# International News

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INTERNATIONAL NEWS

Global 2021-22 cotton consumption highest in 4 years: USDA

Record global cotton supply will drive higher consumption as recovery from the COVID-19 pandemic continues, the US department of agriculture (USDA) said in its first forecast for the 2021-22 cotton season. Global cotton consumption in 2021-22 is expected to grow 3.5 per cent to almost 122 million bales, higher than the pre-pandemic 2018-19 level.

However, lingering pandemic related disruptions, i.e. reduced consumer demand and logistical issues, are expected to keep global cotton use below the 2017-18 record level, the Foreign Agricultural Service of the USDA said in its May 2021 report 'Cotton: World Markets and Trade'.

Cotton use in 2021-22 is expected to witness growth in all top ten consuming countries, according to the USDA report. India will see cotton use going up by 2 million bales, accounting for nearly one-half of growth in global use. Consumption growth in Pakistan, Turkey, and Bangladesh is expected at or above the long-term world growth rate of around 2 per cent. Consumption in Vietnam is also forecast to increase.

Global cotton stocks at the end of 2021-22 season are forecast lower on smaller beginning stocks and consumption exceeding production for the second consecutive year. Stocks in China and India are both expected to decline by more than 1.5 million bales. China’s share of global stocks will decline to the second lowest level in 11 years. India’s consumption growth will exceed the expected increase in production, and lower stocks to their lowest level in 3 years. Stocks in the United States are also expected to decline. Brazil stocks are expected to increase due to the arrival of the second-largest projected crop at the end of the marketing year, the report said.
World trade is expected to contract slightly in 2021-22 from 2020-21, the highest in eight years. Shipments from the United States and Brazil are projected down on lower exportable supplies due to significantly lower carryin. Australia’s exports are forecast to more than double on dramatically higher production, with improved prospects relative to the extreme drought in 2020-21. India’s exports are up as higher world prices allow for the reduction of government-controlled stocks.

The second-highest projected global imports in nine years will be driven by higher global consumption relative to the previous year. China is projected to be the world’s largest importer for the second consecutive year, although imports are forecast lower than the previous year’s 8-year high.

This follows the State Reserve’s expected return to replenishing stocks with foreign and domestic supplies. Pakistan imports are down slightly from the previous year’s record but significant due to the highest expected consumption level in three years and lower carryin.

Source: fibre2fashion.com—May 14, 2021
China needs new textile and apparel standards

China needs to set new standards in the apparel and textile industry, says a report by the Qianzhan Industry Research Institute. Order cancellations and reduced demands have severely impacted China’s textile and apparel industry which needs to reduce inventories and make a medium to long-term sustainable development plan, it adds.

Many garment manufacturers have also borne the pressures of growing labor, material and delivery costs since the second quarter of last year, says Sun Ruizhe, president of the China National Textile and Apparel Council. The industry needs to participate more in setting future standards and hold cultural events to introduce their products on the international stage, as well as bring in advanced technological solutions, industrial practice theories and aesthetaetic value orientation, Sun adds.

Cheng Zhiwei, Researcher-Foreign Trade, Jilin Academy of Social Sciences, urges Chinese companies to participate in the formulation of global standards and technical regulations as well as jointly establish an international standardization organization with China as an important member in the coming years.

It is also necessary for domestic players to speed up the development of key technical standards to promote the international development of China’s technology, products and services, Cheng adds.

The report predicts, the textile and apparel market will continue to grow steadily with the ongoing gradual economic recovery and production resumption. China will continue to foster high-quality development in the textile and apparel industry under the 14th Five-Year Plan (2021-25) and the new dual-circulation development pattern.

Source: fashionatingworld.com – May 13, 2021
France allows physical shows to resume from July

Relaxing lockdown measures, the French government has allowed live fashion shows to resume in Paris from July this year. The government has permitted annual Haute Couture Week to organize live shows and presentations from July 5 to 8, 2021, according to a statement from the French fashion industry body Federation de la Haute Couture et de la Mode. The show will display handmade outfits.

No major live fashion shows have been held in Paris since September 2020 when some brands including Dior and Chanel had organized a few shows with a live audience, albeit with a limited number of guests.

In the past months, fashion brands have presented their new lines in online-only shows and have experimented with other ways to showcase their designs such as short films and one-on-one presentations.

In normal times, Paris's multiple fashion weeks generate around €1.2 billion for the local economy every year.

Source: fashionatingworld.com – May 13, 2021
Fashion CEO Agenda: ‘We Have to Act, and We Have to Act Now’

The good news is the fashion industry is embracing new sustainable materials, business models and ambitious science-based targets at a never-before rate. The bad? It’s not doing so quickly—or systemically—enough to avoid destructive levels of global warming.

“While we have to remain optimistic, we also have to realize that we as an industry are not moving at a fast-enough pace, and we are not on the trajectory of the Paris Agreement of 1.5 degrees,” Morten Lehman, chief sustainability officer at Global Fashion Agenda, a Copenhagen think tank, said Wednesday at the launch of this year’s edition of the Fashion CEO Agenda, its fourth. “So we have to act, and we have to act now. And this is where leaders have to step in.”

Part tool to help fashion leaders allocate resources for the greatest sustainability impact, part “vision statement” that highlights the imperative for social and environmental change for the sector at large, the Fashion CEO Agenda outlines key priorities that businesses must focus on to future-proof both their interests and those of the planet.

This year’s framework, which the Global Fashion Agenda co-authored with its strategic partners, including Asos, Bestseller, Fung Group, H&M Group, Kering, Nike, PVH Corp., the Sustainable Apparel Coalition and Target, homes in on five key environmental and social concerns: respectful and secure workplaces, better wage systems, circular systems, efficient use of resources and smart material choices.

Covid-19, the Agenda said, has “exposed” the importance of social safety nets and fair wages. While research suggests that many factories fail to comply with local minimum-wage laws, even those minimum wages are often too low to meet the basic needs of workers under regular circumstances, let alone during a global health crisis.

Fashion also continues to strain the use of limited natural resources such as land and water. It will take a “major innovation push,” it said, to improve existing materials and develop new materials that are less resource-intensive and have the potential to be circulated back into the garment cycle.
None of these issues is simple, the organization admitted. All require “internal enablers,” such as business model innovation, supportive governance and traceability, along with “external” ones like consumer engagement, investor incentives and legislation to succeed. The social and environmental aspects of sustainability must also be achieved hand in hand—neither can be accomplished without consideration for the other.

“This will at times be an uphill battle—it won’t all be win-win,” Lehman said. “And sometimes the returns on investments will not be there in the short run. But the consequences of not acting now are much graver and much more costly than if we don’t act.” The goal of the Fashion CEO Agenda, he added, is to provide a “positive vision of a thriving industry that creates prosperity for people and communities, reverses climate change, protects biodiversity [and works] within planetary boundaries,” and in so doing, “inspire bold action.”

A healthy fashion industry is one that creates prosperity for all its stakeholders, not just the ones on the uppermost rungs, said Miran Ali, vice president of the Bangladesh Garment Manufacturers and Exporters Association.

“For the person on the sewing machine, that they have a lifestyle and a livelihood that allows them to have decent living conditions, decent education for their children, decent healthcare and essentially a decent life,” he said. “That for me is the most important thing.”

The Fashion CEO Agenda is critical because it defines a “common direction” for all stakeholders to drive systemic change, said Helena Helmersson, CEO of H&M Group, which owns & Other Stories, Arket, Cos, Monki and Weekday, in addition to its eponymous brand. Rather than constrain, a framework can drive creativity internally, she said, citing H&M’s own forays into rental, resale and recycling.

“All this [is] not coming from me or the top; that is coming from people within the organization who are really passionate,” Helmersson said. “And this is a never-ending journey. I see things every week that we can do even better, to kind of develop this system further.”

“Integration” is a word she abides by. “As you make decisions, how do you make sure that sustainability is as integrated as possible?” Helmersson asked.
But brands need to act sooner rather than later. Textile manufacturing emissions are expected to surge by 60 percent, by 2030, which is around the same time that the planet needs to decarbonize, said Kirsten Dunlop, CEO of the European Institute of Innovation & Technology Climate-KIC, the European Union’s main climate innovation initiative. “Every year after 2030, we are eating into a future that is genuinely unlivable—not just unsustainable,” she added. Fashion bosses, particularly those who find it difficult to let go of long-held beliefs and practices that have served them well, need to think in terms of “value at risk,” Dunlop said.

“The importance here in how to engage with climate is to think of possibility—not plausibility or probability,” she said. “You need an approach to innovation that gives you options and gives you ways of building confidence for alternative business models that will not only be able to [help you] compete, [but also] survive, contribute and build reputation and credibility in a world that increasingly starts to make judgments on which side of history you are falling on when it comes to solving the greatest challenge that faces humans.”

Such a tack, Dunlop added, requires brands to think of business model transformation, not of innovation as a marginal improvement or diversification in products and services. “This is wholesale business renewal” that begins with understanding the scale and urgency of the challenge, then working back to evaluate how a company’s assets, resources and capabilities are at risk, she said. Brands then need to respond with a “portfolio of innovations”—“not one or two things that you could do, but multiple ways of thinking about how do you change dyes and chemicals, how fiber production, how do you change logistics, how do you change customer perceptions, how do you change waste management.”

Staying static could be dangerous in more ways than one, particularly as tougher policies move through the legislative pipeline, Dunlop noted. “This is ultimately about remembering that the greatest risk of any CEO running a business in 2021 and looking forward into the next 10 years is not the risk of dramatic change, which there will be, [but] it’s the risk of attachment to the way you’re doing business now,” she said. “And the incredibly difficult challenge of letting go, in time, before it’s too expensive, too late and too punitive.”

Source: sourcingjournal.com— May 14, 2021
Fiber and Fabric Price Hikes Funnel Apparel Toward Inflation

Raw material prices are on the rise as demand surges, and the effects are ricocheting down the supply chain.

Yarn and fiber makers are making adjustments, while brands are getting ready to hike or, already have raised, prices to protect their bottom lines.

All benchmark cotton prices increased over the past month. Cotton Incorporated noted in its monthly analysis that since early March, the July New York ICE futures contract rose to above 90 cents per pound from 78 cents. Cotton Inc.’s report released on Thursday said in the latest trading, prices have been near 88 cents per pound.

The Cotlook A Index of average global spot prices increased to 95 cents per pound in early May from levels near 85 cents in early April. The U.S. Department of Agriculture (USDA) reported that U.S. spot cotton averaged 84.03 cents per pound for the week ended May 6. That was down from 84.92 cents the prior week, but up from 50.02 cents a year earlier.

Cotton Inc. said while stock levels and stocks-to-use ratios are expected to decrease in the upcoming crop year, the early USDA outlook suggests that supply will remain elevated.

“Even with ample supply in the current crop year, prices have been able to manage consistent increases,” the report said. “The divergence between supply and demand figures and prices makes price forecasts based on market fundamentals a challenge. A factor that appears correlated with price movement has been the evolution of the U.S.-China trade relationship.”

Despite Covid, the U.S. is projected to export the third-highest volume on record, 16.3 million bales, during the 2020-21 crop year. With shipments to most other markets lower, this has been driven by business with China.

Cotton Inc. said the Phase One deal suggests that China will continue to increase purchases of U.S. agricultural goods in the 2021 calendar year, but it is unknown if an extension or a new agreement will be reached for 2022.
Cellulosic fiber manufacturer Lenzing, in reporting that revenue in the first quarter ended March 31 rose 4.9 percent to $587.39 million, mainly attributed the strong increase to demand from China and the resulting higher viscose prices.

The prices for standard viscose continued their positive momentum from the end of 2020 into 2021, the company said, up 33.8 percent from the beginning of the year. Price increases in the dissolving wood pulp market supported the standard viscose price development. The prices for wood-based specialty fibers, which also developed much more stably in the past quarters, benefited from this development as well.

“In an environment of growing demand, this increase is attributable to a shortage in the market, which was caused, among other things, by low inventory levels and low local production in China, and, at times, low imports due to bottlenecks in global logistics,” Lenzing said.

In polyester, the U.S. Bureau of Labor Statistics (BLS) reported in its Producer Price Index that synthetic fiber prices rose 6.1 percent in April compared to March and were up 9.6 percent from a year earlier.

Unifi Inc., a manufacturer of recycled and traditional polyester and nylon yarns, in reporting fiscal third quarter financial results, said it expects the current inflationary pressures from raw material fluctuations to be mostly offset by selling price adjustments.

The company expects adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) in the range of $12 million to $14 million for the fiscal year. This range includes recent global raw material cost increases that will adversely impact gross profit due to the inherent lag in response to selling price adjustments.

Australian wool prices trended downward for the first week of May, Australian Wool Innovation (AWI) reported. The merino fleece sector registered the largest declines of up to 47 cents, AWI noted.

The benchmark Eastern Market Indicator (EMI) finished the week 2.6 percent lower in dollar terms, to close at $10.19 per kilogram.

Brands are also feeling the impact of rising costs. Wolverine CEO Blake Kreuger said he expects the company will make “selective” product cost
increases in the back half of 2021 due to the rising supply chain and logistics costs, as well as growing costs of rubber, cotton, leather and other materials.

“If we have to, we’re going to take some selective price increases, we frankly think that the consumer right now is expecting it,” Kreuger said. “There wasn’t a lot of pushback to the industry price increases that were pushed through when we had directly tied to tariffs of the last 18 months to two years. So, we think the consumer is poised to expect some product price increases.”

Delta Galil CEO Isaac Dabah said from a manufacturing standpoint, “fabric prices are rising modestly, particularly in the denim category, which relies on cotton-based fabrics.”

At the far end of the supply chain, retail apparel prices rose a seasonally adjusted 0.3 percent in April, after dipping the previous two months, and were an unadjusted 1.9 percent higher than a year earlier, BLS reported in its Consumer Price Index (CPI).

Prices were lifted by a 1.3 percent increase in men’s apparel last month, led by a 2.3 percent increase in the men’s pants and shorts category.

Source: sourcingjournal.com– May 14, 2021
Vietnam textile firms struggle to collect dues from US buyers

Vietnamese garment producers are struggling to recover monies owed by U.S. companies that have gone under.

May Song Hong saw its dues outstanding from American companies rise by 19.5 percent in the first quarter to VND654 billion ($24.2 million).

It has had to increase its provision for bad debt to over VND224 billion, especially after getting only 17 cents on the dollar from fashion firm New York & Company, whose parent filed for bankruptcy last July amid the Covid-19 pandemic.

It also meant May Song Hong’s revenues increased by a mere 1 percent year-on-year in the first quarter to VND945 billion.

Thanh Cong Textile Garment Investment Trading recorded dues outstanding of VND405 billion as of March, a 43 percent increase since the beginning of the year.

A quarter of that amount was owed by two subsidiaries of U.S. retailer Sears, which filed for bankruptcy in 2018.

TCM’s revenues rose by nearly 20 percent in the first quarter to VND946 billion.

In the first four months textile and garment exports rose 9 percent year-on-year to $9.5 billion, according to the General Statistics Office.

Source: e.vnexpress.net— May 14, 2021
EU investors confident in Vietnam’s business climate: Vietnam Briefing

The foreign investment consulting firm Dezan Shira & Associates’ Vietnam Briefing website, on May 13, published an analysis on a trend of increasing EU investment in Vietnam and the reasons why the nation has become a formidable competitor in attracting foreign investment in Southeast Asia.

According to the article, with a foreign trade volume of about 41.3 billion USD, the EU is currently among Vietnam’s largest trading partners. Meanwhile, Vietnam is the EU’s 16th and 2nd world largest trade partner in ASEAN, respectively, according to the European Commission.

The EU’s main exports to Vietnam are high tech products, including electrical machinery and equipment, aircraft, vehicles, and pharmaceutical products, while Vietnam’s main exports to the EU are telephone sets, electronic products, footwear, textiles and clothing, coffee, rice, seafood, and furniture.

The article said the in-effect EU-Vietnam Free Trade Agreement (EVFTA) with its liberalisation of customs duties and the deepening of trade and business relations, represents a great opportunity for EU companies. It will provide greater access to an emerging market with almost 100 million people, including about 55 million workers. In addition, the agreement opens opportunities for partnership, dialogue, and cooperation and creates stronger relations with the Southeast Asian region.

Thanks to the current ratified investment agreement EU-Vietnam Investment Protection Agreement (EVIPA), it should be easier for EU companies to invest in the previously highly restricted sector, the article added. It cited an example that the maximum foreign shareholding in commercial banks has been increased from 30 percent to 49 percent.

It also mentioned that the EuroCham’s Business Climate Index (BCI) Q1 2021 in a survey revealed that European business leaders remain confident in Vietnam’s economy, anticipating that Q2 performance will further improve. Apart from international travel restrictions, it’s business as usual in Vietnam. The BCI Index hit 73.9 points in Q1 2021 – the highest since Q3 2019. The business leaders also see benefits of the EVFTA, with more than 60 percent benefitting from the agreement.
On the same day, an international trade research institute under the Korea International Trade Association (KITA) released a report saying that Vietnam has been noticed as an attractive investment destination in Southeast Asia.

The Republic of Korea's direct investment in the nation reached 8.3 billion USD in 2019, accounting for 21.4 percent of its total direct investment overseas

Source: en.vietnamplus.vn – May 14, 2021
European Commission upgrades EU growth outlook for 2021 & 2022

In its Spring 2021 Economic Forecast, the European Commission has significantly upgraded the growth outlook of EU economy compared to the Winter 2021 Forecast presented in February. The EU economy will expand by 4.2 per cent in 2021 and by 4.4 per cent in 2022. The euro area economy is forecast to grow by 4.3 per cent this year and 4.4 per cent next year.

Growth rates, however, will continue to vary across the EU, but "all Member States should see their economies return to pre-crisis levels by the end of 2022," the Commission said in its forecast.

The Spring 2021 Economic Forecast is based on a set of technical assumptions concerning exchange rates, interest rates and commodity prices, with a cut-off date of April 28, 2021. For all other incoming data, including assumptions about government policies, the forecast takes into consideration information up until and including April 30.

The EU economy contracted by 6.1 per cent and the euro area economy by 6.6 per cent in 2020. Although in general, businesses and consumers have adapted to cope better with containment measures, some sectors – such as tourism and in-person services – continue to suffer, the Commission said.

The rebound in Europe's economy that began last summer stalled in the fourth quarter of 2020 and in the first quarter of 2021, as fresh public health measures were introduced to contain the rise in the number of COVID-19 cases. However, the EU and euro area economies are expected to rebound strongly as vaccination rates increase and restrictions are eased. This growth will be driven by private consumption, investment, and a rising demand for EU exports from a strengthening global economy.

Public investment, as a proportion of GDP, is set to reach its highest level in more than a decade in 2022. This will be driven by the Recovery and Resilience Facility (RRF), the key instrument at the heart of NextGenerationEU.

Adding a note of caution, the forecast said, "The risks surrounding the outlook are high and will remain so as long as the shadow of the COVID-19 pandemic hangs over the economy."
On the other hand, stronger global growth, particularly in the US, could have a more positive impact on the European economy than expected. Stronger US growth, however, could push up US sovereign bond yields, which could cause disorderly adjustments in financial markets that would hit highly indebted emerging market economies with high foreign currency debts particularly hard.

“While we are not yet out of the woods, Europe’s economic prospects are looking a lot brighter. As vaccination rates rise, restrictions ease and people’s lives slowly return to normal, we have upgraded forecasts for the EU and euro area economies for this year and next.

The Recovery and Resilience Facility will help the recovery and will be a real game changer in 2022, when it will ramp up public investments to the highest level in over a decade. Much hard work still lies ahead, and many risks will hang over us as long as the pandemic does. Until we reach solid ground, we will continue to do all it takes to protect people and keep businesses afloat,” Valdis Dombrovskis, executive vice-president for an Economy that Works for People, said.

Source: fibre2fashion.com– May 14, 2021
If Turkey Extends Lockdown, Will Apparel Factories Still be Exempt? Week Ahead

Apparel manufacturers in sixth-largest garment supplier Turkey got a reprieve when the government implemented a three-week Covid-19 lockdown on April, but what if restrictions continue beyond the planned end date of May 17?

Turkey’s Ministry of the Interior exempted sectors including production and manufacturing, allowing apparel manufacturers, which exported more than over $17 billion last year, to continue with business as usual.

“Turkey is under a full lockdown but not essential operations. Agricultural products keep being delivered; the main engine of trade is running,” Interior Minister Süleyman Soylu told Hurriyet Daily News.

What’s particularly troubling is that while the U.K. variant that exploded in January was considered highly infectious, other more recent mutations appear to be even more easily transmissible.

A month ago, India faced its second wave of Covid infections and now has more than 24 million reported cases, according Worldometer. Infections in the country account for half the total reported cases in the world last week, the World Health Organization said Wednesday.

But the news might be getting worse on multiple fronts.

The Guardian noted that researchers at Imperial College London found from swabs taken between April 13 and May 3 in England that the mutation in India could be spreading faster than the U.K. variant, adding to fears that the pandemic has yet to subside even as economies lurch toward reopening.

Three weeks ago, Japan implemented new measures to curtail the spike in Covid rates. Currently, the country is closed to international tourists and a state of emergency was declared in four prefectures, including Tokyo on April 23.

The new restrictions are set to expire on May 31, and while that could change, it appears that Japan is still planning on hosting the Olympics in late July. Whether it can remains to be seen, and if it can’t, that would have
significant implications on advertisers and apparel firms involved with the Games.

Malaysia on Wednesday entered its third lockdown due to more contagious Covid mutations. And Thailand is facing a spike in Covid cases too. Both the Philippines and Thailand have halted travel from certain South Asian countries to curtail a rise in new infections, although Philippine President Rodrigo Duterte is set to begin easing some restrictions on Monday.

Source: sourcingjournal.com– May 14, 2021
Egypt’s Trade, Public Enterprise Ministers discuss providing textile factories with raw materials

Egypt’s Minister of Trade and Industry Nevine Gamea and Minister of Public Enterprise Sector Hisham Tawfik have met to discuss providing the country’s textile factories with their cotton and yarn needs.

The discussions took place at a meeting with a number of spinning, weaving, and garment investors in Mahalla El-Kubra, Gharbeya Governorate.

The meeting tackled the most prominent challenges that investors in the country’s spinning, weaving, and ready-to-wear sectors face, and ways to overcome them. It also looked into coordination between the various ministries to remove all obstacles that hinder production and export, whilst also opening new markets for Egyptian spinning and weaving.

It was agreed that the Holding Company for Spinning and Weaving and its subsidiary companies would provide private sector factories with their cotton and yarn needs at competitive prices. This would take place with the aim of ensuring the continued production in all parts of this vital industry.

Tawfik stressed that the ministry has taken a number of steps in the recent period that will contribute to easing the burden on textile producers in Egypt. The most important of these has been the agreement with the Ministry of Agriculture and Land Reclamation to open new facilities to import short-staple cottons to meet needs of industrial sectors.

He added that his ministry is currently working on merging public enterprise sector companies involved in spinning and weaving, to reduce them from 23 companies down to 8.

This would also see a total of nine cotton ginning companies merged into one company only.

Tawfik said that work is underway to place Egyptian products in more foreign markets, by expanding the number of centres for promoting them.

A total of 14 promotional centres will be established to market these products, the minister said, adding that there is a need to register all companies on the electronic catalogue through which these products will be showcase.
He said that establishing industrial complexes for ready-made clothes is underway based on the exploitation of unused factory lands. A factory in Fayoum Governorate which has been closed for several years was being converted into 20 small factories, which will be offered to small investors. These factories will be made available with easy funding from the Micro, Small, and Medium Enterprises Development Agency (MSMEDA), an affiliate of the Ministry of Trade and Industry.

In addition to this, cotton gins will be developed to ensure high-quality cotton that is completely free of impurities can be produced in Egypt.

Ginners in Fayoum, Zagazig, Kafr El-Zayat, and Kafr El-Dawar are the first to benefit from these developments, which will be ready for work and mass production during the next season.

Source: dailynewsegpy.com – May 13, 2021
Why Global Unions Are Severing Ties With Bangladesh RSC

The Bangladesh garment sector is in quite a dilemma.

Just as the Accord on Fire and Building Safety, formed in the aftermath of the collapse of the eight floor Rana Plaza in Bangladesh, celebrates its eight-year anniversary on Saturday, it is also closing in on the end of its second extension expiring May 31.

The major forces that came together to make the Accord work—labor unions UNI and IndustriAll and a long list of global brands and retailers—are now scrambling in search of the best way forward.

One point of focus has been the future of the RMG Sustainability Council, or RSC, which took over the Accord’s operations and team after the Bangladesh Supreme court limited its tenure.

The new entity also included representation from the Bangladesh Garment Manufacturers and Exporters Association, or BGMEA, which long complained that local factory owners didn’t have representation in the safety processes mandated by the Accord.

However, as the Accord end date approaches, a turmoil of activity has begun. On Wednesday, the IndustriALL and UNI unions announced the end of their participation in the RMG Sustainability Council on June 1, citing many brands’ refusal to sign a new binding agreement, which they had hoped would continue the Accord’s work.

“Instead of bargaining over the next phase of our joint safety work in Bangladesh, the brands have pursued an ‘Accord Exit’ strategy designed to write away any meaningful role for unions in the future,” said Christy Hoffman, general secretary, UNI Global Union, who told Sourcing Journal that the Accord is “a proven model that works” and still has work to do in Bangladesh.

Much has been done in these past years, with more than 90 percent (1,260) of factories starting initial remediation and 359 factories completing the process.
“The RSC can only continue if there is a robust agreement between the brands and the unions to hold it together. It is in everybody’s interest. We want RSC to work, but it has to prove that it can do the job before it becomes 100 percent independent. The Accord secretariat is not going to run the RSC, but still they should have access to information and the same transparency obligations. It is essential to keep the Accord as an outside check on making sure that things are moving as they should,” she said. “It is in the interest of the BGMEA as well.”

Hoffman believes that an Accord extension is the way forward, and not one in which the unions just have a role within the compliance committee of the brand association. “We’re not going to agree to that ever,” she said.

IndustriALL also warned that the time is not right for the Accord to dissolve.

“The brands’ proposal of self-monitoring is a dangerous step backwards and undermines the credibility of the program. It will have immediate consequences for the safety of millions of workers in the brands’ supply chains,” Valter Sanches, general secretary, IndustriALL Global Union, said in a statement.

Other NGOs have been expressing their concern, as well. Nonprofit organization Remake held an urgent Renew the Bangladesh Accord press conference on Thursday, cautioning that the need for the Accord was greater than ever as “the situation for garment makers has worsened because of Covid-19 against the backdrop of order cancellations, steep price cuts and the resulting wage and severance theft, police and gender-based violence.” It also note that the Accord did make many buildings safer in Bangladesh and with its safety committees furthered unions’ ability to bring their concerns to the table.

Clean Clothes Campaign urged brands to mark the Bangladesh Accord’s May 15 anniversary by committing to new binding safety agreements to safeguard its work of making conditions safer for more than two million workers. “Even if hazards are reported as remediated, in almost 25 percent of cases verification shows the renovation was not up to standard, illustrating the need for independent oversight rather than self reporting,” Clean Clothes Campaign said in a statement.

Ineke Zeldenrust of Clean Clothes Campaign added, “Brands are proposing a type of agreement that we know from before 2012—one that is no longer legally binding upon individual brands and has no independent secretariat
to oversee brand compliance. Under the guise of setting up a lean structure brands are in fact returning to self-monitoring, in direct contradiction of what upcoming legislation is demanding.”

While the global unions would like the Accord to continue, Bangladesh manufacturers have been clear that the time for transition is well past, with national monitoring as the key to moving forward.

BGMEA president Faruque Hassan, who took office on April 20, told Sourcing Journal earlier this week that RSC would advance the Accord’s workplace safety achievements. “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,” he said.

“RSC 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,” Hassan added.

Meanwhile, the RSC has many issues to sort through, namely an urgent need in terms of the funding which was coming in from the brands through the Accord, and whether the RSC will take on a more inclusive role to encompass the garment factories in Bangladesh that are not covered by the Accord. Manufacturers are also concerned about other important points including purchasing practices, pricing and issues related to the safety of workers during Covid-19, cancellations of orders, and reaching wider, global markets.

“The BGMEA is not a party to these negotiations,” said Miran Ali, vice president, BGMEA. “We solely hope that the brands and the trade unions come to an amicable understanding and we continue the work of the RSC.”

Hoffman remains optimistic. “I have a lot of hope in the situation,” she said, outlining the way forward including the binding nature of the Transition Accord and scaling up. “We want to start the process of taking the Accord to other countries.”

Source: sourcingjournal.com– May 14, 2021
New Bangladesh textile hub to boost value-added exports

The Bangladesh clothing industry is looking forward to the completion of five state-of-the-art textile factories at the Korean Export Zone (KEPZ) as an important expansion of local backward linkages.

With a combined floor space of 2 million square feet, the factories – three of which are under construction, and two (producing polyester yarn and fabrics) are already open – will produce manmade fibre (MMF) yarn and finished garments.

They will be owned and operated by the South Korea-based Youngone Corporation, which runs the KEPZ located in the south-eastern port of Chattogram.

"Bangladesh imports raw materials for producing MMF mainly from China on duty. Now, if MMF is produced in Bangladesh at KEPZ textile hub, it will reduce our reliance on imports," says Mohammad Hatem, the first vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

"Since it will be produced here and duty free, the production of value-added high-end apparels will also ramp up and of course, it is going to boost our export earnings."

Indeed, Md Mushfiqur Rahman, assistant general manager at KEPZ, told Just Style: "The five new facilities will be able to meet 25 percent of total demand for MMF in Bangladesh."

Given the growing demand for MMF, Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), adds: "Due to changes in lifestyle, consumers are looking for products which are easy-care and sustainable. For this reason, the demand for this artificial fibre is rising. The whole world is right now putting emphasis on MMF and this project will enable Bangladesh to take part in that race."

Between 2007 and 2017 the share of MMF in apparel rose to around 45% of global trade, having grown at 5% CAGR over this period, according to the BGMEA president.
In 2017, global trade of MMF-based apparel was worth US$150bn. However, the BGMEA president said that in 2017, Bangladesh had a 5% share of this trade, whereas Vietnam had 10%.

Weak backward linkages have been a key reason for this underperformance. Out of 430 spinning mills in Bangladesh, only 27 are based on synthetic and acrylic fibre, and the rest are cotton spinning mills, according to BGMEA officials.

Modern textile zone

Ki Hak Sung, chairman and CEO of Youngone, told Just Style: "With the growing importance of MMF, we have focused our efforts in the KEPZ on expanding capability for full synthetic and blended textile supply.

"These are the primary materials that our buyers use, so they are well known to us. We set out to make an entirely modern textile zone meeting all the sustainability concerns of global leading brands, and we are eager to share the benefits of our MMF product supply with the local RMG export sector."

Youngone is extending the range of its Bangladesh-made textile lines to include blended and more sophisticated fabrics, including 100% polyester fabrics, both knit and woven; polyester blended fabrics, both knit and woven (blended with wool, cotton, rayon, spandex, polypropylene (PP) and more); merino wool knitted fabrics; and various kinds of polyester warp knit fabrics.

The Korean conglomerate is currently directly investing in, owning and operating the factories, but would also work with partners. "We are welcoming specialty fabric companies or individuals interested in investing to join us," says the Youngone CEO.

Regardless, by creating fabric production near KEPZ garment manufacturing, the investment "shortens lead time by a month, allows better margins, and enables a lower carbon footprint, all to gain competitive advantage," he adds.

"These technically evolving products will enhance the range of the Bangladesh RMG industry offerings, which are now more or less confined to cotton products. With this we can all achieve the better margins which are essential to the continual reinvestment needed to keep up with global competition."
The zone will also create job opportunities for local people. KEPZ officials told Bangladesh's Financial Express newspaper that it will ultimately employ 30,000 workers.

Youngone Corp produces outdoor and athletic apparel, footwear and fabrics, from manufacturing facilities in Bangladesh, Vietnam, China, Uzbekistan and El Salvador. Earlier this year it announced plans to invest INR9bn (US$127m) in setting up new factories in India's Kakatiya Mega Textile Park (KMTP).

Source: just-style.com– May 14, 2021
Bangladesh: Big apparel brands still need Bangladesh’s workers

Bangladesh is deep into its second month of a coronavirus lockdown that has shuttered schools, public transportation and most workplaces. But thanks to lobbying by the country’s garment manufacturers, millions of factory workers are still on the job every day — even though many have complained of pay cuts, late wages and inadequate Covid protections.

Eight years after the notorious collapse of the Rana Plaza apparel manufacturing complex, which killed more than 1,100 people, Bangladesh’s garment industry was supposed to be doing better. Following the incident, global apparel brands entered into safety agreements with local factories that made real progress. The only problem is that one accord expired in 2018 and the other is expected to end on May 31.

That timing couldn’t be worse. With factories struggling to stay afloat because of falling apparel demand, and the government able to offer only limited support, garment workers are already shouldering significant economic uncertainty. Without help from the global brands and retailers that sell their handiwork, these workers could well lose the hard-earned health and safety improvements that the agreements guaranteed — and face the risk of another disaster.

Bangladesh’s garment-export economy is something of a modern miracle. In 1978, the country was primarily agricultural; its garment industry amounted to nine factories and about $1 million in export revenue. Over the next 30 years, a combination of savvy entrepreneurship, favorable trade agreements and cost-conscious foreign retailers proved transformative. By 2020, annual garment exports were worth $33.6 billion, the country was home to more than 4,000 factories and the industry employed some 4.4 million workers.

Underlying this success, however, were some ugly realities. At the time of the Rana Plaza collapse, the entry-level minimum wage was less than $40 a month, and workplaces were notoriously dangerous. In the eight years before the incident, more than 1,000 garment workers had been killed on the job. None of that seemed to make Bangladesh any less attractive to global apparel brands.
Rana Plaza — which supplied clothes for top European brands such as Benetton — changed everything. Consumers who had never questioned why their clothing prices declined steadily over the decades were forced to think twice. The apparel industry, fearing a consumer revolt, rushed to find a fix. What it settled on were two agreements that set the terms for inspecting, repairing and upgrading factories to reasonable safety standards.

The most successful was the Accord on Fire and Building Safety in Bangladesh, an agreement between unions and brands — although not factories — in which each side held equal seats in a governance body. It required that brands assess whether their suppliers’ factories meet health and safety standards, and make funds are available for any needed improvements (and for worker pay, if furloughs are required). Over its first five years, this arrangement produced more than 100,000 safety improvements in 1,500 factories.

As remarkable as that record was, though, the accord was only ever meant to be temporary. Exactly what should replace it has proved contentious. Hoping to create a sustainable system, both sides agreed last year to establish a new governance structure that included factory representatives, as well as a nonprofit to manage inspections and remediation.

But as the transition date approaches, unions and others are concerned that the factories might backslide without binding commitments from the brands. Even before the pandemic, a U.S. Senate committee investigation found that workers and their unions were subject to increasing levels of intimidation and abuse. Meanwhile, despite all the progress, hundreds of factories still lack basic measures like safe exits, smoke alarms and fire-suppression gear.

The pandemic has only made matters worse. Brands have asked the factories to undertake costly new Covid-related safety measures. Yet they did so even as they canceled or postponed some $40 billion in orders. Few if any have offered cash relief or other assistance to aid the process. Without a binding accord to ensure compliance — and, more pertinently, financial help from the brands — factories already squeezed by declining orders can’t be trusted to continue such expensive safety work.

So far, the brands have shown minimal interest in renewing the accord. But at a minimum they should be willing to sustain it until the Bangladeshi economy and the garment industry begin to recover from the pandemic. That temporary renewal could eventually be supplanted by a more
comprehensive deal that not only requires brands to make sure their suppliers uphold health and safety standards but also includes factory representatives and the Bangladeshi regulators ultimately responsible for supervising them.

Rana Plaza was a lesson in what can happen when global brands don’t demand better. Nobody should be asked to learn it again.

Source: retail.economictimes.indiatimes.com– May 14, 2021
**NATIONAL NEWS**

**Exports grew 93% to $51.79 billion in April on low base of last year**

India’s overall exports — merchandise and services — are estimated to have grown 93.21 per cent to $51.79 billion in April on a low year-on-year (YoY) base, according to the latest data released by the Commerce and Industry Ministry on Friday.

Merchandise exports nearly tripled in April to $30.63 billion compared to the same period last year. The growth was on account of a low base of last year as the country went into a lockdown, but was also supported by demand from external markets.

Compared to April 2019, exports grew 17.62 per cent.

Services exports are estimated to have grown 28.68 per cent YoY to $21.17 billion in April. The estimated value is $13 billion, up 39.75 per cent YoY.

While the Reserve Bank of India has released services sector data for March, April’s data is an estimation and will be revised based on the central bank’s subsequent release, an official statement said.

Commerce Secretary Anup Wadhawan said despite the second wave of Covid-19 and subsequent lockdowns by various states, export prospects remain health.

“Some balance has been achieved (this time). States have taken necessary public health measures and allowed essential activities to happen. At this stage I don’t foresee any major impact on export prospects,” Wadhawan told reporters.

“On the whole, very good performance for goods and services, despite April 2020 being somewhat anomalous (due to the national lockdown).”
At $45.72 billion, an import growth of 167.05 per cent over April 2020 and 7.87 per cent over the corresponding month in 2019 highlights that an economic recovery is underway.

Merchandise trade deficit was $15.10 billion compared to $6.92 billion in April 2020 and $16.30 billion in April 2019.

“Setting aside the massive growth over the lockdown base of April 2020, the robust growth in exports in April 2021 relative to April 2019 is heartening, even as its sustenance remains to be seen. The high merchandise imports in absolute terms in April 2021 reflect a combination of high commodity prices, resolute domestic demand and inventory building in light of the localised restrictions,” said Aditi Nayar, chief economist, ICRA Ratings.

Engineering and Export Promotion Council of India (EEPC) Chairman Mahesh Desai said shipments to China have already been quite healthy and expects the trend to continue.

“As vaccine coverage rises in Europe and North America, we see a further increase in demand,” he said.

Given the growth trends in previous fiscal year and April this year, it is widely expected that merchandise exports could touch $400 billion in 2021-22.

The value of exports in the first week of May was up by almost 9 per cent over the same period last year, pointing to a positive trend, Desai added.

TRIPS waiver

Wadhawan said the Trade-Related Aspects of Intellectual Property Rights (TRIPS) waiver proposal at the World Trade Organization (WTO) has met wide acceptance from various countries, including the US.

“I am hopeful that in an early time frame, some decision will be reached at the WTO. As you know it is a subject matter that is discussed there and ultimately is based on a consensus. I am hopeful that an early outcome will be achieved,” he said.

Source: business-standard.com– May 15, 2021
Rates for RoDTEP likely to be announced in 2 weeks: DGFT

Rates for the tax refund scheme for exporters — Remission of Duties and Taxes on Exported Products (RoDTEP) — are expected to be announced in the coming two weeks, a senior official said on Friday.

Director General of Foreign Trade (DGFT) Amit Yadav said it is working with the finance ministry on the scheme.

Last year, the government approved the RoDTEP scheme for reimbursement of taxes and duties to exporters, with a view to give a boost to the country’s outbound shipments. The scheme was implemented for all goods, with effect from January 1.

“My sense is that in the coming two weeks, we would be in a position to have an announcement of the rates for RoDTEP,” he said at a PHDCCI webinar.

Apex exporters’ body the Federation of Indian Export Organisations (FIEO) has time and again asked the government to announce the rates for different sectors under the scheme as delay would have implications for future exports.

The rates have to be notified by the Department of Commerce, which would be based on the recommendation of a committee chaired by G K Pillai, former commerce and home secretary.

Yadav said due to the COVID-19 pandemic, there has been an impact on both tax collections and expenditure and there is also the challenge of revenue.

On the Merchandise Export from India Scheme (MEIS), the DGFT said it is working with the Department of Revenue on the issue.

“We have proposed to the revenue department that if the MEIS scrips can be issued, which can be encashable a year after... something (on these lines) we are working on,” he said.

The MEIS ended in December last year, but there are issues about exports which happened under the scheme during 2019-20 and 2020-21.
For 2019-20, he informed that over 5,000 IEC (import export code) holders have received their scrips and large amounts have already been disbursed or claimed.

But “there was an issue with regard to exports during 2020-21 and on that front, we are looking at various options. We are working on something which can be a bill of discounting kind of thing,” Yadav added.

Under MEIS, the government used to provide duty benefits depending on product and country. Rewards under the scheme were payable as a percentage of realised free-on-board value and MEIS duty credit scrip can be transferred or used for payment of a number of duties, including the basic customs duty.

He added that SEIS (Service Exports from India Scheme) is a “challenge, but we have been batting” and “we are still hopeful for an outlay for 2019-20...We are pushing up the envelope.”

The Foreign Trade Policy provides tax incentives under the SEIS to several services industries. Depending on the nature of services, the government gives duty credit scrips or certificates. The scheme offers reward at 5 per cent or 7 per cent of net foreign exchange earned and covers service providers located in India.

On the Foreign Trade Policy (FTP), the DGFT sought suggestions from the industry. Due to the pandemic, the policy was extended for six months till September.

“Now we are looking at it from a different perspective. We are looking at how we can streamline them (various export schemes), how we can bring in new schemes which can address the need and demand of exports especially when some of the schemes (like MEIS and SEIS) are going away,” he added.

Further, he said the commerce ministry is also looking at issues such export financing and insurance premium.

On questions raised by PHDCCI members about rising steel prices, he said: “I am aware that the steel ministry is working on this aspect.”

Source: financialexpress.com— May 14, 2021
Liquidity Crunch: New mechanism in the works to aid exporters

The commerce ministry is weighing a mechanism to help cash-strapped exporters, who have been awaiting the release of benefits worth tens of thousands of crores under a key official scheme, tide over the current Covid-induced liquidity crunch.

As per the mechanism being explored, the government could give an undertaking to exporters against their entitlement under the Merchandise Export from India Scheme (MEIS). Banks could then be impressed upon to lend to exporters (up to the entitlement) against the undertaking at the repo rate of just 4%. While exporters have to bear the interest costs, such a move will help them cope with the liquidity woes until the government finally clears the dues, sources told FE.

The issue of MEIS dues was raised by export bodies at a meeting chaired by commerce and industry minister Piyush Goyal on Tuesday. Goyal asked senior officials of his ministry to explore the proposal, among others, and help resolve the issue at the earliest, said a source present in the meeting. The commerce ministry could soon firm up a formal proposal to this effect and submit it with the finance ministry for clearance.

Trade sources had last month said exporters were awaiting the release of scrips worth at least Rs 35,000 crore against their MEIS entitlement for FY20 and FY21. Inordinate delay in release could accentuate the current liquidity woe, limiting exporters’ capacity to ramp up supplies just when demand from key markets appears to be improving, according to the sources.

Exporters have also asked the government to urgently announce refund rates under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, which replaced the MEIS from January 1, 2021, but is yet to be operational.

At the meeting with Goyal this week, Sharad Kumar Saraf, president of the exporters’ body FIEO, said while the official export target of $400 billion for FY22 was achievable, the timely release of “benefits” under the MEIS, duty drawback scheme and RoDTEP, and the adequate flow of loans to exporters remained critical. “This will help in making exports profitable. Otherwise,
with the delay in refund, exporters profitability is wiped out with increasing interest burden,” Saraf said.

Under the MEIS, the government has already approved Rs 39,097 crore for FY20 and Rs 15,555 crore for the first three quarters of FY21 (before it was replaced with RoDTEP). But a bulk of this amount is yet to released, ostensibly due to the pandemic hitting the Centre’s resource mobilisation and the requirement of higher healthcare spending and other stimulus measures, exporters said. The government has budgeted only Rs 13,000 crore for the RoDTEP scheme for FY22 but the actual outgo could be much higher.

A senior official last month said the government would soon start processing the MEIS benefits. Even RoDTEP rates will be announced shortly. The delay in the clearance of MEIS benefits is nothing unusual, though. In earlier years, such benefits were often delayed for reasons, including faulty claims or wrong paperwork by exporters, the official had explained. This time around, the pandemic has mostly contributed to the delay, he had said.

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

While exports have witnessed a roller-coaster ride in FY21 due to the pandemic, the government has kept a record export target of $400 billion for FY22, compared with $291 billion last fiscal and $330 billion in FY20, as outbound shipments rose considerably over the past two months, defying the Covid blues.

Exports stood at $34 billion in March and $30 billion in April, up 3% and 16% from even the same months of 2019 (well before the pandemic struck). However, for the sustenance of the growth momentum over the medium term, exporters’ liquidity issue needs to be sorted out urgently.

Source: financialexpress.com– May 14, 2021
India's exports jump to $30.63 billion in April; trade deficit at $15.1 billion

Data released by the Union Ministry of Commerce & Industry on Friday showed that India's exports in April jumped nearly three-fold to $30.63 billion from $10.36 billion in the same month last year.

Imports too rose to $45.72 billion last month as against $17.12 billion in April 2020, the data showed.

Trade deficit widened to $15.10 billion as against $6.76 billion in April 2020.

The sharp rise in exports and imports seen in April was due to a low base in trade volumes in the same period last year as the country was put under a national lockdown to contain the spread of coronavirus.

The Commerce secretary has said that there were no major issues on logistics for exporters due to restriction due to Covid-19, adding that sectors, which have done well in FY21, have done some market diversification.

Exports in April last year had plunged by a record 60.28% due to the coronavirus pandemic-induced lockdown. In March this year, exports grew by 60.29% to $34.45 billion. Due to the low base effect, exports in April 2021 recorded a growth rate of 195.72%.

Oil imports stood at $10.8 billion as compared to $4.66 billion in the corresponding month last year.

Major export commodities which have recorded positive growth in April include gems and jewellery, jute, carpet, handicrafts, leather, electronic goods, oil meals, cashew, engineering, petroleum products, marine products and chemicals.

Source: livemint.com – May 14, 2021

HOME
Exports, imports stay robust in April despite localized curbs

Merchandise exports and imports remained robust in April despite localized lockdowns across the country, indicating an increase in external and domestic demand for goods and leaving behind a four-month-high trade deficit of $15.1 billion.

Merchandise exports rose at a record 195.7% to $30.63 billion in April while merchandise imports increased 167% to $45.7 billion, according to data released by the commerce ministry on Friday. This jump, however, comes over the low base of last year when India entered a nationwide lockdown that disrupted supply chains, impacting both imports and exports. In April 2020, India’s exports and imports stood at $10.36 billion and $17.12 billion, respectively. However, the trade performance in April this year softened sequentially from the March print. In March, exports and imports hit record highs of $34.45 billion and $48.38 billion, respectively.

Commerce secretary Anup Wadhawan said he sees a structural change that augurs well for secular improvement in India’s trade balance. “The recovery is happening in a manner such that in certain sectors we have established new markets. South-East Asia is now buying rice from us. Our pharmaceuticals exports are also far more diversified now,” he said.

Non-oil, non-gems and jewellery exports registered a 160% growth in April at $23.6 billion, led by engineering, and textiles shipments, while non-oil, non-gold imports grew 130% to $28.6 billion led by electronic goods and vegetable oil.

Demand for Indian goods may rise further as vaccine coverage rises in Europe and North America, according to Engineering Export Promotion Council of India chairman Mahesh Desai.

However, the recent surge in coronavirus cases has some downside risks to growth as various state governments have imposed lockdowns and curfews to contain the second wave of the pandemic, Desai cautioned.

“This has caused a slowdown in inter-state movement of goods and has led to shortage of manpower. To address this, we urge the government to classify the export sector as an essential service,” he said.
Growth in labour-intensive sectors such as gems and jewellery, handicrafts, and carpets augur well for the job scenario, which is very relevant in the current context, Federation of Indian Export Organisations president Sharad Kumar Saraf said.

Prospects for a quick recovery in world trade have improved as merchandise trade expanded more rapidly than expected in the second half of last year, the World Trade Organization (WTO) said last week.

The volume of world merchandise trade is expected to increase by 8% in 2021 after having fallen 5.3% in 2020, continuing its rebound from the collapse following the coronavirus outbreak that bottomed out in the second quarter of last year, according to new estimates from the WTO.

Escalating covid cases have overwhelmed India’s healthcare system, forcing many states to announce localized lockdowns and night curfews, which are expected to delay a strong recovery in domestic economic activity.

Moody’s Investors Service on Tuesday slashed its FY22 economic growth forecast for India from 13.7% estimated earlier to 9.3% now, citing a negative impact of the second wave of the covid-19 pandemic. S&P Global Ratings last week said it expects India’s gross domestic product growth at 9.8% under its moderate scenario and 8.2% under the severe scenario, based on when the infection wave peaks.

Source: livemint.com– May 14, 2021
Cotton price drops on lower demand, increase area under cultivation

Cotton futures traded lower at Rs 22,110 per bale on May 14 as participants trimmed their positions as seen from open interest. The Agri commodity traded in the red after a gap-down start despite the firm global trend and stronger rupee.

India’s cotton output in the 2020-21 (October-September) market year is seen at 38 million bales, up 4 percent on the year.

The country’s cotton exports are likely to be 20 percent higher at 1.02 million tonnes in 2020-21 (October-September) backed by competitive pricing in the global markets and an improvement in international cotton consumption, said Care Rating. Higher exports along with a recovery in domestic cotton demand will help reduce the surplus availability of cotton in the nation despite higher supply, the rating agency said in a note.

Sunand Subramaniam, Senior Research Associate, Choice Broking said, “We expect MCX Cotton futures to trade bearish as cotton farmers from various states are planning to increase the area under cultivation in the coming 2021-22 Kharif season. Indian textile mills have reduced production due to lower domestic demand and labour shortage.”

“The government has allowed mills to operate but markets are closed so mills are facing a cash crunch. Textiles mills dealing in exports are still going strong as Indian yarn prices are attractive. Cotton arrivals are very low due to COVID cases and lockdown in many parts of the country”, Subramaniam added.

In the futures market, cotton for May delivery touched an intraday high of Rs 22,130 and an intraday low of Rs 21,840 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 20,680 and a high of Rs 22,950.

Cotton futures for May delivery eased Rs 150, or 0.67 percent, to Rs 22,110 per bale at 16:46 hours IST on a business turnover of 6,250 lots. The same for June contract slides Rs 130, or 0.58 percent at Rs 22,410 per bale with a business volume of 3,132 lots.
The value of May and June’s contracts traded so far is Rs 30.77 crore and Rs 11.52 crore respectively.

Technical

The soft commodity has been trading higher than 5, 20, 50, 100 and 200 days’ simple moving averages (SMA) and exponential moving average (EMA) on the daily chart. The momentum indicator Relative Strength Index (RSI) is at 58.37 which indicates strong movement in prices.

At 1116 (GMT), US Cotton futures rose 1.01 percent quoting at 85.84 cents/pound on Intercontinental Exchange (ICE).

Source: moneycontrol.com– May 14, 2021
CBIC asks officers to clear pending Customs, drawback refund claims by month-end

The CBIC has asked field offices to clear all pending refunds of customs and drawback claims by month-end.

The Central Board of Indirect Taxes and Customs (CBIC), the apex decision making body in customs matters, has issued an instruction to all customs Principal Chief Commissioners that a 'Special Refund and Drawback Disposal Drive' will be conducted with the objective of priority processing and disposal of all pending refund and drawback claims.

However, all such refunds would have to be “considered on merit” following legal provisions.

“This Special Drive shall be in place from 15th May 2021 to 31st May 2021. It is expected that during this period all refund and drawback claims that are pending as on 14th May 2021 shall be disposed,” it said.

The CBIC also asked field offices to coordinate this refund drive with the major trade and industry associations, especially those that cater to exporters, for their assistance, including submission of required documents.

It, however, said that though the decision to process pending refund claims has been taken with a view to provide immediate relief to the taxpayers, officers would have to do due diligence before granting the refunds and drawback.

“For facilitation of exporters, all communication should be done over email, wherever the email id of the applicant is available.

“It is urged that in these difficult times all officers concerned make special efforts to liquidate the pending refund and drawback claims by May 31, 2021, and make the Special Drive a grand success,” the CBIC added.

AMRG & Associates Senior Partner Rajat Mohan said this special drive for processing refund claims by customs authority only, needs to be extended to local GST officers also.
“In this Special refund drive, the customs authority is not empowered to process refunds arising on account of Excess payment of tax due to mistake or inadvertence, Excess balance in Electronic Cash Ledger, refund of ITC on account of export under Bond/ LUT, Inverted duty structure, refunds available to diplomats and embassies. Thereby as of now benefit of this drive would be limited to select exporters only,” Mohan added.

Source: economictimes.com – May 14, 2021
Cotton price drops on lower demand, increase area under cultivation

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Sunand Subramaniam, Senior Research Associate, Choice Broking said, “We expect MCX Cotton futures to trade bearish as cotton farmers from various states are planning to increase the area under cultivation in the coming 2021-22 Kharif season. Indian textile mills have reduced production due to lower domestic demand and labour shortage.”

“The government has allowed mills to operate but markets are closed so mills are facing a cash crunch. Textiles mills dealing in exports are still going strong as Indian yarn prices are attractive. Cotton arrivals are very low due to COVID cases and lockdown in many parts of the country”, Subramaniam added.

In the futures market, cotton for May delivery touched an intraday high of Rs 22,130 and an intraday low of Rs 21,840 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 20,680 and a high of Rs 22,950.

Cotton futures for May delivery eased Rs 150, or 0.67 percent, to Rs 22,110 per bale at 16:46 hours IST on a business turnover of 6,250 lots. The same for June contract slides Rs 130, or 0.58 percent at Rs 22,410 per bale with a business volume of 3,132 lots.
The value of May and June’s contracts traded so far is Rs 30.77 crore and Rs 11.52 crore respectively.

Technical

The soft commodity has been trading higher than 5, 20, 50, 100 and 200 days’ simple moving averages (SMA) and exponential moving average (EMA) on the daily chart. The momentum indicator Relative Strength Index (RSI) is at 58.37 which indicates strong movement in prices.

At 1116 (GMT), US Cotton futures rose 1.01 percent quoting at 85.84 cents/pound on Intercontinental Exchange (ICE).

Source: moneycontrol.com– May 14, 2021
Major ports handle 30% more cargo in April

The dozen ports handled 61.52 mt reversing the falling trend last year

Cargo handled at India’s dozen state-owned major ports soared 29.52 per cent in April to 61.52 million tonnes (mt) from 47.50 mt a year ago.

With the exception of New Mangalore Port Trust which posted a decline of 3.84 per cent, all the other ports got off to a solid start in the first month of the current fiscal, reversing the fall in traffic seen last year due to the coronavirus-induced demand compression.

Jawaharlal Nehru Port Trust (JNPT), India’s biggest state-owned container port near Mumbai, reported a 60 per cent rise in volumes to 6.32 mt (3.95 mt), according to the Ministry of Ports, Shipping and Waterways.

Chennai Port Trust grew by 60.18 per cent to 3.91 mt (2.44 mt). Kamarajar Port Ltd handled 3.19 mt (2.08 mt) in April, a growth of 53.53 per cent. Mormugao Port Trust handled 2.36 mt (1.55 mt), posting a growth of 51.77 per cent; V O Chidambaranar Port Trust grew by 42.05 per cent to 3.26 mt (2.29 mt).

Cochin Port Trust handled 2.59 mt of cargo (1.87 mt), a growth of 38.26 per cent. Paradip Port Trust handled 11.20 mt (8.56 mt), a growth of 30.86 per cent.

Kolkata Port Trust handled 4.87 mt (3.74 mt), posting a growth of 30.21 per cent. Deendayal Port Trust handled 10.452 mt in April from 8.674 mt last year, a growth of 20.5 per cent.

Mumbai Port Trust handled 4.67 mt (4.08 mt), with a growth of 14.41 per cent. Visakhapatnam Port Trust handled 5.57 mt (5 mt), posting a growth of 11.20 per cent.

New Mangalore Port Trust handled 3.10 mt (3.22 mt), a decline of 3.84 per cent.

Iron ore including pellets recorded the highest growth in April of 96.51 per cent at 6.53 mt (3.32 mt).
Container cargo jumped 73.80 per cent in April to 942,000 twenty-foot equivalent units (TEUs) (542,000 TEUs).

The 12 ports handled 8.51 mt of thermal and steam coal from 7.842 mt last year, a growth of 8.63 per cent.

Coking coal volumes rose 10.37 per cent to 4.72 mt (4.28 mt).

Crude oil, petroleum products, LPG/LNG cargo jumped 6.71 per cent to 17.42 mt (16.32 mt), the ministry said.

Source: thehindubusinessline.com– May 14, 2021
A first: Punjab comes up with exclusive state export plan

In a first, the Punjab Government has come up with a state export plan to give further boost to ease of doing business besides promoting the export of local products in the border state. The Chief Secretary, Ms Vini Mahajan, gave nod to the first-of-its-type initiative by any state in the country, which will vary district to district, product to product, and issue to issue.

Chairing the state-level export committee’s meeting for finalising the state export plan 2021-26, Ms Mahajan said the state government has prepared the Punjab State Export Plan 2021-26 in order to implement ‘district as export hub scheme’ as well as ‘one district one product scheme’.

This will transform the state into an export power house and promote local products with an objective of an increase in the volume of export, synergies of various schemes of Centre and State, besides increasing efficiency in supply chains and augmenting export infrastructure, products and market diversification.

The Chief Secretary appreciated the initiative to prepare Punjab State Export Plan and expressed hope that this will help the state in deciding what issues need to be taken up on priority and what measures were required immediately. The Punjab State Export Plan has clearly listed out the products which the state was proud of and other products that will make the state feel proud. “It is a matter of pride that after finalising the plan in a record time, Punjab has become the first state in the country to adopt the same,” she asserted.

The Chief Secretary said the plan christened, "Export Analysis & Export Vision – Punjab 2021-26", was an innovative exercise done by the state in which district by district, product by product, and issue by issue has been analysed thoroughly with respect to the export potential and hoped that this will help as a reference in formulating policy and schemes for export promotion in the state.

The plan was prepared by the DGFT, Ludhiana, in collaboration with the Department of Industries and Commerce, along with active involvement of all stakeholders in export sector in the state after conducting various consultative meetings in the districts.
The state export plan also comprises all 22 district-level export plans and the potential items for export from each district has been identified, which include rice, hosiery, bicycle, honey, terry towel, pharmaceutical, tractor parts, cotton, cotton yarn, agri implements, kinnow, bakery products, and entertainment services.

Presently, Punjab ranked at 13th position by way of contribution to export in the country. The overall export from Punjab was only 2 per cent of the total export India. The plan showcases the SWOT analysis of all the districts and the state with respect to its export potential and contains a road map for exponential growth of export from the state.

Source: dariyanews.com– May 14, 2021
COVID second wave hits textile business very hard in Fort City

Vizianagaram Balaji Textile Market, which is one of the biggest textile markets of Andhra Pradesh, has been facing unprecedented slump with the steep drop in sales with the lack of regular demand and marriages getting postponed due to lockdown. The industry which was hit very badly last year with the first wave of Coronavirus, could revive marginally during Diwali-Christmas and Sankaranti seasons.

Almost all 305 shops wore a deserted look during the limited trading hours. In normal days, all internal roads were jam-packed with the customers coming from different towns of Odisha, Kakinada, Visakhapatnam, Srikakulam and other places in Andhra Pradesh.

With inauspicious ‘Mudham’ between February 1 and April 12, the sales dropped significantly. Normally, buying of saris and other dress material is completed three months before the beginning of marriage season. However, the families didn’t buy them due to Mudham which is said to be an inappropriate time for taking up marriage related activities. Otherwise, crores worth of business used to take place every day here during marriage season. This marriage season is lifeline for all the shops to meet their expenses in a dull period.

The traders who have been waiting for marriage season of May and June were shocked with the sudden lockdown on restrictions on conducting marriages. The government allowed only 20 persons for each marriage, making many families postpone the wedding dates. The Market President Buddepu Venkata Rao said that many traders were in deep financial crisis with the piling of stocks for the last one year. “It has become a Herculean task for traders to meet regular maintenance charges such as rents, electricity charges and payment of salaries to the staff,” he added.

The Association Secretary Nirmal Kumar Pokarna told The Hindu that the wholesale traders were facing untold miseries with the little financial transactions in the last five months. “The wholesale traders who import textiles from Gujarat and other places should make payments promptly. But we are unable to get collections from retail traders of different parts of North Andhra region. The lockdown period turned into a big challenge for us,” he added.
In spite of the financial distress, the traders continued to their service activities with the suggestion from Vizianagaram MLA Kolagatla Veerabhadra Swamy.

The association arranged beds in hospitals and supplied oxygen cylinders to needy patients of COVID-19. The market former President Praveen Kumar Anchalia and other members arranged a blood donation camp in association with Rotary Parvati Devi Anchalia Voluntary Blood Bank. He said that the Blood Bank volunteers and traders were promoting plasma donation since it was needed to save lives of many COVID-19 patients.

Source: thehindu.com – May 14, 2021
7.4 million job losses in April due to lockdowns, unemployment rate jumps to 8%: CMIE

“The lockdowns could have denied people from seeking employment and caused a fall in labour participation. But, the economy also could not provide adequate jobs to those who sought jobs,” CMIE said Restrictions imposed by states due to the second wave of Covid-19 and the inability of the economy to absorb labour force resulted in a loss of 7.35 million jobs in April, pushing up the country's unemployment rate to 8% compared with 6.5% in March, the Centre for Monitoring Indian Economy said.

According to the Centre for Monitoring Indian Economy, the labour participation rate fell for a third consecutive month in April to 39.98%, the lowest since May 2020 when the country was under a stringent nation-wide lockdown with 1.1 million fewer labour force in April compared to March.

Employment rate fell to 36.8% last month as against 37.6% in March.

“The lockdowns could have denied people from seeking employment and caused a fall in labour participation. But, the economy also could not provide adequate jobs to those who sought jobs,” the CMIE said in its weekly analysis. The report said job prospects would remain bleak in the ongoing fiscal 2022.

While the fall in the labour participation rate can be attributed to the partial lockdowns, the drop in employment cannot be, as most of the job losses were in the agricultural sector which was not impacted by the lockdowns, the CMIE said.

The data showed that out of the 7.35 million people who lost employment in April from the previous month, 6 million were from the agricultural sector.

“April is a lean month for employment in the farms as the rabi crop is harvested by then and preparations for the kharif crop usually begin only in May,” it said. The number of the employed in the agriculture sector was 114 million in April compared with around 120 million in March.

Daily wage labourers and small traders saw an employment loss of 0.2 million, while the job loss for salaried employees totalled 3.4 million.
“This was the third consecutive month of a decline in the coveted employment category of salaried workers,” it said.

As per the CMIE, the loss of salaried jobs during these three months totalled 8.6 million, while the cumulative loss of salaried jobs since the pandemic started last year was 12.6 million. India had 85.9 million salaried jobs in 2019-20. This has come down to 73.3 million in April this year.

The CMIE said salaried job losses were disproportionately from rural India — 68% in rural vs 32% in urban India. Urban India accounted for 58% of total salaried jobs in 2019-20, while rural salaried jobs accounted for 42%.

“This disproportionate share of rural salaried jobs in the losses indicates that the damage is mostly among the medium and small-scale industries that are located predominantly in rural India,” it said.

According to the CMIE, the second wave of Covid-19 has stalled economic recovery. “New investments that could create jobs in large numbers are unlikely to be made during the year,” it said, adding that prospects for jobs looked bleak during 2021-22.

Source: economictimes.com– May 13, 2021
Welspun India to work again with Target Corporation

Welspun India on Friday said it will work with US retail giant Target Corporation again, almost five years after Target terminated its contract with the Gujarat-based textiles maker over alleged lapses in labelling and marketing of Egyptian cotton products.

"The company and Target Corporation, a retailer with over 1,900 stores in the USA, will be working together again, having recently completed a vendor re-empannelment process with Welspun Global Brands Ltd., company's subsidiary," Welspun India said in a regulatory filing.

Welspun India said until 2015-16, the business with Target Corporation accounted for almost 10 per cent of its overall business.

"The company shall strive to foster a strong, transparent and sustainable business relationship with Target Corporation going forward," the company said.

In 2016, Target Corporation had terminated its contract with Gujarat-based Welspun over alleged lapses in its products supply.

Shares of Welspun India were trading 4.55 per cent higher at Rs 95.35 apiece on BSE.

Source: economictimes.com – May 14, 2021
Rajasthan garment factories permitted to continue operating during lockdown

The Rajasthan government has permitted garment factories to continue operating during its 15-day lockdown.

The industry has not seen any disruption till now and it can manage for these 15 days with limited workers. However, it is likely to be impacted if the lockdown extends beyond that, says Hero Ravjani, Secretary, Apparel Park Manufacturers Association.

Many garment workers have left their jobs either to return to their homes to celebrate Eid or due to pandemic fears as cases mount in the state, adds Dileep Baid, Former President, Confederation of Indian Industry.

The government is currently working on facilitating an e-pass system to enable workers to travel to and from work and continue their duties.

Source: fashionatingworld.com – May 14, 2021