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Business ties between China and Austria to only get stronger

Strategic partnership fostering trade in complementary products, increased investment, more opportunities

China and Austria will continue to diversify economic cooperation and build stronger trade ties in the coming years, as their products are complementary with many consensuses on developing the Central and Eastern Europe market being reached, said experts and business leaders.

"The reinforced economic and trade relations between the two countries will bring a beneficial situation. China has a profound market for imports from Austria, which can raise local employment and enhance the country's strength in developing regional connectivity," said Liu Xin, a researcher specializing in regional economic development at the University of International Business and Economics in Beijing.

He said both countries have more space to expand trade and investment, and deepen cooperation in such fields as high-end manufacturing, modern services, environmental protection and urbanization.

Thanks to the control of the pandemic through vaccinations, as well as a growing number of China-Europe freight trains, the trade value between China and Austria soared 35.8 percent year-on-year to $4.28 billion in the first four months of 2021, data from the General Administration of Customs showed.

China exports mainly construction machinery, computers, transport equipment, chemical products, raw-material electronics, textiles, garments and household appliances to Austria. Austrian exports to China are auto and machinery parts, power-generating equipment, general industrial machinery, measuring and control instruments and textile fibers.

Ren Xingzhou, a research fellow at the Institute for Market Economy of the Development Research Center of the State Council, said Austria's strategic location in the center of Europe, innovation-based economic development model, and supportive policies to develop markets related to the Belt and

Road Initiative can be used as a base for cooperation with China and other participating economies.

She said numerous Austrian technologies can be exported to China, from automation, nanotechnology, robotics, green technology and aspects of healthcare such as nursing, to more local industries such as wood, cable cars and winter sports knowledge, ahead of the 2022 Winter Olympics in Beijing.

China and Austria agreed to establish a Sino-Austrian strategic partnership and signed 11 intergovernmental cooperation documents in tech innovation and development related to the BRI in April 2018. It created more opportunities for domestic companies to enhance economic links with the country.

Daniel Beatty, general manager for Greater China at Red Bull, the Austria-headquartered energy drink maker, said China's southern and eastern regions have grown notably for the company's products in recent years.

Together with top-tier cities and new first-tier cities, such as Hangzhou in Zhejiang province and Chengdu in Sichuan province, Red Bull is positioned as the most premium energy drink in China. He added that the company will continue to connect with consumers who believe in high-quality products with a strong brand resonance in the country.

In 2020, 8.6 billion cans of energy drink were sold in China. This is expected to grow 44 percent over the next five years, according to market research group Euromonitor.

"Therefore, the potential is huge. Red Bull, as a major energy drink brand in the world, will invest in consumer marketing and bring full marketing activities to China, and expand our distribution channels by partnership with Budweiser China," he added.

Beatty's opinion is shared by Liu Qiufang, marketing director for Greater China at Andritz, the Austrian plant engineering group with its headquarters in the city of Graz, Austria. She said the company has always been bullish in the Chinese market, especially after last year's outbreak of COVID-19, when Chinese society returned to a normal state within a short period of time.

"Since China was the only country to register positive economic growth last year in the world, Andritz will increase investment in China despite the severe economic environment last year. This has fully demonstrated our confidence in this lucrative market," she said. Liu Qiufang added that the company has been transferring advanced production and technology from Europe to China for many years.

The businesses Andritz serves are across China. It serves a wide range of industries, involving pulp and paper, the metal industry, separation technology and hydropower generation.

Liu Qiufang said the company's sales growth in the pulp and paper industries to date has been encouraging, as many clients have increased their investment in these areas. This has offered Andritz attractive growth opportunities.

"We have witnessed rising demand for our products and services in almost all regions of China. With continuously improving living quality and growing spending power, Chinese consumers are now looking for more high-quality products for their homes," said Georg Prager, overseas commercial director of Egger, another Austrian company producing wood-based panel products.

Additionally, due to the effects of COVID-19 since last year, he said people are paying more attention to their home environment. This is because the "stay-at-home" economy or trend has become common in many countries under lockdown. The remarkable sales growth in furnishings is happening in Europe as well as the United States.

"With demand growing toward high-quality furnishing materials in the Chinese market, we expect the further potential from end consumers, designers and project owners in China and seek all kinds of possibilities to meet their needs," said Jennifer Chen, Egger's general manager for China.

Next to the sales distribution network across China, Egger has been committed to strengthening its local team in order to provide better services. With constantly growing sales and marketing team, the company's goal is not only to better serve its distribution partners, but to keep developing new business channels.

Wang Jun, a researcher at the Beijing-based China Center for International Economic Exchanges, said Austria has close ties with Central and Eastern European countries and has developed networks with strong contacts and specific business opportunities. Austrian businesses have also been leading investors in CEE countries and have established a market network there.

Attracted by these elements, Chinese companies—such as China Electronics Technology Group Corp and China Railway Rolling Stock Corp's Zhuzhou branch—have set up their European headquarters in Austria. Bank of China has established a branch in Vienna over several years.

China Unicom, a telecoms provider, will open a branch in Austria this year to expand its presence in the country. It will pay particular attention to human, financial and material resources to better serve the demands of local and Chinese companies in CEE countries.

Liu Meijue, China Unicom's head for Austria and the Czech Republic, said China Unicom is optimistic about the business environment in Austria, one of the most economically stable countries in the world, as well as its surrounding economies in the region.

Apart from stimulating investment activities, China will hold the second China-Central and Eastern European Countries Expo in Ningbo, Zhejiang province, from June 8-11. It will explore opportunities to boost trade in consumer goods and services with CEE nations, according to the Ministry of Commerce and the Zhejiang provincial government, its organizers.

The expo's trade shows are grouped under three categories: a CEEC exhibition, an international consumer goods exhibition, and a permanent exhibition of imported commodities, said Zhu Congjiu, vice-governor of Zhejiang province.

The total floor area of the exhibition is 200,000 square meters. More than 2,000 exhibitors and 6,000 buyers are expected to participate.

Source: chinadaily.com.cn – May 28, 2021

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China's large industrial enterprises report fast-rising profits in April: NBS

The profits of Chinese industrial enterprises above designated size grew 57 percent in April based on year-on-year reporting, sending the profits in the first four months in 2021 up 1.06 times compared with 2020, the National Bureau of Statistics (NBS) revealed on Thursday.

Overall, the growth in the first four months was positive and steady, however the resurgence of coronavirus abroad and the international environment is adding uncertainty, Zhu Hong, a senior statistician at NBS said in a statement on Thursday.

At present, the prices of bulk commodities keep rising, leaving greater pressure for companies in middle and lower reaches, Zhu pointed out.

Pushed by improving market demand and rising prices of bulk commodities, enterprises in mining industry and raw materials manufacturing reported rapid growth.

The profits of mining companies increased 1.03 times from January to April compared with the same period last year, while the raw material manufacturing sector rose 3.66 times.

Responding to the price fluctuations across iron ore, copper, corn and other bulk commodities, China's top economic planner announced Tuesday the action plan for strengthening price mechanism reform during the 14th Five-Year Plan (2021-25).

The consumer goods manufacturing also recorded steady recovery in the past months.

In particular, under the rising demand for COVID-19 vaccines and testing kits within and outside China, the profits of pharmaceutical makers grew 80.2 percent in the first four months, making the recent two-year average profits up 29.2 percent.

It its notable that profits in textile, clothing and printing sectors slightly dropped in the recent two years, however the decline in the first four months narrowed down compared with the first quarter.

Together with improving enterprise operations, the NBS statistician found the losses of enterprises further narrowed, and the costs of every 100 yuan ($15.65) in industrial enterprises above designated size also dropped 1.39 yuan to 83.48 yuan in the first four months.

Moving forward, greater efforts should be done to ensure stable prices of bulk commodities in order to strengthen the steady economic recovery and promote a sound development for industrial economy, Zhu said.

Source: globaltimes.cn– May 27, 2021

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‘Every Supplier,’ ‘Every Tier’: What Uniqlo’s Xinjiang Links and Lapses Mean for Your Brand

U.S. Customs and Border Protection’s recent seizure of a Uniqlo shipment over suspected forced labor linked to China’s Xinjiang region has the apparel industry, if not exactly running scared, then at least riddled with anxiety about its implications for clothing imports destined for the American market.

It’s a landmark case—perhaps not on the scale of Roe vs. Wade, but significant enough to keep retail C-suiters in a state of low-grade anxiety at a time when fashion purveyors are feeling bullish about the post-pandemic surge in sales, according to Mark Burstein, industry principal at Logility, an Atlanta-based digital supply-chain traceability platform that helps companies create a “digital thread” of products and materials from source to store.

“Everyone had been focused on, ‘Oh, as long as the cotton didn’t come from Xinjiang, I’m safe,’” Burstein told Sourcing Journal. “But what this Uniqlo detainment has just uncovered is it’s not just about where the cotton comes from, it’s [about] every supplier [and] every tier.

The Port of Los Angeles/Long Beach had initially detained a shipment of men’s shirts from Uniqlo in January, citing a violation of a Withhold Release Order (WRO) on cotton and cotton items produced by the Xinjiang Production and Construction Corps (XPCC). CBP has accused the state-run paramilitary organization, which boasts a sprawling network of direct and indirect holdings within and outside China, of coercing Uyghurs, Kazakhs and other Turkic Muslim minorities into low-wage jobs against their free will.

The case made headlines this month after the Office of Trade posted a ruling rejecting a protest from Uniqlo, which argued that since the raw cotton used to produce shirts originated in Australia, Brazil and the United States, and not from Xinjiang, where the fiber is covered by a regional WRO, they were not subject to the order and should be released. But authorities said the Japanese retailer had failed to provide authorities with “substantial evidence” that the entities within the XPCC that processed the cotton into garments “did so without the use of forced labor.”

Customs officials also took issue with "substantial deficiencies" in the documentation that Uniqlo provided, including Chinese customs declarations that were "unsigned, undated and generally illegible," invoices that did not reflect fabric composition percentages, an outdated code of conduct letter and the absence of timecards, wage-payment receipts and daily process reports to back up its claims.

Uniqlo, in other words, wasn't able to provide a verified chain of custody, in the form of a compliance certificate or summary document, that chain-linked its transactions from the cotton fields to its shirts. And therein lies the problem, Burstein said. For most brands and retailers, their contractual and financial liabilities end at the first tier of cut-and-sew suppliers. "They may know who the nominated fabric supplier is, but very, very rarely are they going to know who the yarn spinners are," he said. "And they'll never be able to confirm the cotton sources, nor did they ever care. Until now."

Indeed, cotton sourcing is part of a "very serious conversation right now and a top priority for fashion brands," Nate Herman, senior vice president of policy at the American Apparel & Footwear Association (AAFA), an industry group representing hundreds of clothing and shoe brands, said in an emailed statement. "AAFA is doing everything to unite the industry to ensure traceability and to ensure that forced labor does not infect the supply chain."

Fast Retailing, Uniqlo's parent company, said it's disappointed by CBP's decision. "As a global company, we are committed to protecting the human rights of everyone in our supply chain," a spokesperson previously told Sourcing Journal. "Uniqlo has strong mechanisms in place to identify any potential violations of human and worker rights."

All Uniqlo items, the spokesperson added, incorporate "only cotton that originates from sustainable sources. This ensures that human rights are safeguarded. If we find evidence of forced labor or any other human-right abuses at any of our suppliers, we cease to do business with that supplier."
Supply-chain visibility

The issue of supply-chain visibility has been a longstanding problem across all industries. A 2018 survey of 500 global procurement leaders by Deloitte found that 65 percent admitted to limited or no visibility beyond their first tier.

The number is likely higher with fashion, which is notorious for its fathomless levels of contracting and subcontracting. While 74 percent of 62 major brands and retailers with reported links to companies in the Indian textile-producing hub of Tamil Nadu have published a list of their first-tier manufacturers, according to a 2020 Fashion Revolution study, only 31 percent have divulged at least some of their textile production sites, such as those involved in spinning, knitting, weaving and fabric production.

"The step before ending human-rights abuses or understanding sustainable practices is [finding out] where things come from [and measuring] what's at risk at each stage of the supply chain, so you say to your company, 'Here's why we might need to make some changes,'" said Justin Dillon, CEO and founder of FRDM (pronounced "freedom"), a San Francisco-based firm that uses enterprise-grade technology to help businesses manage supply-chain risks. "It's very difficult to play whack-a-mole with really bad data. When you have a transparent supply chain, you can make more informed decisions."

Seizures like Uniqlo's are going to become more common, and not just in the United States, where a bipartisan coalition of lawmakers has been trying to usher a Uyghur Forced Labor Prevention Act into law, creating a so-called "rebuttable presumption" that any goods made in Xinjiang are the product of forced labor and banned from entering the United States unless clear and convincing evidence demonstrates otherwise.

With the crystallization of trade pacts, such as the United States-Mexico-Canada Agreement, that make forced labor verboten, the trend toward mandatory due-diligence legislation and growing calls to expand Australia and the United Kingdom's modern slavery laws, other countries are going to be "stepping into that as well," Dillon said.

For human-rights advocates—Dillon is also CEO of Made in a Free World and SlaveryFootprint.org—this is a good thing. A benchmark published Wednesday by the KnowTheChain initiative found that 37 of the world's biggest fashion companies failed to score even 50 percent in their efforts to address some of the worst forms of exploitation in their supply chains.

There is a "substantial gap" between policy and practice, the report noted, suggesting company efforts to end forced labor are mostly lip service. Legislation with teeth could change that.

"I think regulatory headwinds are picking up. And I think companies are being asked to build a new workflow that—no judgment—I just don't think has been a priority," Dillon said. "It's something new that's emerging. A friend of mine likes to say, whether or not you're interested in transparency, transparency is interested in you. You have to be transparent now, whether you like it or not."

A need for clarity

Still, importers—and the attorneys who advise them—have expressed frustration with what they describe as a lack of clarity from CBP about what constitutes proof of admissibility. No less than the U.S. Government Accountability Office has agreed with them. In March, the government watchdog dispatched a brief recommending that border authorities publish a description of its WRO revocation and modification process, noting that it would help the private sector comply with the law.

"It's a little bit of a gray area of exactly what is needed and how much is needed and what the standard is for proving that something is not made with forced labor and therefore admissible, versus failing to meet your burden of proof and therefore the item is not admissible in the United States," Dana Watts, a counsel at Miller & Chevalier who specializes in customs law, told Sourcing Journal.

While all importers have a "duty of reasonable care" to take measures ensuring that forced labor isn't in their supply chains, she said, the understanding of what that means is "evolving." And because most decisions about apparel shipments are made at the port level, there have only been a handful of forced-labor rulings and a "paucity of information that gives insight into CBP's thinking."

"It's still difficult for importers to know, at a practical level, what documentation they need to support if their goods are detained," Watts said. "In the not-so-distant past, a lot of ways that importers would address things like [environmental, social and governance] would be to have a code of conduct and have that part of their supply contracts."

With CBP requesting documents that reach into the recesses of the supply chain or across every rung in the supply ladder, a lot of importers will have to grapple with "a shift in thinking," she added.

Nathan Peeters, a spokesman for CBP, said that the organization requires evidence “refuting each identified indicator of forced labor,” along with evidence that “policies, procedures, and controls are in place to ensure that forced labor conditions are remediated.”

The agency also engages with the petitioner in “remediation dialogue via questions or requests for additional information throughout the review,” he added.

The China conundrum

Increasing shipment detentions and the public-square flogging of rulings in the media may discourage companies from sourcing cotton and cotton apparel from China, “given the financial and reputational risks involved,” said Sheng Lu, associate professor of fashion and apparel studies at the University of Delaware.

“Understandably, fashion companies may feel it like a ‘mission impossible’ to continue sourcing cotton apparel from China and fully meet [the] WROs’ requirements for supply chain traceability and documentation,” he told Sourcing Journal, pointing to recent trade data showing that only 15.4 percent of U.S. cotton apparel came from China in 2020, a “significant” dip from the 27 percent in 2018. The CBP ruling on Uniqlo, he added, “reminds us that we should not underestimate the impact of WROs on fashion companies’ sourcing practices.”

Ultimately, importers can’t just insist that forced labor doesn’t exist in their supply chains. They have to show their work.

“Brands that are able to maneuver through this already previously had a very secure supply chain and very well-documented systems in place, and at the end of the day, they’ve had boots on the ground, understanding exactly what happens,” said Wayne Buchen, vice president of strategic sales at Applied DNA Sciences, whose CertainT platform enables the molecular tagging of raw materials and products to track their provenance. “The brands and importers that are having the biggest challenge are the ones who have always said, ‘I’m just going to tick the box, it’s good enough for me.’ But ticking the box is no longer good enough.”

Buchen doesn't believe that brands can entirely exit China, especially if they want to continue selling to the Chinese market. But it's a delicate tightrope that they'll have to walk, and the only way companies will be able to navigate this balancing act is together.

"We haven't all said, 'Let's get into a room, let's close the door and let's openly discuss this situation, and just not worry about our brands or our competitors or anything else, but let's work for the best of the future on how we're going to be successful, not now, but over the next five to 10 years," he said. "Because you're going to have to rely on China. Like it or not, China's going to be there."

In any case, CBP's net may spread to include cotton and cotton products from countries other than China. Xinjiang cotton accounts for 85 percent of Chinese cotton, which in turn makes up one-fifth of the world's supply.

"China sells a lot of cotton fabric in Vietnam, Philippines, Cambodia. Bangladesh," said Burstein from Logility. "Very soon. I bet you're going to see CBP starting to stop garments, 'Oh this is from Vietnam, let me see that chain of custody so I know the cotton that they used in your product from Vietnam doesn't have forced labor that took place in China."

Importers, he added, need to not only know their verified chain of custody but also monitor it.

"And I don't think people are prepared to do that right now," Burstein said.

Source: sourcingjournal.com– May 27, 2021

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Spandex Market is expected to expand at a CAGR of 10.3% over 2015-2021, to reach US$ 8,704.6 Mn by 2021

According to a new market report published by Persistence Market Research titled, "Global Market Study on Spandex Market: High demand for stretchable fabrics in clothing sector to drive growth", the global spandex market has been estimated to reach US$ 4,834.8 Mn in 2015, and is expected to expand at a CAGR of 10.3% over 2015-2021, to reach US$ 8,704.6 Mn by 2021.

According to the U.S Federal Trade Commission (FTC), "Spandex is a manufactured fiber in which the fiber-forming substance is a long-chain synthetic polymer comprising at least 85% of segmented polyurethane." This fiber, also called elastane, is a synthetic long-chain polyurethane-polyurea copolymer composed of rigid diisocyanate segments and flexible macro-glycol segments arranged in a specific order.

The fiber is characterized by exceptional stretch and recovery properties, with the elongation at break of around 400% to 600%. These characteristics entail its wide-scale use in a diverse set of applications in textile & clothing and healthcare industries. Some prominent areas of application for spandex fibers include sportswear, casual clothing, home furnishings, and undergarments. Medical and healthcare-related applications of spandex fibers include diapers, compression stockings & hoses, and bandages.

In the recent past, there has been a steady increase in demand for spandex-based stretchable clothing & apparel in developing regions. Steadily rising population, coupled with increasing disposable income, in these regions is expected to drive the growth of the global spandex market over the forecast period. Besides, increasing demand from healthcare-related applications is another major factor driving the growth of the global spandex market during the forecast period.

On the contrary, relatively slower economic growth in some major clothing & apparel-importing countries is expected to act as a deterrent to the growth of the global spandex market over the forecast period. Revenue from the global spandex market is expected to increase from US$ 4,834.8 Mn in 2015 to US$ 8,704.6 Mn by 2021, expanding at a CAGR of 10.3% over the forecast period.

In terms of market value, Asia-Pacific is expected to dominate the global spandex market during the forecast period, whereas the Middle East & Africa, Latin America, Europe, and North America are expected to account for a relatively smaller share in the global spandex market value during the forecast period. Asia Pacific is expected to register a CAGR of 11.0% in terms of market value over the forecast period.

On the basis of application, the medical segment is slated to expand at a relatively faster CAGR during the forecast period. Growth in this segment is primarily driven by increasing demand for medial textiles & apparel and rising demand for diapers from certain regions. In terms of market value, a medical segment is expected to expand at a CAGR of 10.8% over the forecast period. In terms of overall market value, clothing segment is expected to dominate the global spandex market throughout the forecast period.

Hyosung Corporation, INVISTA, Asahi Kasei Corporation, and Zhejiang Huafon Spandex Co. Ltd are leading players in the global Spandex market. Other players in the market include Yantai Tayho Advanced Materials Co., Ltd, TK Chemical Corp., Taekwang Industrial Co. Ltd., Jiangsu Shaungliang Spandex Co., Ltd, Xiamen Lilong Spandex Co., Ltd, and Indorama Industries Limited.

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Source: ksusentinel.com– May 27, 2021

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FedEx Raises Rates, Citing Covid-Related Trends

FedEx Corp. is tacking some new surcharges on select services.

Citing ongoing disruption resulting from the coronavirus pandemic and an upswell in online shopping, the parcel giant pointed to high demand for capacity and elevated package flows as increasing operating costs across its network.

"To provide our customers with the best possible service during this challenging time, we are implementing an increase to the peak surcharges on some services effective June 21," the company said in announcing the increased shipping costs.

From June 21 onward, FedEx's residential delivery surcharges on domestic air and ground deliveries will double to 60 cents per package from 30 cents. FedEx will also raise the surcharge on its newly named Ground Economy service to $1 per parcel from 75 cents. The service was formerly known as SmartPost before FedEx ended its last-mile delivery partnership with the U.S. Postal Service and took all of that business in-house.

In addition, FedEx said it will increase its "additional handling" surcharge to $3.50 per parcel from $3 on domestic air and ground deliveries, and international ground deliveries. The company said it will keep its $30 per piece surcharge on oversized shipments delivered in its U.S. air and ground services, and international ground deliveries that went into effect in January.

While some logistics analysts contend that carriers are increasing rates to pad their bottom lines, they might also be doing so in a bid to improve performance.

In a Convey study released last month, 89 percent of on-time performance (OTP) issues in April caused carriers to still not have caught up to pre-pandemic levels if April 2019.

UPS and the U.S. Parcel Service (USPS) were stable month-over-month, while FedEX performed significantly lower than other carriers–71 percent OTP compared to 88 percent for UPS and 90 percent for USPS, with its cheapest service levels hit hardest.

"FedEx recently announced significant open positions for its Ground service, so we will continue to monitor and see if these new hires positively impact their OTP," Convey said.

On April 12, UPS raised its international freight rates in a range of 11 cents per pound to 34 cents per pound depending on the specific service. Higher rates were put on shipments from China and Hong Kong as of May 23, ranging from $1.36 per pound to $2.15.

Source: sourcingjournal.com– May 27, 2021

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Amazon's Jeff Bezos to step down as CEO on July 5

Jeff Bezos, the founder and chief executive officer of American multinational technology company Amazon, has announced that he will step down as CEO on July 5, the date on which Amazon was incorporated 27 years ago. Bezos will transition to the role of executive chair, while Andy Jassy, the current CEO of Amazon Web Services, will take over Bezos' role.

Amazon had announced the leadership transition in its February 2021 earnings report. "I'm very excited to move into the [executive] chair role, where I'll focus my energies and attention on new products and early initiatives," Bezos, 57, said during an Amazon shareholder meeting Wednesday.

Jassy has been with Amazon for 24 years and had helped in the development of Amazon Web Services since its inception in 2006.

Bezos said Jassy will be "an outstanding leader". "He has the highest of high standards and I guarantee Andy will never let the universe make us typical," Bezos said. "He has the energy needed to keep alive in us what has made us special."

Bezos, whose personal fortune is a whopping $167 billion, plans to focus on his other ventures including his rocket ship company Blue Origin.

“Amazon is what it is because of invention. We do crazy things together and then make them normal. We pioneered customer reviews, 1-Click, personalised recommendations, Prime’s insanely-fast shipping, Just Walk Out shopping, the Climate Pledge, Kindle, Alexa, marketplace, infrastructure cloud computing, Career Choice, and much more,” Bezos had said earlier while announcing the decision along with Amazon's financial results for the fourth quarter ended December 31, 2020.

Source: fibre2fashion.com– May 27, 2021

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Asia Pacific e-commerce sales to double by 2025

E-commerce sales in the Asia Pacific region are expected to nearly double by 2025 reaching $2 trillion, according to global market research company Euromonitor International.

The region is predicted to see the highest retailing sales growth in 2020-2025, following Latin America, with digitalization, connectivity and demographics representing the key drivers in the region's shift into an innovation hub post-pandemic.

In this year's whitepaper 'Top 100 Retailers in Asia 2021', Euromonitor looks at how the APAC region world-class mobile connectivity enables digital transformation and is supported by extremely tech-savvy consumer segments in the region.

In 2020, businesses receiving online orders recorded 37.6 per cent growth and will reach 44 per cent by 2025. Livestreaming experienced an explosive growth in 2020 in tech-advanced markets.

Countries like China and emerging economies in Southeast Asia including Indonesia and the Philippines witnessed a surge in social commerce through WhatsApp, Instagram and Viber, says Quan Yao Peh, Research Analyst, Euromonitor International.

Source: fashionatingworld.com– May 27, 2021

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Trading Opportunities Available Under the RCEP

In November 2020, after eight years of negotiation, the Regional Comprehensive Economic Partnership (RCEP) Agreement was finally inked by 15 Asia-Pacific nations, by far becoming the largest plurilateral free trade agreement (FTA) in the world.

The signatory countries to the RCEP – 10 ASEAN countries as well as five non-ASEAN countries, China, Australia, New Zealand, Japan, and South Korea – cover nearly one third of the world's population, one third of the global GDP, and one third of the world's total exports. The bloc is also the fastest growing and most promising investment region in the world.

Once ratified by at least six ASEAN countries and three non-ASEAN countries, equivalently three fifths of all the signatories, the RCEP agreement will enter into force in 60 days. Analysts expect that could happen in the second half of 2021 or early 2022.

How significant is the RCEP agreement?

Despite the RCEP's sheer size, opinions vary as to how significant it truly is. In fact, prior to the RCEP, most of its member countries have already existing bilateral FTAs – according to The Economist, of the 2.3 trillion in goods flowing between RCEP signatories in 2019, 83 percent passed between those that already have a trade deal.

FTA between China and Japan, Japan and South Korea, and Japan and Australia. This agreement is expected to lead to the long-awaited trilateral FTA among these countries; the China-Japan-South Korea FTA has been under negotiation for as long as the RCEP.

In terms of its content, the RCEP agreement combines various FTAs between ASEAN nations and other Asia-Pacific countries into one overarching compact framework.

Consisting of 20 chapters and four market access schedules, the RCEP agreement covers typical provisions on trade in goods, trade in services, rule of origins (ROO), and customs procedures and trade facilitation. Beyond that, it also contains provisions that are less common in FTAs, such as provisions on small and medium-sized enterprises (SMEs), e-commerce, competition policy, and government procurement.

However, the RCEP is considered less revolutionary than the Comprehensive Progressive Trans-Pacific Partnership (CPTPP) agreement, since it lacks provisions on environment and labor standards and rules for state-owned enterprises (SOEs). Rather, the RCEP focuses more on tariff reduction and trade-facilitation measures.

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Source: china-briefing.com– May 26, 2021

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Turkish Textile Industry Seeks Global Partnerships in Post-Covid Era

The Turkish textile industry hopes to hit the ground running in the post-Covid era by forging lucrative partnerships with globally recognized brands and textile companies. “The imminent recovery of international trade offer”s enormous opportunities for cooperation between Turkish textiles firms and foreign partners,” Ahmet Öksüz, president of the Istanbul Textile and Raw Materials Exporters Association, says.

“We are going through times that global brands and especially technical textile companies need more and more cooperation. By establishing win-win relationships, we wish to turn pandemic era into an era of opportunities,” he adds. “Our domestic textile sector boasts a number of top-notch businesses that have already proven themselves in the global marketplace.”

According to Öksüz, considering the upward momentum at the field of technical textiles in recent years the sector’s impressive production capacity along with Turkey’s strategic position between Europe and Asia, “offer the chance for potential partnerships that could bring tremendous benefits to all stakeholders and will soon be reflected in our trade figures.”

‘Turkey is the fifth largest textile supplier in the world’

The world’s fifth largest supplier of textiles, Turkey expects to export roughly $12 billion worth of textiles, reaching to $30 billion in 2021 including apparel industry. The sector currently employs more than one million skilled labor.

“It’s a highly dynamic sector, characterized by a spirit of innovation and entrepreneurship,” Öksüz says. Our deeply rooted and integrated textile businesses with an industry renewing itself every passing day supported by our R&D and innovation capacity reveals the cutting-edge infrastructure and dynamism of the industry.

Considering the know-how, ease of access to raw materials and logistical advantages of our country, partnerships to be made will not only expand our physical investments but also strengthen the close relations between our countries.

“But we still have a long way to go with international collaboration,” he adds. “In this regard, the production capacity of 90 billion dollars of Turkey’s textiles and apparel industry can be increased with facilities bedecked with modern production infrastructure and qualified production power. Considering the growth momentum, we have achieved in the field of technical textiles in recent years, a cooperation in this field will be reflected in the trade figures of everyone in a very short time and will add value. Öksüz hopes to see this capacity exceed to $100 billion in the post-Covid period through stepped-up cooperation with foreign partners.

Contributing to a Greener World

Thanks to a groundbreaking Customs Union agreement between Turkey and the European Union that came into effect in 1996, the Turkish textile industry has been fully compliant with EU standards and norms.

“The agreement is a concrete example of the sector’s ability to quickly adapt to change, and we fully comply with all EU standards, including the European Green Deal,” Öksüz says. “With a view to contributing to a greener world, we have reduced carbon emissions at all our facilities, and continue to invest in green infrastructure.”

With a post-Covid recovery around the corner, he adds, the sector is looking forward to reaching its full potential by taking advantage of its ability to change “with the cooperation of global partners who share these ideals.”

Source: globenewswire.com– May 27, 2021

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Can West Africa lead the way in creating a more sustainable textiles industry?

With textiles and fashion expected to constitute an important post-Covid-19 growth driver for West Africa, stakeholders and key players in the industry are exploring ways to implement sustainable practices and make the sector more environmentally friendly.

While one might not instinctively include it among the world's heaviest polluters, the textile and fashion industry is a key contributor to climate change, accounting for around 10% of global carbon emissions.

Indeed, with pre-pandemic annual emissions of 1.2bn tonnes, the industry is the second-largest industrial polluter behind the oil and gas industry, surpassing emissions from all international flights and maritime shipping put together.

A major factor behind the industry's carbon footprint is the water needed for cotton production. For example, it can take an estimated 20,000 litres of water to produce 1 kg of cotton, or one t-shirt and a pair of jeans.

In addition, with up to 8000 chemicals used to turn raw materials into clothes, the World Bank estimates that 20% of global industrial water pollution comes from dyeing and finishing fabrics.

Another major factor behind the environmental footprint of the industry is the sheer mass of clothes produced to meet the needs of modern "fast fashion". An estimated $500bn in value is lost every year from clothes that are worn for a short period of time and not recycled, with much of it ending up incinerated or in landfill.

Pushing for environmental sustainability

To combat the environmental impact of the textiles and fashion industry, a number of industry players are turning towards more sustainable means of operation.

For example, Jendaya, a UK-based, Africa-focused online fashion retailer avoids plastic and ships goods in recyclable cardboard packaging.

The company is also one of a growing number supporting smaller designers who produce clothes in smaller capacities on a made-to-order basis, reducing waste and the amount of clothing that is consigned to landfill.

Other examples of African companies promoting local production using natural materials under made-to-order models include Nehanda & Co in Zimbabwe, Naked Ape in South Africa, Nkwo in Nigeria and Awa Meité in Mali.

There are also efforts to support this approach on an institutional level. Fashionomics Africa, an initiative developed by the African Development Bank, aims to develop a sustainable textile value chain and help create business models that will keep garments in use, make use of renewable materials and recycle old clothes into new products.

Another company driving sustainable solutions across the entire value chain in West Africa's textiles industry is the India-headquartered Arise.

On top of existing industrial projects in Gabon, Mauritania and Côte d'Ivoire, the company is in the process of constructing two textiles parks in Togo and Benin. The sites, which source raw materials, gin cotton, and process and manufacture final products, will emphasise environmental, social and governance (ESG) factors across all aspects of the operation.

For example, some of the sustainability credentials of the textile park in Togo include processing 100% sustainably sourced cotton, under Cotton Made in Africa standards, and using 100% renewable electricity, offsetting 20 tonnes of carbon emissions per day. The site will also reuse 90-95% of the water used during processing and comply with independent international certifications when it comes to dyeing and finishing fabrics.

Economic benefits

The benefits of such an approach are not just environmental. Increasing textile production on the continent will also provide an economic boon to the region as countries continue their recoveries from Covid-19.

Indeed, in April the African Circular Economy Alliance, a government-led coalition that promotes environmentally and socially sustainable solutions for economic development, identified the textiles and fashion industry as one of the "Five Big Bets" – alongside food systems, the built environment, electronics and packaging – that could drive the continent's sustainable development in the future.

The issue is particularly pertinent to West Africa. Around three-quarters of the continent's cotton is produced in the region; however, most of this is shipped to South and East Asia for processing, meaning that West African countries miss out on much of the value-added economic benefits traditionally associated with the textile industry.

Every year leading West African cotton-producing nations Benin, Burkina-Faso and Mali export 1.8m tonnes of unprocessed cotton worth $922m, but then import $2.4bn in finished cotton textiles and apparels.

In an effort to address the situation, Arise's textile park in Togo aims to convert 56,000 tonnes of cotton fibres valued at $73m into apparel worth $1.5bn. The company says the construction and running of the site will create 20,000 direct and 80,000 indirect jobs, ensuring that much of the profit will filter into local communities.

Meanwhile, in Benin, where the cotton industry accounts for 12% of GDP and 60% of industrial earnings, the government is playing an active role in promoting domestic production, implementing a ban on 30% of cotton lint exports by the end of 2021, with this figure rising to 70% by 2022 and 100% by 2023.

Source: oxfordbusinessgroup.com– May 27, 2021

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Pakistan: Amazon and the economy

Amazon is one of the best online marketplaces that you can use to sell and buy products. It opens the door to millions of sellers online to help them grow economically and promote their products in international market. As a seller on Amazon, you get a large customer pool to sell your products to expeditiously.

Amazon has recently announced that it will now allow Pakistan sellers to sell their products on Amazon. This great change makes it a right time for any Pakistan seller to build their brand to maximize their reach and exposure internationally.

It has been reported that almost 70 percent of textile products are taken from Pakistan by other sellers from different regions. So, the fact that Pakistan provides one of the best textiles in the world will help local businesses get a boost directly from now on. This will not only benefit sale of textiles but other commodities too. However, in the garment industry, Pakistan may face some issues in breaking into the biggest fashion brands as it competes with Bangladesh, India, China, and Thailand. Pakistan is still a minor player and will need to majorly improve to ensure a better position.

Some of the best products one can sell on Amazon include textiles, electronics, toys & games, books, video games, clothing, shoes, jewelry, fitness items, cameras, home equipment, kitchen utensils, handtools, and much more. If you are planning to start being a Pakistan seller on Amazon, you better choose from any of these niches. With the variety of sellers on Amazon, you just need to have unique products to stand out from the crowd.

Before choosing a specific niche, you need to know what kind of products you can source easily and what you have enough knowledge about. This is because you need to have great products to prevent your seller account from being closed down because of bad products/ reviews. If you start a reputable store it will help build your customer pool and lead to more revenue.

Some of the most in-demand business models you can choose from are Private Label Wholesale, Reselling, Dropshipping, and handmade. Choose a fulfillment methos. It can either be fulfillment by Amazon, in which as a seller you ship to Amazon's warehouse and they sell the product directly to the customer. Or it can be fulfillment by the merchant where you store your products and send them directly to your customers.

To succeed as an Amazon seller from Pakistan, you need to first study competitors from your specific niche. Get to know what they are doing to be on top of the selling list. Look at the best sellers as well as the best selling products. Do market research before settling for a certain product because if there is low demand, you will go at a loss when no one is willing to buy it, and so it will stay in the warehouse for long.

You can use a combined product listing to invite more buyers. To initiate, start with few products, and then with time you can scale up and add more products as you grow. You can start with a unique brand that will help you stand out from the other sellers. To rank better use great product images, optimized titles, and descriptions. This will help your product to be easily visible.

On top of that, you can utilize the Amazon Marketing Services (AMS) that help you create ads for your products so that users can see your products under products related to this item. This brings great exposure. However, you should still be vigilant while selling items on Amazon. If you provide the wrong information, your account can easily be blocked.

Pakistan's government had engaged Amazon last year about the issue, and it has finally succeeded. This great move will lead to favorable outcomes for the youth as well as small and medium enterprises to sell on the Amazon platform. This will add Pakistan sellers into the international market.

Pakistani sellers selling on Amazon will impact the economy in a positive manner. This is because unlike before, where Pakistan sellers used to sell through third parties, they will now be able to sell directly. This will help boost the economy and create more job opportunities. Hence, entrepreneurs will have a greater customer base. With such a change, the capacity of the youth needs to be built so that they can use Amazon and other e-commerce platforms effectively, to maximize their revenue stream. This includes checking the various tutorials that will help empower on how to use the Amazon seller's account.

Increased empowerment will make more people use Amazon for selling which will create more opportunities. Let's assume 100,000 Pakistani residents start making money through Amazon selling. With each person earning a minimum of $500 per month, after a year it will have a great impact on the economy. This will lead to a lot of sustainability and efficiency.

Statistics show that India ranks at number 5 in countries with the largest numbers of successful Amazon sellers. A 2019 report showed that there were over 209,000 active Amazon sellers from India, and the numbers have risen in 2020. Moreover, there have been over 70,000 Indian exporters selling millions of 'Made in India' products on Amazon websites. India's largest marketplace on Amazon has over 320 million monthly visits. Amazon was approved in India back in 2012 and the Indian government allows foreign companies to sell on their platform. However, selling on Amazon India is only limited to its residents, so brands need to get a local distributor to sell on the marketplace.

Bangladesh is another region that thrives well on Amazon. In 2019, Amazon made a bold move to source goods from Bangladesh for its global buyers. The proposal was for Bangladesh to keep their goods on Amazon warehouses in the US. This was meant to help the small exporters. Small traders could now easily access the global markets through the Amazon online platform.

Thailand is well known for producing high-quality electronics, silk, and much more. In 2016, Amazon introduced the Amazon web service in Thailand and a Thailand global selling team in 2019. This was to bring more manufacturers and retailers in Thailand on board. This led to the Thai government introducing the e-commerce initiatives like the ETDA B2c marketplace that helps drive growth in the region.

Pakistan being approved to sell on Amazon will have a great impact on the economy and will help in the growth of the country. Even with the great move, though, Pakistan sellers need to prove themselves to ensure they remain part of the Amazon community.

The government should start capacity-building programmes for the youth so that they can learn how to use Amazon in the best possible way. There are different on-going youth development programmes, and with this great change, it is the right time to add Amazon selling tricks & tips as a normal course. Universities need to add entrepreneurship and e-commerce selling on Amazon to their curriculum. These initiatives will undoubtedely serve as the stepping stones for the success of our youth and the economic development of our country.

Source: thenews.com.pk– May 28, 2021

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Pakistan: Sinking water

Water availability could become a more serious issue than power and energy woes if the industrial sector failed to adopt conservation methods and its reuse where possible.

Sustainability is taken seriously by the foreign buyers. They want minimum use of water, power, and energy to reduce the carbon footprint. Unfortunately industries in Pakistan are mostly operating on inefficient equipment that consumes 40-50 percent more fuel than global best.Their gas-run power generators operate at 25-30 percent efficiency while efficiency of many government sector gas-run generators is 60 percent.

As far as water is concerned its cost is lowest in the region (industrialists in Bangladesh, India and China pay 40-80 percent more as water charges). It is because of the low-cost of water that most industries use water lavishly. The Kochi University of Technology Japan on Industrial and Household Water Demand Management found that the entire industrial sector in Pakistan was consuming 1.983 10x6 cubic meters of water in 2010 that was estimated to increase to 2.613 10x6 cubic meters by 2020.

Though industrialisation slowed down during the last decade the industrial water consumption must have increased much above 2010 level. The same institution found that the textile sector is the largest consumer of industrial water consuming 69 percent of the total industrial water consumed. Chemical sector consumes 10 percent, paper industry 5 percent, food industry 5 percent and all other industries 11 percent of the total water used by industries in Pakistan.

Experts further pointed out water consumption in the textile sector and other sectors could be reduced significantly through better water management. Different studies found a staggering amount of 2,720 litres of water is used in making one cotton T-shirt (cotton production plus industrial use). This amount of water is equivalent to over three years' water consumption of a human being.

The average consumption of water in spinning units is 5 litre per spindle, in weaving it is 850 litres per air jet loom and in processing it is 7 litre per square meter of fabric. The largest water consumption is in the processing units. It is more than double the combined consumption of spinners and weavers. There are many ways of conserving water.

A leading textile unit in Pakistan adopted an innovative way of dyeing the fabric through a custom made sprinkle machine. That drastically reduced use of water as well as dye.

The sprinkle dyed fabric of that textile mill is getting premium price from the buyers that promote sustainable production. This innovative process is not adopted by most of the processors.

Most of the conservation of water would come from processing. Conservation of water is a necessity not only due to scarcity of water but also to address the environmental concerns of global buyers of textiles. Moreover water is a precious commodity, which would become expensive with the passage of time. Conservation will not only save cost but also spare this commodity for other uses he added.

The equipment used in a water conservation program is relatively inexpensive, consisting in many cases of valves, piping, small pumps and tanks only. The operating cost of the system is very low, limited mainly to the power used by the pumps installed in the system. Still the industries are still shy of adopting conservation on a large-scale as they get water at nominal price.

In Pakistan the textile industry for instance currently relies on fresh/ground water and it discharges the waste water into the drains which pollutes the environment. The industries should ensure the waste water is cleaned of fat, colour, and other chemicals before it is discharged in drains. This would improve the quality of underground water. Most textile industries have treatment plants for this purpose but they need upgrades to ensure the treated water after purification could be reused.

Another conservation that is possible in spinning mills established over large areas is to capture the rain water in their premises for industrial use. There is plenty of rain in 70 percent of the regions where these mills are located. The rainwater could be stored in an open well, pit, or bore well. Conservation of water, power and energy would place the textile industry in getting a premium by offering its consumers and buyers sustainable labeled products.

Source: thenews.com.pk– May 28, 2021

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NATIONAL NEWS

RoDTEP: Govt explores hiking outlay to include all eligible sectors

Excluding eligible sectors, fixing a cap on it could be politically sensitive, say sources

With requests pouring in from exporters across sectors for speedy announcement of rates under the new Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, the Commerce Ministry is working with the Finance Ministry to see if the outlay could be raised to ensure all eligible sectors get covered for input tax refunds to the extent possible, sources have said.

"The government is finding it difficult to either exclude any eligible sector from the scheme or fix a significant cap on it to limit expenses as these may be politically sensitive decisions. This is the major reason behind the delay in announcement of rates.

The Finance and Commerce Ministries are therefore now seriously examining if the outlay for the scheme could be increased enough to give all sectors their due," a person close to the development told BusinessLine.

The RoDTEP scheme, announced on January 1 with the simultaneous withdrawal of the popular Merchandise Export from India Scheme (MEIS), seeks to refund exporters the embedded duties/taxes that are not rebated under other schemes. These include VAT on fuel used in transportation, mandi tax, duty on electricity used during manufacturing etc.

More transparent

The MEIS had to be withdrawn as the refund rates under the scheme were broadly fixed without transparent linkages with actual taxes paid by exporters and was therefore not compatible with WTO norms.

The rates under the RoDTEP scheme have, however, been painstakingly calculated by a committee headed by former Home and Commerce Secretary G K Pillai, and are much more transparent.

While the Finance Ministry had initially projected that the outlay for the RoDTEP scheme would be around ₹50,000 crore, at par with the MEIS scheme, it was later pared to just ₹ 13,000 crore in the Budget for 2021-22 due to the fund crunch the government is facing.

"The Finance Ministry apparently had agreed to increase the budget from ₹ 13,000 crore to about ₹ 16,000 crore in its internal meetings but that has also not proved to be sufficient. However, according to fresh calculations made based on the Pillai committee rates, it appears that if the government stretches its budget by another ₹ 4,000 crore-₹ 5,000 crore then the needs for the RoDTEP scheme for 2021-22 could be met," the source said. Finances, however, remain a big constraining factor, the source added.

Exporters restless

Exporters are getting restless waiting for the rates as it has been delayed by almost five months. Although the refunds would be made from January 1 once rates are fixed, exporters are finding it difficult to work out their costs as they don't know the refund rates.

"There are requests pouring in from various export sectors at the Commerce Ministry asking for early announcements of rates. Most sectors are also specific about the rates they are expecting as they had worked out the calculations for giving their inputs to the Pillai committee," the source said.

Under the MEIS, exporters from eligible sectors would get refunds in the range of 2-4 per cent of the value of the exported good.

India's exports posted a fall of 7.26 per cent in financial year 2020-21 to $290.63 billion as outbound shipments had been hit massively in the initial months of the fiscal due to Covid-19 lockdown. In April 2021, exports seemed to have recovered posting a 195 per cent increase over April 2020 to $ 30.63 billion. The government has set an export target of $400 billion for 2021-22.

Source: thehindubusinessline.com– May 27, 2021

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Near-term economic outlook clouded: RBI Annual Report

New waves of Covid and slow pace of inoculation in the world has turned the outlook grim

The Reserve Bank of India (RBI) said the near-term economic outlook is clouded, with an accentuation of downside risks and potential externalities of global spillovers.

Embattled by new waves of infections and mutant strains of Covid-19, the slow pace of inoculation in several parts of the world and visceral vaccine protectionism, the global and domestic outlook has once again turned grim and overcast with extreme uncertainty and downside risks, according to RBI's 2020-21 annual report.

The central bank underscored that the onset of the second wave has triggered a raft of revisions to growth projections, with the consensus gravitating towards RBI's projection of 10.5 per cent for the year 2021-22 - 26.2 per cent in Q1, 8.3 per cent in Q2, 5.4 per cent in Q3 and 6.2 per cent in Q4.

It noted that the Covid-19 pandemic itself, especially the impact and duration of the second wave, is the biggest risk to this outlook.

"Yet, upsides also stem from the capex push by the government, rising capacity utilisation and the turnaround in capital goods imports," RBI said.

The central bank observed that over the course of the tumultuous year gone by, there have been learnings and adaptations. Drawing on these lessons gleaned, India can prepare for the year ahead with confidence and fortitude,it added.

RBI opined that: "Faster vaccination holds the key to an escape from the pandemic."

"Around this centrepiece, public policies must design and implement strategies that put us back on a secure path of strong and sustainable growth with macroeconomic and financial stability so that India is once again engaged in achieving its developmental aspirations."

Best to prepare for future waves

The central bank cautioned that compared to financial crises, a health crisis can be more pervasive, persistent and debilitating in its impact on the real economy.

“Letting down the guard is perilous; it is best to prepare for future waves,” RBI said.

The report said: “The health crisis has shown us how globalised we are, not only in our vulnerability to viral infections but also in the manner in which vaccines are produced and shared.”

“Excoriating COVID-19 from the earth will need a global effort so that everyone is vaccinated.”

Revive animal spirits

RBI said that private investment is the missing piece in the story of the Indian economy in 2020-21.

“Reviving it awaits an environment in which ‘animal spirits’ are rekindled and entrepreneurial energies are released so that backward and forward linkages and multipliers prepare the ground for a durable investment-driven recovery,” it added.

RBI said fiscal policy (FY22), with the largest capex budget ever and emphasis on doing business better, has swung into a crowding-in role.

“It is apposite now for Indian industry to pick up the gauntlet,” it added.

The central bank said a virtuous combination of public and private investment can ignite a shift towards investment and thereby to a trajectory of sustained growth.

This can be achieved by exploiting the unique point at which the economy is poised – at the crossroads of regaining its place as the fastest growing economy in the world, the third largest in terms of purchasing power parity, with late dividends of demographic transition still accruing, and a strong external position, it added.

As per the report, in 2020-21, India's stimulus measures cumulated to 15.7 per cent of GDP, including liquidity and other measures taken by RBI. Overall, the total support announced by RBI for the economy since February 6, 2020 (up to May 5, 2021) amounted to ₹15.7 lakh crore (8.0 per cent of 2020-21 nominal GDP).

RBI noted that 2020-21 will go down in history as the year of the Covid-19 pandemic break in the life and ethos of humanity.

"It altered economic activity, finance and, more generally, life and livelihoods in a drastic and deep way that may take several years to heal," the central bank said.

The pandemic also exposed the fragility of health care infrastructure and the inadequacy of health spending over the years, it added.

RBI said the year 2020 will also be notable for unprecedented policy responses which, although not coordinated, turned out to be synchronised globally

The report emphasised that from this point in time, the global recovery and its outlook, including for India, will be contingent on the pace and coverage of vaccination and its efficacy against emerging variants of the virus.

Source: thehindubusinessline.com– May 27, 2021

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Indian Retail sector faces stormy year ahead, with likely losses of $30 billion

Unplanned Covid-19 expenses, job losses, salary cuts and negative consumer sentiment hits hard

The pandemic-hit $854-906 billion Indian retail sector, which exited FY21 at $780 billion, is likely to incur up to $30 billion in losses in FY22 as the second Covid-19 wave continues to take its toll on lives and livelihoods. Unplanned Covid-19 expenses, job losses, salary cuts and above all, negative consumer sentiment due to fear and bereavement issues are factors contributing to the Indian retail sector's de-growth this fiscal.

"Unlike the last year's national lockdown after which the economy had started to come back on the mend after Q1 (April – June) despite layoffs, salary cuts and furloughs; this time around the situation is much more bleak," said Arvind Singhal, CMD of Technopak.

"A big chunk of consumer incomes have been spent on Covid healthcare, which is completely unplanned expenditure. Last year people lost salary but this time people have lost money that they have already earned or saved because of Covid-related expenditure. I estimate that this year, around ₹80,000 crore to ₹100,000 crore is out-of-pocket Covid expenditure.

In the last six weeks alone with the second Covid wave, we are talking about 20 million (2 crore people) new tested infections, the first wave had only 6 million infections. Add to this at least another 20 million people who are not tested but would have had Covid-like symptoms, especially in rural India, and we are therefore talking about at least 4 crore people.

If they spent between ₹20,000 to ₹25,000 per head (on medicines, consultations hospitalisations, ambulances, attendants from family) then it adds up to as much as ₹80,000 crore – ₹100,000 crore. So, there is that much less money in the hands of consumers to spend this year," said Singhal.

Recovery only in Q2

Retail industry veteran Gibson Vedamani told BusinessLine, the Indian Retail sector will be badly hit this year and will suffer $30 billion (₹ 2.25 lakh crore) in losses and unlike last year, recovery will start only after Q2.

“As per RedSeer Consulting, India’s Retail sector exited CY2020 at $780 billion. I estimate this year, Indian Retail will drop to $750 billion due to many reasons. First, people are gripped with fear which will negatively impact the retail business as consumers go back to saving money for Covid-related medical exigencies.

Unless the vaccination is fast tracked and front-end retail people are vaccinated, these fears will not go away. Retail businesses are facing a huge working capital crunch as there’s no sales because of no consumption as only food/grocery stores are open for just a few hours everyday. The manufacturing supply chain is completely clogged and none of them are working at full capacity as staff test Covid positive.

Free flow of money has been affected because a lot of people in retail have been paid only 50 per cent of their salaries in Mumbai. We may see some green shoots of recovery this Diwali, but that will be only 20 per cent of the business done in 2019,” said Vedamani, CEO of Retail Solutions and Learning Technologies and Retailvarsity.com.

Consumption has dipped and no business is reporting that they are doing well , observed Kumar Rajagopalan, CEO, Retailers Association of India. “If vaccinations are completed in the next 3-4 months for at least 50 per cent of the population, then we could see businesses doing much better in September. We have seen last year, when things got controlled, retail has bounced back with a force,” he said.

“While April 2021 started off with positive consumer sentiment of +6 per cent, compared to -15 per cent last April and May; it has seen a sharp decline of 13 per cent (from +6 to -7) in May 2021 as people started realizing the severity of the tragedy wrought by the second Covid wave. However, people are mentally more prepared this time,” said Amarpreet Kalkat, CEO, Frrole AI, a consumer intelligence and digital insights platform.

Source: thehindubusinessline.com– May 27, 2021

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GST Council may correct the inverted duty structure for textiles, footwear industries

Leading to higher refunds, affecting govt revenues

The GST Council meeting on Friday is expected to take a call on removing the anomaly of inverted duty structures for footwear and textile industries. This may result in a higher price for consumers.

An 'Inverted duty structure' means a higher duty on inputs and a lower levy on finished products. This results in a higher refund to industry which affects the cash flows for companies and revenue collections for the government. Also, consumers do not gain anything,

Textile sector

The textile sector uses a variety of components with different rates. For example, the rate on cotton yarn is 5 per cent while it is 12 per cent on manmade yarn. For job work, the GST rate is 5 per cent. Similarly, many inputs such as chemicals attract a GST of up to 18 per cent. However, for garments and made-up articles, it is 5 per cent of the sale value not exceeding ₹1,000 per piece and 12 per cent for articles of sale value exceeding ₹1,000 per piece.

According to sources, the lower duty on finished products creates an inversion and consequently the annual refund amount exceeds ₹4,000 crore. "The amount is expected to grow, considering that in the first year (of implementation of the GST), refund of accumulated ITC (Input Tax Credit) was not allowed," a source explained. The Textile Ministry, too, has pitched for removing the inversion to free the sector from the burden of taxes, including accumulated ITC.

Keeping this in mind, the GST Council's Fitment Committee was of the view that "dual rate on readymade garment and made-ups be avoided. Readymade garments and made-ups, irrespective of value, be placed at uniform rate of 12 per cent." There is also a proposal to lower the GST on some yarns from 18 per cent to 12 per cent.

Another source explained that the ad valorem rate would ensure that lower-rate garment suffer a lower tax in absolute terms. He said the rate calibration will not have any significant implication for the consumer. "In the long run, as the sector grows, it would benefit consumers and the economy as with the streamlining of the tax structure, the textile industry would grow more rapidly, and with increased production and economies of scale, costs and prices would go down," he said.

Footwear segment

For the footwear sector, the proposal, according to sources, is to raise the GST rate to 12 per cent from 5 per cent for products with value up to ₹1,000 per pair. Items priced above ₹1,000 will continue to attract 18 per cent.

"Inputs attract GST of 5-18 per cent. As more than two-thirds (in value term) of footwear is sold at a retail price up to ₹1,000, it means 5 per cent GST. This is leading to a refund of almost ₹2,000 crore per annum," a source explained.

Source: thehindubusinessline.com– May 27, 2021

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AEPC to PM Modi: Declare apparel exports as essential services, exempt exporting units from lockdowns

Apparel exporters body Apparel Export Promotion Council (AEPC) has urged Prime Minister Narendra Modi to declare apparel exports as essential services and exempt the exporting units from Covid-induced lockdowns across India.

Asserting the perishable nature of apparel goods, AEPC Chairman Dr A Sakthivel in a letter to PM Modi said, “Most of the apparel exports are season and fashion-sensitive, and their salvage value becomes zero if the production and shipment are not done in time.”

The council further pointed out that it was only recently the export companies had recovered after being badly hit in the first wave with bankruptcies and lack of labour due to their migration to native places.

While Indian apparel exporters have started getting orders from the US and Europe, but now with the lockdown restrictions imposed, they are in the danger of losing their orders to “competing countries like Bangladesh, Vietnam, Cambodia, and Pakistan (who) are making all efforts to take orders from these regions,” Sakthivel said. He added that if the apparel exporters lose customers now, they might never come back in the near future while failure to execute these orders might lead to a long-term loss for buyers.

APEC also met buying houses and associations over a video conference to discuss the impact of the second wave of the pandemic. Sakthivel urged the buying houses and associations to convince their international clients not to cancel the orders by explaining to them that the situation in India is getting better by the day and that the country would bounce back by mid-June. He also mentioned the efforts put forward by AEPC towards getting all apparel workers vaccinated.

The representatives of buying houses and associations said that they have been trying to convince the international clients, who have also been “extremely compassionate” towards helping India, about this being a temporary setback. However, the current lockdown will impact the orders as most of them are seasonally time-sensitive.

Nonetheless, unlike 2020, buyers are not expecting mass cancellations from customers, according to the representatives. Highlighting the size and significance of the apparel industry as the largest employer in India’s manufacturing sector with 13 million direct workers, Sakthivel sought urgent intervention of PM Modi to support apparel exporters, especially in the MSME segment.

Source: financialexpress.com– May 27, 2021

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GST Council to meet on Friday; States to push for more relief

The GST (Goods & Services Tax) Council meeting on Friday, which is taking place after a gap of almost seven months, is said to be heavy on agenda and is expected to be stormy given the impact of the pandemic on the economy.

There are two contentious issues before the Council: duty reduction or exemption on Covid related drugs, vaccines and other articles; and compensation to States on account of revenue shortfall.

The agenda moved for the meeting proposes no change in GST rate for Covid vaccines, PPE kits, N95 masks, hand sanitisers, thermometers, raw materials for Covid testing kits, besides some other items. However, there is proposal to lower GST for a limited period on items such as medical grade oxygen, oxygen concentrators, pulse oximeters, including personal import, and Covid testing kits.

The Opposition-ruled States are seeking complete exemption or zero-rated system for GST on all Covid related materials, including vaccine. They feel that unprecedent times need unusual measures. However, the Centre has always maintained that exemption or zero rate would not be the right approach as domestic manufacturers would not able to take input tax credit and hence will pass on the cost to consumers.

At the same time, zero rating of items for domestic consumption is not permissible under the law, this benefit is available only for manufacturers in Special Economic Zones (SEZs) where produces are for export only.

Relief with caveats

According to officials, the Fitment Committee of the GST Council which prepares rate revision proposals, has acknowledged the need for providing relief by way of concessions for Covid relief materials, but with some caveats.

These include relief only through rate reduction, no upfront exemption (as it affects domestic manufacturing adversely), general lowest rate of 5 per cent may be opted for concession (if required), and concessions should be given only for critical items procured by patients.

An official said the committee has suggested five per cent rate on vaccine to continue as exemption will affect consumers. For Covid related drugs and medicines, the committee was of the view that if the Health Ministry recommends any medicine specifically the same may be examined for GST concession, he added.

On the issue of how revenue shortfall of the States will be compensated, a decision on borrowing mechanism may be taken. Last year too, this issue became contentious and finally the Centre went for borrowing (around ₹ 1.1 lakh crore) on behalf of States and disbursed them back-to-back. Now, for the current fiscal, out of the total estimated revenue shortfall of around ₹2.7 lakh crore around ₹1.6 lakh crore is to be borrowed. “The decision on the borrowing, the exact amount and the timing would be taken based on consultation with the RBI, Centre and States,” the official said.

The key issue here is assumption of 14 per cent revenue growth annually to calculate revenue shortfall for States and accordingly compensation to be provided. This provision is coming to end next year. States want this provision to be extended further, though concerns have been raised that 14 per cent rate is high and needs to be lowered. Now, as officials pointed out, this issue needs to be sorted out politically and then approved by the Council.

Source: thehindubusinessline.com– May 27, 2021

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Tax refund: Govt likely to raise allocation for key export scheme

The government will likely raise the allocation for its flagship export tax refund scheme from the budgetted Rs 13,000 crore for FY22, as the current outlay is expected to fall way short of the amount required to implement recommendations of the GK Pillai panel, an official source told FE.

While the revenue department will take a final call on the hike, sources said total allocation for FY22 may finally jump to about Rs 25,000-30,000 crore.

The Pillai committee was tasked with the job of recommending rates for the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme. It is supposed to reimburse various embedded levies (not subsumed by the GST) paid on inputs consumed in exports. The suggestions are being vetted by both the revenue and commerce departments. The RoDTEP rates are expected to be announced in two weeks.

However, the RoDTEP outlay is expected to be much lower than that for the Merchandise Exports from India Scheme (MEIS), which was replaced by this scheme. The government has approved Rs 39,097 crore for MEIS for FY20. Of course, both the schemes are not strictly comparable. While RoDTEP is an export levy refund scheme, MEIS was typically an incentive programme.

In March, Pillai, who was formerly commerce secretary, had told FE that "low budget outlay" was unlikely to be a constraint for meaningful implementation of the scheme. "The finance minister has already indicated that enough funds would be made available…," he had added.

Since exporters themselves have no fool-proof data or even complete knowledge of all taxes embedded in the export products, the committee has had a difficult task of determining the RoDTEP rates for as many as 8,000 tariff lines. The exercise has been done in a manner as comprehensive as possible in keeping with principle that taxes are not meant to be exported, Pillai had said, but added the scheme could still take 2-3 years to stabilise.

Sections of the exporters' community, however, apprehend that the government could reduce the RoDTEP rates or the coverage of the scheme to limit the cost to the exchequer. Any such move, they have warned, will delay a recovery in exports, which have started to surge from March after maintaining a roller-coaster ride in the wake of the Covid-19 outbreak. The government, they said, should keep the RoDTEP outgo open-ended and not curtail the rates to limit refunds to a certain annual budgetary outlay, if the idea is to keep exports truly zero-rated in sync with global best practices.

The RoDTEP replaced the "WTO-incompatible" MEIS from January 2021 but the refund rates are yet to be declared. Under MEIS, most exporters were getting scrips amounting to 2-5% of the freight-on-board value of the shipment.

Merchandise exports surged a record 196% year-on-year in April, driven mainly by a favourable base. However, even in absolute term, exports in April stood at $30.6 billion, up almost 18% from the same month in 2019 (before the pandemic struck), mainly on the back of improved order flow.
The government has now set an ambitious target of $400 billion for FY22, against $291 billion last fiscal. For this to be achieved, the government should try and address the liquidity woes of exporters, who have been awaiting the release of tens of thousands of crores under the MEIS, exporters have said.

For its part, the government, faced with a resource crunch and the urgent requirement of boosting healthcare spending to fight Covid-19, has already started processing the MEIS benefits, a senior official recently said.

Source: financialexpress.com– May 27, 2021

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CAIT seeks extension of GST return filings deadline

Traders' body CAIT on Thursday sought extension of the deadline for filing various GST returns till August as well as cut in tax rates for medical and surgical equipment required for treating coronavirus and black fungus infections.

Ahead of the meeting of the GST Council on Friday, the Confederation of All India Traders (CAIT) has written to Finance Minister Nirmala Sitharaman urging her to extend the date of filing of various GSTR returns till August under the GST Act and Rules, without late fee and interest.

It said that GST officers should not resort to cancellation of registrations at this time unless there are pressing reasons for doing so.

Also, for all traders having turnover of below Rs 20 crore in a year, no survey or audits or special assessments should be ordered for the years 2017-18 and 2018-19, it added.

"As far as possible, authorities should be directed to be very discreet before they arrest traders or attach their bank accounts or summon them for statements. There is an atmosphere of panic in the trade and these actions will further create a crisis unless there are very pressing and urgent reasons and justification for doing so," CAIT said.

It has also demanded that the rate of GST on all the medical and surgical equipment required for treatment of Covid and black fungus infections should be reduced considerably.

Further, CAIT has sought a financial package for the traders and a moratorium of six months on loans taken from banks and other financial institutions.

Source: financialexpress.com– May 27, 2021

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Allow more time to repay emergency loans and launch ECLGS 3.0: FISME

The industry body representing micro, small and medium enterprises has written to the Reserve Bank of India, seeking to defer payment of instalments of emergency loans availed under last year's Covid-19 relief package, citing the severe second wave.

Likening the current situation to an "emergency," Federation of Indian Small and Medium Enterprises (FISME) said RBI and the government should quickly create a task force with just the relevant stakeholders and the beneficiaries to look into issues faced by small businesses on the ground level.

The government had unveiled the emergency credit line guarantee scheme (ECLGS) in May 2020 for MSMEs to help them tide over the impact of Covid-19 as part of Atmanirbhar Bharat.

The scheme was later extended to 26 more sectors, and healthcare, through ECLGS 2.0. FISME has now called for ECLGS 3.0 with "inbuilt flexibility" to be made available to more firms to deal with the current crisis.

"Along with tens and thousands of small establishments, lakhs of workers will come on (the) roads, increasing human misery manifold," it warned. "In economic terms too, it will shrink purchasing power further, creating a vicious circle of downward economic spiral."

Source: economictimes.com– May 27, 2021

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Exports hit $51 billion in first 7 weeks of current fiscal

According to the latest data available with the government, India's exports reached $50.7 billion during the first seven weeks of the fiscal year, 11% higher than the corresponding period in 2019-20.

The initial weeks of the last financial year were washed out due to a strict country-wide lockdown in India, which coincided with a similar situation across large parts of the world.

But with Europe, the US and China opening up, this year is looking different. "Even in these weeks, when there were restrictions in several parts of the country, we have done well. It gives us optimism that the numbers for the full year will be much better this time," a government source told TOI.

While exporters tend to agree, there is also a bit of concern over their sustainability. "There is growth, which is a feel-good factor. But we can't rejoice unless it is sustainable," said Sharad Kumar Saraf, president of lobby group Fieo, while attributing a part of the increase to higher realisation due to a spike in commodity prices as well as freight.

"The anti-China sentiment in several countries has also helped Indian exporters," he added. Others, however, appear more optimistic, although they complain of labour shortage holding them back.

"The demand is good, but the problem is manufacturing because some of our workers have gone back home. So, things may slow down a little in June and July, although April and May have been good," said Colin Shah, chairman of the Gems & Jewellery Export Promotion Council.

Similarly, A Sakthivel, who leads the Apparel Export Promotion Council, says the current financial year promises to be better, although exporters are facing problems in Karnataka.

Source: economictimes.com– May 27, 2021

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Rs 20k cr Subordinate Debt: How stressed MSMEs can apply; collateral required, credit limit, other details

The Rs 20,000-crore Subordinate Debt for Stressed MSMEs scheme, launched as part of the Rs 20-lakh-crore Atmanirbhar package last year by the government and operationalized in August, is yet to find MSME takers. Around nine months after the launch of the scheme which, aimed at providing personal loans through banks to the promoters of stressed MSMEs for infusion as equity or quasi-equity, had only 332 beneficiaries involving guarantees worth Rs 38.5 crore as of March 4, 2021.

The data was shared by MSME Minister Nitin Gadkari in a written reply to a question in the Rajya Sabha. The scheme otherwise had targeted to support 2 lakh Covid-hit MSMEs that are NPAs or stressed. According to Icra Ratings, gross non-performing assets (GNPAs) are expected to rise to 9.6-9.7 per cent by March 31, 2021, and 9.9- 10.2 per cent by March 31, 2022, from 8.6 per cent as of March 31, 2020.

All MSMEs which have standard accounts as of March 31, 2018, and have been standard or NPA during FY19 and FY20 are eligible. The scheme is valid for MSMEs which are Special Mention Accounts -2 and NPA accounts as of April 30, 2020, who are eligible for restructuring as per RBI guidelines. However, defaulting accounts are not considered under the proposed scheme.

How much amount can be raised?

Promoters of MSMEs can raise credit equal to 15 per cent of their stake in the company or Rs 75 lakh whichever is lower. For example, if the promoter has put Rs 6 crore in the company, then 15 per cent of it would be Rs 90 lakh.

Hence, he would be eligible for an amount of Rs 75 lakh only. In case MSMEs have existing limits with more than one bank, the scheme can be availed by the MSME through one lender only. MSME will have to submit a declaration to the lender regarding its other banking arrangements and that it has not availed funding under the scheme from other banks.

How much will be the guarantee fee and the extent of the guarantee coverage?

According to the scheme guidelines, a guarantee Fee of 1.50 per cent per annum on the guaranteed amount on an outstanding basis may be borne by the MSME as per its arrangements with the bank. Also, the amount equivalent to the guarantee fee paid by the bank may be recovered by it from the MSME. While 90 per cent of the guarantee coverage would be contributed by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), the remaining 10 per cent would be from the MSME promoter as collateral.

"There might be some flaw in the scheme if only nearly Rs 40 crore of guarantees were issued till March. Moreover, how would the struggling MSME promoter contribute even 10 per cent collateral. Government must do away with this or else NPAs may rise based on how long the Covid would last. On the other hand, the credit limit should be graded. For instance, it could be 40 per cent for Rs 1 crore credit, and going higher, the credit limit could be lower. MSMEs today are left with no money," Rajiv Podar, Managing Director, Podar Enterprise and President, Indian Merchants' Chamber (IMC) Chamber of Commerce and Industry told Financial Express Online.

How much is the interest rate and tenor period?

Interest rates are as per the RBI guidelines in September 2019 and February 2020 to benchmark all MSME loans to one of the external benchmark rates decided by banks including either repo rate, government of India treasury bills, or any other benchmark market interest rate published by the Financial Benchmarks India. The tenor is defined as per the repayment schedule defined by the bank, subject to a maximum tenor of 10 years from the guarantee availment date or March 31, 2021, whichever is earlier. The maximum tenor for repayment will be 10 years while the moratorium will be of maximum seven years on the payment of the principal amount. While the interest would have to be paid monthly, the principal will have to be repaid within three years after the moratorium period. MSMEs can also pre-pay the loan without any additional charge.

What in case of default?

Banks might take over the assets of MSME and the amount realized from the sale of the latter's assets to settle the debt. According to the guidelines, any subsequent amount left post-settlement of senior debt would be appropriated between trust (CGTMSE) and bank in the ratio of the extent of guarantee coverage.

“Government’s challenge of supporting industry is limited with its debt / GDP at 90 per cent. RBI is quite supportive but still much is required as far as industries and the entrepreneurs representing them are concerned. Fiscal and monetary policy should go hand in hand. More support from the government to aid the economy is required, though constraints are well known.

Rebates on income tax like the 25 per cent reduction on TDS (Covid version 1.0) is called for to overcome cash flow commitments. More leeway is required in GST compliance. Also, bankers have to look beyond the balance sheets and personal guarantees. There are other more challenges to be resolved to support MSMEs,” L Ravindran, MD and CEO, Wealthmax Enterprises Management told Financial Express Online.

Source: financialexpress.com– May 27, 2021

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Loss of manufacturing jobs: 'Boost purchasing power to revive demand, launch urban job guarantee scheme'

The country's manufacturing sector's revival will largely depend upon the government's effort to enhance common people's severely-dented purchasing power in the next set of stimuli currently under evaluation, according to Ashwini Deshpande, director, Centre for Economic Data and Analysis (CEDA) .

She said that time was appropriate to launch an employment guarantee/ income support programme for the urban poor.

In the financial year 2020-21, India's gross domestic product (GDP) would contract by 8%, the sharpest drop in recorded history, as per the second advance estimate released by the National Statistics Office in late February, even as it stated that even these numbers were likely to undergo sharp (downward) revision in due course.

While a nascent recovery of the manufacturing sector was there to be seen in Q3 (1.6% growth y-o-y as against minus 1.5% growth in the previous quarter), the savage second Covid wave must have spoiled it in Q1FY22, if not in Q4FY21 itself.

According to an analysis by the CEDA based on the CMIE monthly time-series of employment by industry, manufacturing employment in 2020-21 was nearly half of what it was five years ago. To be precise, employment in the sector declined from 51 million in 2016-17 to 27.3 million in 2020-21. Manufacturing sector's contribution in the economy was 16.7% in 2016-17 and this slipped to 15.5% in 2020-21.

"When people's purchasing power has taken such a big hit due to the loss of lives and livelihoods, it is unrealistic to expect manufacturers, especially small ones, to expand production based on fresh borrowing. Unless the government support/stimulus package directly boosts demand, chances of revival are bleak," said Deshpande.

As part of the stimulus package last year, the government rolled out a `3 lakh crore guaranteed loan scheme (ECLGS) to ease the liquidity woes of the cash-starved MSME sector. The revival of the sector, particularly the small and medium enterprises, depends critically on the revival of consumer demand, which in turn depends on employment. The government must announce payroll support to all SMEs that have remained shut for long periods, she said.

The loss of jobs by the manufacturing and other sectors have put pressure on the agriculture sector, where employment number stood at 151.8 million in FY21 compared with 145.6 million in 2016-17 and the rural employment guarantee scheme, MG-NREGS.

Deshpande said, “MGNREGS is one way to provide employment at minimum wage for those who can do manual labour. This has to continue as it provides a cushion. However, the increase in unemployment is across the board.”

Source: financialexpress.com– May 27, 2021

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T.N. spinning mills said to have 'forced labour'

The Centre for Research on Multinational Corporations (SOMO) and Arisa, an independent human rights organisation, have alleged forced labour at the spinning mills in Tamil Nadu.

In a report 'Spinning Around Workers' Rights,' SOMO and Arisa allege existence and risk of forced labour in the spinning industry in the State.

For the report, 725 workers, including 284 women, in 29 spinning mills were interviewed between October 2019 and January 2020. Additional research was done into sourcing relations and trade flows, using trade databases and publicly available supplier base information, says a press release. Further, 15 of these workers were interviewed in October last year to understand the impact of COVID-19. Many of these units were directly or indirectly part of the supply chain of some of the international brands.

The press release said that the SOMO-Arisa report uses 11 indicators for forced labour developed by the International Labour Organisation (ILO) to assess the working and living conditions of spinning mill workers here. Of these, five were found to be most relevant: abuse of vulnerability, deception, intimidation and threats, abusive working and living conditions, and.

Majority of the workers interviewed had received incorrect information during their recruitment, about the working and living conditions in their prospective jobs and when they began working, the found that their wages were lower than expected, working hours were longer than they had been told, and annual leave was unpaid. They also found that money was being deducted from their wages for food and accommodation, contrary to what they had been told during recruitment, the report alleged.

"Forced labour should be considered a major risk throughout the entire Tamil Nadu textile sector," the report said.

The aim of SOMO and Arisa is to help enable structural improvements to employment, working, and living conditions for workers in the Indian textile and garment industry, and in particular, for the most vulnerable worker groups, it added.

The Cotton Textiles Export Promotion Council (Texprocil) Executive Director Siddhartha Rajagopal said the methodology of the study is "defective" as the sample size is not representative. The report tries to "generalise stray incidents." He added that the findings are baseless and motivated to discredit the Indian spinning industry and tarnish the image of India in the overseas market as a supplier of goods adopting fair labour practices.

The Southern India Mills' Association (SIMA) secretary general K. Selvaraju said the study does not represent the entire spinning sector in Tamil Nadu. The sector has over 2,000 mills, employing nearly seven lakh workers. The mills in the organised sector are regularly monitored by several departments of the government.

Further, the migrant workers who went to their home States during the first wave of the pandemic have returned to work, and did not go away to other States or sectors. The study does not give details about the mills or workers. There may be "stray instances" of violations in the smaller units but that does not represent the industry.

The SIMA and Texprocil plan to conduct awareness camps on the new labour codes, take up a third party audit at the mills on labour compliance and educate the mills in six months on labour compliances. "We strongly advice payment of the stipulated minimum wages, weekly off, etc. All the major textile industry associations are working hard with the member units for the last few months on labour issues," he said.

Source: thehindu.com– May 27, 2021

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Announce COVID relief for Ready Made Garment sector; TEA appeals Nirmala Sitharaman

Tirupur Exporters' Association (TEA) appealed Union Finance Minister Nirmala Sitharaman to announce an economic stimulus package for MSMEs in Ready Made Garment (RMG) Sector here on Thursday.

TEA President Raja M Shanmugham said due to the lockdown imposed by various states to combat the pandemic, the industries, particularly MSMEs have been affected largely and struggling to sustain in the business.

By taking into account the adverse impact on the industries and need to get them into revival momentum quickly, financial measures are need of the hour, he said.

Moratorium for all existing loan at least for three months, extension of ECLGS (Emergency Credit Line Guarantee Scheme) loans for three months to SMA-2 (Special Mention Accounts) also, as these companies have been classified as SMA-2 due to COVID, he added.

It may be noted that the ongoing crisis actually began in 2019, which ultimately resulted into financial impact and that was the main reason for these units struggling to repay the loan in time.

The casual wear manufacturing segment of RMG sector has huge prospects in this post pandemic era because of the work-from-home culture and this has become a new normal, in the global garment business, owing to which a lot of demand is seen for casual wears and is growing globally.

Moreover, the RMG sector creates jobs equivalent to or better than agriculture and considering this, the sector needs to be protected, he noted.

These supporting measures are in dire need to this industry and with the right kind of financial measures the RMG sector will achieve its normal growth rate, enhance exports and increase employment, Shanmugham said.

Source: navjeevanexpress.com– May 27, 2021

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CBIC extends eligibility of AEO to facilitate exporters

The Central Board of Indirect Taxes and Customs (CBIC) has further eased compliance measures for exporters by extending the validity of the Authorized Economic Operator (AEO) giving them more time to renew their accreditation.

Accordingly, in its latest circular, CBIC has extended the validity of all AEO certificates expired or expiring between April 1 and May 31, 2021 to June 30. The extension will not be eligible for the cases where the entity has been found ineligible for continuation under the AEO Programme.

The board has received representations by the field formations regarding the difficulties being faced by the AEO entities in renewing their existing certification owing to various degrees of restrictions/lockdown in different parts of the country due to COVID pandemic, the CBIC said in its circular extending the AEO validity.

AEO is a programme under the aegis of the World Customs Organization (WCO) SAFE Framework of Standards to secure and facilitate global trade. The programme aims to enhance international supply chain security and facilitate movement of legitimate goods. Under this programme, an entity engaged in international trade is approved by Customs as compliant with supply chain security standards and granted AEO status and certain benefits.

Source: daijiworld.com– May 27, 2021

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AP spinning mills reduce production by 40%

According to Lanka Raghurami Reddy, President, AP Textile Mills Association, spinning mills in Andhra Pradesh have reduced 40 per cent of their cotton production due to COVID -19 and workers shortage.

While some spinning mills are working in two shifts, while others are running in single shift only. There are 120 spinning mills in the state which produce 687,884 metric tonnes of cotton yarn per annum.

They export Rs 842 crore worth cotton yarn to various countries and states. Spinning mills are directly providing employment to one lakh workers and indirectly generating employment to four lakh workers.

Almost all the spinning mills have reduced 40 per cent of cotton yarn production for the last three months. According to sources in the AP Textile Mills Association, due to the lockdown, textile mills in West Bengal, Gujarat, Tamil Nadu and Maharashtra States are not purchasing cotton yarn.

Every spinning mill on an average has been producing 25 metric tonnes to 30 metric tonnes of cotton during the last three months. Over Rs 350 crore to Rs 450 crore worth cotton yarn stocks are piled piled up in the spinning mills. As a result the mills are facing working capital problem and unable to pay loan installment to banks, maintenance expenses.

When the COVID-19 cases were on rise, the workers working in the spinning mills went to their natives places taking their last year experience into consideration.

As a result the spinning mills are working with the available workers. If the same situation continues, the spinning mills will face severe financial crisis, adds Reddy.

Source: fashionatingworld.com– May 27, 2021

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