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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	US retail ports handle 2.27mn TEU in March as economy recovers: Report
2	China: Pressure on exporters could mount in 2nd half
3	Export-oriented Xinjiang apparel firms eye domestic market amid Western crackdown
4	Texworld NYC Show Evolves Into Hybrid 'Sourcing Showroom' in July
5	What's Happening With Retail Foot Traffic in the US and UK
6	USA: Another Factor Behind Denim's Comeback? Pandemic Weight Gain
7	Why Data is Key to Fashion's Sustainable Transformation
8	China Blasts US for 'Total Blasphemy' Against the UN
9	AfCFTA: What Mauritius stands to gain
10	US-China trade war has not benefitted Indonesia in short term: PT AMT
11	China's e-commerce logistics activities grow in April
12	Freeport benefits diluted by clause the UK has signed up to in post-Brexit trade agreements
13	Peru's exports surpass pre-pandemic levels in 1Q 2021

14	Cambodia, other LDCs and partners discuss implications of LDC graduation on textiles and clothing sector
15	Acrylic staple fibre price expected to rise by June 2021: TexPro
16	Businesses in Vietnam unaffected by India situation
17	New BGMEA Head Talks Diversification in Bangladesh

	NATIONAL NEWS
1	Exports: Govt under active consultation for early finalisation of RoDTEP guidelines, rates: Piyush Goyal
2	Crisil flags off downside risks to its FY'22 growth forecast after the second wave
3	Exports, better balance sheets to help firms tide over second wave impact: Report
4	DGFT’s ‘Covid-19 Helpdesk’ helps resolve business issues
5	RBI’s stitch-in-time act is spot on
6	NITI Aayog and Mastercard Release Report on ‘Connected Commerce: Creating a Roadmap for a Digitally Inclusive Bharat’
7	Indian garment industry in midst of massive crisis: CMAI Survey
8	India's Covid-19 catastrophe could make global shortages even worse
9	Textile traders divided over keeping shops open
10	With reimposition of lockdown in Andhra Pradesh, cargo services of TSRTC suspended

INTERNATIONAL NEWS

US retail ports handle 2.27mn TEU in March as economy recovers: Report

Imports at retail container ports in the US hit a new record for the number of containers seen during a single month as ports handled 2.27 million TEU in March, up 21.2 per cent from February, as per a recent report. Volume during the first half of 2021 is expected to be a third higher than last year as the economy continues to recover from the pandemic.

According to the monthly Global Port Tracker report released by National Retail Federation (NRF) and Hackett Associates, the previous record was 2.21 million TEU set last October. A TEU is one 20-foot container or its equivalent.

March volume was up a record 64.9 per cent year-over-year but the growth rate was artificially high because many Asian factories had shut down because of the pandemic at that point last year and most US stores were being ordered to close.

The report said that the first half of 2021 is forecast to be up 33.9 per cent from the same period in 2020. As with March, the growth is skewed because of the sharp decline in imports during the first half of last year. But the six-month total of 12.7 million TEU would put 2021 on track to beat 2020's full-year total of 22 million TEU, which was up 1.9 per cent over 2019 despite the pandemic.

April 2021 is projected at 2.17 million TEU, up 34.5 per cent year-over-year, as per the report. May is forecast at 2.22 million TEU, up 44.9 per cent; June at 2.08 million TEU, up 29.7 per cent; July at 2.15 million TEU, up 12.2 per cent; August at 2.23 million TEU, up 6 per cent, and September at 2.13 million TEU, up 1.3 per cent.

The ongoing high cargo volume reflects the recovering US economy. Gross domestic product grew at an annual rate of 6.4 per cent in the first quarter and some economists are predicting 13 per cent in the second quarter.

"Despite the continuing pandemic, most consumers are in good financial health and aren't hesitating to spend," NRF vice president for supply chain and customs policy Jonathan Gold said. "More spending translates into more merchandise arriving at our ports as retailers continue to meet increasing demand. The cargo surge that began last fall doesn't show any sign of stopping. Unfortunately, disruption and congestion issues are also continuing."

Congestion at the Ports of Los Angeles and Long Beach – the nation's largest ports – has begun to ease as carriers have shifted vessels to the Pacific Northwest or to the East Coast via the Panama Canal, Hackett Associates founder Ben Hackett said. But some ships are still facing delays to unload as ports work at capacity and COVID-19 infections impact workers. Shortages of containers and other equipment and operational issues also continue to slow down the supply chain.

Global Port Tracker, which is produced for NRF by Hackett Associates, provides historical data and forecasts for the US ports of Los Angeles/Long Beach, Oakland, Seattle and Tacoma on the West Coast; New York/New Jersey, Port of Virginia, Charleston, Savannah, Port Everglades, Miami and Jacksonville on the East Coast, and Houston on the Gulf Coast.

Source: fibre2fashion.com – May 10, 2021

HOME

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China: Pressure on exporters could mount in 2nd half

Chinese foreign trade enterprises may face surging pressure in the second half of this year, due to increasing commodity prices, skyrocketing shipping costs and a fluctuating foreign exchange rate, industry experts said.

"The pressure will probably emerge in June," said Qiu Zhiming, chairman of Beifa Group, a leading stationery and office supplies manufacturer based in Ningbo, Zhejiang province. The company's exports, which reach nearly 200 countries and regions, account for 16.5 percent of Chinese pen exports.

"The rising commodity prices and increasing shipping costs both weigh down on enterprises," Qiu said. "Meanwhile, since many overseas manufacturers began to resume production earlier this year, the competition is also increasing."

Prices of key commodities and industrial components increased between January and April. For example, the price of iron ore was up 58.8 percent compared with the same period last year, the price of copper rose 29.8 percent, and that of integrated circuits increased 18.9 percent, according to the General Administration of Customs data.

In addition, the cost of some shipping lanes saw a threefold to sixfold increase. For instance, the shipping cost of a container from Ningbo to New York skyrocketed, from $2,500 to almost $12,000, according to industry statistics.

"The fluctuating foreign exchange rate also makes our contracts more risky," said Li Xiansheng, general manager of the Africa business of Aux Group, an air-conditioner manufacturer. "And we have to resort to some financial derivatives to hedge risks." Aux Group covers several industries, including home appliances, electrical equipment, medical services, real estate and financial investment.

According to Guan Tao, global chief economist of BOC International (China) Co Ltd, the two-way volatility of the exchange rate will continue this year, amid changing dynamics and a mix of factors.

Though China's foreign trade surged 28.5 percent year-on-year in the first four months of 2021, manufacturers are a bit conservative in their prospects for the rest of the year, and many of them could run out of raw materials soon.

Some manufacturers have gradually increased the sale price of their products, and more are strengthening their efforts to explore the domestic market.

Beifa, for instance, aims to boost its home market share to 20 percent this year, though its exports grew in 2020, and the company's export value grew 130 percent year-on-year in the first quarter.

"We will do more in exploring cross-border e-commerce this year, building overseas warehouses and providing customized services to foreign consumers," Beifa chairman Qiu said. All these efforts aim to diversify risks, he added.

Several kilometers away from Beifa Group's headquarters in Ningbo, employees at a plant owned by Aux Group are busy assembling residential air conditioners ordered by clients in the United Arab Emirates. The company's products are exported to more than 100 countries and regions.

Deng Jun, executive vice-president of Aux Group, said, "The rising prices of aluminum, copper and steel (iron ore) have forced us and the whole industry to raise product prices."

The prices of refrigerators, televisions and washing machines have gone up in the domestic and global markets this year, Deng said, and there will be more price hikes in the air conditioning industry in the second half of the year.

Because the pandemic compelled more people to stay at home across the world last year, Aux Group managed single-digit growth in exports in 2020. It saw more than 20 percent growth in the first quarter of this year and aims to ship up to 8 million air conditioners abroad in each of the next two years.

Deng said the company, in addition to expanding sales networks in its traditional markets, including the Middle East and Europe, will seize opportunities in the Southeast Asian market, supported by its manufacturing bases in Thailand and Indonesia. This will be possible due to favorable tariff policies under the framework of the Regional Comprehensive Economic Partnership agreement, he said.

Jin Hai, director-general of the General Administration of Customs' department of general operations, said that once the pact takes effect, market access will be expanded and investment hurdles mitigated.

Liu Yuanchun, vice-president of Renmin University of China, said that even though many countries are rebuilding their supply chains amid a continuing economic recovery, it will take them a long time to do so.

"Meanwhile, the rise of global commodity prices will not be a long-term trend," he said, emphasizing that the growth of China's exports will be sustained this year.

"The key issue is to strengthen the competitiveness of Chinese products through technology innovation," Liu added.

Source: hellenicshippingnews.com – May 11, 2021

HOME

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Export-oriented Xinjiang apparel firms eye domestic market amid Western crackdown

Amid a crackdown by the US and other Western countries on Chinese enterprises based in northwestern Xinjiang, some of the firms have noted that their exports have not been affected much, and in some cases their exports have even risen.

And, other companies based there said that they are actively exploring domestic sales channels, as uncertainties such as the Western crackdown and the pandemic make the Chinese market a priority to avert risks.

The fifth China Brand Day kicked off on Monday in Shanghai and online, with enterprises from all over China participating in the event, including companies from Northwest China's Xinjiang Uygur Autonomous Region.

Liu Haifeng, CEO of China Colored-Cotton Group, told the Global Times on Monday that at present, the company now focuses on selling in the domestic market, as its export volume has been relatively small.

"The influence of the boycotts of Xinjiang cotton by some Western countries is limited, and our foreign trade has not been greatly affected. South Korea and Japan are two of our major export destinations, and they will remain as our priorities.

"Exports to Europe have dropped slightly," said Liu, adding that due to the support of Chinese consumers at home, the number of orders has increased by more than 20 percent compared with last year.

The company said that it has the largest colored-cotton planting base in China. The output of natural-colored cotton in Xinjiang accounts for 95 percent of the production in China, and about 50 percent in the world.

As some export-oriented Xinjiang enterprises get support from home consumers, they have started to engage in the transition from exports to domestic market promotion. Some Xinjiang enterprises told the Global Times, on condition of anonymity, that they are actively seeking domestic sales channels.

"China's steady economic growth has created a stable market and rising demand. On the contrary, repeated virus outbreaks in many foreign countries have increased uncertainties in foreign trade, and the restriction imposed by some Western countries on Xinjiang cotton has brought uncertainties to the sector. Enterprises moved to promote domestic sales in order to avoid risks," an analyst and investor surnamed Cheng told the Global Times on Monday.

An agricultural enterprise said that it is cooperating with Alibaba's Tmall, one of the largest e-commerce platforms in China, to expand domestic market sales.

A manager of public cotton company in Xinjiang that engages in cotton picking, gathering, cleaning, processing, embossing and packaging, told the Global Times on Monday that the "Xinjiang cotton" issue did not have much negative impact on the company's stock prices, but it did force it to give priority to independent research and development on new products and to seek domestic procurement.

"Our company has brought to the exhibition one of most high-end cotton pickers in the world. It is 30-40 percent more efficient than ordinary machines, and costs less than two-thirds of the price of its American counterparts, while the performance is almost the same.

"Now we have mastered more than 90 percent of the key technologies. We will continue to expand the proportion of home-made components and to develop new technologies," said the manager.

He added that domestic orders are on the rise, as buyers realize that uncertainties abroad can affect the supply of cotton-processing equipment and related services. Enterprises in Xinjiang cannot go back to the era when cotton was picked by hand.

The machine-picking rate has exceeded 90 percent in northern Xinjiang, according to data released by the Department of Agriculture and Rural Affairs of Xinjiang. The rate is expected to reach 88 percent in whole Xinjiang this year, said the agriculture ministry.

"The battle over cotton is essentially a battle of economic interests. China is the world's largest consumer and second-largest producer of cotton. By impairing exports of Xinjiang cotton, cotton produced in the US, Australia and other Western countries will have an expanded market," said Wang Chikun, an independent economist.

According to statistics, China produced 5.91 million tons of cotton in 2020, of which Xinjiang produced 5.16 million tons, accounting for 87 percent. China's demand for cotton reached about 8 million tons last year, per statistics from China Cotton Industry Association sent to the Global Times, which means nearly 2 million tons of cotton relied on imports.

"In essence, Western countries' boycott of Xinjiang cotton is the struggle for interests. We must have a clear understanding of this. There is still a big gap between domestic and foreign clothing retail brands.

"Only when our brands are strong in the world, can we have control over the supply chain and not be controlled by others," Wang noted.

Source: globaltimes.cn– May 10, 2021

HOME

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Texworld NYC Show Evolves Into Hybrid 'Sourcing Showroom' in July

Following the success of two virtual editions, the 2021 Summer Edition of the New York Textiles Shows—Texworld New York City, Apparel Sourcing New York City and Home Textiles Sourcing—will return in-person with a new sourcing concept in a brand new location.

Unlike the typical tradeshow setting, no exhibitors will be physically present onsite. This approach to sourcing will take place at the Starrett-Lehigh Building in West Chelsea from July 20 to 22. The event will immerse fabric buyers, designers and textile professionals into a dynamic environment of sourcing, learning and networking.

"Continuing to evolve, we see the Sourcing Showroom as a bridge between the virtual platform and the fully physical event, and look forward to introducing it at the Starrett-Lehigh Building," Jennifer Bacon, show director for fashion and apparel at Messe Frankfurt Inc., said. "It's been a challenging year for all of us in the textile sourcing arena, but through it all, our events have consistently been able to create opportunities for international suppliers to remain connected to their customers and we look forward to another successful venture this summer."

Acknowledging that many international manufacturers are still facing challenges surrounding travel restrictions during these uncertain times led to the launch of the Sourcing Showroom. This innovative exhibition concept offers exhibitors the ability to showcase their textiles and finished goods without physically being present at the event.

Buyers can return to sourcing, experiencing the latest fabrics, colors and trends in-person, while still afforded the ability to communicate with participating exhibitors across the virtual platform through one-on-one chat capabilities. Curated by New York-based trend agency, The Doneger Group, the Sourcing Showroom will be transformed into a modern gallery of textiles and finished apparel, highlighting the Fall-Winter 2022-23 trends.

With textile and apparel experts on-hand, visitors will explore thousands of fabrics, apparel and accessories from global suppliers in more than 25 countries, including India, Pakistan, Turkey, China, Portugal, Taiwan and South Korea. Each textile will be equipped with a QR code directly linking the buyer to the exhibitor's virtual space where an immediate conversation can be made with the supplier and a more detailed list of product information can be found.

The well-known educational programs, the Lenzing Seminar Series and Textile Talks, will remain an integral part of the show, as well as the highly regarded Trend session with Kai Chow of The Doneger Group. In an effort to support buyers and ensure a positive experience for the in-person and virtual platforms, the education will be streamed live at the Starrett-Lehigh Building during show hours.

The changes to the location for the July event came only after several discussions with the Jacob K. Javits Center and its current state as a mass vaccination center–an essential contribution to getting the city fully open and back to business. Texworld New York City has a long history with the facility and future plans still include utilizing this venue, even as the trade show begins a new business relationship with the Starrett-Lehigh Building.

"Remaining agile has always been an asset for Messe Frankfurt and utilizing this skill allows us to the elevate our platforms to serve a global audience," Konstantin von Vieregge, president and CEO, Messe Frankfurt Inc., said. "We are pleased with the introduction of the new concept and the response from the industry and will continue to build bridges in supporting the textile community as we move forward together in business around the world."

Returning to in-person and with a continued focus on the health and well-being of visitors, vendors and staff, mask mandates and other safety policies will be instituted based on local, state and federal guidelines.

Source: sourcingjournal.com – May 10, 2021

HOME

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What's Happening With Retail Foot Traffic in the US and UK

Pent-up demand buoys foot traffic when fashion retailers are allowed to reopen, but the post-reopening trend in footfall seems to hit a more modest pattern that's best described as a new normal.

For the week beginning April 25, foot traffic in Scotland and Northern Ireland jumped 74.9 percent and 45.7 percent, respectively, after stores selling non-essentials were allowed to reopen. Those surges were similar to the 88 percent growth in footfall when the U.K. reopened the week of April 12.

But what the U.K. data from Springboard showed in the weeks that followed was a dip in foot traffic. Part of that was attributed to children going back to school and people continuing to work from home, meaning consumers had more time to visit stores on weekends versus weekdays.

That pattern continued across the U.K. for the week beginning April 25, which saw a 2 percent decline in foot traffic across all U.K. destinations from the prior week, according to the British data firm. While the traffic for the week was up 263.6 percent compared to the year-ago period, when compared to the same week in 2019, footfall was still down by 25.9 percent. High streets saw bigger declines, down 6.1 percent from the prior week and decreasing 34.7 percent from the same 2019 week.

While there was a bit of a dip in footfall in later weeks, overall the month of April still saw foot halving the gap from 2019.

According to Springboard's data, foot traffic was 32.7 percent lower than the 2019 pre-pandemic level, compared with a decrease of 55.2 percent in March.

"We anticipate that the gap between the level of footfall in 2019 and 2021 will narrow further, although the extent to which this occurs will be a function of the degree to which there is a return to office working, the growth in both domestic and overseas tourism in the U.K. and the impact of the end of the furlough scheme in September," Diane Wehrle, Springboard's marketing and insights director, said.

In the U.S., a round of federal stimulus checks in March gave consumers something to cheer about, and many elected to go shopping. Pent-up demand powered an uptick in apparel sales in March, particularly at brick-and-mortar stores.

But U.S. foot traffic also started falling in the second week of April, according to data from the retail and apparel equity analyst team at Cowen & Co.

Cowen's latest report for the fourth week of April said total U.S. retail traffic was 53.3 percent of 2019 footfall levels, and down 43.8 percent from the week before. Temperatures for the week were three degrees above normal, the team noted.

The research team estimated that the first week of May could see U.S. retail traffic in the range of 55 percent to 60 percent of 2019 levels. Weather-wise, the team cited Weather Trends International, which is forecasting the first week of May to be warmer and wetter than last year. Cowen's footfall data for the first week of May should be out by May 12.

Source: sourcingjournal.com– May 10, 2021

HOME

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USA: Another Factor Behind Denim's Comeback? Pandemic Weight Gain

An industry-wide shift in fashion trends may not be the only reason women are updating their jeans this year. With businesses and schools reopening this summer due to the widespread distribution of vaccines, fitting back into pre-pandemic staples such as jeans is of growing concern for consumers.

A new blog post by Maria Rugolo, The NPD Group's director, industry analyst, states that nearly 40 percent of women are now wearing a different size compared to one year ago. While 15 percent of the women said they are a size smaller, 25 percent report now wearing a larger size.

Much has been said about pandemic weight gain, thanks to a perfect storm of triggers including stress, increased snacking, less activity and changes in sleep and alcohol consumption. A recent American Psychological Association report called "Stress in America" found that a majority of adults (61 percent) reports experiencing "undesired weight changes since the start of the pandemic," with 42 percent saying they gained more weight than they intended. This group, according to the report, gained on average 29 pounds.

With two out of five adult females no longer fitting into last year's size, this snap back to dressing in tailored garments is on track to bode well for denim retailers and brands.

Of the 80 percent of female consumers who said they plan to buy jeans for themselves in the next 6-12 months, Rugolo reported that the top styles were straight and skinny. High-rise and bootcut tied for third.

Though Gen Z's valiant effort to take down millennials' skinny jeans this year has not gone unnoticed, the form-fitting style continues to make up the largest share of women's jeans and continues to appeal to a young audience, according to the NPD data.

Nearly half of the women surveyed between the ages 18-34—which Rugolo noted accounts for a "good portion" of millennials—stated they plan to buy skinny jeans, followed by high-rise, straight and distressed jeans. Skinny jeans have also been an incubator for innovations in stretch, tummy panels and slimming properties—qualities that may appeal to consumers as they adjust to their new sizes.

This fluctuation in weight also adds weight to new products that cater to multiple sizes. Recent denim collections by brands like Good American, Frame and Zara offer one-size-fits-many fit solutions. The one caveat? The adaptable collections only offer super-stretch skinny jeans.

Though other styles still account for a smaller share of the market overall, NPD data points to a growing demand for variety. Rugolo reported that wider styles such as slim, relaxed and baggy jeans are gaining share in the women's denim market, largely due to the popularity of mom jeans, boyfriend jeans and a resurgence of '80s and '90s styling.

"At the end of the day, skinny jeans are not leaving the marketplace but will instead adapt to fit our lifestyles better," Rugolo stated.

Source: sourcingjournal.com– May 10, 2021

HOME

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Why Data is Key to Fashion's Sustainable Transformation

Interest in environmental, social and governance (ESG) issues from investors and consumers has never been higher, and the growing urgency of the climate crisis, coupled with the ongoing health emergency, is a big part of the reason why.

"They're both about life and death choices," Rose Marcario, former CEO of outdoor brand Patagonia and a board member of Rivian and Meati Foods, said at a virtual event organized by the Responsible Business Coalition at Fordham University's Gabelli School of Business last month. "We have about 10 years before we are impacted by the irreversible effects of climate change—that is a fact. And what business has to focus on now is the transformation, at scale, of transportation, of energy, of industrial and agricultural systems."

That goes for fashion, which touches all of these sectors, as well. But while brands will have to approach longer-term risk management in a "meaningful way" and adapt their businesses to the changing needs of stakeholders, the dearth of uniform standards and industry tools for measuring ESG data remains a critical challenge, said Marissa Pagnani McGowan, chief sustainability officer at PVH Corp., which owns Calvin Klein, Geoffrey Beene and Tommy Hilfiger.

"It's so tempting to come up with your own," McGowan said, noting that PVH measures against 25 rankings and indices annually, in addition to the framework it uses for its corporate responsibility report. "But until we have consistent ways of measuring, I don't think we can effectively activate consumers and investors at scale" to assess companies "apples to apples" without having to navigate myriad systems.

Some consolidation is happening. The International Financial Reporting Standards Foundation, for one, is poised to issue new standards to improve the global consistency and comparability in sustainability reporting. Last month, the European Commission published a package of ESG and sustainable finance legislation, including a proposal for a corporate sustainability reporting directive.

Also in April, the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council announced plans to merge the bodies to create the Value Reporting Foundation, which would simplify the reporting requirements for listed companies. The standards won't change in the near term, said Neil Stewart, director of corporate outreach at SASB, but the new foundation will make it easier for businesses to use both together, streamlining workflows. "It's a very dynamic space [with] a lot of moving parts, but we are moving toward a simpler landscape for companies," he said.

When investors examine supply-chain sustainability, what they're really ferreting out is risk, said Amisha Parekh, product manager, sustainable finance solutions, at Bloomberg. Though brands are getting better at talking about their ESG performance, even opening up their Tier 1 suppliers, most of a supply chain's risk comes in at the Tier 2 and 3 levels. "That's all the way down to raw materials where you don't end up getting the information you're looking for," she said. "That's really the biggest gap from an investor perspective right now."

Supply chain risks, such as forced labor or environmental non-compliance, matter because they're business risks, Parekh said, but the transparency piece of the puzzle is frequently missing. "There's probably just one apparel/retail company that's done a good job talking down to the Tier 2 and Tier 3 suppliers in a fairly systematic fashion," she added. But investors want to know how businesses are actively managing these issues, even if they're doing so imperfectly, or even if they're being considered at all.

The uneven availability of trusted data is one of the impetuses behind Textile Exchange's forthcoming Preferred Fiber and Material Matrix, which will leverage Gap's Preferred Fiber Toolkit, the Sustainable Apparel Coalition's Higg Materials Sustainability Index and others to provide guidance on more than 65 of the industry's most commonly used materials.

"We'll be looking at animal welfare, climate, biodiversity, things that aren't always considered in the traditional data landscape but are what companies really want to have when they think about their full material impact," said Claire Bergkamp, chief operating officer at the sustainability nonprofit.

Indeed, verified data is going to be increasingly important to consumers, governments and other stakeholders who want to make informed purchasing decisions or hold companies accountable for their business practices, said Amina Razvi, executive director of the Sustainable Apparel Coalition, whose members include Amazon, Asos, Gap, H&M, Levi Strauss, Nike and Walmart.

"I think all of us are looking at data," Razvi said. "It's not about data for data's sake, but what those insights actually allow us to do as an industry to drive impact. That's the opportunity we have in front of us."

Frank Zambrelli, executive director of the Responsible Business Coalition, later told Sourcing Journal that gaining a better understanding of data can help companies unlock both profitability and sustainability.

"For years, sustainability has been looked at as an opportunity to fix—how do we improve some of the damage that we're doing?" he said. "Data powers that; data allows us to reconcile inventory to consumer wants, it allows us to build products in ways that are going to be naturally more sustainable and it allows us to manage waste streams."

The industry, Zambrelli said, is facing a watershed moment of market forces that can accelerate transformation, but it's crucial to know what the baselines are so improvements can be made, measured and managed. "Artificial intelligence and machine learning, combined with all this new data as inputs, is just rocket propelling ESG and sustainability to the forefront of financial opportunity and social opportunity," he added.

Source: sourcingjournal.com– May 10, 2021

HOME

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China Blasts US for 'Total Blasphemy' Against the UN

China is trying to convince United Nations member states to skip an upcoming virtual session about the repression of Turkic Muslim minorities in the Xinjiang Uyghur Autonomous Region, describing the event as "politically motivated" and a "desecration" to the intergovernmental institution.

"The U.S. has banded up with several countries, abused the United Nations' resources and platform, and smeared and attacked China to serve its own interests," Hua Chunying, spokeswoman for China's foreign ministry, said at a press conference in Beijing Monday. "This is total blasphemy against the United Nations."

China has accused the organizers of Wednesday's event, which include Germany, the United States and the United Kingdom, of using "human rights issues as a political tool to interfere in China's internal affairs like Xinjiang, to create division and turbulence and disrupt China's development" and to provoke "confrontation with China," according to a note seen by Reuters Friday. The Chinese mission to the United Nations confirmed both the note and China's disapproval of the session, Reuters said.

The event will serve to "discuss how the UN system, member states and civil society can support and advocate for the human rights of members of ethnic Turkic communities in Xinjiang," according to an invitation.

While Beijing has repeatedly denied allegations that crimes against humanity are occurring in Xinjiang, where Uyghurs, Kazakhs and other ethnic minority groups make up more than half the region's population of 25 million, researchers and rights advocates say it has used draconian measures such as forced incarceration, forced labor, torture, sexual violence and forced sterilizations as part of a broader campaign of indoctrination, religious and cultural erasure, and assimilation.

The ruling Communist Party has long maintained that its so-called reeducation centers provide jobs skills that promote economic growth and fight religious extremism. Others, including the British Parliament, the Netherlands and the United States, have denounced China's actions as "genocide," imposing individual and regional sanctions as punishment.

Human Rights Watch, whose executive director, Ken Roth, will be participating in the UN event, urged the organization's Human Rights Council last month to adopt a resolution that would create a commission of inquiry with the authority to investigate allegations of crimes against humanity, identify officials responsible for the suspected abuses and "provide a roadmap for holding them accountable."

The UN secretary-general, it said in a report, should publicly voice support for a commission of inquiry into human rights violations in Xinjiang, publicly and privately urge Chinese authorities to end abuses against Turkic Muslims in Xinjiang and publicly express support for accountability for those responsible for crimes against humanity in Xinjiang. The General Assembly, too, should adopt a resolution that "explicitly supports concrete measures for accountability," including targeted sanctions against those responsible for crimes against humanity, it added.

Despite mounting evidence of the Communist Party's "intent to destroy"—along with Chinese officials' admitted desire to reduce the Uyghurs' "problematic" population density—not every nation is willing to say the g-word. British Prime Minister Boris Johnson, for instance, has been loathe to condemn Beijing's actions in the strongest possible terms. Speaking to Parliament in April, Nigel Adams, Britain's minister for Asia, reiterated Johnson's longstanding position that any formal profession of genocide is a matter for "competent" courts to decide.

Australia has tiptoed around the word genocide, as has New Zealand, which unanimously declared last week that severe human rights abuses were taking place against the Uyghurs, but only after the motion was revised to remove the term.

In parliament, Brooke van Velden, deputy leader of the country's smaller ACT party, said she had to use the phrase "severe human rights abuses" to secure the approval of Prime Minister Jacinda Ardern's ruling Labour Party. "Our conscience demands that if we believe there is a genocide, we should say so," Van Velden said.

New Zealand's Foreign Minister Nanaia Mahuta defended the government's decision to sidestep the word "genocide," however, saying it wasn't due to a lack of concern but rather because genocide is the "gravest of international crimes and a formal legal determination should only be reached following a rigorous assessment on the basis of international law."

Brands are likewise afraid to speak about the matter openly, especially after a vociferous consumer-led (and state-sanctioned) boycott in March that wiped H&M from China's biggest e-commerce websites and service apps, such as Alibaba's Tmall, JD.com and Pinduoduo, and tanked the Tmall sales of Adidas and Nike. While efforts to play to both Chinese and Western consumers can appear mealy-mouthed and insincere, few brands are willing to mention "Xinjiang" and "forced labor" in the same breath for fear of rousing a new wave of rancor.

This was the case Friday when Adidas CEO Kasper Rorsted noted a "significant drop" in traffic across physical and digital channels in China at the end of March in a call with investors.

"When it comes to consumers, we have to the extent possible engaged in dialog with them in a respectful way, respecting their tradition and culture," Rorsted said, not referring to Xinjiang by name. "That has initially been somewhat constrained because of where the situation was. That is more normalizing now and that's why we're seeing a slow and steady recovery."

Canada Goose, whose CEO recently said China is an "increasingly crucial" market for the outerwear brand, told the National Post last week that it requires all its suppliers, "no matter where they are in the world," to sign a supplier code of conduct preventing the use of forced labor, though it did not mention Xinjiang.

Aritzia, which belongs to the Better Cotton Initiative, a nonprofit that landed in hot water with Chinese netizens after freezing licensing and assurance activities in Xinjiang, told the outlet that it "does not manufacture in China's Xinjiang region and is in full compliance with all trade regulations." Joe Fresh, the discount fashion line run by Loblaws, "reached out to vendors for a commitment that they will not use cotton from the Xinjiang region." Lululemon, the National Post said, did not respond to multiple requests for comment. The yoga pants brand did not immediately respond to Sourcing Journal's request for comment.

But even brands that say they eschew Xinjiang cotton are indulging in little more than rhetoric unless they commit to something more concrete, labor advocates say.

Only seven fashion businesses—Asos, Eileen Fisher, Marks and Spencer, OVS, Reformation, Whistles owner TFG Limited and WE Fashion—in fact, have "committed" to the steps laid out in a call to action developed by End

Uyghur Forced Labor, a coalition of more than 180 human-rights groups, including the Anti-Slavery International, Clean Clothes Campaign, and Worker Rights Consortium, that wants brands to abandon any complicity in human-rights atrocities against Uyghurs and other ethnic minority groups in China.

“We maintain that the only way companies can be sure they aren’t selling clothes and textiles made with Uyghur forced labor—and to ensure that they are not extending the risk of complicity to their consumers—is to take all the steps laid out in the call to action,” the coalition said in a statement last month. “ As such, apparel brands and retailers must commit to banning any sourcing from the Uyghur region, from cotton to finished garments. Companies must also cut all ties with any supplier based outside the Uyghur Region implicated in Uyghur forced labor, at a parent company or facility level.”

Source: sourcingjournal.com– May 10, 2021

HOME

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AfCFTA: What Mauritius stands to gain

Mauritius, being strategically located between Asia and Africa, praises itself as having one of the continent's most stable regulatory environment.

The Mauritius Financial Centre has built a reputation as a safe, trusted and competitive financial centre, which has enabled it to position itself as the preferred jurisdiction for FDI flows to the continent, since the country can serve both the Francophone and Anglophone Africa.

Mauritius and other Africa countries are long known for the ties they share, both politically and economically. Mauritius is a member to two of the continent's most important trade blocs, namely the Southern African Development Community (SADC), and the Common Market for Eastern and Southern Africa (COMESA). Through these memberships, many foreign entrepreneurs have set up their businesses in Mauritius to gain from the trade advantages offered.

Apart from SADC and COMESA, Mauritius is now part of the African Continental Free Trade Area (AfCFTA). Launched on January 1, 2021, the AfCFTA is an exciting game changer for African trade.

Currently, Africa accounts for only two percent of global trade and only 17 percent of African exports are intra-continental, compared with 59 percent for Asia and 68 percent for Europe.

The AfCFTA is the world's largest free trade area in terms of the number of participating countries since the formation of the World Trade Organisation, with all African countries being signatories except for Eritrea. The main purpose of the agreement is for members to remove tariffs from 90 percent of goods, allowing free access to commodities, goods, and services across the continent.

The general objectives of AfCFTA can be summarised as follows, to:

– Create a single market, deepening the economic integration of the continent;
– Establish a liberalised market through multiple rounds of negotiations;
– Aid the movement of capital and people, facilitating investment;
– Move towards the establishment of a future continental customs union;

– Achieve sustainable and inclusive socio-economic development, gender equality and structural transformations within member states;
– Enhance competitiveness of member states within Africa and in the global market; and
– Encourage industrial development through diversification and regional value chain development, agricultural development, and food security.

Mauritius has over the years been an offshore gateway to Africa.

It has long been an advocate for developing economic bridges between itself and other African states, leveraging its position as Africa's best place to conduct business as recognised by the World Bank.

Mauritius has firmly established and promoted itself as a regional hub for facilitating investments on the continent. It is thus undeniable that AfCFTA will add further to the attractiveness of Africa as a place to do business.

The AfCFTA provides a platform for Mauritius to contribute significantly to the new African impetus by making available to investors and businessmen an ecosystem that not only makes it easier for them to do business with Africa, but also enhances and safeguards their investments.

The AfCFTA also gives Mauritius market access estimated to be as large as 1.3 billion people across Africa, with a combined GDP of US$3.4 trillion which covers most service sectors, including financial services, telecommunications, ICT, professional services, construction, and health.

The AfCFTA will eventually reach zero tariffs on most of traded items, boosting trade outside of its boarders.

The Mauritian economy is a mixed developing economy based on agriculture, exports, financial services, and tourism.

Since the 1980s, the government of Mauritius has sought to diversify the country's economy beyond its dependence on just agriculture, particularly sugar production.

In 2018, Mauritius intra-Africa exports accounted for 23 percent of Mauritius' total exports and imports for 13 percent of total imports.

Mauritius mainly exports textiles to the rest of Africa. Of the top 10 intra-Africa export products five products are items of clothing or fabric accounting for 30 percent of Mauritius' intra-Africa exports for 2018.

The AfCFTA will provide the country access to an African textile market worth billions of dollars such that the country will be poised to become a major supplier of textile in the African market.

The 2020–2021 national budget announced one measure that can boost Mauritian exports from the already existing supply capacity to the region.

The plan to set up Mauritius Export Warehouse in Tanzania and Mozambique will definitely support a number of domestic-oriented industries. Some are already gearing for Tanzania which is a more immediately obvious market than Mozambique.

Mauritius has good potential to export a range of services in the context of the priority services lines set by the AfCFTA, namely business services, financial services, tourism and travel.

Mauritius mainly imports manufactured goods, petroleum products, cars and packaged medicaments from China, India and South Africa.

The AfCFTA calls for a reduction in tariff in intra-Africa which means there will be a lower expenditure on importation of the above-mentioned goods from South Africa. As a result, there will be a reduction in the prices, reducing the country's negative balance of trade.

The movement of goods and services amongst African countries will create employment opportunities for citizens in Mauritius. It will provide an opportunity for entrepreneurs to work together in a liberalised trade environment.

Further, the AfCFTA will strengthen the existing commitment of deepening regional trade integration initiatives under regional bodies such as the African Union, COMESA and SADC.

The geographical diversification brought about by the AfCFTA is likely to open up new markets for Mauritius thus boosting its economy.

The AfCFTA offers an opportunity for Mauritius to promote good governance both globally and across Africa, through the concept of "trade integrity", which is defined as international trade transactions that are legitimate, transparent and properly priced as a way to ensure the legitimacy the global trading system.

Trade integrity will provide investors with more confidence to increase their investments in the country. The AfCFTA will also assist to alleviate some of effects brought about as a result of the COVID-19.

The African Development Bank Group's African Economic Outlook 2020 Supplement estimates that Africa could suffer GDP losses in 2020 between US$145.5 billion (baseline) and US$189.7 billion (worst case), from the pre-COVID–19 GDP estimates. Further, trade in medical supplies and food has been disrupted.

It is being fully recognised across the continent that AfCFTA presents a short-term opportunity for countries to "build back better" and cushion the effects of the pandemic. In the longer-term, the impact will increase the continent's resilience to future shocks.

In conclusion diversifying exports, accelerating growth in its trade, competitively integrating into the global economy, increasing foreign direct investment, increasing employment opportunities and incomes, and broadening economic inclusion are just a few of the positive economic outcomes AfCFTA can bring to Mauritius.

Mauritius – having undergone a remarkable economic transformation from a low-income, agriculturally based economy to a diversified, upper-middle-income country that has attracted considerable foreign investment – should ensure that it fully takes advantage of the opportunities offered by the AfCFTA.

Source: southerntimesafrica.com– May 10, 2021

HOME

****

US-China trade war has not benefitted Indonesia in short term: PT AMT

The US-China trade war has not benefitted Indonesia in the short term, but in the long run, Indonesian mills will be more competitive and can enjoy a surge in sales, as per Zahid Nazir, GM, sales and marketing, PT Argo Manunggal Triasta. The impact of currency depreciation is not significant either as raw material or fibres are imported at US dollar rate.

The Indonesian government is also coming in support of the country's textile industry by imposing strict policies and incentivising textile companies.

"The government has imposed strict policies for illegal imports. Incentive plans for upgrading machines have also been provided. Continuous engagement between the government and textile mills for competitive energy prices, port fees, logistic cost and tax incentive has taken place," Nazir said in an interview with Fibre2Fashion.

Talking about the effects of the pandemic on the Indonesian textile industry, he said that the mills have been resilient in adapting to changes. Many of them converted production to health-related products including masks, medical gowns, hospital wear etc.

Click here to read the full interview

Source: fibre2fashion.com– May 11, 2021

HOME

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China's e-commerce logistics activities grow in April

E-commerce logistics sector in China showed moderate growth in April 2021, with the index tracking such activities increasing to 111 points, compared to 109.4 points in the previous month, according to a survey jointly conducted by China Federation of Logistics and Purchasing and the country's e-commerce giant JD.com. Positive trend is expected in May too.

However, the total demand for e-commerce logistics fell during the month, with the sub-index tracking the total business volume sliding 0.3 points from the previous month to 127.8 points in April.
In rural areas, demand for e-commerce continued its growth momentum, with the sub-index tracking e-commerce logistics in these regions standing at 129.1 points, up 3.6 points from March.

E-commerce index will maintain its stable and positive trend in May as consumption will continue to rise, the survey forecast.

Source: fibre2fashion.com– May 11, 2021

HOME

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Freeport benefits diluted by clause the UK has signed up to in post-Brexit trade agreements

The UK government has admitted that 23 of its post-Brexit trade deals include clauses that might prevent companies benefitting from freeport tax benefits while exporting their goods tariff-free.

Freeports are a key pillar of HM Government's post-Brexit trade policy, with one of their major benefits being a process known as 'duty drawback'. This involves companies receiving components and ingredients from abroad without paying any duties.

In March's budget speech, Chancellor Rishi Sunak announced freeports would be set up at East Midlands Airport, Liverpool, Felixstowe, Plymouth, Thames, Teesside, Humber and Solent.

Duty exemption prohibitions

Many trade deals – such as those the UK has signed with Canada, Singapore and Switzerland – include 'duty exemption prohibitions'.

These clauses state that businesses 'which have not paid import duties cannot benefit from reduced tariffs on exports', according to the BBC.

This means that a company, based in a freeport benefitting from the duty drawback process, will not be able to claim preferential duty rates when sending completed goods to a country with which the UK has signed a free trade agreement that includes a duty exemption prohibition.

'Blunder'

Labour has estimated that British business with affected countries is worth more than £35bn a year, the Independent reports.

International Trade Secretary Liz Truss went on to sign a further 10 deals including the prohibition after the Treasury warning was issued.

Only one deal, with Turkey, included a restriction on the scope of prohibitions which mean they will not apply to the vast majority of UK exports.

Choice for business

A government spokesperson told the Financial Times that businesses will be able to choose between benefiting from either the 'duty drawback' arrangements in freeport zones or the preferential tariff rates negotiated in the free trade deals.

“It is not uncommon for free trade agreements to have these provisions,” the Department for International Trade spokesperson said.

“Where these provisions apply, businesses can choose to either benefit from the duty drawback, or the preferential rates under the free trade agreement — provided they meet the rules of origin test under that agreement — depending on what suits them best.”

Source: export.org.uk – May 10, 2021

HOME

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Peru's exports surpass pre-pandemic levels in 1Q 2021

Peruvian exports showed an important recovery in the first quarter of 2021, thus surpassing pre-pandemic levels, the Ministry of Foreign Trade and Tourism (Mincetur) has reported.

The export levels achieved in the first three months of this year in several sectors of the economy —including agriculture, textiles, and chemicals— exceeded those experienced in 2020 (pandemic) and 2019 (pre-pandemic).

"Despite all the difficulties, due to COVID-19, the foreign trade sector did not stop. Several actions were taken to further promote the digitization of its services and processes, coupled with the importance of commercial agreements signed by Peru," Foreign Trade and Tourism Minister Claudia Cornejo stated.

"This recovery would not be possible without the efforts of exporters and the entire foreign trade chain," she added.

Last year, after the declaration of the state of health emergency due to the spread of COVID-19, Peruvian shipments abroad fell 10% in the first quarter (from US$10.943 billion to US$9.895 billion) and more than 40% in the second quarter, marking the lowest quarterly number in recent years (US$6.678 billion).

Cornejo noted that the textile-clothing industry is one of the most affected sectors by the pandemic and today has overcome such situation.

Exports in this sector fell from US$286 million in the first quarter of 2020 to US$100 million in the second, and then reached US$352 million in the first quarter of 2021.

Other sectors, such as agriculture, continued to grow steadily despite the pandemic, seeing record levels in 2020 and hitting record levels again in 2021.

Source: andina.pe– May 10, 2021

HOME

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Cambodia, other LDCs and partners discuss implications of LDC graduation on textiles and clothing sector

Cambodia has joined other countries and partners in a workshop to discuss the Implications of Least Developed Country (LDC) Graduation on the Textile and Clothing Sector.

Pich Rithi, Secretary of State at the Ministry of Commerce, attended as a speaker the event held late last week via Videoconference.

The workshop, co-organised by WTO, UN DESA, UNCTAD and ITC, aimed to discuss challenges and solutions for LDC graduation as well as the impact of COVID-19 on textile and clothing sector.

Representatives of the above-said organisations and LDCs such as Bangladesh, Cambodia, Laos, and Nepal attended the workshop.

Rithi mentioned about the importance of garment sector in boosting Cambodia's economic growth, advantages of generalised system of preference (GSP) for Cambodia's export and challenges of LDC graduation, which would affect the GSP, investment attraction and Cambodia's competitiveness, as well as about the impact of COVID-19 on garment sector and opportunity for trade assistance.

He also laid stress on Cambodia's policy and strategy to strengthen its competitiveness and readiness for LDC graduation such as diversification of export markets through bilateral and multilateral free trade agreements, boosting support from development partners, and creation of trade policy and strategy.

The Cambodian Ministry of Commerce has so far elaborated Cambodia Trade Integration Strategy 2019-2023 and E-commerce strategy.

Source: khmertimeskh.com– May 11, 2021

HOME

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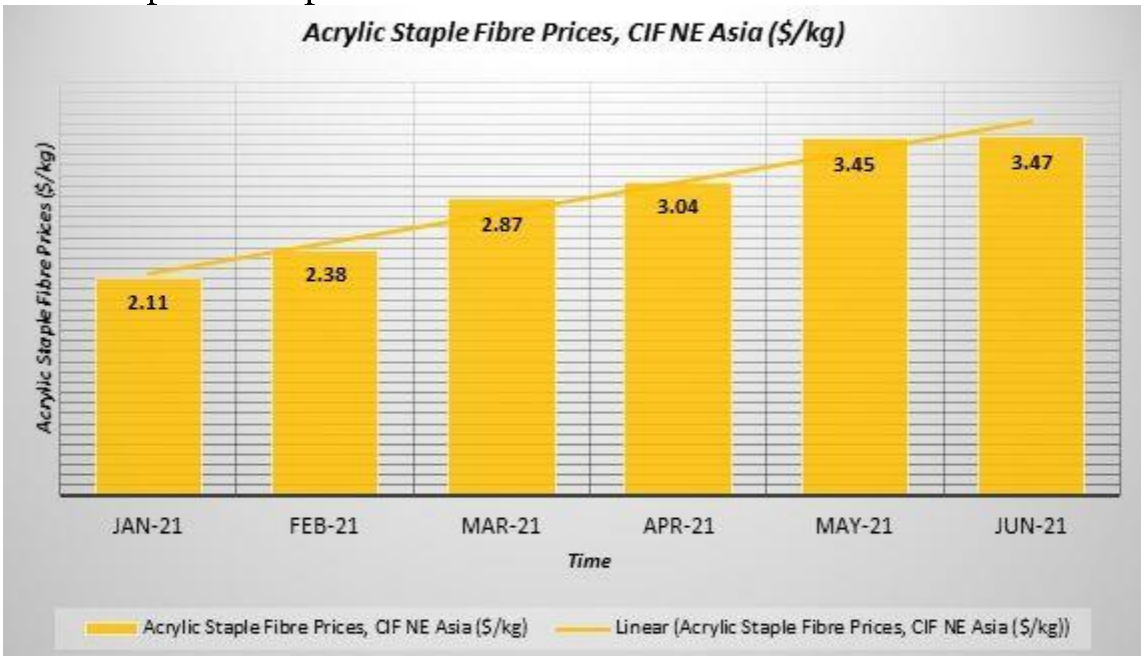
Acrylic staple fibre price expected to rise by June 2021: TexPro

The price of acrylic staple fibre, CIF NE Asia, increased from $2.11 per kg in January 2021 to $3.04 per kg in April 2021, recording a surge of 44.08 per cent due to the rising prices of feedstock materials such as acrylonitrile. It is expected to rise further by 14.14 per cent to reach $3.47 per kg by June 2021 over the price of April 2021.



The prices of feedstock were on an upward trajectory till March 2021 and became stable in the second half of March due to limited buying interests of downstream players amidst rising prices, according to Fibre2Fashion's market analysis tool TexPro.

In the beginning of April 2021, the price of acrylic staple fibre remained steady due to the slight decline in the price of acrylonitrile, causing the sales of acrylic staple fibre to increase slightly.

The price of acrylonitrile is not expected to increase in the coming months, and thus sales are expected to rise. Hence, the price of acrylic staple fibre is projected to increase in the upcoming period.

Source: fibre2fashion.com– May 10, 2021

HOME

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Businesses in Vietnam unaffected by India situation

Export and import businesses in Vietnam are seeing the effect of the new Covid-19 variant outbreak in India on all their activities. Although most businesses are monitoring the situation very closely, it seems there has not been much of an impact on activities within Vietnam, as a result of this virulent outbreak in India.

Low India market share

According to the General Department of Customs, Vietnam-India bilateral trade grew positively in the first three months of 2021, reaching US$ 3.3 bn, up by 34.1% over the same period last year. In this, exports reached US$ 1.71 bn, up 22.2%, and imports reached US$ 1.58 bn, up 50% over the same period in 2020. Some industries with strong export turnover, such as tea, increased by 693.8%; coal increased by 256.5%; plastic materials increased by 195%; iron and steel increased by 186%; and handicrafts such as bamboo, rattan and carpets increased by 103.5%.

With such strong growth, it is being questioned whether these industries were much affected in April by the sudden outbreak of the new variant of the Covid-19 in India. Speaking with Saigon Investment, Mr. Hoang Vinh Long, Deputy Secretary-General of the Vietnam Tea Association, said that although tea export turnover for the Indian market increased sharply in recent years, so far India is still not a big market for the tea industry in Vietnam, because India itself is a major source for tea production in the world. Besides, the month of April is often considered dormant in the tea industry because of slack tea production during this month, so the impact on Vietnamese enterprises will not be much.

However, in recent years, the textile and garment industries of Vietnam and India have strongly been promoting trade. In particular, when the pandemic broke out in China, the search for alternative material sources in markets like India was strengthened. According to assessment by Mr. Pham Xuan Hong, Chairman of the Ho Chi Minh City Textile and Garment Association, the pandemic in India has not had much effect on Vietnamese textile enterprises. Currently, Vietnam buys Indian materials and accessories, but these are in very modest amounts. Similarly, other exports to India are also very small, although businesses are continuing to monitor the current situation in India very closely.

At the India-Vietnam Investment Forum held at the end of January, Mr. Pham Sanh Chau, Vietnam's Ambassador to India, said that in recent years, the two-way trade turnover between Vietnam and India has been growing impressively. However, currently, the turnover is about US$ 12 bn, so the opportunity to exploit this 1.4 billion peoples market for Vietnamese enterprises is quite huge and attractive.

However, although businesses are not affected much, before the complicated progress of the pandemic in India from mid-April, the Vietnam Trade Office in India had recommended to Vietnamese businesses to regularly contact their Indian partners to update developments and inform of local government blockade measures. Accordingly, it is necessary to discuss with partners to renegotiate the terms of their contracts, conditions of delivery, payment, and discuss occurrence of any unforeseen circumstances. For new orders, to apply safe and beneficial payment terms for businesses, deferred payment methods must not be used.

Export opportunities

Up until now, India has always been a competitor of Vietnam in many export products such as seafoods, textiles, footwear, and tea, to the US or to Europe. When the pandemic spread in India, it already had advantages over some export industries of Vietnam, such as the seafood industry. According to the latest analysis of the Vietnam Association of Seafood Exporters and Producers (Vasep), the current development of Vietnam seafood exports to some countries and regions will have advantages, in which imports into the US will be a bright spot for the seafood industry.

In particular, Vietnamese shrimp will have more opportunities in the US when India, the largest supplier in this market, will face production difficulties due to the Covid-19 pandemic. Experts in the Indian shrimp industry have also determined that this year will be really difficult due to lack of reefer containers, with the cost of transporting goods to increase three times due to rising fuel prices, increased packaging costs, labor costs, removal of export incentives by the government, and the Indian rupee falling against the US dollar.

According to analysis by Vasep, India's present situation which has got out of control, can lead to supply and price disruption, when farmers rush to harvest shrimp early, and factories fail to process in time amid a nationwide lockdown. In addition, Indian shrimp is under attack by the US shrimp industry, in a move to pressure the US government to tax 2% on Indian warm water shrimp, and at the same time bring up allegations of forced labor and the use of banned antibiotics by the Indian shrimp industry. So 2021 can be seen as a dark year for the Indian shrimp industry. Mr. Ho Quoc Luc, Chairman of the Board of Directors of Sao Ta Food Joint Stock Company, emphasized that it is necessary to clarify that at present, Vietnamese enterprises mostly do not import raw shrimp from India because they cannot trace the origin.

Businesses in Vietnam hope that India will soon overcome the current drastic pandemic phase, which will eventually help businesses of both the countries to promote more trade, because India is still a potential market with a very large population. In the first quarter alone, the Vietnam Trade Office in India has implemented about ten direct and online trade promotion programs for many commodities in many states in India. If there is no impact of the pandemic, it is expected that by this May, the Trade Office will coordinate with the Ministry of Industry and Trade to promote agriculture, processed food, as well as the export of dragon fruit from Binh Thuan province.

Source: sggpnews.org.vn – May 10, 2021

HOME

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New BGMEA Head Talks Diversification in Bangladesh

Faruque Hassan is known as an even-keeled man, who reflects and takes measured strides. The owner of Giant Group, an end-to-end apparel manufacturer in Bangladesh, he was elected as president of the Bangladesh Garment Manufacturers and Exporters Association, or BGMEA, in April.

Hassan began his two-year term battling multiple headwinds: the Covid-19 crisis looming large, the rapid spread of infections ravaging Bangladesh, and global pressure as the Transition Accord nears the end of a three-year term this month.

He talked to Sourcing Journal about how he plans to drive the industry forward, while safeguarding the welfare of the millions of Bangladesh garment workers.

Sourcing Journal: Is it difficult to be optimistic as you take over this new position heading BGMEA, with the world situation so tense and sourcing being disrupted?

Faruque Hassan: I am very optimistic that the Bangladesh garment sector will maintain and increase its global market share and will continue to lead apparel manufacturing.

The new BGMEA board takes over as the industry is passing through an extraordinary crisis with the global pandemic. Our first priority is to protect the industry and livelihoods of millions of our workers.

We look forward to many positive shifts—of more efficient usage of manpower via automation, innovations in process and products, diversification in terms of products, material and markets. The path forward is to focus more on design development, innovation and digital manufacturing, to explore new markets and products. Although we are the second largest apparel exporters, our export basket is concentrated into five basic items and we want to try to change that narrative. Value addition is one of our prime agendas.

Our commitment is to take the garment industry to the next level of sustainability and we are looking comprehensively to all the possible areas of concern.

SJ: That would require many forms of change. How would you prioritize?

F.H: Facing the pandemic and staying on course is an immediate concern, and our strategy for this is to work toward enhancing collaboration among the stakeholders.

Our second priority is to ensure the economic upgrade of the industry while the move toward safety and sustainability continues and the standards the industry has already achieved are maintained. In parallel, we will continue to increase the backward linkage of facilities and improve the environment for Foreign Direct Investment (FDI) in an effort to establish specialized fabric manufacturing, which is in high demand.

SJ: How will the dialogue with global brands and retailers change?

F.H: With the backdrop of the COVID-led disruption in the global supply chain, the importance of responsible sourcing and responsible business practices could not be more important.

The power imbalance between the supply chain partners remains a much-discussed issue. The pandemic has further exposed the vulnerability in the global trading arrangement and the affiliated parties, including workers.

The manufacturers and buyers should work in collaboration to ensure that the industry sustains and the millions of livelihoods dependent on this industry are not exposed to economic threats.

We have invested millions of dollars after the unfortunate Rana Plaza tragedy in order to ensure safety and remediation across the industry, and it has already had an impact on our costs; the Covid-19 led disruption has further escalated the situation.

Since we have a number of uncertainties to be cleared like containing the virus and the success of the vaccines/vaccination, and how quickly the global economy responds in the post pandemic era; it is the cooperation and partnership between brands and our suppliers that will help us in finding a way to combat this global crisis and turn around.

SJ: Is the impact of this second wave of Covid-19 worse?

F.H: The industry is unprecedentedly disrupted by the Covid-19 as far as business operations and manufacturing process are concerned. It's important to note that the manufacturers are struggling to keep business and even accepting orders below break-even prices as we are facing underutilization of capacity while the cost has increased due to maintaining health and safety protocols at factories. We have lost $6 billion in exports in 2019-20 compared to the preceding fiscal year, and during July-April of the current fiscal year exports declined by 8.72 percent compared with the same period of 2018-19.

The retail industry in the West is heavily affected, causing a disruption in the demand and the supply chain and affecting price. Even orders are coming at smaller batches and with faster lead times.

SJ: Does that put sustainability on the back burner?

F.H: Bangladesh is home to the most LEED green factories in the world right now. This includes 138 LEED green factories of which 39 are platinum rated; 39 of the global top 100 LEED green factories are in Bangladesh. Around 500 factories are in the pipeline for getting certificates. Bangladesh is showing its maximum commitment when it comes to sustainability.

SJ: How do you seen the factory safety situation being kept up in the midst of all this, and also the efficacy of the RMG Sustainability Council (RSC)?

F.H: RSC is an independent national safety, compliance and sustainability monitoring regime for the ready-made garment industry. It is a national initiative with global standards and was formed with the motto of bringing an end to the unilateral safety regimes and establishing the route to national monitoring. The RSC has already laid a significant stepping-stone in building Bangladesh's own capacity to transparently and credibly take care of the safety of its own industries with the highest standards, and has a multi-stakeholder approach. RSC was set up to carry forward the achievements made by the Accord on workplace safety in Bangladesh, and is governed by an equal number of representatives from brands, manufacturers and trade Unions. Among the 18 board members, six are from industry, six from the brands and six from the global trade unions and the local affiliates.

Since RSC picked up steam, the progress is visible as well as appreciated by the brands, and RSC is fully committed to further strengthening its inspection program through accelerated inspections based on global standards and the identified priorities.

After resuming inspections in September last year, RSC has managed to accomplish 1,821 inspections in 904 factories.

SJ: How do you see the situation for Bangladesh in relation to other manufacturing countries like Vietnam, Cambodia etc.?

F.H: It is not a race with other manufacturing countries that we are competing with, rather we are focusing on value addition and diversification. We want to set up our own standard.

However, over the last decades, the Bangladesh garment industry has achieved tremendous growth and as the result of hard work, resilience and the struggles of our manufacturers and workers, we are now the second-largest apparel exporter in the world. Before Covid hit the whole world and introduced an unprecedented situation, Bangladesh exported $34 billion worth of apparel, which was indeed a great achievement.

There has been some major disconnects that limit the industry's potential to expand over high street fashion and we are now trying to change the narrative of our industry. We have opportunities both in the EU and the U.S., as well as in emerging Asian markets that include Japan, China, India and Korea, and other regions like Russia, Australia and South Africa.

Going forward, we will be trying to tap into these potential markets for further penetration and growth.

Source: sourcingjournal.com– May 10, 2021

HOME

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NATIONAL NEWS

Exports: Govt under active consultation for early finalisation of RoDTEP guidelines, rates: Piyush Goyal

The Department of Commerce and Department of Finance are under active consultation for early finalisation of the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme guidelines and remission rates for export items, Commerce Minister Piyush Goyal told Rajya Sabha MP and former Union Minister Suresh Prabhu.

The Home Textile Exporters' Welfare Association had earlier approached Prabhu to urge Piyush Goyal and Finance Minister Nirmala Sitharaman to declare RoDTEP rates in order to support exporters and cater to the demand for their products in Europe and the US in the post-Covid period.

The RoDTEP scheme, which had replaced the Merchandise Exports from India Scheme (MEIS) on January 1, 2021, was created for reimbursement of taxes, duties, and levies at the central, state, and local level, which were earlier not refunded but incurred in the process of manufacture and distribution of exported products.

"I would like to inform that a RoDTEP Committee was set up in CBIC for determining rates of remission under the scheme for export items. The report of the Committee along with recommended rates has been received in the Department of Commerce recently and is under examination," Goyal said in a letter to Prabhu on April 30, 2021.

He added that Department of Commerce and Department of Revenue are under active consultation for an early finalization of the RoDTEP scheme guidelines and notification of rates for items, including items from the Home Textiles sector, that are decided to be included for coverage and would depend on many factors including the budget available for the RoDTEP scheme.

In a letter to Sitharaman in January, Prabhu had noted that while the rates are yet to be decided, the government had already stopped the Rebate of State and Central Taxes and Levies (RoSCTL) from January 1, 2021.

"Though the exporters were also assured that this will continue till its merger with RoDTEP or 31 March 2021," the letter read. Financial Express had last month reported that the government is holding back export benefits worth at least Rs 35,000 crore under MEIS including sizeable funds traceable to FY20, according to trade sources.

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

Source: financialexpress.com– May 10, 2021

HOME

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Crisil flags off downside risks to its FY'22 growth forecast after the second wave

With a sharp surge in COVID-19 cases in the second wave and the consequent lockdown in affected regions, ratings firm Crisil has flagged off downside risks to its growth forecast of 11 per cent for FY'22 in a report released on Monday.

CRISIL's base GDP growth forecast for fiscal 2022 at stands at 11% but risks are firmly tilted downwards. It has projected two scenarios. One of a moderate downside where GDP growth drops to 9.8%, assuming second wave peaks by May-end. The other of severe downside where GDP growth drops to 8.2%, assuming second wave peaks by June-end.

Comparing with the the last year's restrictions, lockdowns are less restrictive for economic activity, and are concentrated in the most-hit states. Agriculture, construction, manufacturing, and other essential activities are permitted to continue.

Growth in the first half is expected to be supported by a base effect, but clouded by the pandemic's spread. The recent surge in Covid19 cases has led to high-frequency indicators showing some softening, Crisil said

Growth in the second half would be led by better-spread of economic growth, owing to increased inoculations and better adaptability to the pandemic, which would support sectors that are lagging. Also, H2 should see stronger global growth, supporting India's exports to an extent.

The manufacturing sector has remained resilient with the purchase managers' index above the 50 expansion mark despite recent regional lockdowns and restrictions. That is because about half of India's manufacturing output comes from rural areas, where the virus spread and restrictions remain lower than the previous peak. Crisil said.

Also, manufacturing is permitted in the current phase of the lockdown. Besides, a large part of the resilience may be attributed to strong external demand. Restrictions on manufacturing have been minimal so far, unlike last year during the nation-wide lockdown. Agriculture remains unaffected by lockdown restrictions, as last year, according to the ratings firm.

As for services, Crisil said that contact-based services are most vulnerable as they continue to be impacted by the second wave. Moreover, rise in reverse migration could impact construction activity, which has a substantial share in both GVA and workforce.

Source: economictimes.com– May 10, 2021

HOME

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Exports, better balance sheets to help firms tide over second wave impact: Report

The partial-to-full lockdowns imposed by various states to contain the second wave of the pandemic are likely to have a muted impact on the overall business environment, given strong export demand and improved balance sheets in the past six months, according to a report.

Though supply chain disruptions could play out, overall impact on corporates is expected to be moderate to minimal. But, small businesses and retail borrowers are likely to see stresses, India Ratings said in a report on Monday.

It added that retail borrowers and small business will see stress, leading to a build-up of potential asset quality issues in the unsecured lending books of lenders and an increase in softer delinquencies in the MFI segment.

The assessment will change if there were a stringent national lockdown or a protracted normalisation of activities due to the pandemic, the agency warned and cautioned that the economy in general will have a bumpy road to recovery.

The second wave of the pandemic infections will be less disruptive than the first wave for overall businesses, despite the daily caseload reaching more than four times of the peak level seen during the first wave. This is because the administrative response is likely to be confined to the regional/local lockdowns and containment zones.

The agency believes the first order impact on corporates will be minimal to modest depending on the industry and size of entities, as it believes that companies are better prepared to operate under localised lockdown conditions while adhering to various guidelines.

Another enabler is exports, it said pointing out that while curbs on economic activities will shave off a portion of aggregate demand, export growth could compensate for the same as the global economy is on the mend now.

The export growth has been reasonably strong in the past six-eight months and is likely to sustain given the fiscal push across its key exporting destinations. Consequently, impact on topline (profit) for sectors other than offline retail, entertainment, hospitality, travel and associated services is likely to be minimal for mid to large corporates.

The agency also believes that corporate margins could taper off from the extraordinary buoyant levels in the second half of FY21, mainly because of return to normalcy and adverse impact of elevated commodity prices.

The impact on margins will be disproportionally higher for medium-to-small entities, than that for the large ones in the commodity user groups.

The agency also argues that corporate balance sheets have gained resilience, in view of the healthy pre-tax margins and strong cash-flows since the second half of 2020-21. Moreover, free cash-flows for most sectors have improved due to deferment of capital expenditure (capex) and reduction in working capital, with excess cash being used by many entities to reduce debt or retained as a cushion on the balance sheet.

Healthy balance sheets will provide necessary safeguard for larger entities to manage the temporary disruptions, if any in the short term, said the report.

Another enabler this time around is more manageable labour challenge, though there could be a bout of disruptions. Unlike the last time, the challenge owing to the reverse migration is not visible in a significant way. Industry such as auto, auto ancillaries and cotton may face challenges, whereas paper and chemical may stay broadly unaffected owing to the dependence on local labour force.

On the other hand, construction activity will be hit due to limited availability of key resources because of imposed restrictions or rising infections though some of it is being managed by retaining staff at the construction sites.
The agency had in later April revised down its GDP growth forecast for FY22 to 10.1 per cent from 10.4 per cent on April 23.

Accordingly, the demand-side components of GDP — private final consumption expenditure, government final consumption expenditure and gross fixed capital formation are now expected to grow at 11.8 per cent, 11 per cent and 9.2 per cent year-on, respectively, in FY22. This is as compared with the agency's earlier forecast of 11.2 per cent, 11.3 per cent and 9.4 per cent, respectively.

Recovery will be slow and bumpy given the muted incremental countercyclical fiscal spending. Also, the nature of fiscal support will be indirect and supportive, rather than any direct stimulus to augment aggregate domestic demand conditions.

Additionally, rising inflation will restrict any large monetary support through lower interest rates. Given these two restricted levers, the recovery paths of certain sectors especially those linked to services and social distancing could stretch beyond FY22, said the report.

Source: financialexpress.com– May 10, 2021

HOME

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DGFT's 'Covid-19 Helpdesk' helps resolve business issues

As many as 78 complaints sorted out in 15 days, says government

The 'Covid-19 Helpdesk' of Directorate General of Foreign Trade (DGFT) in the Department of Commerce has resolved 78 of the 163 complaints made by traders and industry over the last fortnight.

These issues relate to areas under the Commerce & Industry Ministry such as import and export licensing issues, customs clearance delays and complexities, import/export documentation, banking matters, transport/port handling/shipping/air movement issues and availability of manpower for running export units, per an official release.

"Trade related issues concerning other Ministries/Departments/Agencies of the Central government and State governments are also being collated and are being taken up for resolution with the agencies concerned," the release stated.

Areas flagged

Major areas which have been flagged through the helpdesk for support, included import of oxygen concentrators, oximeters and Covid-related medical devices. There were various relaxations requested for such as ones related to the application status of licenses and incentives.

Source: thehindubusinessline.com– May 10, 2021

HOME

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RBI's stitch-in-time act is spot on

It is only but very rarely that a central bank announces emergency liquidity and other measures whose 'immediate objective is to preserve human life and restore livelihoods.' That's what the RBI did and announced in an unscheduled press conference on May 5. The success or otherwise of these measures as also those introduced last year, with all their ramifications, will be known in the years to come.

And, for sure, one will witness, for a long time to come, intense debates on the pros and cons of the obliteration of the long-recognised boundary between monetary and fiscal domains, as is happening now. But this is an extraordinary situation, never seen and faced in living memory. A gigantic humanitarian and economic crisis now stares India straight in the face, even as the total of, and the daily addition to, the Covid caseload is scaling new heights. If there is any question that is topmost in everyone's mind it is 'when will the second wave curve flatten?' Sadly, no one has any clue. And, experts are already talking about the imminence of an even more virulent third wave.

Major takeaways

The first, and the most important, takeaway is that the present accommodative stance of the monetary policy will continue indefinitely. The MPC of the RBI is not likely to cut the policy rate further at its next meeting despite the lowering of the expected GDP growth rate for 2021-22 by the IMF and a few others, probably because there are concerns about a possible spike in inflation due to a fresh supply chain disruption induced by the new restrictions and containment measures.

The design of the Term Liquidity Facility of ₹50,000 crore to banks for creating a Covid loan book as a portfolio of lending support to a wide range of entities involved in the country's fight against the pandemic is imaginative. The two incentives provided to banks in this regard will make this facility more attractive than has been the case with similar facilities announced last year.

Close on the heels of RBI's announcement, two leading public sector banks each announced their decision to lend under this facility to Serum Institute and Bharat Biotech. These actions are laudable. However, there is a larger issue here: Why these two leading vaccine manufacturers had to wait for the

RBI's special liquidity window to raise money for funding their research and expanding their production? One can debate endlessly whether vaccine production is a profitable business in the long run or not, but the fact that institutional credit has reached these two companies through money printing by the RBI doesn't leave us with a good deal of comfort.

The introduction of a ₹10,000-crore Special Long-Term Repo Operations (SLTRO) for Small Finance Banks (SFBs) is also a timely step, in recognition of their role at the bottom of the credit pyramid of the country.

The present surplus system liquidity condition, with daily net liquidity absorption by the RBI under LAF averaging at ₹5.8-lakh crore in April, is likely to continue although there seems to be some renewed focus on how to utilise it for supporting growth impulses. Regardless of whether this bears any meaningful fruit in the immediate run, further addition to the kitty of surplus liquidity is possible in view of the RBI's G-Sec buying plan under G-SAP.

Given the possibility of the fiscal deficit of the Central government exceeding 6.8 per cent of GDP in 2021-22 and consequently its gross borrowing requirement becoming higher than the projected ₹12.05-lakh crore, enhancement in the G-SAP target beyond ₹1-lakh crore seems a distinct possibility, especially because of the government's desire that its borrowing cost should not be allowed to go higher.

The growth rate of the reserve money during 2020-21 moderately exceeded its long-term average, which trend is likely to continue in 2021-22, suggesting that the RBI's liquidity policies and operations have so far been well-strategised and well-delivered. The second wave has created significant additional stress for individuals, small businesses and MSMEs almost across the board. The Resolution Framework 2.0 has been designed to address this issue and also to alleviate, to some extent, the resulting adverse impact on the financial sector. No wonder, this has been widely welcomed and supported.

Restructuring needs re-look

However, it may not be out of place to take a deeper look at the efficacy of the extant framework and approach for restructuring/resolution of stressed bank debt, especially with respect to MSME borrowers. A starting point for this purpose could very well be the fact that restructuring has not worked so far in this country. In most cases, it results in evergreening and/or good money chasing bad money together with all the attendant inefficiency in the use of the lendable resources of banks.

The reasons are too well known to be recounted here. In the present context, the core issue in the case of any stressed MSME is that its net worth is either very low or negative. Hence, they cannot be revived without the infusion of fresh equity. The government seems to have realised this need, leading to its announcement of the CGSSD scheme last year whereby it would provide guarantees to bank loans to the promoters of MSMEs to invest in the equity/quasi equity of their respective companies.

The aggregate amount of equity/quasi equity fusion has been tagged at ₹20,000 crore. Though a well-meaning initiative, it is unlikely to go too far in solving the problem on hand. At the core of it lies the fact that lending to MSMEs in India is a high-risk business, whose return seldom provides adequate compensation. Lending to promoters under CGSSD will also involve a very high risk, which banks are not well-equipped to assess or evaluate.

In general, if the fisc wants to provide an efficient backstop for risk-taking, the first order of business should be that risk decisions are taken well. A much better and effective proposition for enhancing MSME growth in India will be to promote the setting up of 7-10 large Alternative Investment Funds (AIF) in which each large scheduled bank will put money as a defined proportion of its MSME portfolio.

The government should also put money by way of budgetary allocations in them. These AIFs, which will be professionally managed with governance and performance standards mirroring the best global benchmarks will invest in the equities and also, in exceptional cases, in the debt of MSME companies. Fortunately, the country now has a critical mass of professional talent required for this purpose. This could very well be yet another reform to be undertaken in the wake of the crisis caused by the pandemic.

Source: thehindubusinessline.com– May 10, 2021

HOME

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NITI Aayog and Mastercard Release Report on 'Connected Commerce: Creating a Roadmap for a Digitally Inclusive Bharat'

NITI Aayog and Mastercardtoday released a report titled'Connected Commerce: Creating a Roadmap for a Digitally Inclusive Bharat'. The reportidentifies challenges in accelerating digital financial inclusion in India and provides recommendations for making digital services accessible to its 1.3 billion citizens.

The report was released by NITI Aayog's Vice Chairman Dr Rajiv Kumar, CEO Amitabh Kant, and Ajit Pai, Distinguished Expert and Head, Economics and Finance Cell, along with Ravi Aurora, Senior Vice President and Group Head, Global Community Relations, Mastercard.

Based on five roundtable discussions held in October and November 2020, the report highlights key issues and opportunities,with inferences and recommendations on policy and capacity building across agriculture, small business (MSMEs), urban mobility and cyber security. Experts from the government, banking sector, the financial regulator, fintech enterprises, and various ecosystem innovators participated in the discussions led by NITI Aayog and supported by Mastercard.

NITI Aayog was a knowledge partner in this endeavour. The series of workshopsand the outcome reportwere curated by business advisory firm FTI Consulting.The report reflects the discussions held during the roundtables.

In his opening remarks, Dr Rajiv Kumar, Vice Chairman, NITI Aayog,said, "Technology has been transformational, providing greater and easier access to financial services. India is seeing an increasing digitization of financial services, with consumers shifting from cash to cards, wallets, apps, and UPI. This report looks at some key sectors and areas that need digital disruptions to bring financial services to everyone."

Between October and November, experts discussedways to accelerate digital financial inclusion, enable global opportunities for MSMEs, inspire trust and security in digital commerce, prepare India's agri-enterprises for connected commerce, and build robust transit systems for smart cities. Key issues addressedduring the knowledge series were:

Acceleration of digital financial inclusion for underserved sections of Indian society.

Enabling SMEs to 'get paid, get capital and get digital' and access customers, and ensure their continued resilience.

Policy and technological interventions to foster trust and increase cyber resilience.

Unlocking the promise of digitization in India's agriculture sector.

The essential elements of a digital roadmap to make transit accessible for all citizens.

"In the post-Covid era, building resilient systems and encouraging business models that could be change-makers of the future are crucial," said Amitabh Kant, CEO of NITI Aayog. "India is emerging as the hub of digital financial services globally, with solutions like UPI growing tremendously and being hailed as instrumental in bringing affordable digital payment solutions to the last mile. Fintech players, alongside the conventional financial services providers, hold the key to transforming the way the economy functions and increasing access to credit for our industry. This will enable us to make the Indian digital financial landscape convenient, safe, and accessible to all."

Key recommendations in the report include:

Strengthening the payment infrastructure to promote a level playing field for NBFCs and banks.

Digitizing registration and compliance processes and diversifying credit sources to enable growth opportunities for MSMEs.

Building information sharing systems,including a 'fraud repository', and ensuring that online digital commerce platforms carry warnings to alert consumers to the risk of frauds.

Enabling agricultural NBFCs to access low-cost capital and deploy a 'phygital' (physical + digital) model for achieving better long-term digital outcomes. Digitizing land records will also provide a major boost to the sector.

To make city transit seamlessly accessible to all with minimal crowding and queues, leveraging existing smartphones andcontactless cards, and aim for an inclusive, interoperable, and fully open system such as that of the London 'Tube'.

"The Covid-19 pandemic has alerted us all to the fragility of cash and the resilience of digital technologies, including digital payments. Even with restrictions, commerce needed to continue to fulfil basic livelihood needs—and it was digital technologies that made it possible. Now more than ever, the power of brick-and-mortar distribution channels must parallel in the digital world. In the past years, India has changed its operating landscape in making digital more accessible and friction free.

It is one of the most advanced digital payments environment in the world. Now is the time to take our learnings and digital transformation-at-scale with speed and agility. With this report, we hope to highlight key elements of a roadmap India can follow to achieve the next level of digital transformation, driven by providing real value to the next half-billion of society that will go online and onto digital transactions in the next three years," said Ari Sarker, Co-President, Asia Pacific, Mastercard.

The full report can be accessed here:

https://niti.gov.in/writereaddata/files/Connected-Commerce-Full-Report.pdf

Source: pib.gov.in– May 10, 2021

HOME

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Indian garment industry in midst of massive crisis: CMAI Survey

The micro, small and medium enterprise (MSME) manufacturers of the Indian domestic garment industry are once again faced with a massive challenge caused by the current wave of COVID-19, with 77 per cent of the manufacturers surveyed contemplating reducing their staff by more than 25 per cent, The Clothing Manufacturers Association of India (CMAI) said.

The domestic industry, which went through a torrid last year, was just about recovering at the beginning of 2021, reaching close to 80 per cent of its pre-COVID sales levels. However, the CMAI Study, conducted at the beginning of May '21, indicates 55 per cent of the manufacturers achieving less than 25 per cent of their sales during April 2021.

"Uncertainty is looming large for these manufacturers, as 72 per cent of the respondents have seen more than 50 per cent of their orders on hand being cancelled by their buyers. This will lead to a huge problem of dead inventory in the coming months," the CMAI said.

"The situation is equally grim on the cash flow front, with 72 per cent of the respondents receiving less than 25 per cent of their due payments in April, and another 12 per cent receiving less than 50 per cent of their dues," it added.

What makes the situation more worrying is that as a result of regional lockdowns increasing across the country, 90 per cent of the members believe May to be far worse than April, and 45 per cent not expecting markets to revive before the Diwali festival. In fact, more than 20 per cent do not see the revival starting before 2022, according to the survey.

The impact on employment is likely to be drastic, with 77 per cent of the respondents surveyed planning to cut up to 25 per cent of their staff in the coming months. The workers themselves seem to have sensed this impending doom, and 64 per cent of the factories have seen more than 50 per cent of their workers returning to their villages.

Whilst fully supporting the various state governments in their measures to control the pandemic, CMAI has urged the governments, in particular the governments of Maharashtra and Karnataka – two of the largest clusters of garment manufacturing in the country – to give due consideration to the domestic garment industry as and when they contemplate the opening up of economic activity. CMAI has urged the government to permit garment factories to operate with 50 per cent of its capacity with immediate effect, whilst strictly following COVID protocols.

CMAI said it plans to continue its periodic surveys to understand the ground realities of the industry and communicate the same to the governments concerned.

Source: fibre2fashion.com– May 10, 2021

HOME

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India's Covid-19 catastrophe could make global shortages even worse

A terrifying and record-breaking wave of Covid-19 in India threatens to stall the country's economic recovery and send shockwaves through several important global industries.

Asia's third largest economy has been struggling for weeks to control the devastating surge. Hundreds of thousands of new cases are reported every day, and economists are rethinking their forecasts for double-digit growth this year — a troubling sign for a country that plunged into recession last year for the first time in nearly a quarter of a century after the government imposed a nationwide lockdown.

Prime Minister Narendra Modi has so far resisted calls to impose another total lockdown on the country, even as many regions have announced their own heavy restrictions. But several global industries that rely on India are looking on anxiously. Should the crisis deepen, everything from clothing and pharmaceuticals to financial services and global shipping could feel the pain.

Supply chains

About 80% of world goods trade by volume is carried on ships, according to the United Nations World Conference on Trade and Development, and India provides many of their crews.

More than 200,000 of an estimated 1.7 million seafarers globally are from India, according to Guy Platten, the Secretary General at the International Chamber of Shipping. Many of them have officer ranks and roles requiring important skills, he added.

"We hope to goodness" this situation can be resolved, Platten told CNN Business. Otherwise it could lead to big "shortage of seafarers," which would "disrupt the global supply chain," he added.

As many countries have banned flights from India, it is already impossible to move Indian workers to ports around the world, and swap crews.

René Piil Pedersen, head of Marine Relations at Maersk, the world's largest container shipping company, hopes that countries start distinguishing between regular travelers and seafarers. Otherwise, he said, the world could face both a serious threat to global cargo flows, and a "humanitarian crisis," because crews would not be able to leave their vessels and return home.

"It will take a heavy toll on their mental welfare," said Pedersen, whose company employs 30% of its seafarers from India.

The pandemic threw global shipping into chaos last year, with nearly 200,000 seafarers stranded for months due to port closures and grounded airplanes. Some workers had started calling their vessels "floating prisons" — and Pedersen fears a return to that scenario if India's Covid-19 crisis continues unabated.

There are also significant delays in the movements of vessels.

Some places, such as the United Arab Emirates, Singapore, Hong Kong and mainland China, "have already imposed strict quarantine restrictions for vessels arriving from Indian ports," said Sankar Narayanan, manager for shipping at shipping and logistics company GAC India.

Experts say vaccinating seafarers could be a solution, but that may prove to be hard to execute.

Vaccines and other pharmaceuticals

The world's vaccination drive is already suffering because of the outbreak in India, which typically produces more than 60% of all vaccines sold globally. The country is home to the Serum Institute of India (SII), the world's largest vaccine maker. Its vast manufacturing capability is why the country signed on as a major player in COVAX, the global initiative that provides discounted or free doses of the Covid-19 vaccine for lower-income countries.

SII agreed last year to manufacture up to 200 million Covid vaccine doses for up to 92 countries. But, with only 2% of India's population fully vaccinated, the government and SII have shifted focus from supplying vaccines to other countries, and are now prioritizing Indian citizens.

The bad news doesn't end there. Apart from the Covid vaccine shortage, there could be other consequences for the worldwide pharmaceutical industry if the spread of the infection in India is not controlled soon.

India is the world's largest supplier of generic drugs — copies of brand-name pharmaceuticals that have the same effects but cost less. In the United States, 90% of all prescriptions are filled by generic drugs and one in every three pills consumed is produced by an Indian generics manufacturer, according to an April 2020 study by the Confederation of Indian Industry and KPMG.

But Indian drug makers get as much as 70% of their raw materials from China, a link in the supply chain that looks vulnerable given the coronavirus surge. At the end of April, China's Sichuan Airlines suspended cargo flights to India for 15 days. That prompted India's top pharmaceutical export group to write to India's ambassador in Beijing, urging him to intervene.

In the letter, Ravi Udaya Bhaskar, director general of the Pharmaceutical Export Promotion Council of India, termed the suspension "worrisome" — and said it could have a "cascading effect" on the supply chain.

"Most countries depend on India for generic drugs, and India depends on China for raw material. It will be a big blow to [the] global pharma supply chain if trade between the two is disrupted," said Tinglong Dai, associate professor of Operations Management and Business Analytics at the Johns Hopkins Carey Business School.

For now, the impact seems limited. Bhaskar told CNN Business last week that there is currently no shortage of drugs, since big firms have enough raw material to tide them over the next three to four months. He also said that Sichuan Airlines was likely to resume service this week.

Sichuan Airlines did not respond to a request for comment.

Clothes

India is one of the largest textile exporters in the world, and the industry is struggling with severe labor shortages.

"This is the first time our generation has experienced something like this. No one was prepared for this dreadful scenario," said Arpit Aryan Gupta, partner and new business development head at apparel manufacturer NG Apparels, which is in Ludhiana, Punjab, a big garment producing hub. The company, which supplies brands including New Balance and Nordstrom, employs about 100 skilled and semi-skilled workers, and nearly 50% of them have left since the latest Covid-19 surge began. Gupta said he is providing housing for remaining workers on site to keep the factory running.

Elsewhere, manufacturers are staring at equally worrisome scenarios.

In the major garment production hubs of Delhi and Bangalore — which are also states with a high number of Covid-19 infections — absenteeism among workers is as high as 50%, according to consulting firm Wazir Advisors. And for many manufacturers who are still recovering from last year's slowdown, the safety of workers has become a huge concern.

Domestic clothing industry consumption and exports last year fell by 30% and 24%, respectively, according to Wazir Advisors.

"But for 2021, it is difficult to project right now as we are not sure by when this pandemic will end," the firm added.

India is also a major global exporter of leather and leather goods. The country is the second-largest exporter of leather garments and the fourth-largest exporter of leather goods in the world, according to the Indian Council for Leather Exports. It is also a major producer of footwear, after China, producing nearly three billion pairs of shoes annually.

Last year, the pandemic dealt a serious blow to India's leather industry, and businesses had just begun to recover before the latest wave led to massive shutdowns and a shortage of skilled staff.

Financial services

Big banks and accounting firms are scrambling to keep their online operations afloat, given how important India is as a hub for their back offices.

Many companies have outsourced a huge number of information technology and operations jobs to India in recent decades, attracted by an educated workforce and cheaper labor costs. Almost 4.4 million people in the country are employed in IT and business process management, according to the National Association of Software and Service Companies, a trade body.

Some companies are taking some measures to address the crisis, include shifting work to other countries, encouraging staff to work from home and extending project deadlines.

Goldman Sachs and Wells Fargo, for example, have implemented remote work for all employees. But working from home during a pandemic is complicated, especially if employees have to look after sick relatives. There are also challenges around security and data protection, since employees may be handling sensitive company or customer information.

UK banks Barclays, NatWest and Standard Chartered are in some cases redirecting work to other countries to relieve pressure on employees in India, many of whom have fallen ill or have care responsibilities at home.

EY India, which has over 56,000 workers, activated a business continuity plan at the start of the surge, which included shifting work to other geographies. Almost all of its employees are working from home, according to Julie Teigland, a regional managing partner.

"A significant number of EY people and their family members have been directly impacted by the severe second wave of Covid in India," she told CNN Business.

Source: wicz.com– May 10, 2021

HOME

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Textile traders divided over keeping shops open

The divide in the textile business community of Surat once again came to the fore on Monday after the district collector gave permission to open the textile markets in the city for four hours on Tuesday.

The Southern Gujarat Chamber of Commerce and Industry (SGCCI) had sought permission last week for opening the market. However, hours after giving the nod, the collector withdrew it citing 'administrative' reasons. Interestingly, many textile traders blamed SGCCI for creating confusion.

The district administration in its letter to SGCCI president Dinesh Navadiya on Monday morning allowed keeping the markets open from 10 am to 2 pm on Monday and Tuesday. But since SGCCI received the letter late, the message could not be conveyed to the traders in time, yet some of them opened their shops and were fined by police.

Meanwhile, the Federation of Surat Textile Traders Association (FOSTTA), which had written to chief minister Vijay Rupani for allowing markets to open after May 12, was not in the favour of opening the markets on Monday and Tuesday for a few hours.

SGCCI said that it had made a request to the district administration, on getting representations from different associations of traders, yarn manufacturers, dealers, weaving and processors.

"The permission was withdrawn for administrative reasons," said district collector Dr Dhaval Patel. However, he did not elaborate on it.

Later, SGCCI in a statement said that there was a question of police permission and when the collector and police commissioner talked to leading traders and trade organizations, they received an opinion that they were fine if the markets will not open for a day.

"For last so many years, FOSTTA has been deciding about the operations of all textile markets in the city, some organizations are only trying to gain brownie points by such moves. By keeping the markets open for a few hours was hardly going to make any difference," said its secretary Champalal Bothra.

Last week too, members of FOSTTA and the Textile Task Force constituted by SGCCI had a heated argument outside the office of police commissioner when they went to make different requests for relaxation in the lockdown norms.

Source: timesofindia.com– May 11, 2021

HOME

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With reimposition of lockdown in Andhra Pradesh, cargo services of TSRTC suspended

While Andhra Pradesh remains under lockdown, cargo services of the Telangana State Road Transport Corporation (TSRTC) have been hit by the curbs. The TSRTC is already facing a financial crunch and losing over Rs 17 lakh of revenue from its parcel and cargo services.According to officials, each day around 14,000 parcels are sent to different places in Andhra, which are shipped from various counters, apart from the MGBS and JBS.

TSRTC had to give up the idea after the AP agents expressed their reluctance in view of Covid. “We have decided to suspend the services for the week, as the service is facing logistics problems, like unloading and even our agents, they are unwilling to take risk in view of the pandemic,” said S Krishnakanth, TSRTC Special Officer, Cargo and Parcel Services.

The parcel services alone generate revenue of `15 lakh for the TSRTC, besides the special cargo buses which generate an average of `2 lakhs per day. Generally, parcels are shipped on the normal buses, the TSRTC also has a fleet of 184 cargo buses, including 150 buses with 10-tonne capacity, and 34 buses with four-tonne capacity, which are used to ferry heavy shipments.

The regular shipments include household goods, spare parts, textiles, rice, lentils, medicines and pharma products and other industrial merchandise. Interestingly, the APSRTC cargo services are continuing their operations and crossing over to Telangana. At the time, when TSRTC was about to get shipment orders from Surat, the second Covid-19 wave struck the business. “After the lockdown in 2020, TSRTC slowly started gaining momentum, but unfortunately the second wave came,” added Krishnakanth.

Following the restoration of service in June, 2020, the TSRTC delivered 31 lakh parcels and generated `30 crore in terms of revenue, besides `11 crore through special cargo buses. However, the door-to-door parcel delivery services which were started during the previous years, are yet to be restored, even within the State.

Source: newindianexpress.com– May 09, 2021

HOME

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