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INTERNATIONAL NEWS

US textiles & apparel imports up 28.14% in Jan-August 2021

The import of textiles and apparel by the United States increased by 28.14 per cent to $71.365 billion in the first eight months of 2021, compared to $55.695 billion in January-August 2020. With 27.67 per cent share, China was the largest supplier of textiles and clothing to the US during the eight-month period, followed by Vietnam with 14.25 per cent share.

Apparel constituted the bulk of textiles and garments imports made by the US during the initial eight months of this year, and were valued at $50.439 billion, while non-apparel imports accounted for the remaining $20.925 billion, according to the latest Major Shippers Report, released by the US department of commerce.

Segment-wise, among the top ten apparel suppliers to the US, imports from Pakistan, Honduras and Nicaragua shot up by 66.71 per cent, 65.69 per cent and 48.04 per cent year-on-year respectively. On the other hand, imports from Indonesia registered only a single-digit increase of 5.45 per cent compared to the same period of the previous year.

In the non-apparel category, among the top ten suppliers, imports from India, Turkey and Italy soared by 68.30 per cent, 59.83 per cent and 58.22 per cent, respectively. The sharp rise in numbers is due to the base effect, as imports were disrupted last year due to the COVID-19 pandemic.

Of the total US textile and apparel imports of $71.365 billion during the period under review, cotton products were worth $31.193 billion, while man-made fibre products accounted for $36.874 billion, followed by $1.876 billion of wool products, and $1.419 billion of products from silk and vegetable fibres.

In 2020, the US textile and apparel imports had decreased sharply, mainly on account of the COVID-19 pandemic induced disruption, to $89.602 billion compared to imports of $111.033 billion in 2019.

Source: fibre2fashion.com– Oct 09, 2021

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Egypt claims 30% rise in cotton production this year

Egypt has achieved a relative relief in cotton plantation this year by raising its production by 30 per cent during 2021. Celebrating World Cotton Day on October 7, the Egyptian cabinet said cotton cultivation and production have witnessed an increase compared to last year. They attributed global cotton price and high demand to the rise in production.

Cotton production is expected to be about 1.6 million kantars (a kantar equals to 45.02 kg), with an increase of 30 per cent in production compared to last year, according to an Egyptian newspaper report. Egypt is famous for its extra-long staple cotton.

Egypt increased the cultivated area this year to 236,000 feddans (one feddan equals 1.038 acres or 0.42 hectare) compared to 182,000 feddans last year, said head of the Egyptian Farmers' Syndicate Hussein Abu Saddam in a statement.

The global stock of cotton is projected to decline by 5 per cent to reach 86.7 million bales (one bale equals 170 kg) this year because of the decline of the stocks in China, said the US Department of Agriculture.

In its annual report on Egypt's cotton on March 31, 2021, the US Department of Agriculture said that "cotton area harvested in Egypt was forecast to increase seven percent to 70,000 hectares (ha), from 65,000 ha in MY 2020/21." It added that Egypt's production is estimated to increase to 250,000 bales this year compared to 215,000 bales in the previous year.

The GOAC said that 21 countries led by India, Pakistan and Bangladesh imported Egyptian cotton from October 2020 to September 2021, amounting to 88,452.58 tons of cotton.

Source: fibre2fashion.com– Oct 09, 2021

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Europe's Better Cotton revises standard and principles

Better Cotton has launched a revision of the Better Cotton principles and criteria – one of the key instruments of the Better Cotton Standard System, which works to drive the cotton sector towards a more sustainable, equitable and climate-friendly future. The Better Cotton principles and criteria lay out the definition of Better Cotton through 7 principles.

The principles are applied by more than 2.7 million cotton farmers around the world. By following these principles, farmers produce cotton in a way that is measurably better for themselves, their communities, and the environment, Better Cotton said in a press release.

The revision process aims to strengthen the Better Cotton principles and criteria to ensure they continue to meet best practice, are effective and locally relevant, and align with Better Cotton's 2030 Strategy. Over the last five years, Better Cotton has seen increasing focus on areas such as climate change, decent work, and soil health, and the principles and criteria revision is an opportunity to ensure the Better Cotton Standard System aligns with leading practice and supports ambitions to drive field-level change.

"At Better Cotton, we believe in continuous improvement – not only for Better Cotton Farmers, but for ourselves as well. In line with codes of good practices for voluntary standards, we periodically review the Better Cotton principles and criteria. This helps to ensure we keep up with innovative agricultural and social practices, and the latest scientific and technological research," said Chelsea Reinhardt, director of standards and assurance, Better Cotton.

The revision process will include extensive consultation and engagement from all Better Cotton stakeholders, from producers and worker representatives to technical experts, other cotton initiatives, and retailers and brands. The revision process is expected to run from October 2021 through to early 2023.

Source: fibre2fashion.com– Oct 08, 2021

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Brazil's cotton production, exports to rise as consumption drops

Cotton production and exports of Brazil may go up in the current market year (MY) 2021-22 (August 2021 – July 2022) as the area under cotton plantation is expected to rise. The increased production and exports may be attributed to the global cotton price rise, the country weak domestic currency and the decreasing domestic consumption of cotton.

Area of cotton harvested in Brazil went down by 15.43 per cent from 1.62 million hectares in MY 2019-20 to 1.37 million hectares in MY 2020-21, according to TexPro, Fibre2Fashion's market analysis tool. But it is expected to move up by 5.84 per cent to reach 1.45 million hectares in MY 2021-22.

The country produced 2.72 million metric tons of cotton in MY 2019-20 and 2.46 million metric tons in MY 2020-21. The production in the current market year is expected to go up by 8.95 per cent to 2.68 million metric tons.

Brazil's exports have been on the rise. They increased by 25.26 per cent from 1.92 million metric tons in MY 2019-20 to 2.40 million metric tons in MY 2020- 21 and are now likely to touch 2.42 million metric tons in MY 2021-22.

As for the domestic consumption of cotton, it went down by 10.14 per cent to 0.67 million metric tons in MY 2020-21 from 0.74 million metric tons in MY 2019-20, according to TexPro. The consumption is likely to fall again in current MY 2021-22 to 0.63 million metric tons.

Source: fibre2fashion.com– Oct 08, 2021

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Far East-Middle East trade badly hit by lack of capacity: DHL

Port congestions around the globe are forcing ocean freight carriers to adjust service rotations or omit ports, depressing schedule reliability to an all-time low. As carriers shift capacity to the big East-West trades, dedicated Far East-Middle East services have been worst hit, says the latest Ocean Freight Market Update, released by DHL Global Forwarding.

None of the dedicated Central China-Middle East services operated by the big carriers currently offers weekly sailings, according to the October 2021 edition of the report.

The shortage of capacity in the Far East-Middle East trade route in not only a result of port congestion; but also, because many ships have been redeployed to the main East-West routes (i.e. from Asia-Pacific to US/Europe), where cargo demand is very strong and spot freight rates are at historical highs.

On September 14, only 29 ships were deployed on Central China-Middle East services, while 50 would be required according to pro forma schedules. As a result, "almost half of all sailings on this route have to be blanked, as the services not only lack some 40 per cent of the pro forma capacity but also require additional ships as vessels can no longer complete a round trip in seven weeks due to port congestion and long waiting times at anchorage," the DHL Global Forwarding report said.

Interpreting the situation for supply chains globally, Niki Frank, CEO South Asia and CEO India at DHL Global Forwarding, shared on his LinkedIn page, "Different times call for different measures. Whoever still believes that price is the key aspect in managing your supply chain these days has unfortunately not understood the new reality.

The report highlights what has become much more important: resilience, innovation and focus on strategic relationships that are helping companies navigate challenging conditions that continue to disrupt supply chains globally."

The share of the global cellular fleet deployed in the Asia-Europe and Asia-North America trade routes increased from 34.6 per cent on July 1, 2020 to

41.4 per cent on July 1, 2021. Transpacific capacity has risen 30.6 per cent year-on-year.

In the US, drastic increase in dwell times due to chassis and equipment shortages still remains a big challenge. However, globally, the demand for ocean freight carriers is expected to remain high, with rates continuing to spike across all regions.

DHL Global Forwarding, Deutsche Post DHL Group's leading international provider of freight services, offers logistics solutions to help companies around the globe improve the efficiency and cost-effectiveness of their supply chains. The division features services like Air Freight, Ocean Freight, Customs, Same Day, Road Freight, Rail Freight and much more.

Source: fibre2fashion.com– Oct 08, 2021

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Cotton Moves To A Decade High

This article was written exclusively for Investing.com.

- The bullish baton passes to cotton
- The 2011 high was unsustainable
- $1 cotton during the offseason
- The latest WASDE report was bullish
- BAL is the cotton ETN product

The cotton futures market had been trending higher since early April 2020 when it reached rock bottom at 48.35 cents per pound, the lowest price in over a decade since 2009. Cotton futures recovered and rose above 50 cents by the end of April 2020. In June, the fluffy fiber eclipsed the 60 cents level, and in October and November 2020, the 70 cents level gave way to higher prices.

In January 2021, cotton futures rose above 80 cents leading to a move over 90 cents in February. After consolidating between just below 80 cents and just above 90 cents from February through August, it looked like cotton hit an upside wall on Sept. 20 when the price took an elevator lower. The active month December futures contract plunged from 92.42 to a low of 88.95 cents on the day the stock market ran into a bout of selling. The total number of open long and short positions in the cotton futures arena fell from 272,703 to under 263,000 contracts as some speculative longs scrambled for an exit.

The cotton correction turned out to be a one-day wonder as the price surged, moving over the $1 per pound level for the first time since 2011 in late September.

The bullish baton passes to cotton

Over the past months, the other soft commodities rose to multi-year highs. Coffee futures moved to the highest price since February 2014 in July when coffee eclipsed the $2 per pound level. Nearby sugar futures moved to the highest level since February 2017 in August when the sweet commodity traded above 20 cents per pound. Orange Juice futures reached the highest price since October 2018, when they traded at $1.48 per pound in September. Even nearby cocoa futures made a new high for 2021 last week. ICE cotton futures experienced the most dramatic move.

The 2011 high was unsustainable

In 2011, cotton reached an all-time high at $2.27 per pound. During the global financial crisis in 2008, the price fell to a low of 36.70 cents before exploding higher and peaking in 2011.

The chart illustrates the move that took cotton futures eight and one-half times higher from the 2008 lows to the 2011 high. A price over $2 proved unsustainable as producers increased output, pushing the price below the $1 level in 2011. Cotton futures had not traded above $1 from late 2011 through late September 2021.

$1 cotton during the offseason

Cotton tends to rally during the spring as uncertainty over the annual crop reaches a peak. In late 2021, cotton is exploding higher on the back of pent-up demand in the wake of the coronavirus and ongoing supply chain issues. China is importing cotton from the US, making goods, and shipping them back to the US as demand for clothing has been rising. According to the US Department of Agriculture, US export sales of cotton to China since Aug. 1 surged 83% on a year-on-year basis. The post-pandemic demand surge for consumer goods has caused the USDA to project Chinese cotton consumption for the current marketing year to be 41 million bales, 24% higher than over the past two marketing years.

The latest WASDE report was bullish

The latest USDA World Agricultural Supply and Demand Estimates report was bullish for the cotton market. On Sept. 10, the USDA said:

"Beginning stocks are slightly lower than last month in the 2021/22 US cotton estimates, but a much larger increase in production means that both exports and ending stocks are higher than estimated in August. US cotton production is forecast at 18.5 million bales, up 1.2 million bales despite a 4 percent decline in harvested area, largely due to increased projected yields in Texas. With both world trade and US supplies higher this month, US exports are 500,000 bales higher and ending stocks are 700,000 bales higher. A higher season average farm price for upland cotton is also expected, up 4 cents per pound from last month to 84 cents. World 2021/22 cotton ending stocks are 540,000 bales lower this month as a 1.4-million-bale world consumption increase spread over 2021/22 and the year before more than offsets a 750,000-bale increase in 2021/22 world production.

Consumption is projected higher in both years for Pakistan, Bangladesh, Brazil, and several smaller countries. Turkey's consumption was also increased 100,000 bales for 2021/22, and Vietnam's lowered by the same amount due to recent problems with COVID-19. World 2021/22 production is higher this month as increases for the United States, Australia, and Argentina offset declines in India, Greece, and several countries in West Africa's Franc Zone. World trade in 2021/22 is still projected down from the previous year's record 48.5 million bales, but is projected 500,000 bales higher than in August, at 46.8 million bales."

The monthly WASDE report is the gold standard for fundamental data. The USDA said that US stocks edged lower, but an increase in output pushed ending US inventories higher. Meanwhile, rising worldwide consumption sent 2021/2022 global ending inventories 540,000 bales lower. The cotton market initially experienced selling after the Sept. 10 report, but the move under 90 cents became a launchpad for a move to a decade high.

BAL is the cotton ETN product

The most direct route for a risk position in the cotton arena is via the futures on the Intercontinental Exchange. The iPath Cotton Subindex ETN product (NYSE: BAL) provides market participants an alternative to the futures market. BAL has $13.484 million in assets under management and trades an average of 11,031 shares each day. The ETN charges a 0.45% management fee. Cotton futures rallied by just over 28% from the Sept. 20 low to the most recent high on Oct. 6.

Bull markets tend to move much higher than logic, reason, and rational analysis suggests possible. We witnessed an irrational move in 2011 that took the price to $2.27 per pound. At the 2011 high, garment manufacturers turned to synthetic fibers to produce products as cotton's price became prohibitive. Cotton will eventually reach a peak, but the current trend remains a bullish freight train.

Source: in.investing.com– Oct 08, 2021

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Tehran to host intl. textile industry expo this week

– The International Trade Fair for Clothing, Fashion, Accessories, Design, and Affiliated Industries (Tehran Modex) is scheduled to be held at Shahr-e-Aftab International Exhibition Center during October 12-15, IRNA reported.

According to the Chairman of Iran's Union of Garments Manufacturers and Sellers Abolqasem Shirazi, over 100 production units active in the textile and clothing industry are going to participate in the mentioned exhibition.

"By holding this exhibition, the export capacities and potentials of medium-sized units will also be introduced in order to support domestic producers," the official said.

Shirazi noted that in recent years, with the ban on the import of clothing and the battle against the smuggling of such products, domestic manufacturers in this industry had a good presence in both domestic and export markets. According to him the complete chain of the textile industry including design, production, and raw materials are present in this exhibition.

"This exhibition can be a platform to introduce designers and manufacturers to each other to cooperated for producing cloths with Iranian identity," he added.

He emphasized that the government can organize and promote the clothing exports in the near future, adding: "The exports of Iranian garments to the world markets are scattered which can become more focused and expand rapidly to more markets in the future."

Referring to the export of some clothing products to European countries, including Germany, he said: "Iraq, Turkey, Afghanistan, and Armenia as neighboring countries are other buyers of Iranian clothing."

Shirazi stressed the fact that along with the export of garments, Iranian culture is also introduced to the world, saying: "We have no shortage to supply the domestic market along with exports, and production units will continue to operate at full capacity."

The official had earlier said that domestic units are supplying 70-80 percent of the requirement for clothing inside the country.

“After the ban imposed on the imports of clothing, domestic units are taking all endeavors to boost the quality and quantity of their products in a way that we saw no shortage in clothing market before the new year holiday (early March),” he said in early July.

The value of Iran’s garment exports reached over $113 million during the previous Iranian calendar year 1399 (ended on March 20) to register a 99-percent rise year on year, according to Afsaneh Mehrabi, the director-general of the Weaving and Garment Industries Department of the Ministry of Industry, Mining and Trade,

Iran exported $59 million worth of the mentioned products in the Iranian calendar year 1398 (ended in March 2019).

Source: tehrantimes.com– Oct 10, 2021

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Turkey's textile exports increase by 41% during January-August'21

According to the export report published by the Istanbul Textile and Raw Materials Exporters' Association (ITHIB), Turkey's textile exports increased by 41 per cent to $8.2 billion during the January-August period of 2021. In August, the sector's exports increased by 36 per cent to $1 billion compared to the same period of the previous year, reaching the highest August export figure of all time.

AhmetÖksüz, Chairman, ITHIB, predicts, by the end of the year, Turkey will reach its export target of $12 billion by breaking the historical record of the Republic. Together with the ready-to-wear industry, the industry aims to have a foreign trade surplus of $18.6 billion at the end of the year.

Öksüz disclosed that Turkey rose to the fifth rank in world textile exports in 2020, and its market share continues to increase in the European Union countries. The industry recorded significant increases of up to 60 percent in all country groups, especially in the American countries, other European countries and Former Eastern Bloc Countries, besides the EU.

Source: fashionatingworld.com– Oct 09, 2021

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Cotton prices just hit a 10-year high. Here's what that means for retailers and consumers

The last time cotton prices were this high, it was July 2011.

"In 2011, we needed a prayer meeting," Levi Strauss Chief Executive Chip Bergh told investors on an earnings call Wednesday.

Bergh recalled how he had just joined the denim retailer and was learning his way around Levi's business. But he was also staring down a historic surge in cotton prices. Cotton had skyrocketed above $2 a pound, as demand for textiles rebounded from a global financial crisis, while India — a major cotton exporter — was restricting shipments to help its domestic partners. The price of a cotton T-shirt rose about $1.50 to $2, on average, National Retail Federation Chief Economist Jack Kleinhenz said. Consumers felt the impact. And it also ate into companies' profits.

Bergh sits in the camp with analysts and experts who say the current cotton price inflation will be less damaging to the industry. Manufacturers and retailers have pricing power. Companies will be able to pass along the higher costs without destroying consumer demand.

"It's a very different situation today," Bergh explained. "We've been able to take pricing over the last 12 months and it's sticking. ... We priced ahead of some of these inflationary pressures hitting us."

Cotton prices surged to a 10-year high on Friday, reaching $1.16 per pound and touching levels not seen since July 7, 2011. The price of the commodity rose roughly 6% this week, and is up 47% year to date. Analysts note that gains are being intensified further from traders rushing to cover their short positions.

The runup stems from a number of factors. Last December, the Trump administration blocked companies in the United States from importing cotton and other cotton products that originated in China's Western Xinjiang region over concerns it was being produced using forced labor by the Uyghur ethnic group. The ruling, which has remained in place during the Biden administration, has now forced Chinese companies to buy cotton from the U.S., manufacture goods with that cotton in China, and then sell it back to the U.S.

Extreme weather, including droughts and heat waves, have also wiped out cotton crops across the U.S., which is the biggest exporter of the commodity in the world. In India, deficient monsoon rains threaten to hurt the country's cotton output.

The dynamic has already pressured shares of HanesBrands, an apparel manufacturer known for its undergarments and cotton T-shirts. Historically, HanesBrands shares fall as cotton prices rise. The stock tumbled 7% over the past week. On Friday alone, shares shed 5% to close at $16.23.

'Real pricing power'

Credit Suisse analyst Michael Binetti said he views any worries or pullbacks on retail stocks because of the rising cotton prices as overblown. He said only 2% of HanesBrands' cost of goods sold comes from direct cotton purchases. Back in 2012, that figure was higher, at 6%.

Following the runup of cotton prices in 2011, HanesBrands hiked the prices of various cotton goods by a double-digit percentage three times, through 2012, to offset the inflation, Binetti said. HanesBrands' profits still shrunk from all the costs it was facing. But ultimately, the company maintained some of those price increases. Today, it is in a healthier position with stronger profit margins, the Credit Suisse analyst said.

"We think the stocks are under-appreciating the most powerful dynamic that this sector has not had in over a decade. Real pricing power," Binetti said. Retailers have achieved that pricing power by proactively veering away from discount channels and culling excess inventory. The Covid pandemic has acted as a "cover" for companies to accelerate this shift. Ongoing supply chain bottlenecks have also played a role in tightening up inventories. This dynamic has driven costs up so much, businesses are raising prices and consumers are still buying.

"We think inventory will remain rational, margins will remain strong, and retailers will be able to push bigger and more consistent price increases than they've been able to for over a decade," Binetti said. He expects the cotton inflation will be transitory. UBS analyst Robert Samuels said the retailers he expects to be hardest-hit by the rising commodity prices are those that specialize in denim. Cotton accounts for more than 90% of the raw materials used to make jeans and other denim goods.

"As if retailers don't have enough things to worry about with supply chain constraints and labor shortages," Samuels said in a note to clients.

A more severe spike

But Levi has already attempted to assuage any fears about its denim business.

In its earnings call, Levi said it has already negotiated most of its product costs through the first half of next year, at very low-single-digit inflation. For the second half of the year, it expects to see a mid-single-digit increase. And Levi said it plans to offset that hike with the pricing actions it's already been taking.

Levi has been shifting its business from predominantly wholesale to a mixed base that has a growing share of direct-to-consumer sales. And with strong consumer demand and tightened inventories, it's been able to sell more products at full price.

Cotton accounts for about 20% of the cost to make a pair of Levi's jeans, Chief Financial Officer Harmit Singh said, with every pair of jeans containing about two pounds of cotton.

Due to the timing of its earnings call, Levi was one of the first apparel retailers to comment publicly on the surging cotton prices. Others will report fiscal third-quarter results in the coming weeks.

According to analysts at Goldman Sachs, it will take a while before the rising cotton costs even begin to show up on retailers' income statements, given the timing of contracted cotton purchases. And it's worth noting that in 2011, cotton prices spiked to more than $2 per pound, which is well above where the commodity is trading today.

Still, apparel stocks may face some pressure as the higher prices persist. As examples, analysts flagged companies such as Ralph Lauren, Gap Inc., Kontoor Brands, and Calvin Klein-owner PVH. Shares of Kontoor Brands, which owns Wrangler and Lee jeans, fell nearly 6% this past week, while PVH, Gap and Ralph Lauren each ended the week down less than 2%.

Source: cnbc.com– Oct 10, 2021

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Will Bangladesh apparel exports run out of steam in Oct-Dec '21?

Readymade garment (RMG) exports from Bangladesh gained 11.48 per cent year-on-year in the July-September quarter, according to the provisional data released by the Export Promotion Bureau. However, increasing prices of coal, raw material supply disruption from China due to power crisis there and other factors may put a break in October-December.

The price of cotton, the main raw material to produce 30-count yarn used for making knitwear, is currently at a decadal high in international market. Bangladesh being the second-largest importer of cotton, may feel a pinch of this price hike.

Secondly, the price of yarn is currently high in Bangladesh compared to its competing countries like India and Pakistan. Further, its imports of yarn and fabric from China, the key raw material supplier to Bangladesh's textile and garment industry, are likely to face delay owing to the current electricity shortage there.

Around 95 per cent of man-made fibre yarn that Bangladesh uses for making the final products are imported from China. Bangladesh also does not produce viscose, synthetic fabrics for outerwear, and specialised fabrics for garments. It imports all these from China. Moreover, Bangladesh textile mills are equipped to supply yarn for knitwear and denim fabric, but not for woven apparel.

In October-December 2020, Bangladesh imported $446.322 million of yarn, of which $203.241 million of yarn came from China, according to data from TexPro, Fibre2Fashion's market analysis tool. Likewise, Bangladesh's fabric imports were valued at $1.693 billion during the quarter under discussion, with China alone accounting for $1.180 billion.

In addition, power supply which is needed to keep modern apparel sewing units running, is dependent on coal. Bangladesh completely depends on import for its yearly coal requirement of about 80 lakh tonnes.

The global economic recovery post-COVID has resulted in international coal prices skyrocketing by 70 per cent in the past 12 months.

It may also be noted here that Bangladesh did not import coal from its neighbouring India for around eight months this year, resulting in a rise in price of coal to about Tk 18,000 per tonne from around Tk 8,000 per tonne a year ago. With India itself facing a shortage of coal, Bangladesh would have to depend on Indonesia for its coal import. While coal is not a direct requirement for the running of the garment industry, the high cost may result in higher cost of power consumption for apparel making units.

These days, several orders from China are shifting to other countries under the 'China plus one' sourcing strategy being adopted by global retailers, orders are pouring in Bangladesh. So, if production is hampered due to any reason, it would be a challenge for the country's apparel industry, which accounts for over 80 per cent of export revenue.

Source: fibre2fashion.com– Oct 09, 2021

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Bangladesh: BGMEA seeks duty-free access to Brazil for RMG products

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan has requested the government of Brazil to provide duty-free access to Bangladeshi apparel products.

The BGMEA chief made the request when Ambassador of Brazil to Bangladesh Joao Tabajara de Oliveira Junior met him yesterday at its office. They discussed how Brazil and Bangladesh can reap mutual trade benefits through collaboration in the apparel and textile industry.
Faruque apprised the envoy of the future priorities of Bangladesh RMG industry, with special focus on diversification in products, market and innovation in product development.

He said Bangladesh is willing to import more cotton from Brazil for its ready-made garment industry and requested for cooperation from the Ambassador in this regard.

“While Brazil has a huge pool of designers and experts, we have huge manufacturing capacity. Brazil and Bangladesh can work together in developing our capability in designing and manufacturing value-added products which can be exported to South American countries.

It will benefit both Brazil and Bangladesh,” he added. They talked about scope of collaboration and support from Brazil especially in building capacity of Bangladesh’s RMG sector in design development for value-added apparel products.

Source: dailyindustry.news– Oct 08, 2021

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Pakistan: Import of cotton yarn: PHMA urges govt to abolish customs duty, RD

The Pakistan Hosiery Manufacturers & Exporters Association (PHMA) on Sunday asked the government to abolish custom duty and regulatory duty on import of cotton yarn, besides allowing its arrival from all land routes including India, as cotton yarn is the major raw material of the value-added knitwear export industry.

PHMA Central Chairman Shahzad Azam Khan observed that the value-added garment and home textile exporters are facing severest ever shortage of cotton yarn which is basic raw material. If the cotton yarn is available in the country it is of substandard quality, he said and added that the export orders of value-added textile goods are available but the exporters are reluctant to materialize these orders in view of ongoing crisis of cotton yarn. In this scenario, such export orders meant for Pakistan can be diverted to other regional countries, he warned.

Presently, the value-added knitwear exports have been increasing which indicates that the demand of cotton yarn by the exporters has also been increasing. While there is a huge demand of cotton yarn in the Pakistani Value Added Textile Export Industry, the yarn manufacturers / spinners are exporting cotton yarn to our competitors in the regional countries.

Meaning thereby, the yarn manufacturers on one hand are depriving the value-added textile sector with regards to availability of cotton yarn in Pakistan and on other hand are passing on the subsidy benefit being offered and given by the government in shape of supply of gas and power on concessional rates to the regional competitors, beside exporting cotton yarn, Shahzad Azam pointed out.

He stated that the value-added apparel sector contributes to more than 55 percent in total national exports, earns highest foreign exchange and provides huge employment, therefore, Cotton Yarn being the major raw material of the value-added textile industry, must be allowed duty-free import from all over the world by abolishing custom duty and regulatory duty.

Needless to mention here that the sea freights are gone very high and increased by approximately 700% and there is also an acute shortage of containers/ vessels which has multiplied the delivery time from 45 days to

90 days. Therefore, the government must explore the shortest possible land routes to import cotton yarn, whether it is India, in order to support the textile industry to enhance exports. It is pertinent to mention that Pakistan is also importing medicines from India.

Further, in view of shortage of cotton yarn in the country, it is also imperative that government should also impose regulatory duty on export of cotton yarn below 40 all counts and rate of regulatory duty should be equal to subsidy impact which is being offered and given by the government to yarn manufacturers/spinners in shape of supply of gas and power on concessional rates.

Source: brecorder.com– Oct 11, 2021

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Pakistan: New terminals to boost storage capacity

Pakistan is all set to install two more liquefied natural gas (LNG) import terminals over the next 12-15 months to deal with the ballooning gas crisis after the government approved connection of the terminals with transmission and distribution network from Karachi to upcountry areas.

The commercial launch of the two terminals, being built by Tabeer and Energas, will double gas storage capacity of the country to 10 days compared to the existing capacity of five days.

The terminals are being set up by the private sector, meaning that the government will not be liable to pay capacity charges if it does not utilise the facilities.

It is pertinent to mention that the government pays up to $272,000 per day to each of the two existing LNG terminals.

The new terminals will directly sell imported gas to industries and commercial and domestic consumers at competitive prices instead of selling through the government. However, the state will always have the option of gas import through the new terminals.

The government has allowed, in principle, each of the two terminals to transport 300-350 million cubic feet per day (mmcfd) of LNG through the network of Sui Northern Gas Pipelines Limited (SNGPL).

“They are expected to formally ink a gas transportation agreement (GTA) in the next one to two months,” said an official associated with one of the two companies while talking to The Express Tribune.

The total cost of constructing the two terminals is estimated at around $1 billion. “It costs around $500 million to construct a jetty and acquire a Floating Storage and Regasification Unit (FSRU),” he added.

CCOE allots capacity to LNG terminals

“The government has facilitated the allocation of pipeline capacity firm offer to 2 upcoming (LNG import) terminals,” said Federal Minister of Energy Hammad Azhar on his official Twitter handle on Saturday.

"The new terminals will have no take-or-pay liability (daily capacity charges) on the government like previous terminals and they will be based on business-to-business models," he said.

"These measures will enhance the capability of the system to handle imported gas in a cost-efficient manner."

The industry official termed the inking of the gas transportation agreement a must prior to the start of construction of new terminals. "A terminal can be set up in around one year," he said.

Tabeer and Energas had announced a few years ago that they would establish LNG terminals at Port Qasim in Karachi. However, it took a long time to acquire construction licences and get permission to connect the terminals with the gas transmission and distribution network across the country.

Each terminal would have installed capacity to import 1,000 mmcfd of LNG, however, they would transport just 300-350 mmcfd until the North-South pipeline was laid, he said.

"The government is moving fast on finalising details of PakStream gas pipeline project (formerly called North-South pipeline) with Russia," Azhar said on Twitter.
At present, Engro and Pakistan GasPort facilitate the import of a total of 1,200 mmcfd of LNG but the decrease in gas production from local fields is widening the shortfall, which results in outages. The country set up the first LNG terminal in 2015.

Local oil and gas exploration firms produce around 3,400 mmcfd. Accordingly, a total of 4,600 mmcfd of gas is made available in the country through SNGPL and Sui Southern Gas Company (SSGC) against the requirement of 6,500 mmcfd.

Power producers are the largest users of imported gas. Besides, fertiliser manufacturers, CNG fuel stations and textile manufacturers also consume LNG since the locally produced gas remains unavailable to them.

Source: tribune.com.pk– Oct 11, 2021

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Pakistan: Textile exports jump 26pc in September

Textile exports grew 26 per cent to $1.503 billion in September, according to the All Pakistan Textile Mills Association.

The textile exports earlier registered year-on-year growth of 29pc in the first two months (July and August) of 2021-22 as compared with the corresponding period of the preceding year. In August, exports jumped by 45pc to $1.5bn against $1bn in August 2020.

The textile exports grew 24pc to $15.5bn in 2020-21 from $12.5bn in FY20. Since 70pc of textile exports from Pakistan are from the value-added sector, the industry projects the exports to be $20.5bn for the ongoing fiscal year.

The textile export sector for the last two years has been availing a competitive power tariff at the rate of 9 cents per kWh and gas at $6.5 per mmBtu. The package has now been extended for the current fiscal year. However, the association terms year-wise competitive tariff package not feasible, especially for those planning long-term investments by expanding their exports on a huge scale.

“If the government anno-unces a straight five-year package, the country’s textile exports may jump to $50bn within a couple of years,” says an Aptma office-bearer.

According to Aptma, the textile exports grew 24pc to $15.5bn in 2020-21 from $12.5bn in FY20. Since 70pc of textile exports were from value-added sector, the ind-ustry has projected the exports to $20.5bn for FY22.

“We are confident to achieve the official $20bn target for FY22,” he said.

Source: dawn.com– Oct 10, 2021

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Pakistan: Weekly Cotton Review: Cotton market experiences fluctuations

Unprecedented fluctuation was observed in the local market under the influence of New York Cotton where the fluctuation of 5-6 American cents per pound was witnessed. During the whole week the fluctuations of Rs 500 to Rs 600 per maund was witnessed in the local cotton market.

The spot rate was increased by Rs 500 per maund. The Cotton Crop Assessment Committee revised the target by 9 Lac bales and fixed it at 93 Lac bales. World Cotton Day was observed world wide. The importance of cotton was highlighted. All Pakistan Textile Mills Association has announced to provide 5 Lac jobs by setting up 100 textile mills.

In the local cotton market during the last week after unprecedented fluctuation a mixed trend was seen. In the New York Cotton Market unprecedented fluctuation of 5-6 American cents per pound was witnessed under the influence of which fluctuation of Rs 500 to Rs 600 per maund was witnessed in the local cotton market.

Bullish trend was seen in the Rate of Promise (Waday Ka Bhao) of New York Cotton at the start of the week. On Tuesday the Rate of Promise (Waday Ka Bhao) of New York Cotton reached at the highest level of one dollar fourteen American cents under the influence of which the rate of cotton in local cotton market also witnessed an increasing trend.

The rate of good quality cotton reached at Rs15000 per maund while the rate of Balochi cotton touched Rs 15500 per maund. The rate of cotton reached at the highest level in the history of Pakistan. Textile mills did not show interest in buying cotton on high price while an international firm was involved in massive buying.

The textile mills were cautious due to increase in the rate of cotton because of high parity of cotton yarn. The trading volume remained satisfactory. On Thursday the trading volume increased after the stability in the rate of New York Cotton. However, in the afternoon New York Cotton market started dipping under the influence of which the local market started dipping and by evening the rate of good quality cotton dipped by Rs 400 to Rs 500 per maund. On the other hand due to decrease in the export in the weekly export report of USDA bearish trend started witnessing.

The rate of cotton in Sindh after fluctuation was in between Rs 12000 to Rs 15000 per maund. The rate of Phutti was in between Rs 4800 to Rs 6200 per 40 kg. The rate of Banola was in between Rs 1500 to Rs 1800 per maund.

The rate of cotton in Punjab was in between Rs 14000 to Rs 15000 per maund. The rate of Phutti was in between Rs 5500 to Rs 6400 per 40 kg. The rate of Banola was in between Rs 1600 to Rs 1900 per maund.

The rate of cotton in Balochistan was in between Rs 13800 to Rs 14200 per maund. The rate of Phutti was in between Rs 5800 to Rs 7200 per 40 kg. The rate of Banola was in between Rs 1600 to Rs 2000 per maund.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 500 per maund and closed it at Rs14600 per maund.

Separately, the second meeting of the Cotton Crop Assessment Committee of the Ministry of National Food Security was held on October 7 in Islamabad under the chairmanship of Federal Secretary Food Security Tahir Khurshid. Representatives of the department, Trading Corporation of Pakistan, All Pakistan Textile Mills Association, Pakistan Central Cotton Committee and cotton growers attended it. The purpose of the meeting was to review the overall situation of cotton in the country.

According to the meeting, keeping in view the situation of cotton, the total cotton production in the country for the year 2021-22 has been estimated at 9.74 million bales. Meanwhile, Khyber Pakhtunkhwa and Balochistan are expected to produce 434,000 bales.

Favourable weather conditions and good cotton prices are amongst the reasons for the increase in cotton production

Chairman Karachi Cotton Brokers Forum Naseem Usman said that in international cotton markets especially after fluctuation in the Rate of Promise (Waday Ka Bhao) of New York Cotton overall a bullish trend prevails in the market. The rate of cotton reached at the highest level of 115.92 American cents more over after decreasing it was 110 American cents.

Before that in the cotton season of 2011-12 the rate of cotton had reached at the highest level of 2.25 American dollars which is highest in the history of New York Cotton as a result of massive buying by China. In this way the rate of cotton crossed one American dollar after 11 years.

On Thursday weekly USDA export report shows a decline of 57% in exports as compared to last week. This week China was the biggest importer with one Lac seventeen four thousand bales; although, there were long holidays in China from October 1 due to festival. It is possible that exports may decrease in the next report because of low buying by China. Bullish trend prevails in international cotton producing countries under the influence of unprecedented increase in the rate of cotton in New York Cotton Market. Bullish trend was witnessed in China, India, Central Asian States, Africa, Argentina and Brazil.

Adviser to Prime Minister on Commerce and Investment Abdul Razak Dawood on Thursday announced that investment worth $5 billion is in the pipeline for the establishment of new textile units.

Highlighting the positive outcome of the "Make-in-Pakistan" policy, Dawood wrote on Twitter: "Our Make-in-Pakistan policy is beginning to show results."

"We have been informed that an investment of approximately $5 billion is in the pipeline under which 100 new textile units are expected to be established."

Sharing further details regarding the investment, he said: "Apart from enhancing export capacity, these mills are likely to create about 500,000 jobs."

"This government has reversed the de-industrialisation and InshaAllah, we are now on a path of industrial growth in Pakistan," the PM's aide added.

In August 2020, Prime Minister Imran Khan announced that the government was pursuing a "Make-in-Pakistan" policy in order to promote export-oriented industrialisation in the country.

Under the policy, the government had eliminated or reduced duties on hundreds of tariff lines involving raw material for the local industry to make domestic products competitive.

Earlier, while addressing an online meeting at Central Cotton Research Institute Multan Federal Minister for National Food Security and Research Syed Fakhar Imam said that prosperity of farmers is the top priority of the government.

The government is working on a plan to provide relief to the farmers, as well as, on a plan make cotton a profitable crop. The government is also working to bring betterment in seed sector.

However, Karachi Cotton Association organised a seminar on World Cotton Day at its office on I I Chundrigar Road. The purpose of organizing this seminar was to high light the challenges faced by cotton economies of the world. Cotton is very important for less developed countries of the world.

The seminar was addressed by famous speakers related to different sectors of cotton trade. It was addressed by representatives of APTMA, KCA and brokers which includes Asif Inam, Atif Dada, Naseem Usman, Chandar Laal, Khawaja M. Zubair and Jahangir Mughal, who discussed in detail the challenges faced by the cotton industry.

Source: brecorder.com– Oct 11, 2021

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NATIONAL NEWS

Aim for USD 450-500 billion exports next year: Piyush Goyal to exporters

Goyal said with 48 per cent of the targeted volumes have been achieved, exports are on the right track to achieve this year's target of USD 400 billion. The minister said engineering goods have much more potential and textile exports should aim for USD 100 billion.

The country's exports are growing at a healthy rate and now exporters can aim for USD 450-500 billion of outbound shipments during the next fiscal year, Commerce and Industry Minister Piyush Goyal said on Saturday.

Exports have touched USD 197 billion during April-September this fiscal, he said.

Goyal said with 48 per cent of the targeted volumes have been achieved, exports are on the right track to achieve this year's target of USD 400 billion. "Our exporters have made all of us Indians proud today…we can aim to scale USD 450-500 billion exports next year," he said while chairing mid-term review of exports with different export promotion councils.

He also said that India is negotiating free trade agreements (FTAs) with various countries and blocs including the UK, the UAE, Oman, Australia, Canada, the EU, Russia and the Southern African Customs Union (SACU) comprising Botswana, Lesotho, Namibia, South Africa, and Swaziland.

The minister said engineering goods have much more potential and textile exports should aim for USD 100 billion. Further stating that Prime Minister Narendra Modi will unveil 'Gati Shakti' programme on October 13, Goyal invited the council heads to join the event by video conferencing.

On the issue of high global prices of polymers and uniform application of environment laws, Goyal assured that the ministry will take up the issue with the Environment Ministry.

Source: financialexpress.com– Oct 09, 2021

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Global shipping crisis sparks trade chaos, how will it impact India

Apple Inc. takes, on a cumulative basis, a month's worth of shipping time to source all 34 major components and 100s of other small parts for an iPhone from nearly 200 suppliers located across the world. It then sells these to one of its largest contract manufacturers, Taiwanese maker Foxconn, in China's Zhengzhou.

The Zhengzhou facility, which churns out over 300 iPhones a minute, sells the finished products to resellers around the world using different shipping lines. According to data from the World Economic Forum, 80% of global trade by volume are carried by sea this way.

A global shipping slowdown has currently sparked a trade chaos, throwing off gear delivery timelines of critical raw material, intermediate goods and finished items.

Advanced economies are witnessing labour shortages because the pandemic shrunk the labour force putting pressure on global supply chains.

The supply knots are forecast to impact manufacturing output in Asia's third-largest economy, much like elsewhere. Close to vaccinating a billion people and witnessing a surge in demand amid a festival season, India is a net importer of many things, such as petroleum, electronics components, semi-conductors, active pharmaceutical ingredients and fertilisers.

Here's how the shipping crisis built up

One half of the world comprising western economies, which are the biggest recipients of coronavirus vaccines, have opened up faster than the other half, including countries where much of the world's factories are located and aren't able to match the demand surge in developed economies.

Trouble first began in June when the Ever Given, a 20,124 TEU (twenty-foot equivalent unit is a measure of volume in units of twenty-foot long containers) container giant, got wedged in the Suez Canal for nearly a week, delaying hundreds of ships between Asia and Europe. That same month the port of Yantian in the Chinese city of Shenzhen was partially locked out due to a coronavirus outbreak. This threw shipping schedules out of gear for a whole month, with domino effect.

According to the UN Conference on Trade and Development data, 70% of world trade by value are carried by sea. The lack of synchronised recovery due to vaccine inequality has created congestion resulting in ocean freight rates doubling.

The modern shipping container is to global trade what packaging material is to Amazon. Shortage of labour, higher demand and lack of raw materials have pushed up costs of all-weather containers, the lifeline of global trade. The average price for a 40-foot container increased 2.9% around the middle of September 2021 from a month ago and 323% over a year ago, according to the Drewry World Container Index, which tracks their cost.

The gridlock's nerve-centre is the world's factory floor, China. The world's largest trading nation is still pursuing stringent strategies to keep Covid-19 at bay, slowing its manufacturing prowess.

Indian small manufacturers, fertilizer makers and the pharmaceutical industry are experiencing delays in import of raw materials and intermediate goods, all of which can stoke inflation.

After widespread pandemic-induced layoffs, global corporations are finding it difficult to get workers back, many of who have relocated to less expensive places or have moved jobs. This is the main reason for labour shortage in advanced economies ahead of Christmas.

"I am not panicking but will have to if shipping costs don't stabilise and regularity is restored," says Anand Sarin, who exports basmati rice from his factory in Hisar, Haryana

Quarantine rules at ports means ships are taking twice the time to dock and leave with fresh goods from 60% of the world's ports, including in India, according to a research note by the Copenhagen-based Sea-Intelligence Plc. It's going to linger, forecasters say. "It is hard to see supply-chain bottlenecks being resolved any time soon, with some major exporters including Indonesia and Vietnam still struggling to contain the delta outbreak. It could continue to drag on the global recovery by slowing production and pushing up costs, although not derailing it," wrote Bloomberg's Asia chief economist Chang Shu in a recent note.

Source: hindustantimes.com– Oct 10, 2021

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Aggressive marketing, timely roll out of FTAs to help exports touch $500 billion in FY22, exporters say

Aggressive marketing of products, timely implementation of free trade agreements that are under negotiations and affordable credit to MSME players would help in taking the country's merchandise exports to USD 500 billion in the next financial year, according to exporters.

Commerce and Industry Minister Piyush Goyal in a meeting with export promotion councils stated that the country's exports are growing at a healthy rate and now exporters can aim for USD 450-500 billion of outbound shipments during the next fiscal year.

Exporters also suggested exploiting the potential of e-commerce for inclusive exports and increasing its base by bringing new start ups, artisans, weavers in exports.

"The target of USD 450-500 billion for merchandise exports is quite pragmatic. Since the base of exports will now be sizable, we have no scope to be less than aggressive," Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said.

He said that the sunrise sectors such as electronics, automobile and auto components, pharmaceuticals and chemicals should be the focus of exports. Leading exporter of Mumbai and founder chairman of Technocraft Industries India Sharad Kumar Saraf said that achieving exports of USD 500 billion in 2022-23 is feasible as this fiscal the shipments would cross USD 400 billion.

"Exporters need to aggressively market their products. They also need to increase their production and for that the government should provide smooth approvals and clearances," Saraf said.

He added that timely permissions, and easing of land laws would help in expanding capacities and then increasing exports.

FIEO Vice-Chairman Khalid Khan said that India is negotiating free trade agreements with countries like the UAE, the UK and Australia and implementation of these pacts would help Indian exporters get easy and greater market access in these nations.

"Timely implementation of these pacts would help in boosting our exports," Khan said, adding there is also a need to review the existing FTA with the 10-nation ASEAN bloc.

He also asked for affordable and easy credit to MSME exporters.

Sharing similar views, Hand Tools Association President S C Ralhan said that the issue of availability of containers should be resolved and the government should intervene in controlling the increasing shipping freight rates.

"Small exporters are facing the heat of high rates. Working capital is also an issue for them. I suggest the government look into these matters immediately," Ralhan said.

Plastics Export Promotion Council of India (PLEXCONCIL) chairman Arvind Goenka said a target of USD 450-500 billion is achievable but the government must ensure smooth and barrier-free imports of raw materials and processing machinery.

Few FTAs like with the UAE and the UK should be implemented at the earliest, Goenka said.

Seafood Exporter and MD of Megaa Moda Yogesh Gupta too said that USD 500 billion exports during the next fiscal year is achievable as production is going to increase significantly and an improving economy across the globe will help the exports.

Exports during April-September 2021-22 have crossed USD 197 billion.

Source: financialexpress.com– Oct 10, 2021

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Piyush Goyal stresses on re-negotiation of FTA with ASEAN to stop misuse

There is a need to re-negotiate the existing trade relationship and relook at the free trade agreement with 10-member ASEAN bloc with an aim to eliminate barriers and misuse of the FTA, Commerce and Industry Minister Piyush Goyal said on Friday.

The two-way trade between India and ASEAN (Association of Southeast Asian Nations) is about USD 80 billion and removal of non-trade barriers and other impediments would help take this figure to USD 200 billion in the coming years, he said.

"It is unfortunate that in the recent past, we had to deal with several restrictive barriers on our exports in the ASEAN region particularly in the agri and the auto sector. I think these only result in reciprocal action from other countries including from India and will hurt the long-term desire of our leaders to expand trade between the countries.

"Therefore, I think there is a need for re-negotiating the existing trade relationship, trade barriers, relooking at our FTA with ASEAN and focusing on new rules to eliminate the misuse of the FTA, eliminating non-tariff barriers, and that can ultimately lead to building confidence on both the sides to reduce tariffs for inter-Asean and India trade," Goyal said.

He was speaking at CII's Indo-ASEAN Business Summit.

The minister urged his ASEAN counterparts to support the effort for early conclusion of scoping exercise and commencement of the trade pact review. To make trade successful, he said it needs to be fair, equitable, transparent, reciprocal and inclusive.

"Let me also underscore that if we were to review the ASEAN India Trade in Goods Agreement, it can truly promote trade on both sides, support industry and manufacturing on both sides and help us support each other truly to become modern progressive economies," he added.

The minister said that India has currently been witnessing exponential growth in imports from the ASEAN region while exports have been impeded by non-reciprocity in FTA concessions, non-tariff barriers, import regulations, quotas and export taxes from ASEAN countries.

"Such a review will enable alignment with contemporary trade practices, procedures and regulatory harmonisation, curbing the misuse of FTAs, often by third parties outside the ASEAN region. This will help us to build vibrant supply chains through deeper trade and investment relations," he added.

The ASEAN-India Trade in Goods Agreement was signed on August 13, 2009. It came into force on January 1, 2010.

Members of the Association of Southeast Asian Nations (ASEAN) are: Indonesia, Thailand, Singapore, Malaysia, the Philippines, Vietnam, Myanmar, Cambodia, Brunei and Laos.

Further the minister said India has a big role to play to mitigate global health risks in future as 70 per cent of global vaccines are now produced here.

"We assure ASEAN full cooperation in generic drug manufacturing. There is an opportunity for collaboration in pharma production including vaccines and capacity-building between India and the ASEAN," he said, adding one of the critical challenges to be tackled is the underdeveloped infra and connectivity in this region.

He added that nine of 10 ASEAN nations touch the sea, therefore this region has potential to become a major hub of port logistics.

Source: financialexpress.com– Oct 08, 2021

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Indian exporters to explore wider opportunities for business with Mauritius

'Newer possibilities emerging due to free trade pacts'

Indian businesses will get a chance to explore wider prospects of trade and investment opportunities in Mauritius, in the post Covid-19 scenario, during a virtual interaction to be held this week with the Indo-Mauritius Chamber of Commerce and officials from the Consulate of Mauritius in India.

“India and Mauritius have recently entered into a limited free trade agreement covering 310 export items for India, including food and farm products, textile articles, plastics, chemicals and electronic product. There is a huge possibility for Indian businesses and exporters to increase their exports to Mauritius as well as rest of Africa using Mauritius as a gateway. The conference will focus on the wide canvass of opportunities, especially in post-pandemic times,” an official tracking the matter told BusinessLine.

Federation of Indian Export Organisations (FIEO) is organising the business interaction on October 14 in collaboration with the Indo-Mauritius Chamber of Commerce.

“In the last five years, India has been among the leading trading partners of Mauritius. In 2020, India represented 10 per cent of Mauritian total imports and ranked third in their main countries of import. In the recent years, main items of exports of India to Mauritius have been petroleum products, pharmaceuticals and rice. India is also a major supplier of raw materials for the local industry like supplying yarn and fabrics to the textile and clothing industry,” FIEO pointed out in a note.

Pandemic support

New focus areas have also opened up post-pandemic in Mauritius. The priority areas are Covid-19 vaccines, vaccines for immunisation programmes in Africa and preventive vaccines, as per the Mauritian government. “The country is providing a host of incentives such as exemption on registration fees, land transfer taxes and VAT on construction in addition to lower corporate taxes and full tax credit on cost of patent acquisition,” officials have earlier said.

Indian manufacturers and exporters can also use Mauritius as a gateway to export more to the African market which has about 1.3 billion consumers as the island-nation is part of several free trade arrangements with the region including the African Continental Free Trade Area (AfCFTA) agreement which has been implement from January 1, 2021.

“Indian businesses can get into certain arrangements with their Mauritian counterparts wherein the essential part of the production of a particular commodity can take place in India, while some value addition can happen in Mauritius and the final product can then be exported to a number of countries across Africa,” the official explained.

India’s trade with Mauritius took a hit due to the Covid-19 pandemic with exports falling to $423 million in 2020-21 from $1.07 billion in 2018-19.

Source: thehindubusinessline.com– Oct 10, 2021

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India expected to grow by 8.3 per cent in 2021-22: World Bank

COVID-19 has left long-term scars on the region's economy, the impacts of which can last well into the recovery.

Buoyed by an increase in public investment and incentives to boost manufacturing, India's economy is expected to grow by 8.3 per cent in the fiscal year 2021-22, less than the previous projection early this year before the country was hit by the second wave of the COVID-19 pandemic, the World Bank has said in its latest report.

World Bank Chief Economist for the South Asia Region Hans Timmer told PTI here that when one looks at the high frequency data, they see that as a result of the second wave of the COVID-19 pandemic, the recovery paused, and some indicate that the recovery actually declined briefly.

"We project for this fiscal year 8.3 per cent (growth rate for Indian economy) that is less than we projected early in the year before the health crisis caused by the second wave.

"Given the sharp contraction of the economy last year, it might not look like a lot, but in my view, that is actually very positive news, given the violent second wave and the severity of the health crisis," he said on Thursday.

On March 31, the World Bank said India's real GDP growth for fiscal year 21/22 could range from 7.5 to 12.5 per cent in its latest South Asia Economic Focus report released ahead of the annual Spring meeting of the World Bank and the International Monetary Fund (IMF).

In April-May, India struggled with the second wave of the deadly coronavirus pandemic with more than 3,00,000 daily new cases, throwing hospitals and health system out of gear due to a shortage of medical oxygen and beds.

According to Timmer, what is remarkable and what is the positive part of that number is that the pause was short lived, and the hit on the economy was by far enough, not even comparable as large as a year earlier.

"That's how we ended up with 8.3 per cent growth," he said.

“We still think that the situation is very uncertain internally and sometimes externally. We still use a very broad range of possible outcomes for the Indian economy, although the more we are progressing in the current year, the less the uncertainty is.

“But that range that we are using is seven-and-a-half to 12-and-a-half per cent we did it from the start of the pandemic, and you have to conclude now that we are at the lower end of that range, but that is totally due to the second wave in my view,” Timmer said.

That mitigated some of the impacts on the vulnerable parts of India. It is time now to shift gears and to start focusing on medium-term growth, he said, adding that India has already done some reforms during the crisis that go in that direction.

Observing that labour reforms and agricultural reforms are still debated at the moment, he said that they are going in a direction that the Bank thinks is necessary.

It is opening up parts of the economy, where there was unutilised potential, he said.

Timmer said that he is especially very interested in the labour reforms that attempt to create funds to set up social protection systems, not just for the people in the formal sector, but also for informal workers and for migrant workers.

“This is something that we have advocated for a long time that the social protection system has to become more universal,” he said.

“In India, there were a lot of short-term relief efforts but that’s not sustainable. You’ll need to put in place a solid system that covers most of India. These reforms are going in that direction. At the same time there’s still a lot of work to be done,” Timmer said.

One of the main focuses of the latest World Bank report is to unleash the potential of the services sector where it is possible to make services the driver of development in India, and there is still an unfinished agenda, because the current formal services sector is still very regulated, and very protected to international competition.

The latest South Asia Economic Focus titled 'Shifting Gears: Digitization and Services-Led Development' projects the region to grow by 7.1 per cent in 2021 and 2022.

While the year-on-year growth remains strong in the region, albeit from a very low base in 2020, the recovery has been uneven across countries and sectors.

South Asia's average annual growth is forecast to be 3.4 per cent over 2020-23, which is 3 percentage points less than it was in the four years preceding the pandemic.

India's economy, South Asia's largest, is expected to grow by 8.3 per cent in the fiscal year 2021-22, aided by an increase in public investment and incentives to boost manufacturing.

In Bangladesh, continued recovery in exports and consumption will help growth rates pick up to 6.4 per cent in fiscal year 2021-22. In Maldives, the GDP is projected to grow by 22.3 per cent in 2021 as tourism numbers recover, the bank said in a report.

"The pandemic has had profound impacts on South Asia's economy. Going forward, much will depend on the speed of vaccination, the possible emergence of new COVID variants, as well as any major slowdown in the momentum of global growth," said Hartwig Schafer, World Bank Vice President for the South Asia Region.

"While short-term recovery is important, policymakers should also seize the opportunity to address deep-rooted challenges and pursue a development path that is green, resilient and inclusive," he said in a statement.

COVID-19 has left long-term scars on the region's economy, the impacts of which can last well into the recovery. Many countries experienced lower investment flows, disruptions in supply chains, and setbacks to human capital accumulation, as well as substantial increases in debt levels.

The pandemic is estimated to have caused 48 to 59 million people to become or remain poor in 2021 in South Asia, it added.

Source: financialexpress.com– Oct 08, 2021

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Surat industry in crisis: Coal shortage, rising costs may force textile units shut for a month

The shortage of coal has led to a three-fold increase in prices of colour chemicals, following which the textile mill owners carried out a meeting with the SGTPA and requested to keep the dyeing and printing mills closed for a month from November 1.

Fuel crisis arising from coal shortage and increase in costs of colour and chemicals has led to rising production costs, forcing several mill owners in Surat to propose shutting down the dyeing and printing mills for the whole of November. The suggestions came during a meeting of the South Gujarat Textile Processing Association (SGPTA) meeting on Friday.

The industry faced a similar slowdown when migrant workers employed in these processing units returned to their home states during the Covid-19 lockdown last year.

President of South Gujarat Textile Processing Association (SGTPA), Jitubhai Vakhariya, said, “In a meeting on October 8, the mill owners suggested to keep the factories shut for a mont, due to a rise in the prices of colours, chemicals and coal. Textile traders are not agreeing to hike the charges of dyeing and printing. We have called for another meeting on October 20 to discuss the issue and take a decision.”

Weavers sell grey cloth to the textile traders who then send them to the mills for dyeing, printing and finishing. The boilers in dyeing and printing units generate steam using coal, majority of which is imported.

However, a shortage of coal has led to a three-fold increase in prices of colour chemicals, following which the textile mill owners carried out a meeting with the SGTPA and requested to keep the dyeing and printing mills closed for a month from November 1.

Sanjay Saraogi, owner of Laxmipati group of industries, said, “Coal imported from Indonesia is mostly used by the industry in Surat than lignite coal. Around 15 days ago, the price of imported coal was Rs 4,000 to Rs 5,000 per tonne and now it has reached Rs 14,000 to 15,000 per tonne. Generally, around 30 to 35 tonnes of coal is used in the textile industry in a day to generate steam.”

"Lignite coal generated from Surat and Bharuch are also used in textile mills but its efficiency to generate steam is less and can only be used as a substitute. Even the price of lignite coal, which was available at Rs 5,000 per tonne has gone up to Rs 12,000. Lignite coal is also short in supply and we are going through a tough time," he added.

Pointing out that the industries were also facing short supply of colours and chemicals, some of which are imported from China, Saraogi said that local traders who had stocked them have increased prices. "For instance, the price of Hydo, which was available at Rs 60 per kilogram, has gone up to Rs 200, while that of formic acid has increased from Rs 32 per kilogram to Rs 150 per kilogram. If we increase the printing rates, we will lose business," he said.

Another mill owner, Pramod Chaudhary, said, "If we keep the mills running, we will have to face huge loss daily. While majority of the mills run on works given by textile traders, a few of them purchase grey cloth from weavers and process them to sell from their own shops or textile markets. If we keep the mills closed, we will have to spend a huge amount to restart as the machines get jammed… We also fear that it may force migrant workers to go back to their native places."

There are over 350 dyeing and printing mills that house over five lakh migrant workers from states, including Uttar Pradesh, Bihar, Maharashtra, Odisha, Andra Pradesh and Madhya Pradesh.

Source: indianexpress.com– Oct 10, 2021

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New textile policy must focus on leveraging cotton's strengths

Better genetics and improved agronomy can sustain production so as to be able to generate 'genuine' export surplus

Domestic production of cotton has been unsteady in recent years. Output of this cash crop has got trapped in a narrow 34-36 million bales range. The need to break the production uncertainty and ensure sustained growth is dire as demand is set to grow rapidly the whole of this decade.

There are challenges, though like land constraints, water shortage, climate change and pest attacks, to name a few. At about 12.5 million hectares, cotton planted area is possibly reaching a saturation point. So, the only way to grow is vertical that is through yield enhancement. Our current yields of 500 kg/ha or just about 3 bales per hectare is far below the world average of 750 kg/ha and just one-third of the developed countries' average.

Tapping tech

So, the way forward is to infuse multiple technologies right from the input stage and along the value chain. This is critical because even in a 'business-as-usual' scenario, India will continue to be the world's largest producer. The OECD-FAO has projected Indian cotton output to reach 42-43 million bales by 2030 (from the current 34-36 million bales).

But consumption demand is set to grow at a rate faster than production growth rate with India becoming the largest consumer (38-40 million bales) by 2030.

The projected supply-demand scenario means tightening availability, limited or possibly no surplus for export and perhaps greater import volumes.

Obviously, better genetics and improved agronomy can sustain production so as to be able to generate 'genuine' export surplus. Importantly, the domestic apparel industry is set to grow with new investments and continuous growth in mill use. But the industry is facing challenges of technological obsolescence, high input cost and limited access to credit.

Also, as a natural fibre, cotton faces competition from synthetic fibres such as polyester. That makes price competitiveness imperative for cotton. This is where infusion of technologies such as digitisation, blockchain and so on can help improve supply chain efficiency and reduce costs.

We must recognise and leverage cotton's strengths. It is natural, green, biodegradable and eco-friendly. The world is moving towards green products. But when synthetics become cheaper due to an imminent fall in crude oil prices over the next 5-7 years competition with cotton will turn intense.

It is hoped that a new textile policy on the anvil would take into account the emerging scenario and provide a growth-oriented policy environment while advancing sustainability principles.

Source: thehindubusinessline.com– Oct 08, 2021

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India has leapfrogged to 'Make in India for the world': Piyush Goyal

By strengthening its domestic industry, India will offer quality with cost-competitiveness, and thus the country has leapfrogged from 'Make in India' to 'Make in India for the world', India's minister of textiles, commerce and industry, Piyush Goyal has said.

Addressing the United States – India Business Council's (USIBC) 46th Annual General Meeting and India Ideas Summit themed 'From Recovery to Resurgence: reflecting the growing importance of global economic recovery amidst emerging healthcare issues and technological trends', Goyal said that close partnership between India and the US is central to a free, open, inclusive and prosperous Indo-Pacific region.

Goyal said that the COVID-19 pandemic highlighted that supply chains should not be based only on cost but also on trust. He added that India wanted to focus in areas where it has a competitive advantage to become a bigger stakeholder in global value chains.

With the recent announcements of Remission of Duties and Taxes on Exported Products (RoDTEP), Rebate of State and Central Taxes and Levies (RoSCTL), Product Linked Incentive (PLI) scheme and the Mega Investment Textiles Region and Apparel Park (MITRA) scheme, Indian textiles and garments are likely to achieve cost competitiveness, and hence textiles and garments could be one of focus areas for the Indian government for its accelerated trade partnerships with countries like the US.

Goyal said that the world now looks at India as a reliable and trusted partner and a driving force in the world economy. For a resilient India-US relationship, Goyal called for "multiple dialogues across areas of energy, health, trade and innovation to improve our business to business relationships and provide the people of both countries with better services and opportunities."

The minister said that India is currently negotiating free trade agreements (FTAs) with like-minded nations like Australia, UAE, EU and UK and added that India has been focusing on strengthening 24 sectors where it has competitive and comparative edge.

Speaking of a National Infrastructure Pipeline in the making, Shri Goyal said that India was working to boost investment, simplify its tax regime, liberalise its FDI policy and strive to encourage invention, innovation, research and development.

Source: fibre2fashion.com– Oct 08, 2021

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RBI keeps key interest rates unchanged

RBI has kept the key lending rate – Repo Rate unchanged at 4 per cent for the 8th time in a row. The Reverse Repo Rate also remains unchanged at 3.35 per cent. Announcing the decisions of the six-member Monetary Policy Committee, RBI Governor Shaktikanta Das said the GDP forecast for FY 2021-22 is 9.5 per cent.

Governor Das further said “the MPC has also decided to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and to continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target”.

The Governor also shared various measures taken by the RBI since the onset of pandemic to support the growth and recovery of the economy. He informed that the RBI has injected Rs. 2.37 Lakh Crore liquidity into the financial system through Open Market Operations, in the first 6 months of FY 2021-22. This is against the Rs. 3.1 lakh crore injected during the full financial year 2020-21.

Shri Shaktikanta Das announced additional measures to support small businesses and unorganized sectors. They include:

1. Increasing IMPS (Immediate Payment Service Transaction) per transaction limit from Rs. 2 lakhs to Rs. 5 lakhs, to enhance customer convenience, enabling instant domestic fund transfer 24 x 7.
2. Extension of Rs. 10,000 crore On-Tap Special Liquidity Long Term Repo Operations (SLTRO) for small finance banks, till December 31, 2021
3. Introduction of pan-India Framework for Retail Digital Payment Solutions in offline mode, for areas with little or scarce internet access
4. IMPS Transaction Limit to be increased from Rs. 2 Lakh to Rs. 5 Lakh
5. Geo-tagging of all existing and new payment system touchpoints, to expand reach of payments acceptance infrastructure
6. New fraud prevention cohort in RBI's Regulatory sandbox, to provide further impetus to fintech ecosystem
7. Continuation of Enhanced Ways and Means Advance Limits and liberalized overdraft measures for states, till March 31, 2022
8. Continuation of classifying bank lending to NBFCs as priority sector lending, till March 31, 2022

9. Internal Ombudsman Scheme for NBFCs with higher customer interface, to strengthen internal grievance redress mechanism

The Governor assured that the additional measures announced today will support small businesses and unorganized sector entities, will be helpful in remote areas with little or no internet connectivity, will expand reach of digital payments, will provide further impetus to fintech ecosystem and ensure continuous innovation in fintech.

As a relief to the States and UTs, RBI has also extended the interim enhancement of Ways and Means Advance (WMA) limits of Rs. 51,560 Crore up to March 31, 2022. “This is to help states/UTs manage cashflow amidst continued uncertainties on account of the pandemic,” he remarked. “Consumer Price Index (CPI) inflation is moderating,” said the Governor, noting that the measures taken by the government are helping to contain volatility in vegetable prices.

CPI inflation for 2021-22 projected at 5.3%
Q2 - 5.1%
Q3 - 4.5%
Q4 - 5.8%
Q1 (of 2022-23) - 5.2%

Real GDP projected to grow at 9.5% for FY 2021-22
Q2 - 7.9%
Q3 - 6.8%
Q4 - 6.1%
Q1 (of 2022-23) - 17.2%

The Governor also gave confidence in being able to meet our export target of $ 400 Billion during FY 2021-22 as exports have remained above $ 30 US Billion in September 2021, for the seventh consecutive month.

The Governor said that the conduct of Monetary Policy in India will continue to be oriented to the domestic circumstances. “We must not rest in the glory of what has been achieved, but work tirelessly on what remains to be done”.

The Governor called for combined efforts of all sectors in order to support the economy. “Overall, aggregate demand is improving but slack still remains; output is still below pre-pandemic level and the recovery remains uneven and dependent upon continued policy support”, he observed.

The full text of the Governor's statement can be found here. Watch the address here. The monetary policy statement of the Monetary Policy Committee can be found here.

Source: pib.gov.in– Oct 08, 2021

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More than 3 crore unorganized workers registered on E-shram portal.

Earlier today, the 177th Governing Body Meeting and 78th Annual General Body meeting of the Dattopant Thengadi National Board for Workers Education and Development, an autonomous body under the ministry, was held at Hyderabad. The meeting was chaired by Shri Vrijesh Updadhyay, Chairman of the Board along with Chief Labour Commissioner (Central), Govt. of India, Shri D.P.S. Negi and several important decisions were taken.

Informing about the e-shram portal which has given unorganized workers a distinct identity and recognition, Shri Negi said, "Earlier, we did not have any means to provide benefits to unorganized workers during the COVID-19 pandemic, since we did not have data on them.

But now, the e-Shram Card will serve as a single card to avail government benefits across the country, it will be One Nation One Card", and asked the Board to include the details about registering on the e-Shram portal and disseminate the benefits of registering at the portal to the unorganized workers in the country.

In another important development, benefitting 1019 contract workers a Memorandum of settlement was signed between the management of Celebi, (DIAL), and their contract workers represented by Airport Employees Union today in New Delhi. Each worker shall receive an amount Rs. 58,400/- and total amount disbursed among the workers this year will be Rs. 6,08,41,600/- (Rupees Six Crores Eight Lacs Forty One Thousand Six Hundred Only).

Source: pib.gov.in– Oct 08, 2021

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Cotton output may gain as farmers likely to extend picking

Unseasonal rains in growing areas are proving to be a blessing in disguise as they might help cotton farmers go in for third and fourth picking of their crop this year. The trade expects India's cotton production to increase in view of this as higher prices besides a favourable water storage situation will prompt farmers to extend the picking period beyond November-December.

Raw cotton (kapas) prices have topped crossed ₹7,500 per quintal in Gujarat, the largest growing State. Also, the availability of water has increased due to excess rainfall in September in growing regionsthat makes cotton a preferred crop over other rabi (winter) crops such as wheat, paddy or chana.

At an online workshop organised by trade body Cotton Association of India (CAI) on Thursday, experts said even as excessive rains delayed first picking and dampened short-term prospects for the crop, increased water availability and high prices would encourage farmers to go beyond the conventional 2-3 pickings to four pickings this year.

This, according to Indian cotton industry experts and stakeholders, will lift the country's cotton production, which was otherwise feared to drop amidst damage concerns due to erratic monsoon and flooding in Gujarat, Maharashtra, Andhra Pradesh and Telangana.

Attractive prices

Cotton trade expects output at around 360 lakh bales (each of 170 kg) for the current (October 2021-September 2022) season against CAI's revised estimate of 354.5 lakh bales last season.

Manjeet Singh Chawla, President, Madhyanchal Cotton Ginners and Traders Association, said current cotton rates of ₹6,500-7,500 per quintal are very attractive. The prices are against the minimum support price of ₹5,726 a quintal fixed by the Centre for this season.

"Usually farmers remove cotton plants and divert to wheat or chana by November-end or December. But cotton rates are attractive this time, so they will continue with cotton for additional picking. Eventually, that will help recovery the damage caused by the excessive rains," said Chawla.

Ravinder Reddy, President of Telangana Cotton Millers and Traders Welfare Association, said in spite of about 13 per cent drop in the sowing, the quality of cotton crop will be better due to rains and sunshine. “At the current higher rates we don’t see the tendency of farmers pulling out the cotton plants and going for other crops such as maize or paddy. The rates for these crops aren’t attractive. Farmers will continue with cotton beyond November-December.”

Atul Ganatra, President, CAI, said even as there was an average estimate of about 5-10 per cent damage due to September rains, the crop condition improved following bright sunshine. “To summarise the overall trade sentiment, we can say that due to higher rates of kapas, there may be extended 3rd or 4th picking beyond November-December.”

In his address, Pradeep Kumar Agarwal, CMD, Cotton Corporation of India, said: “The rising cotton prices shows that consumption is increasing and nearing the production levels. Consumption may soon touch 350-360 lakh bales per annum. This is the right time to think on how to increase India’s cotton output,” he said.

Veteran cotton expert and industry leader Suresh Kotak expressed concerns of a lower yield despite India being the largest producer and second largest exporter of cotton.

Source: thehindubusinessline.com– Oct 08, 2021

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India looking to conclude several FTAs in the coming months: Piyush Goyal

India is looking to conclude free trade pacts with several nations including the United Arab Emirates, Australia, the United Kingdom within a few months, commerce and industry minister Piyush Goyal indicated on Saturday.

Speaking on Day 2 of the India Today Conclave, Goyal pointed out that the world is looking to work with India as a trusted partner.

The minister who also heads the ministry of textiles said that the trade agreement with the UAE is expected to be signed within the next three to four months, while that with Australia will see an early harvest or an interim agreement by December 25. In the case of the UK, an interim agreement is expected by March and a full agreement by June or July next year.

Goyal was speaking at the session called Vitamin G: Designing booster shots for trade & commerce. A road map". Others on the panel were Kunal Bahl, CEO of Snapdeal, Sanjay Nayar, chairman of KKR India and TV Narendran, Global CEO & MD of Tata Steel & President, CII.

"The world is wanting to work with India. And I can tell you my own meetings or discussions with various world leaders from trade and economy, that they are very keen to expand our relations between India and other countries," Goyal said. He added that Canada was also keen on an FTA with India, but the process got delayed due to Covid.

"We are looking at a possible FTA with a couple of more countries," Goyal said. The Narendra Modi led government has only signed a single free trade pact (with Mauritius) during the last seven years in power. It also withdrew from the regional cooperation of economic partnership (RCEP) pact, citing unfavourable tariffs for India.

TV Narendran suggested that "when we negotiate FTAs, "we need to make sure we are doing the right thing."

Dismissing concerns over private consumption in the economy, the commerce and industry minister cited the robust goods and services tax collection and exports data to suggest strong demand revival, "The numbers of overall GST collection is a reflection of people's spending. The net collection in a GST regime which is at the last stage of consumption, clearly reflects consumption coming back into the market. The fact that industry, by and large, is almost running to capacity in all the main sectors, the PMI is high the mood of the industry is very positive," Goyal said.

GST collections have exceeded the Rs 1.1 lakh crore mark in the last few months. India reported $101.89 billion in exports in the quarter ending September.

"The mood in the country is that goods and services are competing with each other in a friendly manner to reach the 1 trillion mark each," Goyal said.

Bahl of Snapdeal pointed out that India's startup ecosystem was now the 3rd largest in the world after the USA and China. "We have come a long way as a startup ecosystem and one needs to look in the rear-view mirror to see the distance that has been covered to believe in what will happen next," said Bahl.

Sanjay Nayar said that the formalisation of the economy in the last 5-6 years has been tremendous, whether it is the formalisation of the tax system or the digitisation of the economy.

Source: businesstoday.in– Oct 10, 2021

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Awareness meet held on Kasturi cotton

Sardar Vallabhbhai Patel International School of Textiles and Management (SVPITM) organised events here on Thursday to create awareness on Kasturi cotton.

A press release said that to mark World Cotton Day, meetings, panel discussion, and fashion show were held on Kasturi cotton, which was launched by the Ministry of Textiles on October 7 last year.

Kasturi cotton is the brand for high quality Indian cotton. J. Thulasidharan, president of the Indian Cotton Federation, said at the meeting that Kasturi brand was launched to increase India's share in the global cotton trade.

Students of SVPITM took part in the fashion show, jingle dance show, and panel discussion on cotton.

Source: thehindu.com– Oct 09, 2021

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Global fashion industry moving towards sustainable ways to thrive in the market: Shivendra Nigam, CFO, Cantabil

Customers still majorly prefer the tangible experience of physical shopping. As the festive season approaches and the inoculation drive picks up pace across the country, players are hopeful that the festive shopping this year will drive positive growth for most retailers, with the possibility of even doing even better sales than the pre-pandemic levels.

Though recovery at the moment looks encouraging across categories, retailers continue to maintain cautious optimism due to the possibility of a third wave of the pandemic. Financial Express Online spoke with Shivendra Nigam, CFO, Cantabil to know about the retail sector in India and the way forward.

How has the retail space changed due to the pandemic?

The Covid-19 pandemic has changed consumer behaviour and shopping patterns which have automatically affected the retail industry. People have been cautious while venturing out and online purchases have increased. However, this is more driven by a feeling of reluctance and hesitation. Other contributing factors such as decreasing consumer spending, reducing disposable income, prioritising essentials shopping, and others have had some impact in the retail space. Customer preference has shifted towards indoor attires as work from home culture gains prominence. While the disruptions caused by the pandemic did result in a staggered slowdown during peak times, the offline retail space is again reverberating, which is a positive sign for recovery.

Customers still majorly prefer the tangible experience of physical shopping. Backed by the major vaccination drive and various COVID appropriate measures, such as, physical distancing, sanitisation, promoting cashless transactions, e-bills, etc., there is renewed customer confidence to catch up on missed shopping experience.

Cantabil has been able to successfully capitalise upon the changing trends by implementing an agile strategy and evolving with the times. Consequently, despite disruptions in retail space, we have scripted a record sales of July and August registered as highest ever in comparison to corresponding months. Strong business fundamentals, investing in essential, impactful physical presence and seamless shopping experience have all contributed to the growth.

What were the key learnings?

The pandemic has been a testimony that even amidst crisis the essential fundamentals associated with customers don't change. People still would prefer offline shopping if given a safe and secure environment to shop. While customer centricity was always most important for any fashion apparel brand, health, hygiene and sanitation have become essential aspects, almost a precondition, for offering a positive shopping experience.

For us, it has been important to ensure that we give a great shopping ecosystem in all the outlets across India. While the pandemic has also inclined customers on digital space, online shopping space and Omni channel approach does require its due focus. With the socioeconomic fabric that India has, offline shopping will continue being the most important medium of sales, even though online shopping will continue to grow.

The fact that we have witnessed more than expected footfall which has also reflected in our sales figures is a significant indicator of this trend. While we consolidate our market position by adding more stores and covering more geographies, Cantabil is taking strides in upgrading its digital infrastructure. We have endeavoured to further strengthen our omni-channel strategy, making our debut in the e-commerce space with Myntra, Amazon, Flipkart, Ajio, Tata cliq etc. Apart from this, we have also learned the importance of bringing an in-store feel to the whole digital experience. Moreover, we are stepping up the use of technology in order to remain ahead of trends that are bound to run galore once retailers adapt the 'new normal'.

What are the future plans of Cantabil?

The company keep-on expanding its retail footprint and opening 5-6 stores every month. The Company's plan in the last 3 years to expand in Tier 2/3 cities and beyond along with tier 1 cities has proven a great success and we will keep on expanding our proven growth story. We are also very hopeful to add one more successful chapter in our newly entrant E-commerce venture as a contributor in our top line to achieve our overall targets to reach 1K crore of Turnover in next 5 years.

Will you continue to focus on Bharat?

Yes, we will be focusing on expansion in tier II, III and IV markets as they have huge potential. In tier III and tier IV the purchasing power of the consumer is slightly limited but our pricing strategy for our products gives the best offers to our customers. We are planning to add our retail footprints in combination of 70% Company owned outlets as well as 30% asset light franchise model.

What are your views on sustainable fashion?

With the growing consciousness towards saving our environment, most brands are trying to shift their image towards sustainability. With increase in awareness and consciousness both from the customer and manufacturer sides, fast fashion is in a passing phase and is being replaced by sustainable fashion. Hence, brands across categories are trying to redesign their offerings in a way that they can be as close to being sustainable as possible.

The consumer today, especially, Millennials and Gen Z buyers, are more environment conscious and they are completely shifting their focus towards brands which support such an approach. For this, the fashion industry across the globe is moving towards sustainable ways to thrive in the market. The brands are adopting conscious sustainable practices in a way to not only attract a loyal customer base but also offer their responsibility towards the environment.

Do you think there are any textile reforms needed in the country? If yes. List one.

The recent GST council meeting has proposed a structural change to correct inverted duty structure in 'footwear" and "textile" industry which may significantly impact the readymade garments as well if basic rate of GST of 5% on garments up to taxable value of Rs. 1K goes upwards as retailers would have a dual challenge i.e. apart from managing future impact of upward tax, the additional burden of subsumed GST on in-house inventory as on as on enforcement date would squeeze the margins. This major impacted issue has to be dealt with accordingly by the authorities.

Source: financialexpress.com– Oct 08, 2021

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