacturers

Exports of fashion and lifestyle products from India have started seeing an uptick as demand in the UK and the United States is picking up, said suppliers to international brands such as Zara, H&M and Primark.

“As demand in the north American region and Britain starts to grow, our business has started to pick up," said Sanjay Jain, chief executive of PDS Multinational Fashions which supplies to brands including Zara, Walmart, Mango and Superdry.

Pent-up demand and increased online sales are expected to give a boost to exports, he said. “Despite some problems related to migration of workers, exports are doing well,” said Rahul Mehta, chief mentor at the Clothing Manufacturers Association.

This comes months after shipments were kept on hold, orders cancelled and payments were stalled, as global retailers were in distress due to the high number of Covid-19 cases in most countries which led to lockdowns and low shopper turnout.

“We sent our first order for the summer collection last week,” said an executive at one of the largest apparel exporters to brands such as H&M and Zara, requesting anonymity. The order volume, however, is nowhere close to the pre-pandemic level as brands want to mitigate risk, said exporters.

Global brands, which have been relying on e-commerce for most of their sales until now, are expecting shoppers to be back in stores as vaccination for Covid-19 has been rolled out and quite a few have taken the jab in the past few weeks.

According to industry estimates, the global textile and apparel market was worth $1.9 trillion in 2019 and was projected to reach $3.3 trillion in 2030. Europe and the US contribute about 30% to the total apparel market and hence the launch of vaccination in these two regions has led to the increase in international orders, said exporters.

Source: economictimes.com– Apr 29, 2021

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Punjab inflated cotton cultivation claim on 5L hectares last year

Punjab has drastically decreased the cultivation target for the area under cotton for the 2021-22 crop year to 3.25 lakh hectares. In the 2020-21 season, the Punjab government had claimed that the area under cotton cultivation had increased to 5 lakh hectares.

The drastic cut in the cotton cultivation area was effected despite the fact that farmers got good remuneration in 2020-21 after many years of misery. The prices hovered above the minimum support price (MSP) of Rs 5,725 per quintal for 27.5-28.5 mm staple. The prices had also breached the psychological mark of Rs 6,000 per quintal in February 2021.

The Cotton Corporation of India (CCI) purchased over 50 percent of the total crop that landed in mandis in Punjab. It is after many years the CCI made such a big purchase and stopped after the prices had gone beyond the MSP.

When questioned about the rationale behind decreasing the cultivation target area for cotton, the Punjab agriculture department claimed that during actual 'girdawari' (revenue assessment), the area under cotton in 2020-21 was found to be 2.51 lakh hectares not 5 lakh hectares. So, Punjab government's claims last year were inflated by almost two times.

Punjab agriculture department director Sukhdev Singh did not respond to repeated calls and text messages sent to him.

However, additional chief secretary (development) Anirudh Tiwari in a text message confirmed that "actual area after girdawari was 2.51 lakh hectares under cotton during 2020-21."

On May 26, 2020, the then ACS (development) Viswajeet Khanna in a press statement had claimed Punjab had almost accomplished its target to bring 12.5 lakh acres (5 lakh hectares) under cotton with the sowing on 10 lakh acres (4 lakh hectares) and target would be completed very soon, in the first week of June.

Again, on August 3, 2020, Punjab chief minister Captain Amarinder Singh lauded the state farmers for the successful diversification of crops over 2.28 lakh hectares by withdrawing from the conventional wheat-paddy cultivation cycle in the Kharif sowing season. It was also claimed that the decision would save nearly 2.7 billion cubic metres of groundwater and Rs 200 crore in power consumption.

ACS (development) Tiwari had said at that time that cotton cultivation has been carried out across 5.01 lakh hectares, which was 1.09 lakh hectares more compared to the previous year acreage of 3.92 lakh hectares.

The sowing of cotton this year is getting delayed due to delayed procurement of wheat. Bathinda chief agriculture officer (CAO) Bahadur Singh said, “The state government has put the target at 3.25 lakh hectares in Punjab and it is 1.05 lakh hectares for Bathinda and cotton has so far been sown on 1,400 hectares.”

Farmers are perplexed over the Punjab government’s decision to decrease the target for cotton sowing. “We were satisfied with the cotton crop last year as the prices remained good all around the year and were hoping the area under cotton would increase as after the central government coming up with the farm laws there is uncertainty over procurement of paddy. Under such circumstances, the state government should have made efforts to increase the area under cotton but astonishingly it has been decreased,” said farmers from Sangat and Jai Singh Wala villages in Bathinda district.

Cotton trading body Indian Cotton Association Limited (ICAL) president Mahesh Sharda told TOI: “It is learnt that the Punjab government was inflating figures to show more cotton sowing in the state. This year, the farmers got good prices for the crop and the decreasing target of sowing is unimaginable. The state government should have gone for cotton sowing over more area.”

Aam Aadmi Party MLA and party’s kisan wing head Kultar Singh Sandhwan said: “The government must look into this serious issue. It should investigate how the area set up for all crops was made, how many cotton seed packets were used and how much pesticide was used. All these point towards a scam”.

Source: timesofindia.com– Apr 29, 2021

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Apparel brand lululemon athletica to hire 250 techies in India

Global performance apparel brand lululemon athletica inc. announced the launch of its India technology hub and development centre, its first such facility outside of North America, in Bengaluru.

The new tech hub, slated to commence operations by August, will hire 250 technologists for the centre by 2022.

The hub is expected to help bolster innovation at lululemon across marketing technology stack, data science, machine learning, and full-stack cloud engineering to support merchandise planning, product and location information management, trade, and network planning functions, as per the company.

ululemon athletica is a healthy lifestyle and athletic brand that sells apparel for yoga, running, training, and other sweaty pursuits.

Source: thehindu.com– Apr 29, 2021

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Why vehicle owners may have no truck with scrappage policy

Owners of old trucks might not find it financially viable to scrap their old vehicle and invest in a new one, as per the Centre's vehicle scrappage proposition, said Satyakam Arya, Managing Director and CEO, Daimler India Commercial Vehicles.

"At the outset, most incentives being offered are recommendatory in nature. For example, the benefits offered include road tax rebate up to 15 per cent but it is important to note that most State governments who rely on taxes may not be in a position to offer such benefits. Furthermore, it is unlikely for the cost of raw materials to immediately reduce after the scrappage policy has been introduced, it will take time for that effect to be realised. However, it is a great start for the positive effects of circular economy to be realised over a period," Arya told BusinessLine.

Another important aspect is that the waiver offered will not constitute more than one per cent of the cost of a new HCV truck, noted Arya. "Owners of old trucks might not find the entire proposition financially viable to scrap their old truck and invest in a new truck."

"With this background, for the scrappage policy to be seamlessly implemented, we should have a comprehensive plan in terms of removing ELV (End of life vehicles) from the road. OEMs and freight transporters need stronger financial support. However, that said, it is important to note that unless old fleet vehicles are off the road, the benefits of implementation of BSVI vehicles will not be fully leveraged," Arya explained.

Crisil Research findings

A report by Crisil Research on Wednesday pointed out that the Centre's scrappage policy is unlikely to have freight transporters queuing up to replace old vehicles with new ones. The scrappage volume of buses, passenger vehicles (PVs) and two-wheelers will be limited as well, according to the analysis.

The recently announced vehicle scrappage scheme's offtake will likely skid on limited incentive and poor cost economics for trucks and the lack of addressable volumes for other segments, the Crisil research had indicated. Even as the policy provides owners ample incentive to scrap their old vehicles as the date to renew their fitness certificate nears, a closer look, however, indicates that the scrappage policy will find few takers among owners of buses, PVs, and two-wheelers, Crisil said.

Unviable numbers

The key question is whether transporters eligible for scrapping their trucks opt for it. Two scenarios were reviewed by Crisil to assess the benefits the scrappage policy will provide. In the optimistic scenario, the potential benefit of scrapping a 15-year-old CV, and its resale value, are similar. As the age of vehicle increases, the benefit reduces, while incentives increase.

That's because the resale value of a 20-year-old truck is less compared with a 15-year-old truck, so scrapping makes sense, Crisil explained. However, in the base case, the potential benefit is less than the resale value of the truck, so scrapping does not make sense. Even in the optimistic scenario, it doesn't make sense to scrap a 16-year-old truck, the analysis shows.

The distance a truck covers annually decreases with age. Typically, a 16-year-old truck will ply 40,000 km while a 20-year-old one will traverse about 35,000 km or less. In a scenario where a transporter using a 16-year-old truck chooses to scrap it, he will most likely replace with a used truck, say, 10 years or older, instead of buying a brand new vehicle. That's because, typically, his business requirements would warrant a vehicle that can be driven for 4-5 years.

But despite having a better and younger truck, the transporter won't be able to charge higher-than-market freight rates. Consequently, the freight rate will remain around ₹40 per km (₹3.4 per tonne km) — the same as when using the 16-year-old truck.

Moreover, the annual distance covered would also remain unchanged, while the interest burden would rise because of the higher price paid to buy the younger truck.

As such, the transporter's annual earnings will reduce by a drastic 20-25 per cent after incremental annual loan payments of around ₹1.2 lakh for an 11-year-old truck bought in a scrappage deal. Operational profit will be ₹1.9 lakh compared with ₹2.4 lakh for a 16-year-old truck.

"Thus, the financial burden after replacement increases significantly, hence even in our optimistic scenario, we do not see much traction for the policy from an incremental demand perspective. That's unviable and small-fleet owners — who account for around 85 per cent of the total transporter segment revenue — are thus likely to stay away from scrapping," Crisil said. In the bus segment, many buses owned by state transport undertakings will have a life of over 15 years, while buses operated for intercity, staff, school and tourist segments typically do not have a life beyond 15 years and would thus be outside the ambit of the scrappage policy, the Crisil report noted.

Hence, Crisil Research estimates 45,000 buses, largely owned by state transport corporations, could be scrapped and replaced. Assuming a three-year window, starting April 2022, the scrappage of 15,000 buses annually could result in 15-20 per cent incremental new bus sales — based on the average of 90,000 buses sold between fiscals 2016 and 2020. This, however, would depend on the State government's wherewithal to purchase new vehicles and therefore will be a monitorable, said Crisil.

Benefit of safety

Given the incentives are not mandatory, the voluntary scrappage schemes might not be as effective as intended, said Arya. "Nevertheless, the policy could create some additional demand for both passenger and commercial vehicles and provide access to raw materials for the auto industry at an optimal cost," he added.

"Aside from having a positive impact on demand and helping the environment, the scrappage policy proposes another benefit: "Safety". Older vehicles with poor maintenance and less safety and comfort features are a hindrance to road safety. An automated fitness test for commercial vehicles is an effective step in this direction. Overall, the scrappage policy and infrastructure spends will trigger demand for the M&HCV segment," Arya further stated.

"According to estimates, new investments of worth ₹100 billion are expected to flow into scrapping and auto industry. The policy could also help in creating 35,000 new jobs in this space," said Arya.

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