TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

TEXTILE INTELLIGENCE CENTRE IBTEX

INFORMATION BUREAU TEXPROCIL

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

IBTEX No. 127 of 2021 June 29, 2021

US 74.24| EUR 88.45| GBP 102.97| JPY 0.67

NEWS CLIPPINGS

INTERNATIONAL NEWS

	NATIONAL NEWS
1	Finance Minister Smt. Nirmala Sitharaman announces relief package of Rs 6,28,993 crore to support Indian economy in fight against COVID-19 pandemic
2	In a boost to MFIs, FM hikes ECLGS limit by ₹1.5-lakh cr
3	FIEO calls for Indian shipping line, more FTAs with trading partners for big export push
4	Scrap import duty on cotton as it hurts garment exports, trade body tells Centre
5	Exporters body wants more 'aggressive' marketing initiatives in trade policy
6	Increasing ECGC cover will benefit the sector: Exporters
7	Exports target of $400 bn for FY22 requires aggressive marketing strategy: FIEO
8	Cotton body seeks withdrawal of 10% customs duty
9	'Reforms will trigger sustained economic growth'
10	Now, Ludhiana textile companies can export yarn, goods via train to Bangladesh

INTERNATIONAL NEWS

China's actual cotton imports irrelevant to US ban on Xinjiang cotton

Just as the Biden administration is expanding its attacks on China from cotton to other products in Northwest China's Xinjiang Uygur Autonomous Region, foreign media recently reported that the arbitrary ban and campaign led by the US against Xinjiang cotton may push China to allow more cotton imports than usual this year.

Citing a prediction of an analyst at Huatai Futures, the Bloomberg said China may further increase cotton imports to meet rising global demand for textiles in addition to the current plan for this year, suggesting it is a result of the US-led brutal attack and slander on Xinjiang cotton.

It seems some observers have apparently missed the point. For several years, China has been adjusting its cotton import plans in accordance with the actual balance between supply and demand of the industry in the year. It's a necessary move to meet cotton textile export enterprises' demands for raw materials to fulfill market orders, rather than a special measure after the US' arbitrary ban.

China has issued a 700,000-tons quota for cotton imports in 2021, all of which is for non-state traders and will be subject to a sliding-scale tariffs system, according to a note published on the site of National Development and Reform Commission (NDRC), the top planner of the country, at the end of April. Before the COVID-19 outbreak, the number was 800,000 tons for 2018 and 2019.

With the accelerated development of the domestic cotton textile industry in recent years, to adjust the nation's cotton import plan according to actual demand, has increasingly become a common measure for the industry to adapt to new changes in international markets.

Firstly, this measure is conducive to the domestic textile industry to improve the supply structure of raw materials. In order to meet the needs of the middle and high-end market, the domestic textile industry, especially garment export firms have need to expand cotton imports. Given the accelerated recovery of the global economy in the post-epidemic era, the demand for textile products has also increased, so the demand for cotton will likely continue to show an increasing trend.

Second, expanding cotton imports can reduce the cost for domestic textile enterprises and enhance their international competitiveness. Currently, international cotton has an apparent price advantage comparing with domestic supply.

To expand cotton imports will reduce the costs for companies manufacturing middle and high-end products. By narrowing down the price gap between domestic and foreign market, the competitiveness of textile exporting companies will be largely strengthened.

Although the US' cotton ban on Xinjiang cotton has impacted textile export industries and market sentiment to some extent, this crackdown on Chinese enterprises and industries under the guise of human rights is doomed to fail.

Xinjiang cotton is regarded as being of high quality, and it is already in short supply in the domestic market. Its dependence on foreign markets is low, and the risk caused by the US' botched lies is controllable.

More importantly, Chinese manufacturing enjoy strong advantage in global market, which is highly recognized in global market. American lies cannot fool global consumers for long. Its scheme can only affect some people in the short term, not market demand over the long term.

Source: globaltimes.cn– June 28, 2021

HOME

****

Is China's Homegrown Better Cotton Workaround 'Dead on Arrival'?

China has launched its own "sustainable" cotton certification program as a retaliatory strike against what it has deemed unfounded Western accusations about human-rights abuses in its cotton-rich Xinjiang Uyghur Autonomous Region (XUAR), where reports of forced labor of Uyghurs and other Turkic Muslim minorities have intensified in recent years.

The China Cotton Association (CCA), a domestic trade group, and other industry organizations officially rolled out the Cotton China Sustainable Development Program last Thursday, with the goal of "counter[ing] the West's dominance that has posed [a] serious threat [to] China's cotton industry," wrote the Global Times, a Chinese Communist Party-affiliated outlet.

The homegrown standard is set to go toe to toe with the Better Cotton Initiative (BCI), which promotes so-called "better" cotton grown with less water, fewer pesticides and higher yields for farmers. The world's largest sustainable cotton program—its partners include household names like Adidas, Burberry, H&M, Ralph Lauren and Ikea—BCI incurred the wrath of Beijing after it pulled out of all field-level activities in Xinjiang in October, citing "sustained allegations of forced labor and other human-rights abuses." A subsequent BCI forced labor task force report, which noted the scale of restrictions to freedoms that prevented Xinjiang farmers from speaking freely about their predicament, only served to fan the flames.

Despite BCI's subsequent erasure of public statements mentioning Xinjiang and forced labor, along with a statement by the head of BCI's Shanghai branch that the organization uncovered no evidence of forced labor in the region, China's rage remained unquelled. BCI, by virtue of being "manipulated by some anti-China forces in their slandering against China and its policies," the Global Times wrote, has lost credibility in the eyes of the country. The Cotton China Sustainable Development Program, on the other hand, will provide China with a tool to "reasonably defend itself and protect its legitimate interests against Western political crackdowns," it averred.

"We had already begun the work, but the BCI's [license suspension in April] further raised the urgency and sped up the process," Wang Jiandong, vice chairman and secretary-general of the CCA, told the outlet. "All industry bodies have been uniting to help promote Chinese cotton, to make us less constrained by [other nations].”

Wang had harsh words for BCI, which declined to comment for this story, in particular. “Why does the BCI’s license have such a global influence? And why [does] China—as the world’s largest cotton consumption country and the world’s second-largest cotton producer—[have] a limited say in trade practices in [the] international sphere?” he said. “We should reverse this situation.”

By developing quality Chinese cotton that is environmentally friendly, traceable and boasts “respect for labor,” the Global Times said, the Cotton China Sustainable Development Program will encourage the consumption of domestic cotton while expanding its global market share. Banned from entering the United States, Xinjiang cotton comprises 85 percent of Chinese cotton, which in turn accounts for one-fifth of the world’s supply of the fiber.
‘Dead on arrival’

Carving out a separate standard is a “well-worn path for China,” which has acted similarly on digital rights and data privacy, said Bennett Freeman, a member of the steering committee of the End Uyghur Forced Labor coalition, co-founder of the Cotton Campaign labor-rights initiative and former deputy assistant secretary for democracy, human rights and labor at the U.S. State Department.

“China has become very assertive—which is its right, of course—and not just countering what it perceives to be biased Western standards but in developing its own alternative standards,” he told Sourcing Journal. “I don’t want to pooh-pooh the environmental sustainability dimensions of this, but while the new standard may work well on the labor side with China, it’s dead on arrival, at least with Western companies.”

The problem, Freeman said, is that while China has a sovereign right to create its own standard, there are international standards it must still adhere to, including a “whole series” of International Labour Organization conventions, including ones that promote freedom of association and prohibits all forms of forced and compulsory labor.

“This new standard may play internally on a domestic basis,” he said. “It’s not going to play externally—internationally—at least not with Western apparel brands, sourcing managers, consumers and investors unless it makes a commitment [to ensure] transparent, accountable implementation mechanisms [that] demonstrate [its] adherence to international labor standards, especially including [those regarding] forced labor. And that involves monitoring, auditing and reporting, as imperfect as those tools are."

And even then, all the auditing and reporting in the world won't be sufficient or effective without a "high degree of civil society built with a high degree of transparency and accountability," Freeman added.

Getting past China's recalcitrance has proven to be an impossible hurdle. In September, a number of leading supply-chain auditing firms that previously performed or participated in labor audits in Xinjiang, including Bureau Veritas, RINA, TÜV SÜDnd Worldwide Responsible Accredited Production (WRAP), confirmed they would no longer conduct inspections in the region because of the lack of unfettered access.

"Normal social compliance audits cannot be conducted in the XUAR due to restrictions on the movement of third-party auditors, including restrictions that prevent the necessary amount of access to factories required for auditors to conduct a satisfactory review," Seth Lennon, communications manager at WRAP, previously told Sourcing Journal. "As a result, WRAP is not presently performing audits in the XUAR."

For Peter Irwin, senior program officer for advocacy and communications at the Uyghur Human Rights Project, an organization in Washington, D.C., that fact alone is damning enough. "What does it say to these brands that their own auditors find it impossible to determine if forced labor exists in their supply chains?" he previously asked Sourcing Journal.

No robust labor-rights guarantee

Another issue that Allison Gill, forced labor program director at the Global Labor Justice-International Labor Rights Forum, a Washington, D.C.-based think tank, sees is that many brands are using BCI and other kinds of certification or licensing schemes as proxies for due diligence, which they're not set up to do.

"BCI is not really designed to be a risk-mitigation strategy for brand members," the human-rights lawyer told Sourcing Journal. "It's a continuous improvement model whereby BCI works with farmers over time to increase the value proposition of cotton. And so it's not designed to be a robust labor-rights monitoring scheme or a robust labor-rights guarantee."

China's denial of modern slavery in Xinjiang cotton production aside, the Cotton China Sustainable Development Program would provide little help in meting out forced labor even if decent work was one of its tenents. Brands, she added, have an obligation to map out all tiers of their supply chains, down to the raw material level, and not only in China, if they want to have any kind of meaningful visibility into their operations.

At the same time, it's in Beijing's interest to frame the Uyghur crisis as a conflict between China and the West rather than something that demands international scrutiny, Gill noted.

"This is a situation where you have many credible reports, survivor testimonies, satellite imagery, government documents that show this pattern of systemic abuses, including forced labor in cotton production, perpetrated against Uyghurs and other Turkic peoples," she said. "There are no separate rules or laws about forced labor or decent work that are only applicable in one country and not in others. These are universal standards and they need to be treated as such."

But Crispin Argento, managing director of Amsterdam's Sourcery, whose Direct to Grower platform connects brands with fiber farmers, argues that Western brands may not be able to avoid this new system if they're engaging with Chinese cotton or textiles, which are likely made or blended with cotton from Xinjiang.

"If China uses this tool as a way to lead towards more transparency, then it is a positive direction, but if they use it as a protectionist alternative for BCI then [it] will not fly in Western circles—until it does because there is no Plan B outside of China for Western brands unless the sector totally transforms itself away from the trade manufacturing and trade practices from the past three decades," he told Sourcing Journal.

A bigger question, Argento said is how much latitude the United States, United Kingdom and potentially the European Union will allow for products from Xinjiang through pending legislation and policy. "If this is the case, brands will have to start moving out of China for much of their goods, but this will take 10 to 15 years given the continued growth of the industry, limited supply of cotton outside of China and massive capital investments made in China in manufacturing," Argento said.

A wake-up call

On the environmental side, the case for improving the sustainability profile of one of China's largest exports is clear. Alongside Brazil, India, Pakistan, Turkey and the United States, the superpower is expected to face increased climate-change risk from wildfires, drought, heat stress and extreme rainfall, according to a report published Wednesday by Forum for the Future, whose Cotton 2040 platform promotes sustainably grown cotton.

The world's first global analysis of climate risks to global cotton production, the analysis was conducted by Cotton 2040 partner and climate-risk firm Acclimatise, which is part of Willis Towers Watson's Climate and Resilience Hub. Under a worst-case scenario, researchers said, all global cotton-growing regions will face increased risk from at least one climate hazard by 2040.

Roughly half of all cotton will have higher exposure to drought, while 60 percent will be increasingly threatened by damaging wind speeds. In addition, three-quarters of cotton-growing regions will face a burgeoning risk of cotton exposure to heat stress, while all of them will have to prepare for a higher incidence of wildfires. The worst-effected regions, the report said, are likely to be northwestern Africa, including northern Sudan and Egypt, and western and southern Asia.

"This analysis is a wake-up call for the cotton industry, on which much of the apparel sector is currently hugely reliant," Sally Uren, CEO of Forum for the Future, said in a statement. "In order to build resilience for a highly disrupted and uncertain future, the widespread shifts to sustainable forms of cotton production must be bolstered by ambitious and aligned action to reduce carbon emissions while also preparing the industry to operate in a very different world."

Current emissions reduction commitments and targets are "being missed" by the majority of countries, meaning a planetary warming of more than 3 degrees is "probable" by the end of the century, said Alastair Baglee, director, corporates, of the Climate and Resilience Hub.

"However successful we are with decarbonization, we will face decades of unavoidable climate change and disruption," he added. "Preparing today is essential if we are to limit the impacts of climate change on society."

Source: sourcingjournal.com– June 28, 2021

HOME

****

Eurozone economy grows at fastest rate in 15 years: IHS Markit

Eurozone business activity grew at the fastest rate in 15 years in June this year as the economy re-opened further from virus-fighting restrictions and vaccine progress boosted confidence, according to IHS Markit. Prices charged for goods and services rose at an unprecedented rate, however, as demand continued to outstrip supply, the UK-based company recently said.

The headline IHS Markit Eurozone composite purchasing managers index (PMI) increased from 57.1 in May to 59.2 in June, its highest since June 2006, according to the preliminary 'flash' reading. The latest reading indicated a fourth successive month of accelerating output growth as the economy continued to open up from COVID-19 related restrictions, the company said in a press release.

June's improving PMI numbers come at a time in which virus containment measures have been eased to the lowest since last September. These restrictions are also set to be reduced further in July to the lowest since the pandemic began.

Despite firms taking on extra staff at the sharpest rate for almost three years, June saw a record rise in backlogs of work, a further near-record lengthening of supply chains and the increasingly widespread depletion of warehouse inventories. A further improvement in demand was also recorded, as new orders growth likewise accelerated to the fastest since June 2006.

The data, therefore, set the scene for an impressive expansion of gross domestic product (GDP) in the second quarter to be followed by even stronger growth in the third quarter. The output index has an historically close relationship with quarterly eurozone GDP growth, albeit with the survey understating the collapse and rebound in GDP during the pandemic.

As business conditions return to normal in 2021, the relationship of the PMI with GDP will therefore likely be fully re-established. It is, therefore, also important to note that the current PMI readings may likewise understate the second quarter 2021 GDP rebound, but the key message from the surveys is that the economy is once again growing strongly, and that the upturn is becoming increasingly broad-based, spreading from manufacturing to encompass more service sectors, especially consumer-facing firms.

Although manufacturing continued to lead the upturn, reporting a twelfth successive month of output growth with the rate of expansion picking up again, it was the service sector that again reported the biggest improvement in performance, with business activity growth accelerating to a pace not exceeded since July 2007.

Vaccination programmes are also making impressive progress. This has not only facilitated greater activity in the service sector in particular, but the brightening prospect of life increasingly returning to normal has also pushed confidence to an all-time high, fuelled greater spending and encouraged hiring.

Capacity constraints and shortages

However, the strength of the upturn - both within Europe and globally - means firms are struggling to meet demand, suffering shortages of both raw materials and staff. Under these conditions, firms' pricing power will continue to build, inevitably putting further upward pressure on inflation in the coming months. Despite a rise in employment during the month, with job gains in both manufacturing and services hitting the highest since 2018, firms reported the largest accumulation of backlogs of work since data were first available in 2002.

Average input prices rose in June at a rate exceeded only once (in September 2000) over the 23-year survey history. A record increase in manufacturers' material prices was accompanied by the steepest increase in service sector costs since July 2008, the latter reflecting widespread reports of higher supplier prices, increased fuel and transport costs plus rising wage pressures.

Average prices charged for goods and services meanwhile rose at by far the fastest pace since comparable data for both sectors were first available in 2002, with prices rising in each sector at rates not exceeded for approximately two decades.

Source: fibre2fashion.com– June 28, 2021

HOME

****

Seizing the opportunities of a circular economy in textiles

The global textiles market is estimated at around $1.4 trillion, and employs over 300 million people, especially in developing countries like Bangladesh, Brazil, China, India, Pakistan and Turkey.

While socially important, the textile industry is a major source of pollution and waste. It’s characterized by overproduction and overconsumption of low-cost clothes, often produced under poor working conditions and ending up in landfills.

Today, consumers, businesses and regulators are realizing the wasteful pattern in which this industry operates. This problem not only concerns the environment but also represents missed economic opportunities.

In the quest to make the textiles sector more efficient and less polluting, one answer lies in circular economy approaches connecting downstream and upstream segments of this global industry.

This means using more renewable and safe inputs, increasing clothing durability, reuse, or turning used garments into new ones.
The circularity promise

Making textiles circular can have an immense impact.

The development of textile production linked to reverse logistics capacities could improve the resilience of supply chains by connecting production and disposal ends of the value chain.

The resulting expansion in circularity, through reuse, repurposing or recycling could reduce 33% of the carbon dioxide emissions embedded in textile products. It could also help reduce air, land and soil pollution linked to their production, as evidenced by a recent UNCTAD study as part of the SMEP programme.

But more than environmental gains, greater circularity could bring back recovery and upcycling activities from the shadows of garment-making towards the mainstream, improving governance where informality so far prevails.

Circular, but social?

Discussions about circularity often focus more on the environmental gains and less on the social consequences of transition.

The tragedy of the Rana Plaza factory collapse in Bangladesh stands as a symbol of the hardship faced by workers at the bottom of the textiles supply chain. It also became a symbol of the many problems associated with a fast-fashion, linear textiles industry based on the “make-use-dispose” model, widely seen as unsustainable.

The quest for more social equity in the industry is not new. Existing collection systems for used clothes are as old as fast fashion itself and create an illusion of solidarity and circularity.

The reality is more complex. A very small percentage of clothes collected is donated to people in need, with most being sold to developing countries, downcycled into filling material, or ending up in landfills.

A key concern for many developing countries is that trade in second-hand clothing impedes local textile industries from prospering. Several countries in East Africa have denounced this trade as being detrimental to their national development efforts.

Jobs are critical

Another important social dimension for a circular textiles industry is jobs. Can we expect net job creation in a circular textiles industry? This question has no easy or clear answer.

Textiles are primarily made from petrochemical and agricultural sources. Employment levels at the upstream are affected differently from jobs at the downstream, as in a circular model more work is needed to bring end-of-life garments back into the economy.

Some sectors might experience significant job losses, as the main components of textiles and apparel - cotton and polyester - come primarily from agriculture and petrochemical sources. These will likely face long-term decreases in employment levels as agriculture meets automation and climate change curbs investments in petrochemicals.

Recent research from the ILO says the overall effect of a sustainability transition will be positive, with 18 million additional jobs by 2030. A 2020 review study by the OECD backs those cautious estimates, estimating net employment gains in the range of 0-2%.

Another important social aspect of end-of-life garment sorting and recovery involves unhealthy work. Textiles need to flow back to reprocessing sites in smarter ways, involving extended producer responsibility systems that avoid driving people into low-value-added occupations of manual material separation.

Policy as the transformation enabler

Textiles and apparel operate today at scales only possible because of international trade. Textiles worth about $7.7 billion were traded in 2019, amounting to 8.6 million tonnes.
This creates enough material scale to justify industry and regulatory attention, but it also creates challenges due to the different jurisdictions and national rules involved. UNCTAD's Policy Brief 61 outlines the complexities of achieving circular supply chains at the international level.

Reworking textiles abroad can be a pricey endeavour. The average import tariff for used clothes was 19.2% in 2018, making it expensive for companies to repair garments in foreign workshops. Import rates applied on used textiles are higher than the equivalent for other secondary materials such as scrap plastics, which faced 6% entry duties on average.

Domestically, many countries have small or no disposal fees and low coordination among stakeholders in the materials value chain, making it attractive to simply dispose of leftover deadstock or used clothes.

Taxation is often not differentiated between production methods of products, although a recent EU push aims to change VAT rules in this direction. For the industry to mainstream cross-border, circular textile trade, a level of policy alignment across countries is needed.
Connecting business talk with production realities

Today, many companies declare a focus on sustainability. At the same time, most textile and garment sourcing, retail and disposal remains linear. Changing that pattern is difficult, as illustrated by UNCTAD research showing the logistical challenges brought upon textile value chains by COVID-19.

For businesses, making textiles circular involves three aspects: technology, business models and understanding how to get buy-in from customers.

Perhaps unsurprisingly, the tech already exists. We have known for a long time how to repair and extend the life of garments. Mature technologies already exist to recover and upcycle various natural and synthetic materials used in textiles, such as cotton, rayon, wool, polyester, and even leather.

Companies like Renewcell and TreetoTextile are working on new generations of semi-synthetic fibers, reducing the environmental impacts of conventional rayon. Others are working on the rental and lease approach. Multinationals like H&M or Levis largely operate on a linear model but are trialing upcycling and second-hand businesses.

There is still the problem of unequal economies of scale - linear production takes place at very large scales, achieving economics hard to match by smaller-scale circular operations.

The demand side needs to be well understood as well. Understanding what consumers want and delivering a suitable circular solution that is profitable. Buyers need to develop the perception that responsibly produced textiles are worth buying. The growing share of ecolabels, with textile standards ranking fourth in the world in 2020, show progress in this direction.

Source: unctad.org– June 28, 2021

HOME

****

Developing Your China Trade with Japan and South Korea Under RCEP

China's tariff commitments to Japan and South Korea under RCEP is expected to boost their bilateral trade flows and create multilateral trade opportunities.

In November 2020, China, the 10 ASEAN members, Japan, South Korea, New Zealand, and Australia signed the long-awaited Regional Comprehensive Economic Partnership (RCEP) Agreement.

While most signatory countries have existing free trade agreements (FTAs) with each other – even prior – the RCEP's multilateral agreement is the first ever FTA between China and Japan as well as between Japan and South Korea. Thus, the conclusion of the RCEP agreement also raises hopes for a trilateral free trade deal between these three East Asian economies, which has been under negotiation for as long as the RCEP.

China, Japan, and South Korea, as the world's second, third, and 12th largest economies, respectively. Together, they account for more than 80 percent of the total GDP of the RCEP region and nearly 70 percent of the total population of the RCEP signatory countries.

However, the trio's trade within the RCEP region accounted for only 19.8 percent of their total global trade in 2018; in comparison, this is lower than the 45.2 percent share for other RCEP countries within the region out of their global trade and the 60.7 percent for the EU within the EU region out of the EU countries' global trade.

Market analysts expect there will be great potential for economic and trade cooperation opportunities among China, Japan, and S. Korea as well as between the trio and other RCEP members with the effectiveness of the Agreement.

Existing trade flow between China, Japan, and South Korea

China has long been the largest trading partner of Japan and South Korea.

Chinese products made up more than 23 percent of the total imports of Japan and South Korea in 2020. And over 22 percent of Japanese exports and 25 percent of South Korean exports flowed into the Chinese market last year.

Japan and South Korea also feature on China's top five trading partners' list.

In 2020, Japan and South Korea were the second- and third- largest exporters to Chinese markets, respectively. They were also the third- and fifth-largest export destinations for Chinese goods.

China-Japan trade data and tariff commitments

China-Japan trade date

In 2019, Japanese exports to China were worth US$128 billion. The top five categories of Japanese goods exported to China were machines (US$52.6 billion), chemical products (US$17 billion), vehicles and their parts (US$14.2 billion), instruments and apparatus (US$14.1 billion), and plastics and rubbers (US$9.02 billion).

The most popular Japanese goods for Chinese markets included machinery having individual functions (US$8.5 billion), cars (US$7.51 billion), and integrated circuits (US$7.24 billion).

In turn, China sold goods worth US$152 billion to Japan the year in 2019. The top five categories of Chinese exports to Japan were machines (US$66.6 billion), textiles (US$19.4 billion), chemical products (US$8.76 billion), metals (US$9.32 billion), and foodstuff (US$5.42 billion).

Main Chinese export products to Japan were broadcasting equipment (US$11.5 billion), computers (US$10.1 billion), and office machine parts (US$4.32 billion).

China-Japan tariff commitments

Because Japan and China had never signed an FTA, trade tariffs between China and Japan adopt the most favored nation treatment (MFN) standard stipulated by the World Trade Organization (WTO).

According to data from the World Integrated Trade Solution (WITS) in 2018, among China's imports from Japan, 7.79 percent of the number of tariff items are duty-free; on the contrary, 59.98 percent of the number of Chinese tariff items are free from Japanese tariffs.

After the RCEP comes into effect, under China's Schedule of Tariff Commitments, China will ultimately cut tariffs to zero on 86 percent of Japanese goods (a big increase from around eight percent, which is the case currently). Under Japan's Schedule of Tariff Commitments, Japan will eventually cut tariffs to zero on 88 percent of Chinese goods (a fair increase from the current around 60 percent).

Click here for more details

Source: china-briefing.com– June 28, 2021

HOME

****

Saitex Expands With a Denim Mill

Sustainability-focused denim manufacturer Saitex has taken its production capabilities to the next level with the opening of its own mill.

Located in the Nhon Trach Industrial Zone in Dong Nai, Vietnam, 40 minutes from its Ho Chi Minh City factory, the 100,000-square-meter complex will officially open its doors to clients in August. The certified B Corp's new operation will complement its denim factory, which produces an average of 18,000 pairs of jeans per day.

Saitex, which is ramping up production at a recently opened stateside factory in Los Angeles, has pioneered water-saving measures that cut the average impact of a single pair of jeans from 80 liters down to just 1.5. Its semi-automated factories on both sides of the globe have implemented water-recycling technology designed to allow for the continued use of the resource in the washing and finishing process. Water passes through a $2-million H2Zero advanced filtration system, removing chemicals and dyes. The closed-loop process cuts out the need for fresh water from surrounding waterways.

"I think [the mill] gives not only Saitex, but whoever else we supply the fabric to, a unique opportunity to probably have the most sustainable fabric on the planet," founder Sanjeev Bahl told Sourcing Journal. "We've taken a strong position that all the fabric that we manufacture in our plant will either be organic or recycled."

Staying true to its established ethos, Saitex has taken "all the steps that we needed to make [the mill] infrastructurally sound," Bahl added. "We recycle all the water, and go as far as creating steam from sludge—so the whole concept has been to use waste as an input for manufacturing."

The mill underwent a soft opening in May, and the dyeing, weaving and finishing departments are up and running, Bahl said,. "The spinning department, which is where most of the inventions and innovations will take place, will be fully operative in August," he noted.

According to Bahl, Saitex is pursuing Global Organic Textile Standard (GOTS) and Global Recycled Standard (GRS) certifications for the mill to match the distinctions its sewing and washing facilities have already achieved. "The unique opportunity for Saitex to the provide a fully-finished, GOTS-certified product would be huge" in promoting supply-chain transparency for sustainably minded brands, he said.

Designed in partnership with ACSC, a FIDIC Silver contractor, the mill's structures were built to LEED gold certification standards, including natural ventilation in production areas, offices and communal spaces, and a reflective roof. In addition to its custom water recycling system, which supports mill operations, rainwater is collected for use in flushing factory toilets, irrigation and fire-fighting capabilities. The mill is run on solar power, using 15,000 panels to generate needed energy, the company said.

Despite the long list of operational features, just half of the mill's footprint will be taken up by factory buildings. A full 40 percent will be reserved for a clean, hydroponic vegetable farming system that will support workers and the local community, yielding 6 tons of produce per year. While Saitex's stated goal is for the mill to become carbon neutral by 2025, it plans to offset any emissions generated through the planting of 6,000 trees within its industrial park, and more than 123 acres of mangrove trees in the surrounding region.

Source: sourcingjournal.com– June 28, 2021

HOME

****

Reshoring, the key to revive lost American apparel glory

The growth in demand for medical textiles and protective clothing made within the country has spurred demand for reshoring in the US. As per an Apparel Resources report, Americans no longer wish to be dependent on China for apparel manufacturing due to rising labor costs. Labor wages in China have been rising significantly over the last decade. In 2013, it rose almost 10 per cent, and have been on an upward growth trajectory since then.

On the other hand, quality of apparels manufactured in China has not improved in the last 20 years. Manufacturers in China also face constant supply chain risks that affect their customer service. This also raises offshoring costs of US brands that fear tariffs by the Biden government might affect their sourcing from China. Manufacturers also plan to move away from China due to the theft of American intellectual property rights by Chinese manufacturers. Since the last few years, cheap imitations of American products have flooded Chinese markets, causing loss in market share for US brands.

Stepping up focus on automation

To offset increasing labor costs, US brands need to focus on automation and robotics. Harry Moser, Founder and President, Resourcing Initiative says, US apparel and footwear brands need to step up their investments in automation. They need to focus on new technologies to manage 'local to local' production more efficiently and successfully.

Though technology may make US production more efficient, workers fear it may lead to more job losses. However, Moser believes, lack of automation may cause the US to lose more market to China than automation. Automation can help the US apparel sector manage 'local-to-local' production more efficiently, he says. Already, many US companies have started embracing automation in their factories.

Association for Advancing Automation informs, orders for industrial robots in North America increased by 20 per cent year-over-year (Y-o-Y) during the first quarter of this year to reach 9,098 units. Around 51 per cent of American companies are willing to invest in automation post pandemic, as per a recent survey by Honeywell.

Automation will help US not just drive cost targets, quality targets and safety targets but also create new job opportunities, avers Mosher. To reshore more jobs, he advises US, Canada and Mexico to enter into more trade collaborations. The US trade agreement with Mexico and Canada (USMCA) will help create 50,000 manufacturing jobs. To increase this figure to 2 million, trade agreements between the US, Mexico and Canada are needed, he says.

Worker training and capacity enhancement

The US also needs to train more workers and focus on improving productivity, feels Mosher. This includes setting up more supply chains for raw materials, assembling the required tools and fixtures, manufacturing testing equipment, establishing testing and quality procedures and ensuring efficient materials handling.

To bring back 5 million more jobs to the country, the American apparel and textile industry needs to focus on reshoring and blend their marketing and selling strategies with the digital space in the next three to four years, says the American Reshoring Institute which anticipates reshoring to rise 25 per cent in 2021.

Source: fashionatingworld.com– June 28, 2021

HOME

****

Japan's retail sales rise for third month, but overall trend still soft

Japanese retail sales beat expectations in May as households loosened their purse strings, but underlying trends in consumption remain hostage to COVID-19-linked pressures and suggest the economic recovery will take time to gather steam.

With Tokyo set to host the Olympic Games next month, analysts expect Japan's economy will barely grow in the second quarter after prolonged coronavirus emergency curbs hurt the growth outlook.

As major global economies such as the United States rebound strongly from the COVID-19 slump, the weak growth rate in Japan is pressuring policymakers to take fresh supportive measures on top of the massive existing stimulus to boost demand.

Retail sales jumped 8.2% in May from a year earlier, the third straight month of growth, government data showed on Tuesday, a larger rise than the median market forecast for a 7.9% gain.

Despite the better-than-expected rise in retail sales, the jump was not strong enough to mark a definite shift towards a brighter outlook for spending conditions, said Takeshi Minami, chief economist at Norinchukin Research Institute.

"Many elderly were unlikely to go out and spend money in April and May as there was still a state of emergency or quasi-emergency measures (in major areas)," said Minami.

"It's hard to imagine that the Olympics will set off a spending rush," he said, adding that risks remained that another resurgence in COVID-19 infections would weigh on consumption ahead.

The broader rise in retail sales, which was largely due to statistical base effects that reflected last year's slide, was underpinned by year-on-year gains in spending on items such as general merchandise, clothing, cars and fuel, the data showed.

But compared with the previous month, retail sales lost 0.4% on a seasonally adjusted basis, in a sign the trend for spending by Japanese consumers was losing steam.

Separate data showed the nationwide seasonally adjusted unemployment rate was up at 3.0%, above the previous month's 2.8% and a median forecast of 2.9%.

There were 1.09 jobs per applicant in May, unchanged from April, labour ministry data showed.

The world's third-largest economy is set to expand by an annualised 0.5% in the current quarter after posting a sharp 3.9% annualised drop in January-March, according to the latest Reuters poll data.

Source: business-standard.com– June 28, 2021

HOME

****

Singapore, UK begin talks on digital economy agreement

Singapore and the United Kingdom today began negotiations on a new ambitious digital trade agreement to potentially remove barriers to digital trade and enable British exporters to expand into high-tech markets. Singaporean minister-in-charge of trade relations S Iswaran and UK international trade secretary Liz Truss are meeting virtually today.

The United Kingdom is the first European country to start negotiations on a digital economy agreement (DEA). Seventy per cent of UK services exports—worth £3.2 billion—were digitally delivered to Singapore in 2019, according to a UK government press release.

The DEA would open further opportunities for British businesses to deliver their services through digital trade. It would help cut red tape and ensure companies can trade more efficiently through digital technology such as electronic transactions, e-signatures and e-contracts, the release said.

The negotiations will focus on securing open digital markets for exporters, allowing them to expand into new markets and sell traditional products in new ways; ensuring free and trusted cross-border data flows, while upholding high standards of personal data protection; cutting red tape for UK businesses by promoting digital trading systems such as digital customs and border procedures that will save time and money when exporting; upholding consumer rights and protecting businesses' valuable intellectual property like source code and cryptography; and deepening cooperation on future growth sectors.

Source: fibre2fashion.com– June 28, 2021

HOME

****

EU associations want early ratification of EU-Mercosur agreement

A coalition of 13 European business associations, representing different sectors have called for the swift ratification of the EU-Mercosur association agreement. With the political agreement reached already two years ago (June 2019), now is the time to move forward and unlock the manifold mutual benefits that the agreement will deliver, the associations said.

The EU-Mercosur agreement is the largest and most ambitious trade agreement ever negotiated by both sides. It provides regulatory certainty for both trade in goods and services, and establishes better trade links between countries of respectively 440 and 260 million citizens. It also includes the most advanced sustainable development provisions that will foster partnership, help mitigate climate change and bind both sides to effectively implement the Paris Agreement. Moreover, it includes enforceable commitments on workers' rights and environmental protection through a dedicated dispute settlement mechanism.

"Failure to ratify the agreement would leave the EU and Mercosur with fewer instruments to build mutual trust and cooperate to face the biggest challenge of our time. Moreover, non-ratification will lead to Mercosur countries continuing to trade, or even expanding their trade, with other trading partners that have substantially lower environmental and labour standards," the associations said in a joint business statement.

The EU-Mercosur association agreement is very important for both the EU and Mercosur: in 2019, EU-27 exports in goods to Mercosur accounted for €41.2 billion, whereas export in services reached €21.1 billion in 2019. EU27 headquartered firms invested €114 billion in Mercosur markets since 2010, creating 290,000 jobs in Brazil, Argentina, Uruguay and Paraguay.

On the other hand, in 2019, Mercosur countries exported to the EU €35.9 billion in goods and €10.8 billion in services. Mercosur headquartered firms invested €1.7 billion in the EU27, creating more than 7,000 jobs across the continent since 2010.

"The agreement is expected to grow imports from Mercosur by 10.6 per cent and exports to Mercosur by 52.0 per cent, creating jobs and allowing a better flow of goods and services. The challenge of mitigating climate change while maintaining prosperity, is too big to let tariffs limit the affordability of the most sustainable and innovative goods and services. The agreement will not only improve trade in goods and services, but also protect IPRs - including GIs, increase regulatory transparency and alignments, as well as cooperation on standards, including those for future technologies that will be critical to realise a sustainable economy," the statement said.

"Based on assessments by the EU Commission and the London School of Economics, we estimate that the EU-Mercosur Agreement could create up to 390,000 jobs in the EU, resulting from an increase of exports to Mercosur. Moreover, the reduction of tariffs on EU exports to Mercosur will be making EU companies more competitive by saving €4 billion worth of duties per year and the progressive elimination of export restrictions and import duties will allow EU operators to source competitively essential raw materials. This is particularly important since many EU sectors and businesses face current high tariffs of up to 35 per cent while exporting to Mercosur," the statement added.

Euratex—the voice of the European apparel & textile industry, the European Footwear Confederation, COTANCE—the European confederation of the leather industry, and EuroCommerce are among the 13 associations that have issued the joint business statement.

Source: fibre2fashion.com– June 28, 2021

HOME

****

Walmart maintains e-com momentum with sales rising by 26.4% this year

Retail e-commerce sales at Walmart, including Sam's Club, will reach $67.39 billion in 2021, eMarketer forecast recently. Overall, Walmart will represent 7.2 per cent of all US e-commerce sales in 2021 and will further widen its gap with eBay, which is in the third place among the companies about which eMarketer forecast. Walmart is in the second place.

Sales in the first quarter (Q1) rose faster than expected, thanks to government stimulus checks that stoked spending in non-food categories, including apparel, recreation and home improvement.

Walmart remains upbeat about Q2 and expects stimulus spending and overall economic recovery to continue to benefit general merchandise categories.

By and large, online groceries are an integral part of Walmart's digital growth. "Over the past year, consumers turned to the retailer for stocking up on household supplies and shopping for groceries online," Cindy Liu, eMarketer forecasting director at Insider Intelligence, was quoted as saying in a company press release.

But it is not the only thing that's driving growth. Walmart's popular curbside pickup service contributes as well, and we expect it will continue to represent a larger portion of the company's sales.

Walmart is already looking at making this service more seamless for future shopping needs.

"For Walmart, 2021 is not the time to hit the brakes on grocery ecommerce, especially with Amazon, Target, and Instacart at its heels. Services like curbside pickup, drone delivery, and new Walmart+ prescription benefits are investments the company is making in hopes to retain its existing customer base so they don't migrate to other retailers," Liu added.

Source: fibre2fashion.com– June 28, 2021

HOME

****

Peru closes probe on safeguards against textile imports from Brazil

After seven months of investigation, Peru has backtracked in surcharging imports of textile items like apparel and bed, table and bath products from Brazil. Announcing the decision on June 22, the Peruvian ministries of economy and foreign affairs said the safeguard would have a negative impact on Brazilian exports, a Brazilian government statement said.

Brazil was able to prove, with textile sector entrepreneurs, that its exports do not affect Peruvian producers, it said.

"The Brazilian government took part in all stages of the investigation, in defense of the interests of national exporters. The Brazilian position added to those of other countries and business sectors against the adoption of measures. In the end, the Peruvian authority concluded that the technical conditions for applying the safeguards were not met," the statement said.

The decision is a positive outcome for the Brazilian textile sector and forthe economic and trade relations between Brazil and Peru, it added.

In 2019, Brazilian sales of textile products to Peru totaled $ 3.3 million, and Peru was the seventh-largest destination for its exports in the sector.

Source: fibre2fashion.com– June 28, 2021

HOME

****

Bangladesh: BGMEA demands 10-year tax holiday for investments in MMF

Faruque Hasan, President, BGMEA has urged for 10-year tax exemption for MMF producers in the country. Monsoor Ahmed, Additional Director, BTMA adds, demand for MMF has risen in the country with the use of sophisticated technologies in production of manmade fibers As per Daily Star, Bangladesh imported 45.72 per cent more manmade fibers during first five months of this year. Imports reached 99,597 tons compared to 68,348 tons during the corresponding period in 2020, according to Bangladesh Textile Mills Association (BTMA) data.

Of these imports, about 61,693 tons were polyester staple fibre, 32,454 tons viscose staple fiber, and around 5,450 tons tencel and flax fibre. The expenditure on imports also increased 73 per cent during the pandemic.

Local importers, millers, traders and spinners spent about Tk 1,221 crore during the January-May period this year compared to around Tk 706 crore in the same period the last year, registering 73 per cent year-on-year growth.

To meet rising demand, local manufacturers are producing significant amounts of manmade fibers alongside cotton fibers. These manufacturers are also maintaining global workplace safety standards spending nearly $4 billion as per recommendations of the Accord and Alliance, two foreign agencies working on such upgrades.

Source: fashionatingworld.com– June 28, 2021

HOME

****

Pakistan: Keeping export recovery sustainable

Exports are likely to cross $24 billion in current fiscal year 2020-21, which will be $2.7 billion more than the export value reported in FY 2019-20 and $1 billion more than the amount reported in 2018-19, according to data extracted from the Pakistan Bureau of Statistics (PBS).

Exports increased by 14.05% from July 2020 to May 2021 compared to the same period of previous fiscal year. The recovery in exports in the midst of a pandemic speaks volumes about the efforts made by the government to ensure that a crucial source of foreign exchange earnings keeps flowing.

According to a recent press release of UNCTAD, global trade has recovered faster from the lull observed during the pandemic than it did in the last two recessions reported in 2009 and 2015.

The rebound reported from several developing countries is faster than that reported by developed countries.

The positive outlook is a result of easing of restrictions, increasing trend in commodity prices, easing of trade policy restrictions that were imposed during the pandemic as well as use of incentives and support for specific sectors.

It is important to mention that it took about four quarters after the start of the pandemic-influenced recession for trade to recover to pre-pandemic levels. The recovery of exports from Pakistan, though, started relatively earlier.

Pakistan had been reporting a rise in exports since October 2020, when exports breached the $2 billion threshold. It maintained this level for seven consecutive months till April 2021.

However, due to Covid-19 related restrictions imposed around Eid holidays in May 2021, the exports declined to $1.67 billion for the month. A recovery is again expected as Covid-19 curbs have been relaxed.

However, the question arises whether the recovery is sustainable as Pakistan's regional competitors have also relaxed their restrictions and are likely to experience a growth in their exports. They may recapture their lost market share.

In essence, with competition increasing from markets similar to Pakistan, the foreign buyers will have increasing options to revert back to their original suppliers, particularly if exporters have arm's length relationship that is relatively sensitive to price changes.

Global exports

According to data provided by the International Trade Centre's Trademap.org, total global exports were reported at $17.3 trillion, the lowest after 2016. Total global exports were at $15.9 trillion in 2016.

Interestingly, exports from China increased in 2020 while exports from the United States, Germany, Japan and the Netherlands declined. China reported its highest-ever export value of $2.59 trillion.

Exports from Pakistan declined from $23.8 billion in 2019 to $22.2 billion in 2020. Pakistan was badly hit at the onset of the pandemic as exports dived to less than $1 billion in April 2020, a 54% year-on-year decrease.

Considering the exports in terms of products, Pakistan reported an increase in exports of textile made-up articles by $200 million. It was primarily driven by the rise in exports of worn clothing and clothing accessories, which went up by $165 million.

This could be the result of a surge in demand for protective equipment as a consequence of the pandemic.

Similarly, exports of tarpaulins and tents rose by $48 million. Pakistan also reported an increase in exports of gloves and mitts as well as certain clothing apparels.

Furthermore, a 28% increase in exports of fresh or dried citrus fruit was also reported.
Although year 2020 was full of challenges to the exporters of not just Pakistan but from all over the world, it revealed that the exporters of certain products were able to take advantage of the global slowdown and expand their share in foreign markets.

On the other hand, exports of more traditional products such as cotton-based textile inputs, raw leather and hides, sugar and sugar confectionaries showed a decline in 2020. In essence, the Covid-19 shock provided an opportunity for the exporters of other non-traditional products.

Imports above $5b

Imports into Pakistan recorded a bigger surge than exports. Imports increased by 22.5% between July 2020 and May 2021 compared to the value reported in the same period of previous fiscal year.

Imports surpassed the $5 billion threshold in the past three months. Imports in May 2021 were 85.79% more than those in May 2020.

The resurgence in imports in this fiscal year has been in all major product categories, with the transport group, textile group and food group growing the fastest.

Imports of mobile phones rose by $720 million in the current fiscal year as compared to the previous year. Although imports of electrical machinery and apparatus decreased by more than 30%, the imports of office machinery and textile machinery showed an upward trend.

The increase in imports of the latter suggests new investments by textile producers, which can result in a further rise in textile exports. This is also supported by the rise in imports of raw material and intermediate goods belonging to the textile group.

Imports of completely built unit (CBU) and completely knocked down (CKD)/ semi-knocked down (SKD) transportation equipment increased by approximately $1 billion, indicating resurgence in demand for motor vehicles, which had been previously subdued due to the balance of payments crisis.

However, the pressure on the import bill from the petroleum group has been relatively subdued. Imports of petroleum crude and petroleum products were up by approximately 30%, while the increase in dollar value was marginal.

With energy demand likely to increase as pandemic restrictions are eased globally, it can again widen the trade deficit.

With economic growth projected to be higher than previously expected, the demand for imports will continue to increase. Furthermore, the rise in commodity and fuel prices will add to the equation.

However, artificial measures to curtail import growth are likely to be unproductive.

Export growth must take priority in order to earn more foreign exchange and boost reserves. This will require policies that address and overhaul the structural issues, which result not only in low export growth but dampen the profit margins of exporters. It is imperative to ensure effective trade growth strategies.

Source: tribune.com.pk– June 28, 2021

HOME

****

Pakistan's Textile Exports: Growth and Trends

The textile industry is an ever-growing market worldwide; likewise, it is considered one of the most vital sectors for Pakistan's economic growth. It is a significant contributor to its industrial exports. Over the years, this sector has seen cyclical results due to various reasons. The sector has struggled due to high manufacturing expenses, energy shortages, faulty strategies, and lack of support policies from the Government.

A worldwide recession and quality competence are also significant threats to the sector. The main segments of this sector are clothing and garments, readymade fabrics, weaved apparel, twisting sector, and processing sector. Even though most textile sales are made overseas to developed countries, the sector is still behind its South Asian regional competitors and has not performed to its full potential, particularly in recent years.

The rapid industrialization and evolving technology in other countries are helping their textile industry have modern installations capable of highly efficient fabric production, which allows industry to record more revenues.

Roadbumps towards growth

However, the journey of the textile industry in Pakistan has not been a smooth road. The emergence of the worldwide economic crisis was an instant setback, coupled with rising manufacturing expenses, escalating energy tariffs, rising prices & shortage of raw material, frail infrastructure, obsolete technology, and lack of investment were among various factors considered for the downfall of the textile industry. The major irritant in textile export growth is consistent low cotton production in the country.

Pakistan stood fourth in cotton production in 2012-13 with 11 million bales. Before that, the period between 1980-90 is considered the golden era for Pakistan regarding cotton production, when rapid growth was achieved. In 2014-15 the production increased 11 percent and held the record of 15 million bales.

However, cotton outputs in Pakistan in 2020-21 have plunged to a 21-year low to 6.5 million bales, whereas the textile sector's requirement is 15-16 million bales. It has left the textile sector with no option but to import raw cotton from the US, Brazil, and Egypt.

As a result, the textile industry will have to import at least 10 million bales of cotton in the current year to meet local demands, which will significantly increase the country's import bill.

The reasons behind this tragic drop are low profitability, poor seed quality, and lack of technology and innovations, all threatening the livelihoods of growers and the textile sector's viability. The textile export industry, which constitutes nearly 60 percent of the country's total overseas shipments, is dependent on locally grown cotton.

The massive fall in cotton production has led the textile industry to import 331,560 tons of cotton worth US$ 532.1 million compared with the last year's imports of 49,573 tons valuing at US$ 86.9 million.

Silver lining to Covid

The textile sector is on its way to recovery following the removal of Covid-19 restrictions witnessing a sharp surge in exports during the current fiscal year. However, the growth is being achieved through imports of cotton and man-made yarn. Current conditions for Pakistan's textile industry are very favorable.

Covid-19 has turned out to be a blessing in disguise for the textile industry as global buyers are increasingly turning towards Pakistan by cutting orders to regional players, resulting in 100 percent utilization of available production capacity. Almost all the major players in the country are expanding their capacity to create room for the growing number of export orders, especially for home textile.

Textile orders have shifted to Pakistan because of the more severe impact of the Covid-19 pandemic on regional countries. This has given Pakistani exporters, particularly the key market players, an opportunity to quote competitive prices and offer better quality products so that the new buyers could become their customers permanently.

Exports of 13 sectors, including value-added textiles, posted double-digit growth in July-May 2020-21 compared to the same period a year ago. Growth in exports of value-added sectors contributed to an increase in overall exports from the sectors. One of the reasons for growth in these sectors is the low base of last year when export-oriented industries remained closed due to the Covid-19 lockdown and cancellation of orders from international buyers.

Textile orders have shifted to Pakistan because of the more severe impact of the Covid-19 pandemic on regional countries. This has given Pakistani exporters, particularly the key market players, an opportunity to quote competitive prices and offer better quality products so that the new buyers could become their customers permanently.

Exports of 13 sectors, including value-added textiles, posted double-digit growth in July-May 2020-21 compared to the same period a year ago. Growth in exports of value-added sectors contributed to an increase in overall exports from the sectors. One of the reasons for growth in these sectors is the low base of last year when export-oriented industries remained closed due to the Covid-19 lockdown and cancellation of orders from international buyers.

Click here for more details
Source: globalvillagespace.com– June 28, 2021

HOME

****

Is agro-textile the future for an environmentally friendly Bangladesh?

Experts for raising awareness among farmers to drive growth in production of agro-textile goods

The use of woven, non-woven and knitted fabrics in agriculture can drive growth in both the agriculture and textile industries.

Use of biodegradable textiles in agriculture can be an emerging domestic market for the textile sector, but at the same time, leveraging the symbiotic relationship between both industries can also accelerate eco-friendly agricultural production and good agricultural practices (GAP), say experts.

And as an agriculture-based economy, Bangladesh has a great opportunity to capitalize on this emerging market; about 60% of the population is directly or indirectly dependent on agriculture.

Agro-textile mainly includes the application of textiles in agriculture, forestry, horticulture, floriculture, making fishing nets, landscape, animal husbandry, and other sectors.

Woven textile products like sunscreen, packing sack, insect meshes, control fabrics, nets and ground cover; non-woven products like mulch mat; and knitted products like plant nets and shades are in high demand for agriculture.

So, the textile sector of Bangladesh has the opportunity to expand their footprint into the domestic agricultural sector.

Fulbaria and Chawkbazar of the capital, the biggest markets of agro-textile products in the country, are home to products sold by several local textile and knitwear manufacturers from their factories in Gazipur, Narayanganj, Narsingdi, and Munshiganj.

Qurban Ali, a senior official of Marium Textile Mills — a Gazipur-based textile manufacturer — said their factory mainly produces nets and mesh fabric.

"We are now producing products targeting the domestic market. However, the farmers are not yet fully aware about using these. If they can be made aware of the use of agro-textile, the market for these products will grow bigger and agriculture will also move forward," he added.

But the use of agro-textile products has seen a rise due to their biodegradability, according to industry insiders.

An official of the Bangladesh Textile Mills Association (BTMA) said that not all agro-textile products are produced in Bangladesh.

Nearly 50 factories in the textile sector produce nets and mesh fabrics while some factories in the knitwear sector produce other agro-textile products.

"There are some problems on both sides. The market is small now as farmers are not yet fully aware about it. So, many factories are not interested in producing agro-tex products. And farmers are not interested in buying these as the prices are a bit high now," he added.

However, he said, the picture is changing.

Modernization of agriculture, mechanization, and increase of youth entrepreneurs in the sector are contributing to the increase in the use of agro-textiles.

"If the demand for the products increases in the country's market, then we have no problem in increasing production. There is a shortage of synthetic cotton, yet factories have the capacity to go into production if demand increases," he added.

Mostafa Jamal Pasha, director of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) said that a few factories in the knitwear sector may produce textile products associated with agriculture. However, a lot of agro-tex products used in agriculture are imported.

Abdullah Al Faruque, an assistant professor of the Department of Fabric Engineering under Bangladesh University of Textile (BUTex), wrote in a journal: "Bangladesh is the second-largest jute-producing country and it has a world class textile industry.

"So, they can easily start a wing for agro-textiles. There is also a huge market potential in Bangladesh and throughout the world for agro-textile," he added.

An official of the Department of Agricultural Extension (DAE) said that they are working to raise awareness among farmers to implement GAP.

“Agro-textile products are very eco-friendly. However, in order to increase its popularity widely among farmers, manufacturers have to bring the price within the reach of our farmers,” he added.

Source: dhakatribune.com– June 28, 2021

HOME

****

NATIONAL NEWS

Finance Minister Smt. Nirmala Sitharaman announces relief package of Rs 6,28,993 crore to support Indian economy in fight against COVID-19 pandemic

Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman here today announced a slew of measures to provide relief to diverse sectors affected by the 2nd wave of COVID-19 pandemic. The measures announced also aim to prepare the health systems for emergency response and provide impetus for growth and employment. Union Minister of State for Finance & Corporate Affairs Shri Anurag Singh Thakur; Finance Secretary Dr T.V. Somanathan; Secretary, DFS, Shri Debashish Panda and Secretary, Revenue, Shri Tarun Bajaj were also present during the announcement of relief package.

A total of 17 measures amounting to Rs. 6,28,993 crore were announced. These included two measures announced earlier, i.e. the additional Subsidy for DAP & P&K fertilizers, and extension of Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) from May to November, 2021.

The measures announced today can be clubbed into 3 broad categories:-

- Economic Relief from Pandemic
- Strengthening Public Health
- Impetus for Growth & Employment

Economic relief from Pandemic

Eight out of 17 schemes announced here today aim at providing economic relief to people and businesses affected by the COVID-19 pandemic. Special focus is on health and reviving travel, tourism sectors.

1.10 lakh crore Loan Guarantee Scheme for COVID Affected sectors

Under this new scheme, additional credit of Rs 1.1 lakh crore will flow to the businesses. This includes Rs 50,000 crore for health sector and Rs 60,000 crore for other sectors, including tourism.

The health sector component is aimed at up scaling medical infrastructure targeting underserved areas. Guarantee cover will be available both for expansion and new projects related to health/medical infrastructure in cities other than 8 metropolitan cities. While the guarantee cover will be 50% for expansion & 75% for new projects. In case of aspirational districts, the guarantee cover of 75% will be available for both new projects and expansion.

Maximum loan admissible under the scheme is Rs. 100 crore and guarantee duration is up to 3 years. Banks can charge a maximum interest of 7.95% on these loans. Loans for other sectors will be available with an interest cap of 8.25% p.a. Thus the loans available under the scheme will be much cheaper compared to the normal interest rates without guarantee of 10-11%.

Emergency Credit Line Guarantee Scheme (ECLGS)

The government has decided to expand the Emergency Credit Line Guarantee Scheme (ECLGS), launched as part of Aatma Nirbhar Bharat Package in May, 2020, by Rs 1.5 lakh crore. ECLGS has got a very warm response with Rs 2.73 lakh crore being sanctioned and Rs 2.10 lakh crore already disbursed under the scheme.

Under the expanded scheme, limit of admissible guarantee and loan amount is proposed to be increased above existing level of 20% of outstanding on each loan. Sector wise details will be finalized as per evolving needs. The overall cap of admissible guarantee is thus raised from Rs. 3 lakh crore to Rs. 4.5 lakh crore

Credit Guarantee Scheme for Micro Finance Institutions

This is a completely new scheme announced today which aims to benefit the smallest of the borrowers who are served by the network of Micro Finance Institutions. Guarantee will be provided to Scheduled Commercial Banks for loans to new or existing NBFC-MFIs or MFIs for on lending upto Rs 1.25 lakh to approximately 25 lakh small borrowers. Loans from banks to be capped at MCLR plus 2%.

Maximum loan tenure will be 3 years, and 80% of assistance to be used by MFI for incremental lending. Interest rates will be at least 2% below maximum rate prescribed by RBI. The scheme focuses on new lending, and not on repayment of old loans. MFIs will lend to the borrowers in line with extant RBI guidelines such as number of lenders, borrower to be member of JLG, ceiling on household income & debt.

Another feature of the scheme is that all borrowers (including defaulters upto 89 days) will be eligible. Guarantee cover will be available for funding provided by MLIs to MFIs/NBFC-MFIs till March 31, 2022 or till guarantees for an amount of Rs. 7,500 crore are issued, whichever is earlier.

Guarantee will be provided upto 75% of default amount for upto 3 years through National Credit Guarantee Trustee Company (NCGTC)

No guarantee fee to be charged by NCGTC under the scheme.

Click here for more details

Source: pib.gov.in– June 28, 2021

HOME

****

In a boost to MFIs, FM hikes ECLGS limit by ₹1.5-lakh cr

To encourage lending, Sitharaman announces ₹7,500-crore credit guarantee to MFIs for loans from banks

The Centre's move to enhance the overall limit of Emergency Credit Line Guarantee Scheme (ECLGS) by ₹1.5-lakh crore and its announcement of ₹7,500-crore credit guarantee to microfinance institutions (MFIs) forloans from banks echoed well with industry and microfinance players, which felt that these measures would encourage banks to lend more in these pandemic times.

Alok Misra, MFIN CEO and Director, said the credit guarantee scheme to MFIs will play a catalytic role in facilitating credit to MFIs and their customers in these difficult times.

"Of special mention is the coverage of term loans from scheduled commercial banks to MFIs unlike only CPs/NCDs in last year's scheme, which will allow smaller MFIs to be covered.

Other specific measures introduced in the scheme in terms of eligibility of standard customers, pricing directions, focus on new lending and guarantee up to 75 per cent of default amount will ensure that the scheme benefits the microfinance customers in a substantive way.

MFIN is grateful that its suggestions as the Industry's body and SRO were considered," Misra said.

Sadaf Sayeed, CEO-Muthoot Microfin Ltd, said that the credit guarantee scheme will give the much-needed initiative to push credit growth in rural economy. This scheme is an improved version of PCGS of 2020, here the interest rates for banks are capped.

This scheme is targeted at incremental lending, tenor can be up to three years, which was mostly 12-18 months last time.

"Considering there is no moratorium this time, even loans up to 89 days past dues can be covered under this guarantee scheme, this will be a huge benefit for borrowers facing difficulty because of Covid," Sayeed said.

More jobs

HP Singh, Chairman & Managing Director, Satin Creditcare Network Limited, said the announcement of the eight key relief measures will help generate employment, ease the burden of borrowers and give a boost to the revival and return to normalcy.

Reacting to the announcement of ₹7,500-crore credit guarantee to MFIs for loans from scheduled commercial banks at low rates (MCLR + 2 per cent), P Satish Executive Director of Sa-Dhan, said, "we are glad that the Finance Minister has taken a favourable view on our request to her in our last memorandum of April 28, 2021, for various relief measures for the MFIs affected by the second pandemic wave.

Due to this credit guarantee, banks will have confidence and comfort to lend to microfinance institutions at reasonable rates during present challenging times. We are extremely happy as microfinance clients will have immediate access to loans once the lockdowns start easing and livelihood activities pick up."

Source: thehindubusinessline.com– June 28, 2021

HOME

****

FIEO calls for Indian shipping line, more FTAs with trading partners for big export push

The industry body expressed its commitment to promote services exports which have had an encouraging graph during the pandemic, with digitization helping the IT & ITES.

Addressing the container shortage and consequent surge in freight rates, Federation of Indian Export Organisations (FIEO) on Monday noted how the freight rates had skyrocketed from the pre-pandemic period. A 40-feet container to the United States before Covid, it stated, was costing $2,000 and now it is priced between $6,200 and $6500.

Similarly, for Europe the cost was $1,200-$1500 earlier, which has gone up to $5,500. "While freight increase is a global phenomenon, we may be suffering more as we have a fairly large MSMEs in exports, who have very less negotiating power. We require an Indian shipping line of global repute in the country," FIEO said in its statement.

It further stated that a large shipping company in India was the need of the hour since we remit about $65 billion every year as the transport charges overseas and yet remain at the mercy of foreign shipping lines.

The export organisation also urged the industry and government to increase their marketing budget for exports, saying that a big push can come from FTAs with major trading partners like the US, UK and EU. "Such FTAs will help in attracting FDIs particularly those looking at both the Indian markets and exports. One of the reasons for the success of Vietnam, in attracting investment and relocating units, is its effective FTAs with the rest of the world," A Sakthivel, President, FIEO stated.

Stressing how the government is aiming at an export of $400 billion in the current fiscal, Sakthivel added that even though this looks ambitious, it is certainly achievable.

"Such a target requires aggressive marketing strategy and venturing into new markets. My priority will be export promotion. I will create an export promotion cell to identify new markets and new products. I will coordinate with all councils for product development and export promotion," he highlighted.

Under additional marketing efforts, he urged the government to look into enhancing Market Access Initiative funds from the current level of Rs 200 crore. “Alternatively, a planned scheme for marketing aimed to take exports to $1 trillion in next five years may be rolled in with a minimum corpus of Rs 1000 crore annually,” he said.

Exports have shown a positive trajectory in April and May, giving hope for a good momentum to continue this year despite Covid’s second wave that ravaged the nation. While India’s exports in April were recorded at $30.63 billion, in May exports grew 67.4% to $32.2 billion versus last year.

Drawing attention to growth in agriculture exports and sunrise sectors like electronics, machinery, pharma, networking products being a bright spot, Sakthivel said India’s focus on organic and value added exports will help agri exports. “The Production Linked Incentive (PLI) Scheme will help the sunrise sectors as investments have started flowing in. We will build a production base in the country in the next 2-3 years to augment our exports,” he added.

The industry body also expressed its commitment to promote services exports which have had an encouraging graph during the pandemic, with digitization helping the IT & ITES. “While retaining our current position in software, we need to push other services as well.

12 Champion sectors, identified by the Government, require an enabling ecosystem to thrive and FIEO would be working with the Government in this direction. Our hospitality and aviation sector require little more handholding, being the worst victim of the pandemic,” he said.

Source: economictimes.com– June 28, 2021

HOME

****

Scrap import duty on cotton as it hurts garment exports, trade body tells Centre

CAI writes to FM, points to shortfall in extra-long staple cotton production

Our Bureau Reiterating its demand for withdrawal of 10 per cent customs duty on cotton imports, trade body Cotton Association of India (CAI) has expressed concerns of India losing its competitiveness to China, Pakistan and Bangladesh in the international market. With 10 per cent customs duty on cotton varieties including extra-long staple (ELS), the export-oriented garments and cotton-madeups become costlier thereby giving an edge to the close competitors.

The 10 per cent customs duty was imposed on cotton imports on February 2, 2021. The CAI has written a letter to the Union Finance Minister Nirmala Sitharaman seeking the withdrawal of duty. In the letter, Atul Ganatra, President, CAI, said that India produced merely 5-6 lakh bales (each of 170 kg) of ELS variety of cotton as against the local requirement of about 12 to 15 lakh bales of ELS and about 5-7 lakh bales of non ELS contamination-free sustainable cotton.

Shortfall

"India hardly produces this type of cotton and there is a clear shortfall of the same. India requires such ELS and contamination-free sustainable cotton not produced in our country to cater to the international demand. Due to the imposition of 10 per cent import duty on cotton, this raw material, which is being imported in India, has become costly thus reducing our competitiveness vis-à-vis other countries like China, Bangladesh, Pakistan and Vietnam," Ganatra said.

CAI has urged the Finance Minister that 10 per cent import duty levied on cotton is not in the interest of the nation as it does more harm than good and interest of our domestic textile industry would be served better if 10 per cent import duty levied on cotton is withdrawn immediately. The cotton has been under Open General License (OGL) Scheme without any quantitative and qualitative restrictions for last several decades.

Moreover, prices of ELS cotton in India are very high and the range of ELS Kapas rate in the country is in between ₹8,500 to ₹9,000 per quintal which is higher by about ₹2,500 or about 30 per cent than the Minimum Support

Price (MSP). Therefore, the interest of the farmers is not impacted adversely by removal of 10% import duty on cotton, Ganatra said. Cotton Association of India believes in free trade policy both for export and import of cotton and support no duties to be levied, the letter said.

Emphasising on the urgent need for withdrawal of import duty, Ganatra stated that if the import duty is not removed, our domestic prices will go up further and create more hardship to the domestic textile sector viz. spinning, weaving and garment industry. Cotton prices in the domestic markets have already gone up from ₹43,600 per candy (each of 356 kg of processed ginned 29.5 mm cotton) in January 2021, to ₹51,800 per candy now, indicating nearly 20 per cent rise in the prices.

Source: thehindubusinessline.com– June 28, 2021

HOME

****

Exporters body wants more 'aggressive' marketing initiatives in trade policy

Want FTAs to be expedited as it could help counter competition from emerging countries like Vietnam

Exporters want the government to enhance allocation for marketing initiatives in the five-year Foreign Trade Policy (FTP) likely to be announced in October.

The ambitious export target of $400 billion set by the government for the current fiscal is achievable but it requires aggressive marketing strategy and venturing into new markets, exporters body FIEO has said.

"I will urge the government to look into enhancing Market Access Initiative funds from the current ₹200 crore. "Alternatively, a planned scheme for marketing aimed to take exports to $1 trillion in next five years may be rolled with a minimum corpus of ₹1,000 crore annually," FIEO President A Sakthivel said at a press conference on Monday.

Sakthivel also expressed hopes that the value of the Indian rupee, which had appreciated against the dollar for a long time and is now falling again, would reach ₹75 soon and in turn increase the competitiveness of Indian exports. On revival of exports following the beating last year because of Covid-19 disruptions, Sakthivel said that free trade agreements with countries including the UK, Europe, Australia, and the US would help further push the country's exports.

"One of the reasons for the success of Vietnam, in attracting investment and relocating units, is its effective FTAs with the rest of the world. It is extremely encouraging that the government is moving simultaneously with many trade partners in this direction. We are confident that the industry will play a pro -active role in such negotiations and will give required elbow room to our negotiators," he said.

The push for marketing may come from these agreements and such pacts will also help in attracting foreign investments particularly those looking at both the Indian markets and exports.

Many of our traditional sectors of exports have not done well in the past with increasing competition from emerging countries. "We need to understand the factors responsible for such performance, engage with the industry and pursue with the government to address them as these sectors are crucial for job creation," he added.

On the issue of rising fuel prices and its effect on exports, he said that there should be a provision of regular revision of RoDTEP rates to factor in the rise in fuel costs as no taxes should be exported.

Source: thehindubusinessline.com– June 28, 2021

HOME

****

Increasing ECGC cover will benefit the sector: Exporters

Providing additional corpus to NEIA will also ease liquidity crunch, mitigate risks

The government's decision to boost export insurance cover by infusing equity in Export Credit Guarantee Corporation (ECGC) and providing additional corpus to the National Export Insurance Account (NEIA) for project exports over the next five years would help ease liquidity crunch and mitigate risks, say exporters.

The decision to infuse equity in ECGC over five years to boost export insurance cover by ₹88,000 crore, announced by Finance Minister Nirmala Sitharaman on Monday, would certainly benefit exporters as there will be higher leverage for banks towards export finance, said Rakesh Kumar, an exporter of handicrafts and Director General of the Export Promotion Council for Handicrafts. "As the coverage for exporter under ECGC would increase, it would encourage many more exporters to avail of the services of ECGC and mitigate their risk," he told BusinessLine.

ECGC promotes exports by providing credit insurance services and support around 30 per cent of India's merchandise exports.

Bright future

While the ECGC has, at present, been managing to provide facility to all exporters, augmenting the funding is a welcome move and shows positivity for the future, said Sanjay Jain, Chairman, Confederation of Indian Textile Industry.
"In the long term, as the ECGC gets better capitalised, it can provide more support to the exporters as their need for insurance increases," Jain explained.

The planned infusion of additional equity will make ECGC stronger and increase exports, if the scheme starts covering risky importers also, said Anupam Shah, an engineering goods exporter.

"It is only by increasing our importer base can we increase our exports," he added.

Both the announcements on enhancing ECGC cover and increasing corpus for National Export Insurance Account (NEIA) for project exports are encouraging at a time when liquidity challenges and risks are increasing exponentially for the exporting community, said Ajay Sahai, Director General, FIEO.

Extending risk covers

The decision to provide ₹33,000-crore boost for project exports through NEIA is likely to support more medium and long-term project exports by extending risk covers. The NEIA provides covers to buyer's credit, given by EXIM Bank, to less creditworthy borrowers and supports project exporters. "Augmenting NEIA will facilitate merchandise and services exports and open opportunities in project exports," said Sahai.

India's goods exports in April-March 2020-21 fell by 7.26 per cent to $290.63 billion compared to the previous fiscal. as the pandemic slowed down production and demand worldwide. Exports, however, seem to be back on the growth track in the new fiscal with a 112.29 per cent growth in April-May 2021 to $62.84 billion compared to the same period last year.

Source: thehindubusinessline.com– June 28, 2021

HOME

****

Exports target of $400 bn for FY22 requires aggressive marketing strategy: FIEO

The 'little ambitious' exports target of USD 400 billion for the current fiscal is achievable but it requires aggressive marketing strategy and venturing into new markets, FIEO said on Monday.

Federation of Indian Exports Organisation (FIEO) President A Sakthivel also said that free trade agreements with countries including UK, Europe, Australia, and the US would help further push the country's exports.

He said that push for marketing may come from these agreements and such pacts will also help in attracting foreign investments particularly those looking at both the Indian markets and exports.

"One of the reasons for the success of Vietnam, in attracting investment and relocating units, is its effective FTAs (free trade agreement) with the rest of the world. It is extremely encouraging that the government is moving simultaneously with many trade partners in this direction," the new President told reporters.

He urged both the Industry and the government to increase their marketing budget. Sakthivel suggested the government to look into enhancing Market Access Initiative funds from the current level of Rs 200 crore and formulation of a scheme for marketing aimed to take exports to USD 1 trillion in the next five years may be rolled in with a minimum corpus of Rs 1,000 crore annually.

"The government aims at the export of USD 400 billion in the current fiscal. This looks a little ambitious but certainly achievable... Such a target requires an aggressive marketing strategy and venturing into new markets. My priority will be export promotion. I will create an export promotion cell to identify new markets and new products," he said.

FIEO also plans to create direct communication with all Missions and utilise its services to sell Indian products and services in the global markets. Further, he said, "exports should be a national priority" and all the stakeholders should work in tandem to achieve it.

Source: financialexpress.com– June 28, 2021

HOME

****

Cotton body seeks withdrawal of 10% customs duty

The Cotton Association of India (CAI) has reiterated its request to the government to withdraw 10% customs duty imposed on cotton since February 2 this year.

In a letter addressed to finance minister Nirmala Sitharaman, CAI president Atul S Ganatra said cotton has been under the open general licence (OGL) scheme without any quantitative and qualitative restrictions for last several decades.

India produces merely 5 to 6 lakh bales of ELS (extra-long staple) cotton, against the actual requirement of about 12 to15 lakh bales, and about 5 to 7 lakh bales of non-ELS contamination-free sustainable cotton, he said.

"India hardly produces this type of cotton and there is a clear shortfall of the same. India requires such ELS and contamination-free sustainable cotton which is not produced in our country to cater to international demand," Ganatra said.

Ganatra said due to imposition of 10% import duty on cotton, raw material has become costly, which is reducing India's competitiveness vis-à-vis countries like China, Bangladesh, Pakistan and Vietnam.

Moreover, prices of ELS cotton in India are very high and the range of ELS kapas rate is in between Rs 8,500 and Rs 9,000 per quintal, which is higher by about Rs 2,500 i.e. about 30% higher than the minimum support price (MSP), he said.

"Therefore, the interest of the farmers won't be impacted adversely by removal of 10% import duty on cotton. If the import duty is not removed, domestic prices will go up further and create more hardship to the domestic textile sector," Ganatra said.

Source: financialexpress.com– June 29, 2021

HOME

****

‘Reforms will trigger sustained economic growth’

Optimistic about V-shaped recovery, says KV Subramanian, Chief Economic Advisor

The second generation reforms initiated by the government over the past two and half years will ensure India is on a strong growth phase over the decade, according to Chief Economic Advisor KV Subramanian.

“While the second wave seems to have passed off quickly, I am cautiously optimistic about a V-shaped recovery over the next few months and during the current fiscal. The reforms initiated by the Government over the past two and half years will trigger a phase of sustained economic growth making it amongst the fastest growing economies in the world,” he said.

Delivering the second Om Prakash Tibrewala Endowment lecture on India’s Economy: Recovery and way forward, the CEA said “after the first Covid wave in 2020, which impacted the country’s economy due to lockdown, when the GDP was down by 24 per cent in Q1, there has been a steady and gradual recovery. The huge capital expenditure made by the Government has resulted in a quick V-shaped recovery.”

Later, during the Q&A session, he said that the Government had predicted a 11 per cent GDP growth this fiscal. However, after the second wave, the RBI had predicted a 9.5 per cent GDP growth.

‘GST a pointer to trend’

“We believe, based on various macro indicators that the recovery is underway. India is poised for a high positive growth after last year’s decline.”

Citing some of the parameters to make such judgement, he said that GST collections, which have been consistently topping over ₹1-lakh crore in spite of the economic and business disruptions is a good pointer for a positive trend.

On being asked about the huge target set by government for divestment and whether the they would be able to achieve these targets, the CEA expressed confidence that this will gather momentum in the next three quarters with LIC and BPCL being the major ones.

Divestment

"Even though some believe that about three months has been lost due to the second pandemic wave, the divestment process is poised to accelerate. One need not worry as the ground work for divestment is going on from the last fiscal itself and things are ready to take this forward," he explained.

'Sustained impact'

"The reform process initiated now like the one during the PV Narasimha Rao-led government in the 1990s will have far reaching impact on the country's economy. As the economy is on the recovery path, we are poised for a much accelerated growth from 2023 onwards," he said.

The CEA said "the benefits of economic reforms in a large country like India show up with a lag. Just like the reforms initiated in the 90s are felt even now, one will see the benefits of second generation reforms over the decade/s."

Source: thehindubusinessline.com– June 28, 2021

HOME

****

Now, Ludhiana textile companies can export yarn, goods via train to Bangladesh

In a new initiative by Indian railways, the transportation of raw material like yarn, fabric and goods from Ludhiana's textile and garment companies will be exported directly by train to Bangladesh.

Railway's Ambala division in collaboration with MGH Group has started this facility and on Sunday it was for the first time railways loaded a special parcel train full of cotton yarn beyond the country borders to Benapole in Bangladesh from Ambala Cantt station.

This train, which consists of 20 parcel vans (VPU), was flagged off on Monday in the presence of senior railway officials at Ambala.

According to the Railways, the customers opting for this facility will get end to end transportation solution like exporting yarn, Fabrics & FMCG (Fast Moving Consumer Goods) from their respective factories across Ludhiana and Baddi to their buyers' factories in Bangladesh including the customs clearance on both the sides of border.

Some of the potential customers form Ludhiana include Aarti International, Cedaar Textiles, Garg Acrylic, Nahar Spinning & Vardhman Textiles.

Speaking on the occasion, Senior DCM, Vivek Sharma said, "Earlier, the businessmen in and around Punjab & Haryana were transporting commodities like yarn, fabrics & goods by road to Bangladesh in small quantities and at very high freight cost.

During the lockdown period, they were unable to transport these by road and it was then Railway staff and Officials approached the consignors and explained them about the facilities to transport by Rail. Accordingly, they have moved the cotton yarn by rail in bulk through goods trains, but for moving the consignment by Goods trains, it is mandatory for the farmers and merchants to mobilise the quantity in bulk."

Sharma also added, "To mitigate this problem and to facilitate the Rail users to move their quantities in smalls like up to a maximum of 500 tonnes in each trip, Ambala Division of Northern Railway took the initiative and started the Special Parcel train to Bangladesh. This has helped the merchants to market their products beyond the country border by transporting the Cotton Yarn in small quantities through Special Parcel train. Accordingly, one special parcel train consisting of 20 parcel vans moved to Benapole in Bangladesh.

Each VPU was loaded with 430 cartons, weighing around 23 tonnes and the total weight carried by the special parcel express is around 468 tonnes. The cost per tonne for carrying by Special Parcel train is Rs 5,491 and which is very cheap and economical as compared to Road transport which is much higher. This will be the first of its like traffic from Northern Railway catering the yarn industry of Northern India & earned the freight of Rs 25,69,630."

According to Sunil Tangri, commercial head of Vardhman Textiles, Ludhiana, "The train service to Benapole will help the whole textile industry in this region to commit to stringent delivery schedule and that in turn will increase India's exports and boost economic trade between two neighboring countries."

Source: timesofindia.com– June 28, 2021

HOME

****