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INTERNATIONAL NEWS

Global denim jeans market to surpass $152 billion by 2031

Growing at a CAGR of 3 per cent, the global denim jeans market is expected to surpass $152 billion by 2031. A report published by ESOMAR-certfied market research firm Fact.MR states, the market is anticipated to grow1.2X from 2021 to 2031. Demand for women's denim is expected to growbymore than 3 per cent CAGR during the forecast period.

North America is set to dominate market revenue in 2021, and is expected to grow from 1.5 billion units in 2020 to nearly 2.6 billion units by 2031.The market in China and India is expected to rise at over 4 per cent CAGRduring the forecast period.

The market for regular fit jeans are expected to make up 45 per cent and reach $1.3 billion by 2031 However, the market for slim fit jeans has gained huge attention among teenagers, which has propelled the demand trajectory.

Fast adoption of Western lifestyle in Asian countries has generated enormous demand for denim jeans over the last few decades. Moreover, rapid growth in consumer disposable income spending on personal care is boosting the sales of denim jeans in the continent.

The market in Asia Pacific countries such as India, China, and Australiahas been gaining traction owing to rising urbanization and improving consumers' economic stability.

Source: fashionatingworld.com– June 14, 2021

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COVID-19 impacts textile machinery shipments across the world

Experiencing a complete knockout due to the pandemic outbreak, the global textile machinery market slumped 30 per cent in 2020. Shipments of all types of textile machines including spinning, texturing, weaving, knitting and finishing machines declined during the year. As the 43rd annual International Textile Machinery Manufacturers Shipment Statistics released by the International Textile Manufacturers Federation (ITMF) show, shipments of finishing machines declined 17 per cent on average.

In this segment, the largest decline was witnessed in the shipment of knitting machines which declined by 53 per cent while the shipment of draw-texturing spindles declined 30 per cent and those of shuttle-less looms shrunk by 16 per cent. An exception in this segment were large circular machines whose shipments increased by 13 per cent.

Short-staple spindles shipments decline 3.3 million

In the spinning machinery category, shipment of short-staple spindles fell by about 3.3 million units in 2020 to 3.63 million units. Around 88 percent of short-staple spindles were shipped to Asia and Oceania, which however saw a 50 per cent decline in shipments from the last year. The six largest importers of short-staple spindles during the year were: China, India, Turkey, Pakistan, Bangladesh, and Uzbekistan.

China emerges largest importer of open-end rotors

The second largest shipment in spinning machinery during the year was witnessed in open-end rotors with around 422,000 units. This was however, 151,000 units less than those exported in 2019. Around 83 per cent of rotors were exported to Asia and Oceania with Turkey, and Pakistan emerging world's second and third largest importers of open-end rotors after China. Import by these two countries increased 290 per cent and 42 per cent respectively.

Driven by a fall in deliveries to Asia and Oceania, global shipment of long-staple (wool) spindles decreased 46 per cent from about 40,000 in 2019 to nearly 22,000 in 2020. Around 80 per cent of these shipments were directed to Iran, Turkey, and Italy.

Asia, Oceania dominate texturing machines import

In the texturing machinery category, shipments of single heater draw-texturing spindles decreased 36 per cent from nearly 26,000 units in 2019 to 16,000 in 2020. Asia and Oceania were the largest importers of spindles with a share of 89 per cent. In Asia, China Japan and Taipei were the largest importers with imports worth 63 per cent, 9 per cent, and 8 per cent of global deliveries, respectively. Shipment of double heater draw-texturing spindles decreased 30 per cent to 325,000. China was the largest importer of these spindles with around 78 per cent imports.

Asia imports 98 per cent weaving machinery

In 2020, worldwide shipments of shuttle-less looms decreased 16 per cent to 112,000 units. In this, the shipments of 'air-jet' and 'rapier and projectile' declined -3 per cent to 29'337 units and -15 per cent to 21'542, respectively. The delivery of water-jet looms decreased by -21 per cent to 61'483. The main importers of shuttle-less looms in 2020 were Asia and Oceania with 94 per cent of imports.

In total, Asia and Oceania imported world's 98 per cent, 93 per cent of water-jet, air-jet and rapier/projectile looms responsible. China was the largest importer of all three types of machines with 74 per cent of total global imports.

Shipment of circular knitting machines grow, flat machines decline

Against the rest of machines, global shipments of large circular knitting machines grew by +12 per cent to 30'231 units in 2020. Asia and Oceania were the largest importers accounting for 81 per cent of wordwide shipments.

In Asia, China was the largest importers accounting for 62 per cent imports. The country imported 15,980 units of knitting machines during the year, followed by India with 2,433 units and Turkey 2,381 units, respectively.

In 2020, global shipments of electronic flat knitting machines decreased -52 per cent to around 66,000 units. The main importers were Asia and Oceania with China's imports amounting to 38 per cent of global shipments. However, compared to 69,000 last year, China's imports dropped to 17,000 units this year.

Fabric continuous segment grows

The fabric continuous segment witnessed 75 per cent growth in shipments of Sanforizers and Compacters in 2020. The shipment of stenters is expected to have reached 1,731 units in 2020 while those of jigger dyeing/bean dyeing machines in the 'fabric discontinuous' segment declined 8.5 per cent to 529 units. Global shipments of 'Air Jet Dyeing' and 'Overflow Dyeing 'machines also declined 18 per cent and -21 per cent respectively.

Source: fashionatingworld.com– June 14, 2021

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How Trump's Trade War Built Shein, China's First Global Fashion Giant

On May 17, Shein — pronounced "she-in" — ended Amazon's 152-day streak as the most downloaded shopping app in the U.S., a remarkable feat for any seven-year-old clothing brand, let alone one most Americans over 30 still haven't heard of.

The kids, though, are all over it. As with so many online phenomena, Gen Z and young millennial shoppers have propelled Shein's rise, in thrall to the company's never-ending, always-changing catalog of clothes at prices that stretch even the most meager allowance.

One recent Thursday, the app debuted 6,239 new items, including a floral backless halter top ($5), purple dinosaur-print PJs ($10), and a prom-perfect fitted butterfly-sleeve dress with pearl trim ($22). Earlier this year, a U.K. blogger crowed that she'd paid just £100 for more than 30 Shein bikinis, a clearly impractical number of swimsuits until you remember that social media audiences demand novelty above all.

Anything you want at prices so low you can afford two (or 30). That's a rush approximating freedom for most people, especially fiscally constrained teens. Their enthusiasm has made Shein the first big fashion success from China, though its origins are nowhere to be found on the app. After doubling in 2019, its annual sales took off during the pandemic, more than tripling last year to make Shein the biggest web-only fashion brand in the world, according to the most recent data from Euromonitor.

Global investors like IDG and Sequoia have already piled in. A person familiar with its funding says Shein is valued at as much as $30 billion, and last year, it hired Goldman Sachs Group Inc., Bank of America Corp. and JPMorgan Chase & Co. as advisors on a potential initial public offering, according to others acquainted with its plans. The company itself is vague, saying reports about it are "often incorrect" and putting its valuation at "several billions of dollars" last year. In the short term, there are no IPO plans, a spokeswoman told Bloomberg on May 28.

What is clear is that Shein has ambition. In January, it was one of the bidders for iconic British clothing retailer Topshop, and while it lost to Asos Plc's £295 million offer, the move was a "red flashing light for existing brands," said Jonathan Reynolds, academic director of the Oxford Institute of Retail Management at the Saïd Business School.

As it is, Shein is upending a $36 billion industry by beating the likes of Inditex SA's Zara and Hennes & Mauritz AB at their own game, supercharging the fast-fashion phenomenon that they invented (and have been roundly criticized for). To do that, it's using a seemingly ingenious combination of supply-chain savvy, data-driven clothing design, and, most intriguingly, tax loopholes in the U.S. and in China that came to the fore during the trade war. The very offensive aimed at reining in Chinese dominance has instead helped create a giant.

China doesn't have anywhere near the same global fashion cachet as Italy, France or Japan, which is one reason Shein divulges almost nothing to customers about its origins. Anyone interested in learning more — where, say, Shein sources its materials, how one might get a job there, or even where "there" is — hits one dead-end after another on its slick app. One clue to its geography is buried at the bottom of the "logistics and transportation" subsection of the "About Us" page on its website, in a picture of a warehouse loading dock. The logo on the truck parked there is written in English and Chinese.

But Shein owes its success to China. In particular, a trade-war era change to China's tax code that dramatically reduces costs for the company and its suppliers, allowing them to undercut their global competition, one pair of $4 bike shorts at a time.

In 2018, as trade relations between the world's two biggest economies were deteriorating, China responded to a new round of U.S. tariffs by effectively waiving export taxes for direct-to-consumer companies. Because Shein ships most orders from its warehouses in China, it was already in a good position in the U.S., where packages worth less than $800 have been able to enter the country duty-free since 2016. When the Trump administration later imposed tariffs to make Chinese products more expensive, the small-value shipments remained exempt.

For Shein, China's tax support on top of the U.S. loophole was like adding Mentos to Diet Coke. From 2018 to 2019, the company's sales nearly doubled, according to a Shein investor presentation reviewed by Bloomberg. The next year, sales jumped again. With the added lift from shoppers stuck at home because of the virus, Shein's sales rose 250% year-over-year to a staggering $10 billion, according to people familiar with its operations, well ahead of what Zara brought in through its online channels last year.

Today, Shein pays neither export taxes on most of its products nor, in the case of the U.S., import taxes, an advantage that tilts the playing field heavily against its rivals, particularly as consumers shift to and stay online. It's also not the only Chinese retailer to benefit from the trade war, and won't be the last. Thanks to the government's support, China's online retail exports — known as "cross-border e-commerce" — jumped 67% in 2018, according to Chinese customs data. The sector has swollen beyond $265 billion and is growing faster than before former President Donald Trump's assault began.

As of now, it'd be close to impossible for international rivals to compete, said Michael Horowitz, formerly a senior executive at Global Brands Group Holding Ltd., an affiliate of Hong Kong trading and supply chain specialist Fung Group. Technically, any company willing to register a subsidiary in China and ship products directly to U.S. consumers in small-value packages could get the same tax advantages as Shein. But that's unlikely to happen, he said.

"If you're Zara, there's no way you're going to get around U.S. import duties, because you're not shipping to individuals, you're selling to stores, and importing in bulk," said Horowitz, now a partner at Retail ROI Ltd., a consulting firm based in Hong Kong. "They have too much of a physical presence — they can't get away with it."

According to one of the company's rare press releases, Shein was founded by Xu Yangtian in 2008. Also known as Chris, or as Sky, Xu didn't start his career in fashion or retail but in search-engine optimization at a digital marketing consultancy that worked with exporters. He initially called his site Sheinside, then shortened and rebranded it as Shein in 2014. Xu declined repeated requests from Bloomberg for an interview.

The years immediately before Shein's launch were painful for Chinese apparel brands with ambitions beyond their shores. Sportswear company Li Ning Co. opened a flagship store in Portland, Oregon, in 2010, only to close it down two years later. In London, down-jacket maker Bosideng International Holdings Ltd. opened a Mayfair emporium in 2012, but within five years it too had retreated to the domestic market.

Unlike those brands, Shein didn't start out popular in China. In fact, its clothes aren't available there at all. Shein's customers have always been elsewhere, attracted by a network of influencers and celebrity tie-ups. Katy Perry and Lil Nas X headlined a virtual concert for the brand during the early days of the pandemic. Instagrammers now throw up a plethora of hashtags; some 850,000 posts are tagged #sheingals. On its app, product shots are styled as social media selfies with indeterminate backdrops. As a company, it appears as native to the internet as its customers.

Click here more details

Source: bloomberg.com– June 14, 2021

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EU Parliament resolution puts spotlight on Sri Lanka's rights situation

A recent resolution adopted by the European Parliament, urging the EU Commission to consider temporary withdrawal of the GSP+ status given to Sri Lanka, has put the spotlight back on the country's human rights situation, prompting Colombo to defend its "multifaceted progress" in a response on Monday.

Sri Lanka regained the GSP +, or the EU's 'Generalised Scheme of Preferences' in 2017, under the former Maithripala Sirisena-Ranil Wickremesinghe administration, on Colombo's commitment to implement 27 international conventions on human rights, labour conditions, protection of the environment and good governance. The status effectively removes import duties on goods from Sri Lanka entering the EU.

The June 10 resolution, expressing "deep concern over Sri Lanka's alarming path towards the recurrence of grave human rights violations", — an observation earlier made by the UN human rights Chief — makes specific reference to the use of the Prevention of Terrorism Act (PTA), widely termed draconian, pointing to the arrests of prominent lawyer Hejaaz Hizbullah and poet Ahnaf Jazeem, among others, who are in "arbitrary" detention for over a year.

The resolution notes the "continuing discrimination" against and violence towards religious and ethnic minorities, while voicing "serious concern" about the 20th Amendment passed in 2020, and the "resulting decline in judiciary independence, the reduction of parliamentary control, and the excessive accumulation of power with the presidency". It highlights "accelerating militarisation" of civilian government functions in Sri Lanka, pointing to at least 28 serving or former military and intelligence personnel appointed to key administrative posts since 2020, after the Rajapaksas returned to power.

Responding, Sri Lanka's Foreign Ministry said it regrets the adoption of the resolution that, it observed, "contains factual inaccuracies, and does not take cognizance of the multifaceted progress made by Sri Lanka in reconciliation and development." Rejecting claims that the PTA is systematically used for arbitrary detentions, the Ministry government said it was "revisiting provisions" of the Act to propose "necessary amendments", drawing upon international best practices, months after President Gotabaya Rajapaksa expanded the PTA's ambit.

The resolution comes ahead of a periodic review of the 'GSP +' concessions accorded to the country, that the government said, contributed significantly" to higher production, investment, and improvement of the human capital in Sri Lanka. The fisheries sector too had experienced "a notable growth", benefitting from the concessions, the Foreign Ministry said in its statement, indicating the significance it attached to retaining the special trade concessions.

Apparently taking a different view, State Minister of Money, Capital Markets and Public Enterprise Reforms Ajith Nivard Cabraal said the government is working out strategies to position itself to export Sri Lankan products "in a competitive business environment rather than depending on trade concessions such as GSP", the Daily Mirror newspaper reported.

The EU is Sri Lanka's second-largest trading partner — after China — and its second main export destination, absorbing 22.4% of Sri Lankan exports in 2020, mainly textiles and clothing, according to the European Commission. Following adoption of the resolution last week, Sri Lanka's Leader of Opposition Sajith Premadasa said in a tweet: "EU parliament resolution calling for the temporary suspension of Sri Lanka's GSP+ status will have a debilitating impact on our exports and the economy."

Source: thehindu.com– June 14, 2021

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Back-to-School Shopping Should Turn Apparel's Fortunes Around: Mastercard

Apparel stands to benefit the most across categories as the back-to-school season kicks in halfway through the summer. According to a report from Mastercard SpendingPulse, which tracks retail sales across all channels and forms of payment, apparel is set to soar 78.2 percent year over year from the period of July 15 through Sept. 6.

More good news for apparel is that there is still a jump of 11.3 percent during the seven-week stretch on a two-year basis, indicating healthy growth for the segment even when accounting beyond the demand speed bump it hit during the pandemic.

The positive momentum within the category comes after a May that saw robust growth as well, with sales rising 75.9 percent over last year and 14.7 percent over two years ago. Teen apparel retailers Tilly's and Zumiez already have been beneficiaries of back-to-school sales, with the former seeing backpack and denim sales of nearly $5 million over 2019's first quarter.

While athleisure and casualwear continue to be hot categories, Mastercard SpendingPulse expects that more social-oriented clothes will also continue to sell, particularly with the return of in-person schooling, reunions and other events that can drive shoppers to buy new apparel and diversify their closets.

Even department stores are joining in on the fun, with 25.3 percent expected growth from 2020 totals, and a respectable 9.5 percent growth over 2019 sales. SpendingPulse highlights buy online, pickup in store and contactless technologies as key sales drivers going forward, particularly as shoppers seek more low-contact experiences.

In May, the segment saw a 212 percent increase in year-over-year sales as many department stores remained closed in May 2020. On a two-year basis, department store sales jumped 4.2 percent.

Across all categories, U.S. retail sales are expected to grow 5.5 percent when excluding automotive and gas during the back-to-school period compared to 2020. Compared to 2019, sales are expected to grow 6.7 percent. SpendingPulse also measured electronics ahead of the season, with the expectation that the category would be up 13 percent year over year and 9.6 percent over 2019.

"Back-to-school has always been a prime season for retailers. This year, the broader reopening brings an exciting wave of optimism as children prepare for another school year, and the grown-ups in their lives approach a similar 'return to office' scenario," said Steve Sadove, senior advisor for Mastercard and former CEO and chairman of Saks Incorporated. "This back-to-school season will be defined by choice as online sales remain robust, brick and mortar browsing regains momentum and strong promotions help retailers compete for shoppers' wallets."

May marked the eighth consecutive month of total retail sales growth, Mastercard said. According to SpendingPulse, U.S. retail sales (excluding automotive and gasoline) increased 12.2 percent year-over-year in May, and 10.2 percent compared to May 2019. The numbers are solid, but fall behind April's U.S. retail sales boom, which drove 23.3 percent year-over-year growth versus a 10.8 percent improvement when compared to April 2019.

Online sales in May grew 1.1 percent and 94.8 percent respectively, when compared to the same periods. E-commerce sales for back-to-school tell a bit of a different story due to the channel's explosion in 2020 as the pandemic caused store closures and brought unprecedented movement to online shopping. E-commerce sales are expected to drop 6.6 percent year over year in the measured period, but still would be a 53.2 percent improvement over 2019 totals, indicating that much of consumer's online spending habits could still stick even as more shoppers get vaccinated.

The Mastercard SpendingPulse report also tallies furniture and home furnishings on a month-by-month basis, with the categories growing a combined 22.5 percent in May from the year-ago period, as well as 20.2 percent above the same month in 2019.

And corresponding with the "going out" buyer trends seen in apparel and department stores, jewelry sales saw a very healthy jump of 203.4 percent from May 2020 as more shoppers aim to complete their overall look. The lift would total 44.7 percent growth over two years ago, illustrating that pent-up demand for this fashion category exceeds that of even apparel.

Mastercard SpendingPulse's findings are based on aggregate sales activity in the Mastercard payments network, coupled with survey-based estimates for certain other payment forms, such as cash and check.

The back-to-school prediction came soon after the National Retail Federation (NRF) raised its raised its forecast for 2021 retail sales, now anticipating sales to jump between 10.5 percent and 13.5 percent, a significant upgrade from the initial projected growth range of 6.5 percentto 8.2 percent.

Source: sourcingjournal.com– June 14, 2021

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Capacity utilization in Indonesian TPT industry falls around 55 per cent

Jemmy Kartwa Sastraatmada, Chairman, Indonesian Textile Association (API) says, the condition of the domestic textile and textile products (TPT) industry is increasingly critical as utilization has fallen by an average of around 55 percent since March 2021.

The purchasing power of the people has declined due to the pandemic and massive sales of imported goods in the domestic market are adding pressure on the local textile industry.

Jemmy says, if the influx of imported goods continues, the small and medium industries (IKM) will be hit even more. At a press conference for the Indonesian Textile Association (API) and the Indonesian Filament Fiber and Yarn Producers Association (APSyFI), he urged the government to immediately apply import duties on trade security measures (BMTP) or apparel safeguards.

Redma Gita Wirawasta, Secretary General, Indonesian Filament Fiber and Yarn Producers Association (APSyFI) said, a proposal to safeguard the domestic industry is currently going through stages at the Ministry of Finance.

If approved, this policy will be stipulated through a Ministry of Finance Regulation (PMK) regarding the imposition of security measures import duties (BMTP) on imports of clothing products and clothing accessories, he added.

Source: fashionatingworld.com– June 14, 2021

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UK-based retailer John Lewis to launch 100 fashion brands online

UK-based high-end department store chain John Lewis has announced online launch of 100 new fashion brands in the next one year. Close to 40 of these will be launched over the next six months as part of its strategy to respond to a shift in customers' shopping behaviour. The retailer will also allow brands to directly sell products on its online channel.

Some of the brands slated to be made available at John Lewis include plus-size lingerie brand Oola, menswear brands Raging Bull and Spoke London, as well as sustainable brands like Knowledge Cotton Apparel, Dedicated and Lefrik. Farah, Simon Carter apparel and Trotters childrenswear will also be added, according to British media reports.

Additionally, the retailer is looking to grow the range of affordable brands on its e-commerce platform with Crew Clothing, Dorina Lingerie and Lands' End.

"We've offered customers the option to buy larger branded home products directly from suppliers via for a number of years and we're now expanding this into fashion, providing customers with even greater choice.

As part of our plans to modernise the John Lewis brand, we're expanding both the number of fashion brands and the range of those we already sell on johnlewis.com. In the future, we plan to bring onboard and expand many more of our fashion brands, giving customers even more of what they love," said Pippa Wicks, executive director at John Lewis.

The company had launched over 50 brands earlier this year to follow the causalisation trend in the wake of the pandemic.

Source: fibre2fashion.com– June 14, 2021

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Cambodia: GMAC welcomes nearly $15Mn of investment in garment sector

The Garment Manufacturers Association in Cambodia (GMAC) is welcoming three large investments to the sector after the Council for the Development of Cambodia (CDC) approved a trio of new garment projects yesterday.

A total of $14.9 million is earmarked for the projects collectively. They are anticipated to generate some 3,200 new jobs.

“Such investment amid the COVID-19 outbreak demonstrates confidence of investors in Cambodia’s macroeconomic, political and social stability though threatened by the pandemic,” the CDC said in a statement.

J.A.K Garment Co Ltd is to build a facility in Takhmao district, Kandal province with a capital investment of $2.4 million. The factory will employ 1,053 people.

Premier Tech Garment (Cambodia) Co Ltd is to build a $4.3 million in Bati district with an investment of $4.3 million. The project is anticipated to create 748 new jobs.

Chanco Textiles (Cambodia) Co Ltd is to build a factory in the capital’s Russey Keo district. A total of 424 new jobs will be generated to create bed sheets, pillowcases and other linens.

Ken Loo, secretary-general for GMAC told Khmer Times that the new projects were welcome because they would help strengthen the Kingdom’s pillar industry, particularly after the disruption caused by the pandemic.

“The CDC is responsible for driving foreign direct investment to the country and further investment into the garment industry is welcome, particularly among workers who have faced great difficulty because of Covid-19,” Loo said.

“I view it as a sign that the sector is gearing up for revival with Western markets increasing vaccination efforts. The hope is that the garment manufacturing sector is ready to meet the supply side from the increased demand,” he added.

The projects mark a continued effort by the CDC to drive economic development in the Kingdom.

Earlier this month, the CDC approved two additional projects worth $10.6 million combined, including for Impak (Cambodia) Co Ltd and Wing Cheng Packaging Co Ltd.

Impak will build a $5 million factory in Ang Snoul district, Kandal province to produce suitcases and travel bags. The CDC said that the project will generate 603 new jobs.

Wing Cheng Packaging was granted permission to build a cardboard box and paper bag factory in Phnom Penh's Por Senchey district with a $5.6 million investment. The project is anticipated to generate 237 new jobs.

Source: khmertimeskh.com– June 15, 2021

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Pakistan govt proposes tax relief in budget to boost industrial growth

The latest budget presented by the Pakistani government last week aims to reduce the input cost of several industries and bring online transactions under the sales tax net. It offers relief measures in customs duty, sales tax and income tax for the industrial sector amid a proposed plan that explains how the government intends to meet the Rs-1,129 billion hike in the Federal Board of Revenue (FBR) target.

The government has either reduced or exempted completely customs duty, additional customs duty and regulatory duty on imports of 584 tariff lines, including fabric in the value chain of the textile sector. The estimated loss of revenue from this major measure is Rs10 billion.

The tariff policy board has proposed reduction in customs duty and additional customs duty on 328 tariff lines related to raw materials, chemicals and intermediate goods for chemical, engineering and leather industry, etc. as part of its tariff rationalisation plan, according to Pakistani media reports.

Under this, 241 tariff lines are completely exempted from customs duty and additional customs duty, while the same on 87 tariff lines has been reduced to 3 per cent from 16 per cent and 11 per cent respectively.

On 2,436 tariff lines, additional customs duty has been reduced from 7 per cent to 6 per cent. These items are placed under the 20 per cent customs duty slab, which includes garments and footwear.

Source: fibre2fashion.com– June 14, 2021

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S. Korea: Shipping Charges Soar 8-old, Wreaking Havoc on Exporters

Soaring shipping rates are wreaking havoc on Korean exporters. Amid a worsening logistics crisis that began in the middle of 2020, the gap between one-year long-term freight rates and spot prices has widened to eight-fold.

The Shanghai Container Freight Index (SCFI), a barometer of logistics costs, also more than tripled in a year. The index reached 3,703.93 on June 11, hitting an all-time high for the fifth consecutive week. The figure represented a 3.65-fold increase from a year ago (1,015.33).

As a result, the rates on the European routes (US$6,335), which are mainly used by Korean exporters, broke through the US$6,000 barrier, renewing its all-time high.

Soaring maritime logistics costs are weakening companies' profitability. In particular, small and medium-sized enterprises are having great difficulties. Some companies are reportedly considering suspending exports.

Large companies are struggling with delays in their delivery. Product orders are pouring in as COVID-19 vaccination rates are rising around the world and consumption is picking up. However, as it is difficult to find a ship to import and export parts, exporters can hardly promise to supply products to customers just in time.

As a result, some exporters are looking for alternatives such as transcontinental railways and air transport.

Source: hellenicshippingnews.com– June 15, 2021

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Over three-fourths of S. Korean exporters to China hit by pandemic: poll

More than three-fourths of South Korean exporters to China have suffered damage from the coronavirus pandemic, a poll showed Monday.

The survey of 540 exporting companies, taken by the Korea International Trade Association (KITA), showed 75.7 percent of the respondents saying their businesses in the world's No. 2 economy have been hit by the COVID-19 outbreak.

Nearly 38 percent replied that they have suffered severe damage, while about 7 percent answered their Chinese businesses have benefited from the ongoing pandemic.

About 74 percent of the respondents cited business trips as the biggest hardship in doing business with Chinese companies.

Finding buyers came next with 39.3 percent, disruptions to marketing activities (39.1 percent), and customs clearance and logistics (30.4 percent).

Approximately 78 percent of those polled expected their exports to the world's most populous country to bounce back next year, with some 20 percent anticipating a recovery this year.

The survey also showed about 62 percent of the exporting firms replying they will expand their Chinese business down the road, despite the fallout from the coronavirus pandemic.

In May, exports to China rose 22.7 percent on-year, compared with a 45.6 percent surge in overall overseas shipments, according to government data.

Source: koreaherald.com– June 15, 2021

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Why H&M's Latest Collection Costs a Billion Dollars

H&M's philanthropic arm is jumping on the digital fashion bandwagon with a collection of looks that highlight promising material and business-model innovations.

The so-called Billion Dollar Collection features 10 startups—all previous winners of the H&M Foundation's Global Change Award—that the organization says have the potential to create "multi-dimensional value" with the industry's support and represent an "untapped opportunity."

"We have worked with innovators for many years now and their biggest hurdle to realiz[ing] their ideas is funding and support to build scalable technology solutions," Diana Amini, global manager of the H&M Foundation, said in a statement. "They also need collaboration partners like fashion brands and suppliers."

Each offering comes attached with a price tag, ranging from $60,000 to $120 million, that represents the estimated funding its company believes it requires to scale up the technology, whether it's algae-based thread, textiles made from stinging nettles or a water-purification platform.

"With this campaign, we want to create awareness of the impact sustainable innovation can achieve if given the opportunity to grow," Amini said. "Together, we can create a shift in the fashion industry where sustainability and innovation are implemented as [the] default practice. The time is now."

The Global Change Award, which the H&M Foundation has held every year since 2015, has been dubbed the "Nobel Prize of fashion" for rewarding early-stage innovations that could alter the way garments are designed, made, transported, purchased, used and recycled. Five annual winners divvy up a 1 million-euro ($1.2 million) grant and participate in a one-year Innovation Accelerator Program that H&M Foundation customizes in partnership with Accenture and KTH Royal Institute of Technology.

Mackevision, part of Accenture Interactive, drew up the computer-generated imagery for what H&M Foundation describes as an "edgy collection of evolved casual classics" replete with asymmetrical details and unconventional colors. The digital avatar, too, was created from scratch using CGI character design technology.

Bringing any of these technologies to market would be transformative, H&M Foundation says. Accenture used its “360-degree value approach” to estimate the environmental impact of each innovation. Reverse Resources, which maps, traces and trades leftover textiles, for instance, could save 5,400 billion liters of water in 2030, or the equivalent used in the production of 2 billion cotton T-shirts. Dimpora’s Sane Membrane, a biodegradable and mineral-based membrane for outdoor wear, could save 850 metric tons of textiles from being discarded, or enough to make 940,000 jackets.

“The Billion Dollar Collection presents a unique opportunity to help the fashion industry reinvent itself through sustainable innovations that can fuel future growth and bring positive change,” said Jill Standish, senior managing director and global retail industry group lead at Accenture. “By adopting our 360-degree value approach for this collection, we are demonstrating how these new innovations can deliver value across multiple dimensions including sustainability—and move past narrowly defined views of value.”

None of the products in the Billion Dollar Collection are for sale, but other digital versions of covetable clothing and shoes are, and not always at prices you might expect.

Companies like Fabricant and Tribute churn out limited copies of digital outfits, which can cost as much as real-world couture, that they “fit” onto buyers’ photos for easy posting on social media.

But sometimes the clout appeal is even more niche. A digital version of Gucci’s Dionysus Bag with Bee, created for the online game platform Roblox, recently resold for over $4,100 worth of Robux, exceeding the price of a physical version and a colossal markup from the original price of $4.75.

Other analog makers are embracing this new virtual landscape. Late last month, IRL labels such as Bruce Glen, Collina Strada, Freak City, Gypsy Sport, Mimi Wade, Mowalola and My Mum Made It participated in a first-of-its-kind virtual fashion show on the IMVU social network featuring outfits that users can buy for their avatars.

Source: sourcingjournal.com– June 14, 2021

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Bangladesh: Rising yarn prices threaten garment export recovery

Local garment exporters are feeling the pinch of a sudden unusual rise in yarn prices in the local and international markets, a development that is threatening to derail the recovery of the apparel shipment from the pandemic-induced slowdown.

Yarn prices rose 40 per cent between December and June because of the cotton price hike in the international futures markets, exporters say.

Yarn accounts for 50 per cent of the cost to produce a t-shirt or a garment item, while button, zippers and other accessories comprise the rest.

The yarn prices increased in the local markets because of the cotton price spike, the abnormal rise in freight charge, and the hike in utilisation capacity at the mill level due to the resumption of production after a pause caused by lockdowns. In the international futures markets, cotton was traded between $88.21 per pound and $87.72 per pound on June 11, up from $72.65 to $72.90 on December 14.

Cotton prices soared 21 per cent year-on-year to $1.99 per kilogram in the January-March quarter of 2021, World Bank Commodities Price Data showed.

As a result, the widely consumed 30-count yarn sold for $4.25 to $4.30 per kg in the local markets on Sunday. It ranged from $3.9 to $4 in December.

The rise in the freight charge has affected the yarn price badly in the local market.

The freight rate was $1,000 per 40-foot container in December. It rose to $3,000 in June, said Monsoor Ahmed, additional secretary of the Bangladesh Textile Mills Association (BTMA), a platform of primary textile millers.

The demand for cotton rose 163 per cent between April and June compared to the corresponding period last year as almost all the local mills either enhanced their capacity or have gone for the highest use of the installed capacity because of the rise of demand for yarn, he said.

According to the US Department of Agriculture, global cotton production and consumption are expected to rise marginally from last month.

The record global trade will be boosted, led by robust demand in China, Bangladesh, and Turkey, it said.

Since Bangladesh is not a major cotton-producing nation, 99 per cent of the requirement for the raw material is met through imports.

Traders, importers and millers import 8 million bales of cotton, spending $3 billion a year.

Last year, cotton imports fell to 7.2 million bales as production halted in many mills after the government had imposed nationwide restrictions to tame the coronavirus pandemic.

Bangladesh produces 1.5 lakh bales of cotton annually.

Despite the increase in the price of raw materials, international clothing retailers and brands are reluctant to offer a better price to local garment suppliers.

The increase in yarn price has pushed up the production cost of a finished exportable garment item by 25 per cent. But buyers are offering a 5 per cent to 10 per cent increase.

"One of my buyers had proposed a 3 per cent price hike. I rejected the offer," said a garment supplier.

"The buyer shifted the work orders to Sri Lanka, but the Sri Lankan supplier also did not accept the price. Finally, a Bangladeshi buying house received the order at a lower rate."

Md Fazlul Hoque, managing director of Narayanganj-based Plummy Fashions Ltd, said his buyers were offering a 5 per cent to 10 per cent hike.

"I am taking the orders to keep my factory up and running. Keeping the factory operational even at an abnormally lower price is also a business,"he added.

Some local suppliers are not getting any additional prices from the buyers as retailers and brands booked the orders at least six months ago, according to a European buyer in Dhaka.

"Six months ago, the prices of cotton and yarn were lower. The suppliers should have bought the raw materials at that time. Then, they would not have faced the current situation," he said.

Last year, cotton production was lower in the US and India, the two major suppliers of the raw material for Bangladesh, said Mohammad Ali Khokon, president of the BTMA.

"So, the yarn prices have gone up in local markets," Khokon said.

Because of the depressed demand in the western markets and lower prices, Bangladesh is set to miss its apparel export target for the outgoing fiscal year.

At the beginning of the fiscal year, the government aimed to earn $33.79 billion from apparel exports.

In the first 11 months of FY2020-21, the country earned $28.57 billion from garment exports, registering 11.1 per cent year-on-year growth, according to data from the Export Promotion Bureau.

Knitwear shipments fetched $15.36 billion, and woven garments brought home $13.19 billion, registering 20.55 per cent and 1.80 per cent year-on-year growth respectively.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said the retailers and brands raised the prices up to 15 per cent for new orders, although the cost had gone up by up to 25 per cent.

"We need to negotiate strongly with buyers," he added.

Source: thedailystar.net– June 15, 2021

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Pakistan: Budget upsets textile exporters for not including zero rated regime

The value-added textile exporters on Monday expressed dissatisfaction at Federal Budget 2021-22 for not giving enough relief as it did not incorporate proposals for restoring zero rating of GST, reducing withholding tax rate to 0.5 percent and suspending EDF surcharge.

Pakistan Apparel Forum Chairman Jawed Bilwani, Pakistan Hosiery Manufacturers & Exporters Association (PHMA) South and North Zone chairmen Tariq Munir, Faisal Mehboob Sheikh, Pakistan Knitwear and Sweater Exporters Association Chairman Rafiq Godil, and others addressed a joint press conference at PHMA House in this regard.

They said imposition of 17 percent GST has made the textile exporters, especially SMEs financially unviable due to stuck up liquidity. They said it served no purpose and made them suffer throughout the year, making it difficult to fulfil export commitments, pay utilities and salaries to staff and workers, and to clinch new export orders.

"It is on record that 33 percent SME exporters have closed their export business as compared to last year due to imposition of 17 percent GST, which blocked exporters' precious liquidity," they said. To revive the SMEs they asked to restore the no payment no refund GST regime or to at least reduce the GST rate to five percent.

The value-added textile sector had also submitted a request to the government to reduce and fix tariff for electricity, indigenous gas and RLNG, which was not addressed.

They pointed out that though the government has allocated Rs20 billion for DLTL scheme, cases amounting to Rs32 billion were pending with the State Bank of Pakistan. "As per our calculation, government should increase allocation for DLTL scheme to Rs75 billion for clearance of backlog and new DDT / DLTL claims," they said. They lamented that "no grants have been allocated for release of old refund claims of exporters, which amounted to billions of rupees".

Participants of the press conference also disagreed that the budget was industry-friendly. They said that the government had raised the rate of sales tax on import of plant and machinery from 10 percent to 17 percent.

Raw cotton and ginned cotton would be chargeable at 17 percent, though earlier it was exempted. Moreover, they said, the government has introduced new draconian section 203(A) Power to arrest and prosecute according to which the Federal Board of Revenue (FBR) would have the power to arrest on their discretion.

Leaders said that it was an irony that despite approval by Prime Minster Imran Khan, Textile Policy 2020-25 has not been announced yet, which was spreading discontentment among textile exporters.

Exporters said that the PM’s vision to enhance the exports would only become a reality when the government provides “collectively policy and relief measures”. They were of the view that the exports should remain the government’s top priority as the backbone and lifeline of the country’s economy.

Source: thenews.com.pk– June 15, 2021

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Pakistan: Subdued business on cotton market

The local market remained stable on Monday. Market Sources told that trading volume remained thin. Market Sources told that the rate of cotton is in between Rs 13300 to Rs 13500 per maund.

The rate of new crop of Phutti in Sindh was in between Rs 5800 to Rs 6000 per 40 kg. The rate of Phutti in Punjab is in between Rs 6500 to Rs 6600 per 40 kg. The rate of Banola is in between Rs 1800 to Rs 2000 per maund.

Cotton Analyst Naseem Usman told Business Recorder that government has increased GST on raw cotton and ginned cotton from 10 % to 17 %. Ginners are protesting against increase in the rate of GST. Ginners will go on strike if the decision is not withdrawn by the government. It is useless to announce the support price of cotton after the sowing.

Meanwhile, Textile exporters termed the budget 2021-22 as growth-led and export-oriented with progressive initiatives to accelerate economic growth in the wake of COVID-19 pandemic. The new fiscal plan has set in place pro-growth measures to maximize industrialization, create jobs, increase revenue and attain higher export growth.

Responding to the budget measures, Chairman Pakistan Textile Exporters Association Muhammad Ahmad, in a statement here on Saturday, termed the budget a step in the right direction; however, subjected to implementation in letter and spirit.

He said that the foremost objective of the budget was to give the direction and fillip to manufacturing, business and trade of the country enabling these sectors optimum utilization of available resources in order to maximize their output increasing their contribution and share to the GDP. With budgetary measures, economic indicators would show an upward trend and the GDP growth would improve significantly, he added.

Reduction/exemption of CD, ACD & RD on import of goods falling under 589 PCT codes to incentive the textile industry, steps for ease of doing business, announcement of a new uniform export facilitation scheme under a phased out programme, permission for the bond to bond transfer of goods through WeBOC (web-based one customs) without prior approval of the collector and continuation of all export facilitation policies will give necessary fillip to exports and industry.

However, roadmap for disbursement of exporters' old refunds (before July-2019) has been ignored; whereas no funds are allocated for revival of sick units which could help in fetching extra US$ 1 billion in foreign exchange and create additional thousands of new jobs. He appreciated Government on presenting a balanced fiscal plan in challenging times as country's economy is going through a challenging phase due to the outbreak of global COVID-19 pandemic and all segments of economy are in distress and facing huge financial losses.

PTEA's Patron-in-Chief Khurram Mukhtar commended Government's policies to enhance exports. Confidence of the business community has been restored as a result of Government's prudent economic policies, which has accelerated the economic process in the country. With growth-led initiatives especially market based flexible exchange rate, energy package for export sectors, timely refund payments and availability of LTFF and TERF at subsidized rates, textile export sector has already regained its growth momentum and exports have witnessed positive growth.

Chairman of National Business Group Pakistan and President Pakistan Businessmen and Intellectuals Forum, Mian Zahid Hussain has said the budget is in line with government announcements and expectations of the business community.

The budget document has revealed that government wants growth at any cost and it is ready to pay for it, he said. Mian Zahid Hussain said that government has announced Rs8478 billion budget in which tax collections target is Rs5829 billion, which will be a challenge.

He said that it is estimated that mobile phones worth Rs270 billion will be imported in the next fiscal and Rs16 billion will be collected in this head which should be reconsidered as pandemic has increased importance and usage of mobile phones. He said that taxes on telecommunication equipment and services must be reduced while the PM has rejected more taxes on calls, SMS, and internet packages, which is a welcoming move.

The Spot Rate remained unchanged at Rs 12300 per maund. The rate of Polyester Fibre was increased by Rs 3 per kg and was available at Rs 205 per kg.

Source: brecorder.com– June 15, 2021

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NATIONAL NEWS

World has to decouple trade policy, green goals: Goyal at UN Trade Forum 2021

Hoping that the developed countries will not use the inter-play of trade and climate challenge “too much”, Commerce and Industry Minister Piyush Goyal on Monday said the world should decouple trade policy and its green goals.

He also hoped that credit rating agencies and bodies like the IMF “which kind of dictate” the financial architecture of the world do not land up being unfairly harsh on the developing and less-developed countries as this is a time to become compassionate, more liberal and supportive to these nations.

“I think a little longer rope needs to be given even to earlier agreements or earlier commitments so that these countries (developing and less developed) have space to bring their economies back on track,” Goyal said at the UN Trade Forum 2021.

Let the trade policy look for more inclusive growth all over the world and all the countries need to work towards climate justice and sustainable lifestyle.

“We do hope that the developed world will not use the inter-play of trade and climate challenge too much because I think trade should allow all countries to prosper. “It should not create trade barriers which will ultimately become a hindrance to taking prosperity to the poorer, lesser developed countries,” he said.

Goyal added: “I do believe that we have to decouple trade policy and our green goals”.

Rather, he said, the UN and the other multilateral agencies like the UNFCCC (United Nations Framework Convention on Climate Change) should focus on getting the world together to fulfil their commitments around climate change.

The minister added that there should be differentiated responsibilities when it comes to the developing world or the less-developed countries, as they have to fulfil their commitments which they made in Paris particularly relating to capital, and technology.

Further, Goyal said the world should learn lesson from the 2008 economic crisis and the developed world should not land up in “over adventurism” in terms of fiscal proliferation.

Talking about healthcare, he said that under the Ayushman Bharatscheme, 500 million people have access to medical facilities free of charge and “we are going to expand it to 100 per cent coverage so that every citizen in India and every resident gets access to healthcare”.

The government is investing in upgrading healthcare facilities and expanding them, he added.
About the forthcoming meeting of the World Trade Organization’s (WTO) 12th ministerial conference in Geneva,

Goyal said the members cannot prioritise only the agenda of the developed world. It has to address issues that have been long pending such as the asymmetry in agri subsidies and finding a permanent solution to the issue of public stockholding for food security purposes, he added.

WTO Director-General Ngozi Okonjo-Iweala said the member countries have agreed for text-based negotiations of the proposal of India and South Africa for temporary TRIPS waiver to deal with the COVID-19 pandemic.
“Now, we have revised text from proponents India and South Africa which is supported by the vast majority of developing countries.

“It is going to be tough because still there are differences. We hope we can get a pragmatic approach. I am not in a hurry… I want to get some agreement by July because lives are involved,” she said.

Source: financialexpress.com– June 14, 2021

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Cotton output for 2020-21 revised downwards to 356 lakh bales

CAI estimates Gujarat, Telangana to have a lower output than the earlier projection.

In its latest cotton crop estimate for the season 2020-21, the trade body Cotton Association of India (CAI) has reduced the crop size by 4 lakh bales (each of 170 kg) to 356 lakh bales.

The reduction is attributed to the lower output expected in Gujarat and Telangana. The CAI estimates show a decrease of one lakh bales in the crop estimate for Gujarat, while cotton crop for Telangana is estimated lower by 3 lakh bales based on the pressing data provided by Telangana Cotton Millers & Traders Welfare Association.

The trade body has increased the consumption estimate for the current crop year by 10 lakh bales to 325 lakh bales from its previous estimate of 315 lakh bales.

"The Committee has made this revision considering the brisk demand for cotton yarn despite disruptions caused on account of the lockdown implemented to arrest the second wave of Covid-19 pandemic in the country," it said.

Exports

Cotton exports for 2020-21 is projected to increase by 7 lakh bales to 72 lakh bales based on the input received from exporter-members, CAI noted. As of May 31, 2021, about 58 lakh bales are estimated to have been shipped. Imports, meanwhile, are estimated to be 10 lakh bales as against earlier estimated 11 lakh bales.

Indian cotton arrivals from October 2020 to May 2021 are estimated at 340.19 lakh bales. Based on the latest production, consumption, imports and exports, the closing stock at the end of the season on September 30, 2021, is estimated at 94 lakh bales.

Source: thehindubusinessline.com– June 14, 2021

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Mills seek withdrawal of cotton import duty

Southern India Mills Association (SIMA) on Monday appealed to Union Finance Minister Nirmala Sitharaman to withdraw the cotton import duty, which it claimed, is severely hurting the global competitiveness of the Indian Textile and Clothing Industry.

The SIMA cited the announcement on the levy of 5 per cent BCD (Basic Cotton Duty) and 5 per cent AIDC (Agriculture Infrastructure and Development Cess) with applicable cess on the import of cotton in budget 2021-22.

The levy of these import duties is a major blow to the Indian cotton textiles industry which was just recovering from losses suffered during the pandemic and lockdowns last year, SIMA Chairman Ashwin Chandran said in a statement here.

Similar import duty policy intervention of 10 per cent customs duty, 4 per cent additional customs duty and 3 per cent education cess exercised in 2007-08 had a severe impact on Indian spinning industry and after understanding the ill-effects, the government withdrew the import duty, he pointed out.

In view of this, Ashwin Chandran sought withdrawal of both the BCD and AIDC levied on cotton to create a level playing field on the raw material front for the Indian Textile and Clothing Industry.

While appreciating the bold initiatives of the ministry in addressing the structural issues in Man-Made Fibres, he stated that the import duty on raw cotton would erode the competitiveness of the value-added segments that has a business size of around Rs 50,000 crore in exports and Rs 25,000 crore in the domestic market.

These segments provide jobs to around 12 lakh people, he said.

'It has taken over a decade for the Indian textile industry to build up the market share in these segments and with the levy of cotton import duty, we will lose our competitiveness and market share to the competing countries such as Bangladesh, Sri Lanka, Pakistan and Vietnam.' The Government might receive around Rs 360 crore per annum as additional revenue on account of the import duty on cotton but will in turn imperil annual GST revenues of around Rs 1,800 crore,he claimed.

'More importantly, the import duty will not benefit the Indian cotton farmers owing to the negligible volume of imports and the non-availability of such speciality cottons in India at the moment,' he said.

Source: in.news.yahoo.com– June 14, 2021

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Kharif Outlook: Buoyed by better returns, growers may plant more cotton this year

Cotton acreage could see 5-10 per cent rise this Kharif season, thanks to good prices farmers have got during the current marketing season (October 2020-September 2021).

Assured procurement through the Cotton Corporation of India, prospects of good monsoon and groundnut cultivation turning costly are other factors that are likely to aid higher coverage of cotton this year.

Cotton prices have ruled around MSP level since the beginning of this season. Prices, which were ₹40,400 per candy (356 kg) in November in Gujarat markets, are currently up 25 per cent at ₹50,800 per candy. This is one aspect that has fuelled optimism over the cotton crop, brightening the cotton sowing prospects this kharif season.

Cotton Association of India (CAI) President Atul Ganatra told BusinessLine that the area under cotton will likely increase mainly in Gujarat, Maharashtra, Madhya Pradesh, Telangana, and Karnataka among the States where the natural fibre is grown. His views are based on a meeting that CAI and CCI called earlier this month.

According to OP Gulia, CEO of SVP Group that has spinning mills in Rajasthan and Oman, the area under cotton could increase by 10 per cent to 134 lakh hectares (lh). Last year, the crop was sown on 130 lh. "A positive movement in cotton prices by 15-20 per cent during 2020-21 will encourage farmers to grow more cotton," he said.

Gulia said that "by one estimate" cotton area in North India, comprising Punjab, Haryana and the Ganganagar tracts in Rajasthan, is eight per cent higher. However, the CAI meeting was told that the area in North India is expected to be the same, though it could be five per cent lower in the Ganganagar tracts.

"Area under cotton will easily be higher by 5-10 per cent this season," said Anand Poppat, a Rajkot-based trade in raw cotton, yarn and spinning waste. Though buying by ginning mills is subdued, raw cotton (kapas) prices are ruling above ₹7,000 in many markets. This is one encouraging factor for growers, according to Ganatra.

Prices for raw cotton were much higher than the minimum support price (MSP) of ₹5,515 a quintal fixed by the Centre for the current season. Forthe next season, the MSP has been fixed at ₹5,726.

Besides, cottonseed prices are ruling at a high ₹4,500-5,000 a quintal, CCI has procured at least 125 lakh bales of cotton produced this season and the fact that the natural fibre is a cash crop are all set to sink well in the growers' mind, the CAI President said.

In Gujarat, groundnut was expected to provide tough competition to cotton but the CAI meeting was told that the area in the top producing state could increase by 10 per cent due to higher prices for the natural fibre besides cultivation costs for groundnut are considered costly. In addition, a new variety is being sown in Gujarat and it could result in better productivity.

In Maharashtra, where 42.86 lakh hectares were under cotton last year making up 20 per cent of total Kharif cultivation, the planting of the natural fibre crop could increase 10-12 per cent due to prices of around ₹7,000 a quintal for Kapas.

But the problem could be that prices in many parts of Vidarbha, the main growing region where farmer suicides are infamous, growers fetched prices lower than the MSP due to slack demand. Besides, huge cotton tracts were affected by pink bollworm and boll rot attacks. Unseasonal rains andCovid-19 ensued lockdowns were other dampeners.

These could affect the area under cotton this year, on the other hand. Another concern is that of the seed industry since more farmers are determined to cultivate the unauthorised herbicide-tolerant Bt (HTBt) cotton variety.

The Shetkari Sanghatana expects over 50 per cent of the area under the cotton to be under this unapproved variety. Last year, an estimated 25-35 per cent of the cotton area was under HTBt.

In Telangana, where cotton was cultivated on about 25 lh, more area is expected to come under the crop, mainly since the State Government has done away with the regulated cropping system after experimenting with it last year.

Telangana Government officials expect the area under cotton to rise over one lh this year, with the augmented irrigation resources encouraging it. Also last year, cotton yield was affected by heavy rains in October but this year things are expected to be better. In neighbouring Andhra Pradesh, efforts are being made to increase the area under cotton by at least 20 per cent. In Madhya Pradesh, 80-85 per cent of the sowing has been completed and the area under cotton is expected to increase 5-7 per cent this year. The rest of the sowing will be completed once rains lash the growing areas.

In Karnataka, the area under cotton could increase 5-10 per cent with the coverage exceeding seven lh. Currently, the crop conditions are good. Tamil Nadu is one State where cotton is grown as a summer crop and production this time is likely to be seven lakh bales.

In Odisha, a State that has taken up cotton seriously of late, planting is expected to increase 15-20 per cent with many corn growers expected to shift to cotton. The CAI meeting was told that if all goes well, cotton production could top 400 lakh bales.

Gulia said that early showers in western States under the influence of cyclone Tauktae has helped advance cotton sowing in Gujarat, Rajasthan and Haryana by a month. As usual, sowing in North India took place in May thanks to availability of irrigation water.

The US Department of Agriculture has projected that India's cotton crop next season would be higher at 378 lakh bales, though the area is expected to be lower at 129 lh. This is against this season's production of 360 lakh bales estimated by the Committee for Cotton Production and Consumption. CAI has also pegged its production estimated at 356 lakh bales.

The carryover stocks this season have been pegged at 97.95 lakh tonnes, thanks to exports of over 60 lakh bales. Last season, exports were 50 lakh bales, while the USDA pegs next season exports at 77 lakh bales.

Cotton has gained over 10 per cent this year, ruling currently at 86.09 cents a pound (₹50,000 a candy) in New York. Surprisingly, Indian cotton is ruling higher at around ₹51,500, mainly in view of the fact that only a few traders are holding stocks.

Source: thehindubusinessline.com– June 14, 2021

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Income Tax Department relaxes rules for electronic filing of forms 15CA/15CB

The Income Tax Department on Monday permitted submitting, for a limited period, form 15CA/15CB manually with authorised dealer for the purpose of foreign remittance.

Form 15CA is a declaration by resident Indian for making payment to non-resident after deducting the tax. Form 15CB refers to certificate issued by Chartered Accountant stating that taxation provision has been compiled.

"In view of the difficulties reported by taxpayers in electronic filing of I-T forms 15CA/15CB on the portal www.incometax.gov.in, it has been decided that taxpayers can submit the aforesaid forms in manual format to the authorised dealers till June 30," a statement by the Central Board of Direct Taxes said.

Further it mentioned that authorised dealers are advised to accept such forms till said date. for the purpose of foreign remittances. A facility will be provided on the new e-filing portal to upload these forms at a later date for the purpose of generation of the Document Identification Number, it said.

As per the Income-Tax Act, 1961, there is a requirement to furnish Form 15CA/15CB electronically. Presently, taxpayers upload the Form 15CA, along with the Chartered Accountant Certificate in Form 15CB, wherever applicable, on the e-filing portal, before submitting the copy to the authorised dealer for any foreign remittance.

Source: thehindubusinessline.com– June 14, 2021

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RBI sharpens tools to fight Covid 2.0

Clearly prioritising revival of the economy, the RBI retained the benchmark rates notwithstanding the upside risks to inflation. As expected, the stance of the monetary policy too remains accommodative so long as it is necessary to revive the economy.

Looking to the distress from Covid 2.0, the RBI downgraded its GDP outlook to 9.5 per cent for 2021-22 down from its earlier estimate of 10.5 per cent. But it expects to maintain CPI inflation at 5.1 per cent well within the glide path though wholesale price inflation (WPI) climbed to a 11-year high to 10.49 per cent in April.

Normal monsoon and better farm sector prospects aided by the pass through impact of front-loaded policy measures can potentially douse the inflation headwinds though rising commodity prices continue to cause concern.

Taking forward the sector specific liquidity support announced on May 5, 2021, to fight Covid 2.0, the RBI has further earmarked ₹15,000 crore to the battered contact-intensive sectors. This special liquidity window will be available to banks till March 31, 2022, with tenors of up to three years at the repo rate. Under the scheme, banks can provide fresh lending support to hotels and restaurants; and tourism — travel agents and other related sector entities.

By way of an incentive, banks will be permitted to park their surplus liquidity up to the size of the loan book created under this scheme with the RBI under the reverse repo window at a rate which is 25 basis points (bps) lower than the repo rate or at 40 bps higher than the reverse repo rate. Similar incentive was offered for creation of 'Covid loan book' and an amount equal to it can be parked with RBI to earn better.

As part of liquidity support to all-India financial institutions , ₹15,000 crore was granted to Small Industries Development Bank of India (SIDBI) on April 7 to meet funding requirements for micro, small and medium enterprises (MSMEs) sector for fresh lending.

In order to further support the sector, another ₹16,000 crore is now provided to SIDBI. This special fund is intended for on-lending/refinancing through novel models and structures to mitigate Covid stress. This facility will be available at the prevailing policy repo rate for a period of up to one year, which may be further extended depending on its usage.

Operational flexibility

Adding to the forbearance to enable borrowers to overcome the ongoing crisis, the RBI expanded the scope of debt Resolution Framework 2.0, announced on May 5, that covered restructuring of stressed loans to MSMEs as well as non-MSME, small businesses, and loans to individuals for business purposes. The loan limit covered by the scheme was ₹25 crore. It is now increased to ₹50 crore to extend the benefit of restructuring to more borrowers.

The other flexibility, permitting RRBs (regional rural banks) to buy back their certificate of deposits for better liquidity management, is an apt move.

Making available services of National Automatic Clearing House operating under the National Payment Corporation of India (NPCI) from bank working days to all days effective from August 1, akin to RTGS/NEFT, is a progressive move. It will provide convenience to bulk payers and recipients.

With bank credit growth staying truncated at 6 per cent during 2020-21, it is time for banks to be aggressive in using the non-conventional liquidity windows provided by the RBI to channel credit to the ailing sectors to hasten revival.

Even the modified Emergency Credit Line Guarantee Scheme (ECLGS) 4.0 of the government provides scope to lend to aviation and health sectors where banks can further disburse loans up to ₹45,000 crore, the unutilised out of the limit of ₹3 trillion.

Beginning with its March 27, 2020, narrative, the RBI has been providing liquidity for various sectors through TLTROs/other measures that now sum up to ₹15.47 trillion excluding the current liquidity support of ₹31,000 crore proposed on June 4, 2021. The RBI should come out with a disclosure statement about its utilisation by the lenders with details of its impact on incremental rise in the flow of credit to the targeted sectors.

The RBI may have to identify other tools if liquidity and credit flow continue to remain in silos. The fight of RBI against Covid 2.0 has to be joined by lenders and other stakeholders to make it work.

Source: thehindubusinessline.com– June 14, 2021

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Logistics sector ups hiring to keep pace with booming e-commerce

Given how online shopping is catching on, it's now critical the logistics sector stays strong to be able to support all the e-commerce. Logistics providers are now hiring at a furious pace; the headcount in the industry has shot up by 20-25% over the last one year compared with a growth of12-14% in the pre-pandemic years.HR consultants say hiring is in full force for every role–delivery executives, pickers, packers, loaders, drivers and of course customer service executives. Teamlease estimates the industry workforce at more than 40 million.

Neeti Sharma, co-founder and president, TeamLease Edtech, told FE, it's not just more people but also new roles and skill sets that's pushing up demand. "Technology is very important as the sector becomes more automated and there's a need for people skilled in AI, IoT, data analytics and machine learning," Sharma explained. She believes hiring could grow at 18-20% in verticals such as warehousing and transport.

Alok Kumar, senior director (sales and global accounts), Manpower, pointed out that even as the logistics sector was becoming more automated and undergoing a major transformation it was adding more warehouses and delivery centres. All of this had opened up job opportunities not just in urban India but also in tier two and tier three cities.

Several start-ups, providing software solutions for the logistics sector are also adding to their workforces. One such firm, Shipsy has added more than 100 people since March last year; the total headcount has risen 2.5 times over the pre-pandemic period. Harish Kumar, chief strategy officer, Shipsy said company continues to hire people in the technology, sales and marketing teams.

Saahil Goel, co-founder and CEO, Shiprocket, a logistics solutions provider told FE his firm was adding junior to mid-level resources to strengthen the engineering, product, logistics, accounts, management, sales and marketing teams. "The pandemic has highlighted the importance of a seamless shopping experience. Every player is trying to get ahead of its competition with the right tech-stack," Goel said.

Rhitiman Majumder, CEO and co-founder, Pickrr, said hiring over the past year had increased five-fold and that his team was now180 -memberstrong. "We are growing the warehousing, fulfilment, hyperlocal and international segments and need skills across technology, product, businessdevelopment and operations," Majumder said.

HR consultants believe the sector will see a lot of up-skilling and re-skilling giving existing employees options for for lateral roles within an organisation. "A delivery executive can be re-skilled to become a consignment tracking personnel or pickers & packers can be up-skilled to manage digital printing operations," Sharma said.

Ravish Agrawal, co-founder and CEO, Able Jobs said, "Most of the roleswill emerge at the intersection of technology and operations. Companies are looking to hire more operations executives who can help them support digitisation by managing inventory.These are roles where you will be a part of the warehouse operations and help companies manage things end to end".

Source: financialexpress.com– June 15, 2021

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India's WPI inflation continues rising trend in May 2021

India's annual rate of inflation, based on monthly wholesale price index (WPI), continued to increase in May 2021 too. Surpassing April 2021's all-time high of 10.49 per cent, WPI inflation was 12.94 per cent in May 2021. WPI inflation for textiles increased to 11.37 per cent, while it was 1.16 per cent for apparel, according to the latest official data.

"The high rate of inflation in May 2021 is primarily due to low base effect and rise in prices of crude petroleum, mineral oils viz. petrol, diesel, naphtha, furnace oil etc and manufactured products as compared the corresponding month of the previous year," the Office of Economic Adviser, department for promotion of industry and internal trade, under the ministry of commerce and industry, said.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of May 2021 increased to 132.7 from previous month's 131.7.

The index for manufactured products (weight 64.23 per cent) for May 2021 increased to 131.0 from 129.4 for the month of April 2021. The index for 'Manufacture of Textiles' sub-group decreased slightly to 128.3 from previous month's 128.4, while the index for 'Manufacture of Wearing Apparel' stood at 140.0 in May 2021.

The index for primary articles (weight 22.62 per cent) dropped slightly to 150.5 in May 2021 from previous month's 151.8. The index for fuel and power (weight 13.15 per cent) was 110.5 in May 2021.

Source: fibre2fashion.com– June 14, 2021

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Order book position of exporters healthy; exports growth trend to continue: FIEO

The order book position of exporters are healthy and the growth story will continue to be a mixed one as outbound shipments of both value added goods and raw material will contribute to push the overall exports of the country, according to a FIEO study.

Federation of Indian Export Organisations (FIEO) said that India has started on a good note in 2021 and exports figures so far have been encouraging.

"Since the order book position of exporters is extremely good, we expect that the trend will continue, may be with occasional ups and downs due to the second or third wave of pandemic. However, the growth story will continue to be a mixed one as both value added exports and raw material exports will contribute to our export basket," it added.

India's merchandise exports in May 2021 stood at USD 32.21 billion, an increase of 67.39 per cent over USD 19.24 billion in May 2020 and 7.93 per cent over USD 29.85 billion in May 2019.

Further it said that India's export growth in food and agriculture sectors has been remarkable and many of the products including processed ones have shown encouraging trend in 2020 despite logistics challenges and extraordinary hike in freight rates. At the same time, it said, the buoyancy in agriculture commodities also helped India's agriculture exports.

"We need to build the momentum particularly as China's image has taken a dent subsequent to the pandemic and many countries are reluctant to imports from China particularly the edible products," the federation said. Similarly, India has done well in exports of metals during 2020. "However, raw material exports have been a double-edge sword.

While such exports do add to our export numbers and also generate economic activity, they also put pressure on logistics and deprive the country of value-added exports," the study said. It added that the government has to play an extremely delicate role to strike a balance between the varying interests of the two.

There have been cases where the same raw material has been exported from the country and then imported back, putting pressure on logistics besides remitting avoidable freight charges, it said.

"A logical solution could be to attract investment into the value added segment so that the raw-material is processed in the country and only intermediate or the final product so manufactured is exported," it said.

Source: timesofindia.com– June 14, 2021

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'GST laws vague on export of exempted goods through third party'

Q. We were exporting goods of value up to Rs 25,000 without furnishing any declaration or GR waiver. Our new bankers say that we must take GR waiver for such shipments. What is the correct position?

The exemption from furnishing declaration regarding realisation of export proceeds for exports up to Rs 25,000 value existed in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000. The current Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 does not have such an exemption. (Please see this link).

Q. We manufacture exempted and taxable products. So, we take input tax credit (ITC) of GST paid on all inputs and inputs services. Exports of our taxable as well as exempted products are zero-rated and section 16(2) of IGST Act, 2017 allows us to take ITC against zero-rated exports also. When we export in our own name, the GST paid on inputs and input services used for making zero-rated exports, including exports of exempted products, are also attributed to the purposes of effecting taxable supplies in the manner prescribed under the Rules 42 and 43 of the CGST Rules, 2017. Now, we have received an order for export of exempted products from a merchant exporter. Can we supply at 0.1 per cent GST under notification 41/2017-IT (Rate) dated October 23, 2017? If not, how to prove that we have made zero-rated supplies of the exempted products and how to claim refund of unutilised ITC?

Notification 41/2017-IT (Rate) applies to taxable goods and therefore, you cannot use it for supply of exempted products to the merchant exporter. The supplies you make to a merchant exporter are not zero-rated and therefore, the normal provisions for refund of unutilised input tax credit against export without payment of GST under letter of undertaking do not come into play. The present dispensations are not clear on how to deal with this situation and claim refund of the unutilised ITC. You can write to the Central Board of Indirect Taxes and Customs (CBIC) and ask for suitable provisions to be made in the laws.

Q. We have imported some goods and deposited them in the bonded warehouse by filing the bill of entry for warehousing. Now, Section 61(2) of the Customs Act, 1962, says that if warehoused goods remain in a warehouse beyond a period of 90 days, interest is payable on the amount *of duty payable at the time of clearance of the goods on the warehoused goods, for the period from the expiry of 90 days until the date of payment of duty on the warehoused goods. When will the 90-day period commence -- the in-bond bill of entry date, or the date when the goods are deposited in the bonded warehouse?*

The 90-day period will commence from the date of deposit of the goods in the bonded warehouse. Please refer to CBEC Circular 39/2013-Cus dated October 1, 2013.

Source: business-standard.com– June 15, 2021

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