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# INTERNATIONAL NEWS

## Biden Calls for Action, Reveals New Steps to Cut Port Congestion

President Biden, speaking Sunday at the Global Summit on Supply Chain Resilience in Rome, revealed additional steps to help alleviate "delays and backlogs of goods…from automobiles to electronics, from shoes to furniture."

Biden said he's allocating additional funding to help American partners, as well as the United States itself, cut port congestion by slashing red tape and reducing processing times so ships can get in and out of ports more quickly.

"Second, I'm signing an executive order that will strengthen our management of the United States defense stockpiles for minerals and materials," he said. "It'll allow us react and respond more quickly to shortfalls in the industrial base…But like so many challenges today, it isn't a problem any one of our nations can solve through unilateral actions.

Coordination is the key and the reason for this meeting…The best way to reduce current delays and build in greater resilience for the future is to work together across the entire supply chain, from raw materials to warehousing and distribution."

Officials from the U.S., European Union, Australia, Canada, Democratic Republic of the Congo, Germany, Indonesia, India, Italy, Japan, Mexico, Netherlands, South Korea, Singapore, Spain and the U.K. met at the summit to discuss near-term supply chain disruptions and paths to long-term resilience.

Biden said the supply chain should diversified, "so that we're not dependent on any one single source that might cause a failure," secured against natural and manmade threats, including cyber and criminal attacks, like ransomware; transparent so that both government and the private sector can better anticipate and respond to shortages that may be coming down the pike, and sustainable, "to ensure our supply chains are free from forced and child labor, supporting the dignity and the voice of workers."

The President said solving the supply chain crisis is going to take government and private industry, labor unions and research institutions. That's why, Biden said, he was directing the U.S. Secretaries of State and Commerce to chair a multi-stakeholder forum in the beginning of next year to bring all the key parties together with relevant officials from all of the summit governments to chart a path forward.

"We're going to bring our shared attention to a vital issue that is impacting on all of our countries—supply chain disruptions," Biden said. "Supply chains are something that most of our citizens never think twice about until something goes wrong…Ending the pandemic is the ultimate key to unlocking the disruptions we're all contending with. But we have to take action now, together with our partners in the private sector, to reduce the backlogs that we're facing. And then, we have to prevent this from happening again in the future."

He noted that supply chains are almost entirely owned and operated by the private sector, but that government can play a key role identifying supply chain risks and bringing the different pieces and actors together to address these vulnerabilities. Last month, he noted that his administration launched an early warning system to help get ahead of the global supply chain disruptions for computer chips, "which impacts so many industries in my country and all of yours."

"Just a few weeks ago, we were able to facilitate an agreement with key unions, retailers and freight movers to begin operating two of the largest ports in the United States that account for 40 percent of the imports on the West Coast–the Port of Los Angeles and the Port of Long Beach, California–to move from five days a week, eight hours a day, to 24 hours a day and seven days a week."

As part of the ongoing efforts of the Biden-Harris Task Force on Supply Chain Disruptions, California Gov. Gavin Newsom and the U.S. Department of Transportation (USDOT) last week announced a strategic partnership to help facilitate innovative projects and financing opportunities for multibillion-dollar infrastructure improvements in the state.

The agreement allows California to expedite work on a network of related projects that collectively will help grow the economy, protect the environment, facilitate the movement of imports and exports, and bring supply chain processes into the 21st century to create resilience throughout

the critical trade corridors of California and the U.S., including around San Pedro Bay and the Inland Empire.

"California's ports and infrastructure system is key to the country's supply chain," Newsom said. "Thanks to our collaboration with the Biden-Harris administration, this innovative federal-state partnership will help us fast-track those projects that will make our ports and infrastructure even more efficient. This partnership will help us jump-start and support multiple infrastructure projects to improve our supply chain, making sure goods get to where they need to go faster, cheaper and more environmentally friendly."

Projects that could receive support through this agreement include port-specific upgrades, expanding capacity for freight rail, developing inland port facilities for increased warehouse storage, railyard and truck electrification, highway upgrades to improve truck travel times, grade-separated crossings to reduce the number of rail-street intersections and improve safety and efficiency, and land ports of entry to expand trade capacity and cross-border commerce.

Under the Emerging Projects Agreement, the Build America Bureau at USDOT will support the California State Transportation Agency in developing California infrastructure projects designed to improve the capacity and resiliency of the goods movement chain and will assist project sponsors in exploring innovative financing opportunities for billions in infrastructure investment, in part through the USDOT credit assistance programs.

"Our supply chains are being put to the test, with unprecedented consumer demand and pandemic-driven disruptions combining with the results of decades-long underinvestment in our infrastructure," U.S. Transportation Secretary Pete Buttigieg said. "That's why this administration is working around the clock to address both near-term and long-term challenges to our supply chains, including investments such as those in the bipartisan infrastructure deal.

Today's announcement marks an innovative partnership with California that will help modernize our infrastructure, confront climate change, speed the movement of goods and grow our economy."

In tandem with these longer-term solutions, the State of California and the Biden-Harris Administration are actively working on short-term solutions to address bottlenecks. Last week, Newsom issued an executive order that directs state agencies to identify additional ways to alleviate congestion at California ports.

"The Emerging Projects Agreement today provides the State of California with a foundation to build a comprehensive program of public and public-private projects that will help build a stronger, more resilient goods movement chain that grows the economy by exporting and importing more goods," said the administration's Port Envoy, John D. Porcari. "With today's agreement, we will create an innovative federal-state partnership that will serve as a model for other states."

California's recently enacted budget includes $250 million for ports, $280 million for infrastructure projects at and around the Port of Oakland, and $1.3 billion over three years for zero-emission trucks, transit buses and school buses, including the deployment of more than 1,000 zero-emission port drayage trucks.

Source: sourcingjournal.com– Nov 01, 2021

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# LA, Long Beach Ports to Begin Issuing Fines for Idle Cargo

The West Coast ports in Los Angeles and Long Beach, Calif., have collaborated in another attempt to alleviate continued congestion at their terminals, both agreeing to levy fines to ocean freight carriers if they let cargo dwell too long.

On Friday, both the Los Angeles and Long Beach harbor commissions voted to implement a 90-day "container excess dwell fee" directed at ocean carriers in an effort to improve cargo movement on container terminals amid record volume.

The unprecedented accumulation of vessels continues to take its toll on the ports. As of Friday, there were 153 ships at anchor across both ports, berthed or "loitering"—cruising while awaiting dock space—and more than 100 of those were container ships, according to the Marine Exchange of Southern California, which monitors port vessel traffic.

"With the escalating backlog of ships off the coast, we must take immediate action to prompt the rapid removal of containers from our marine terminals," said Port of Long Beach executive director Mario Cordero in a statement. "The terminals are running out of space, and this will make room for the containers sitting on those ships at anchor."

The programs start Monday, Nov. 1, with penalties to be assessed no earlier than Nov. 15.

Under the policy, the ports will charge ocean carriers for each import container that falls into one of two categories. For containers scheduled to move by truck, ocean carriers will be charged for every container dwelling nine days or more. And for containers transported by rail, ocean carriers will be charged if a container has dwelled for six days or more.

The Port will charge ocean carriers in these two categories $100 per container, increasing in $100 increments per container per day until the container leaves the terminal.

Approximately 40 percent of the import containers within the two terminals are idling there for at least nine days, the ports say. Before the pandemic-induced import surge began in mid-2020, on average, containers for local

delivery remained on container terminals under four days, while containers destined for trains dwelled less than two days.

"Our objective with this program is not to generate revenue," said Los Angeles Harbor Commission president Jaime Lee in a statement. "Instead, we need our supply chain partners to make operational changes that will reduce dwell times, clear our terminals and make room for the ships waiting to enter our port."

A board presentation indicated that this action was needed to improve terminal velocity within the supply chain. Additionally, the ports say reducing the on-terminal dwell time for import containers will provide more space on the terminals to accept empties, handle exports and improve fluidity for the wide range of cargo owners that use the ports.

Port of Los Angeles executive director Gene Seroka said that as of Monday, the port would start taking daily data snapshots of how long import containers sit on the container terminals.

"If progress is being made clearing our docks, I have the discretion to delay the start of fees beyond Nov. 15," said Seroka in a statement. "Our goal is to see significant improvement on our docks so that we don't need to administer any fees."

Not all parties appear to be happy with the fees, particularly importers and freight forwarders. These stakeholders argue that such a fee would just convince carriers to pass the charges along to them even though they have little control over when boxes are moved away from the ports.

Jonathan Gold, vice president for supply chain at the National Retail Federation, shared the same concern with The Wall Street Journal, saying, "We are concerned about how the fee is going to be implemented and the fact that it's going to get passed along."

John D. Porcari, port envoy to the Biden-Harris Supply Chain Disruptions Task Force, gave his blessing to the actions from the West Coast ports as his own committee still seeks answers to mitigate the global issues. The task force helped develop the 90-day policty in coordination with the U.S. Department of Transportation and other supply chain stakeholders.

“As our economy continues to grow, increased demand and disruptions caused by the pandemic are putting our supply chains to the test. While we’ve seen new records set in terms of throughput this year at West Coast ports, we need more players throughout the supply chain to keep stepping up,” said Porcari in a statement. “The federal government will continue bring together private companies and stakeholders from across the supply chain and serve as an honest broker helping to surface solutions like this to address supply chain disruptions.”

Both the Ports of Los Angeles and Long Beach extended their hours to a 24-hour schedule to allow for more truckers to pick up goods at any time of the day. However, that action in itself won’t be enough to alleviate many of the current supply chain concerns, particularly since importers typically don’t keep their warehouses open 24 hours per day. Additionally, trucker shortages prevent importers from getting goods during the extended hours.

The move comes as President Biden told attendees at the Global Summit on Supply Chain Resilience in Rome over the weekend that his administration will allocate additional funding to the U.S. and its partners to help reduce the port congestion and processing times for entering and exiting the ports.

Source: sourcingjournal.com– Nov 01, 2021

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# USTR Event Stresses Importance of US-Central America Supply Chain for Textiles and Apparel

Deputy United States Trade Representatives (USTR) Sarah Bianchi and Jayme White co-chaired a roundtable discussion Friday with senior U.S. textile executives to discuss their role in creating economic opportunities in the U.S. and Central America, especially the Northern Triangle countries of El Salvador, Guatemala, and Honduras.

“The Western Hemisphere supply chain for textiles and apparel is a core pillar of the partnership between the United States and the countries of the Dominican Republic-Central America-United States Free Trade Agreement,” Bianchi said. “The CAFTA-DR rules of origin provide the certainty needed by industry to invest and expand operations in a way that promotes economic opportunity for both U.S. workers and those in the region. Maintaining certainty on the rules of origin and the short supply process in CAFTA-DR is critical to facilitating investments in the region by U.S. and Central American textile producers.”

Recent concerns about the unreliability of “geographically extended supply chains and the pervasiveness of forced labor” make this a particularly opportune time to expand production in the Western Hemisphere, she said.

Under the CAFTA-DR “yarn-forward” rules of origin, most inputs used in apparel and other finished textiles traded under the agreement must be produced in the U.S. or CAFTA-DR countries in order for the finished goods to qualify for duty-free entry. The agreement also includes flexibilities allowing duty-free entry for specified apparel products that are cut and sewn in the free trade area from fabrics sourced outside of the region.

There is also a “short supply” mechanism that addresses fibers, yarns and fabrics not commercially available in the region that can be used in apparel qualifying for duty-free treatment. USTR said there are currently 150 input products on the short supply list for CAFTA-DR.

Speaking at the recent Sourcing Journal Summit, Steve Lamar, president and CEO of the American Apparel & Footwear Association, called for an update of the “short supply system” to allow more third-party inputs. He is among those in the industry who have said the current rules of origin only work in very limited circumstances.

At Friday's event, White said USTR appreciates the U.S. textile industry's strong commitment to the U.S. and the Central America region.

"Sustainable investments by the U.S. textile industry in Central America will strengthen our supply chain resilience, boost job opportunities for the U.S. and our regional allies, and address environmental concerns, especially in light of the growing interest in onshoring and near-shoring of apparel and textile production," White said.

Trade with the CAFTA-DR region supports the U.S. textile industry supply chain, which employed 530,000 workers in 2020, including jobs in the cotton farming and wool growing sectors, according to the National Council of Textile Organizations (NCTO). In 2019, two-way trade in textiles and apparel between the U.S. and the CAFTA-DR trading partners exceeded $12.5 billion–$3.5 billion in U.S. exports to the region and $9 billion in imports to the United States.

Although the disruption caused by the global pandemic led to a decline of 25 percent in U.S.-CAFTA-DR textile and apparel trade in 2020, trade is rebounding in 2021, and is up 45 percent year-to-date through August, according to USTR.

"We greatly appreciate the Biden administration's strong commitment to grow good paying jobs in the U.S. and the region, in a way that strengthens this important sector," said Kim Glas, NCTO president and CEO. "The U.S. textile industry has invested over $20 billion dollars in the United States and billions more in the hemisphere over the last decade to grow economic opportunities in the U.S. and in the region. Onshoring and nearshoring this critical supply chain is essential and, as a result of our meeting today, further investments will be announced soon."

Source: sourcingjournal.com– Nov 01, 2021

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## Exclusive Interview with FIBRE2FASHION about the Latest World Textile and Apparel Trade Patterns (October 2021)

**The full interview is available HERE**

**Selected interview questions**

***The virus is here to stay. What steps the companies must take to mitigate its impact?***

**Sheng:** Earlier this year, I, together with the US Fashion Industry Association, surveyed about 30 leading US fashion brands and retailers to understand COVID-19's impact on their sourcing practices. Respondents emphasized two major strategies they adopted in response to the current market environment. **One is to strengthen the relationship with key vendors, and the other is to improve flexibility and agility in sourcing.** These two strategies are also highly connected. As one respondent told us "*We're adjusting our sourcing model mix (direct vs. indirect) & establishing stronger strategic supplier relationships across entire matrix continue to build flexibility and dual sourcing options.*"

Many respondents, especially those large-scale fashion brands and retailers, also say they plan to reduce the number of vendors in the next few years to improve operational efficiency and obtain greater leverage in sourcing.

***Which are the countries benefitting out of the US-China tariff war and why?***

**Sheng: The trade war benefits nobody, period.** Today, textiles and apparel are produced through a highly integrated supply chain, meaning the **US-China tariff war could increase everyone's production and sourcing costs.** Back in 2018, when the tariff war initially started, the unit price of US apparel imports from Vietnam, Bangladesh, and India all experienced a notable increase.

Whereas companies tried to switch their sourcing orders, the production capacity was limited outside China. Meanwhile, China plays an increasingly significant role as a leading textile supplier for many apparel exporting countries in Asia. Despite the trade war, removing China from the textile and apparel supply chain is impossible and unrealistic.

***How do you compare the African and Asian markets when it comes to sourcing and manufacturing? Which are the advantages both offer?***

**Sheng:** Asia as a whole remains the world's dominant textile and apparel sourcing base. According to statistics from the United Nations (i.e., UNComtrade), Asian countries as a whole contributed about 65% of the world's total textile and apparel exports in 2020. In the same year, Asian countries altogether imported around 31% of the world's textiles and 19% of apparel.

**Asian countries have also established a highly efficient and integrated regional supply chain by leveraging regional free trade agreements or arrangements**.

For example, as much as 85% of Asian countries' textile imports came from other Asian countries in 2019, a substantial increase from only 70% in the 2000s. With the recent reaching of several mega free trade agreements among countries in the Asia-Pacific region, such as the Regional Comprehensive Economic Partnership (RCEP), **the pattern of "Made in Asia for Asia" is likely to strengthen further.**

In comparison, only about 1% of the world's apparel imports come from Africa today. And this percentage has barely changed over the past decades. Many western fashion brands and retailers have expressed interest in expanding more apparel sourcing from Africa.

However, the tricky part is that these fashion companies are hesitant to invest directly in Africa, without which it is highly challenging to expand African countries' production and export capacity.

Political instability is another primary concern that discourages more investment and sourcing from Africa. For example, because of the recent political turmoil, Ethiopia, one of Africa's leading apparel sourcing bases, could be suspended for its eligibility for the African Growth and Opportunity Act (AGOA). Without AGOA's critical support, Ethiopia's apparel exports to the US market could see a detrimental decline.

On the other hand, while these trade preference programs are crucial in supporting Africa's apparel exports, they haven't effectively solved the structural issues hindering the long-term development of the textile and

apparel industry in the region. More work needs to be done to help African apparel producers improve their genuine export competitiveness.

***Another issue is Brexit. Is that having any significant impact on the sourcing scenario of the world or is it just limited to the European nations?***

**Sheng:** Despite Brexit, the trade and business ties between the UK and the rest of the EU for textile and apparel products continue to strengthen. Thanks to the regional supply chain, EU countries remain a critical source of apparel imports for UK fashion brands and apparel retailers. Nearly 35% of the UK's apparel imports came from the EU region in 2019, a record high since 2010. Meanwhile, the EU region also is the single largest export market for UK fashion companies—about 79% of the UK's apparel exports went to the EU region in 2019 before the pandemic.

However, trade statistics in the short run may not fully illustrate the impacts of Brexit. For example, some recent studies suggest that Brexit has increased fashion companies' logistics costs, delayed customs clearance, and made talent-hiring more inconvenient. Meanwhile, Brexit provides more freedom and flexibility for the UK to reach trade deals based on its national interests. For example, the UK recently submitted its application to join the Comprehensive Progressive Agreement of the Trans-Pacific Partnership (CPTPP).

The UK is also negotiating a bilateral trade agreement with the United States. **The reaching of these new trade agreements, particularly with non-EU countries, could significantly promote the UK's luxury apparel exports and help the UK diversity its source of imports.**

***How do you think the power shortages happening across Europe, China, and other nations, are going to impact the apparel supply chains?***

**Sheng:** One of my primary concerns is that the new power shortage could exacerbate inflation further and result in a more severe price hike throughout the entire textile and apparel supply chain. **When Chinese factories are forced to cease production because of power shortage, the impact could be far worse than recent COVID-related lockdowns in Vietnam and Bangladesh.**

As mentioned earlier, **more than half of many leading Asian apparel exporting countries' textile supplies come from China today.** Also, no country can still compete with China in terms of the variety of apparel products to offer.

In other words, for many western fashion brands and retailers, their stores and shelves could look more empty (i.e., having less variety of products to sell) because of China's power shortage problem.

Source: shenglufashion.com– Nov 01, 2021

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## Puma, VF and Nike Could Face Uphill Battle in China

China's Covid policy and power problems could mean more trouble ahead for Western brands.

Puma, VF and Nike have already warned about turmoil in the Chinese market. Meanwhile, new restrictions could be ahead to curb a new wave of coronavirus infections in Northern China. In August, an outbreak disrupted Nanjing port operations for several weeks and also interrupted air freight and cargo pickup and delivery.

Covid aside, rolling power outages since September initially threatened Chinese textiles producers due to forced shutdowns that have since spread to other manufacturing sectors.

What does this all mean for apparel and footwear brands that source in China? Sales pressure and additional supply chain disruption, most likely.

Wells Fargo analyst Ike Boruchow on Friday noted the macro headwinds from regional lockdowns and electrical shortages. The consumer-led backlash against Nike, Adidas and H&M has driven Chinese shoppers to local brands. Other signs point to weakness in the active space.

Puma CEO Bjørn Gulden described a "very difficult market situation in China" amid a 16 percent third-quarter sales decline after a 5 percent dip in the second quarter. Puma, in addition to Nike, Adidas, H&M and other high-profile brands, was among the boycotts that rocked many Western companies in the spring.

VF CEO Steve Rendle noted "pandemic-related disruption and near term headwinds in China." Vans in particular faced "challenging near term consumer environment in China." Parts of VF's business in "China have been been impacted by weaker digital traffic for non-domestic brands," Rendle said. "This has been more impactful for active brands relative to [VF's] Outdoor [group]."

Athletic footwear production for textile uppers—think fabric footwear, such as sneakers—has seen a shift from China to Vietnam as manufacturers such as Nike sought to broaden its base outside of China, only to face a ten-week delay due to supply chain constraints and an extended period of Vietnam

factory closures because of a Covid outbreak. The company last month said first quarter year-over-year sales in China declined by 1 percent.

Not all Western brands have had the same difficulties facing near term headwinds from China.

On Thursday, footwear firm Skechers said sales in China rose 10 percent year-over-year, on top of a 24 percent gain a year ago. The company apparently avoided facing the same labor backlash that dogged Puma and Nike. But Skechers also was able to show that one of its factories in Xinjiang had been audited several times, with each audit showing no signs of forced labor.

For other companies such as vertical retailer Abercrombie & Fitch, the manufacturing base in China is small component of overall operations and because its global sourcing network is so big, any supply chain impact so far has been manageable, company executives have said on earnings conference calls.

Moreover, Western luxury brands aren't as impacted as many of their softlines counterparts in the active space, and many of their goods are locally produced. Wells Fargo's Boruchow cited Moncler SpA as one example. Moncler, which on Thursday posted posted results for the first nine months of fiscal 2021, didn't note any weakness in the region, and said third quarter Asia revenues accelerated, with China sales leading the charge. The Italian firm said overall revenues rose 54 percent to 1.18 billion euros ($1.36 billion) from 765.1 million euros ($884.5 million) for the same 2020 period.

The Wells Fargo analyst also believes that both Tapestry Inc. and Capri Holdings Ltd. could see investor sentiment grow more cautious because of their exposure to the Chinese market. Both Tapestry and Capri have yet to reports their latest quarterly earnings results, but are set to over the next few weeks.

Meanwhile, Boruchow has downwardly revised his third quarter estimate for Canada Goose Holdings Inc. He now expects third quarter revenue at $552 million, down from prior estimates of $576 million. And he lowered estimates for third quarter earnings per share (EPS) to $1.36 from his prior EPS estimate of $1.41. He kept his "overweight" rating on shares of Canada Goose, but cited the Chinese market as the reason for his near-term caution. Canada Goose has 40 percent of its 37-unit company owned store fleet in

Asia, and its direct-to-consumer (DTC) growth story is "highly tied to that region," the analyst said.

Canada Goose in August reported a wider first-quarter loss, but noted rising demand and projected stronger DTC revenue in the back half. The outerwear market has been focused on growing its business in Mainland China, with DTC revenue up 188 percent in the quarter.

Source: sourcingjournal.com– Nov 01, 2021

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## China's spandex exports up 32 per cent from Jan to Sep '21

Exports of spandex from China were up 32 per cent from January to September 2021, compared to 2019 exports were up 29 per cent says a CCF Group report.

Turkey remained the biggest export destination. Exports of spandex to Turkey, South Korea, Taiwan and Egypt accounted for 40 per cent of total exports. And Chinese spandex exports to Columbia, Turkey, Bangladesh, Taiwan and India rose 63 to 134 per cent from January to September 2021.

Zhejiang, Jiangsu, Guangdong, Chongqing, Henan and Shandong are major export suppliers of Chinese spandex.

The global spandex market is estimated to grow at a CAGR of more than eight per cent from 2016 to 2023. It is also commonly known as elastane. Technology advancement with moisture management properties coupled with performance efficiency is likely to benefit elastane market growth.

Factors such as superior elasticity, regaining original shape, durability, lightweight, resistance to UV light are likely to favor spandex market demand. Spandex is used in textile manufacturing applications such as leggings, gloves, cycling jerseys and competitive swimwear.

Strenuous movements are involved in active sports that may require garment stretch. This stretch can result in movement restriction for the wearer. This can be overcome by using spandex material.

Source: fashionatingworld.com– Nov 01, 2021

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## Full speed ahead in Vietnam

The easing of travel restrictions and re-opening of business operations throughout Vietnam has re-energised Kraig Biocraft Laboratories, headquartered in Ann Arbor, Michigan, as it moves forward with the production of finished goods utilising its specialised recombinant spider silk.

Safety protocols and restrictions enacted at the onset of the Covid-19 pandemic in Vietnam led to closures and slowdowns of many businesses throughout the country, most notably in Ha Noi and Ho Chi Minh City.

The majority of these restrictions did not directly impact Kraig's Vietnamese subsidiary Prodigy Textiles, which was able to continue the production of its specialised silkworms.

Shutdowns did, however, affect Prodigy's employees, as well as causing delayed laboratory equipment deliveries and operational growth, while slowdowns at yarn spinners and weavers limited the company's ability to convert its raw silk into finished fabrics and garments.

As these restrictions are lifting, Kraig Labs is ready to accelerate the scale-up of silkworm production with the scheduled delivery and installation of new quality control lab equipment.

In the absence of the genetic screening that this new equipment will enable, the company intentionally maintained production below peak capacity to ensure a stable and healthy silkworm colony. Once installed, Prodigy's facility will have onsite control systems far more advanced than nearly all silk producers.

Several significant regulatory orders have now eased restrictions, once again allowing movement and travel for crucial goods, services, and personnel throughout Vietnam.

With the re-opening of textile mills and yarn spinners, Kraig Labs is now resuming work to produce the custom yarns and spider silk fabrics for the launch of SpydaSilk apparel – a joint development partnership with Kings Golden Harvest.

"We are pleased to see conditions in Vietnam improving for its people and its economy," said Kraig Labs COO Jon Rice. "In the coming weeks, we expect to receive and install several pieces of lab equipment delayed due to lockdowns. This quality assurance equipment will play a key role in our continued production expansion.

Most critically, with this re-opening, we can once again work with the textile mills to weave our silk into the finished fabrics for the first garments for SpydaSilk and to supply materials to the numerous other brands eager to incorporate spider silk into their products."

Source: innovationintextiles.com– Nov 01, 2021

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## Bangladesh's exporters need to focus on high-end apparel items: BGMEA

Apparel exporters in Bangladesh need to shift their focus on value-added, high-end apparel items like technical apparel as their demand is high in the global market, said Farque Hassan, president of BGMEA. He added that the demand for man-made fibre (MMF) garment items is rising globally and Bangladeshi apparel exporters should make use of the opportunity.

“It’s a good sign that orders from brands and retailers are coming to Bangladesh following reopening of economies of the European countries and the US and it would help Bangladesh RMG industry to recover from the pandemic fallout,” Hassan said while addressing a discussion organised by Bangladesh Apparel Youth Leaders Association in Dhaka recently.

“To make the business sustainable amidst the fierce competition in the global market, Bangladesh should aim to pursue a higher growth vision through diversifying textile material from cotton to non-cotton,” he added.

Hassan also invited foreign investment in Bangladesh’s non-cotton textile industry as production of MMF-based apparel will create a demand for artificial fibres and other raw materials in the local market.

Source: fibre2fashion.com– Nov 01, 2021

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# NATIONAL NEWS

## INDIA'S MERCHANDISE TRADE: Preliminary Data October 2021

India's merchandise imports in October 2021 was USD 55.37 billion, an increase of 62.49% over USD 34.07 billion in October 2020 and an increase of 45.76% over USD 37.99 billion in October 2019.

India's merchandise imports in April-October 2021 was USD 331.29 billion, an increase of 78.71% over USD 185.38 billion in April-October 2020 and an increase of 15.81% over USD 286.07 billion in April-October 2019.

The trade deficit in October 2021 was USD 19.9 billion, while it was USD 98.71 billion during April-October 2021.

Value of non-petroleum exports in October 2021 was 30.27 USD billion, registering a positive growth of 29.63% over non-petroleum exports of USD 23.35 billion in October 2020 and a positive growth of 32.84% over non-petroleum exports of USD 22.79 billion in October 2019.

Value of non-petroleum imports was USD 40.94 billion in October 2021 with a positive growth of 45.82% over non-petroleum imports of USD 28.07 billion in October 2020 and a positive growth of 44.87% over non-petroleum imports of USD 28.26 billion in October 2019.

The cumulative value of non-petroleum exports in April-October 2021 was USD 199.41 billion, an increase of 45.59% over USD 136.96 billion in April-October 2020 and an increase of 24.09% over USD 160.7 billion in April-October 2019.

The cumulative value of non-petroleum imports in April-October 2021 was USD 243.89 billion, showing an increase of 65.41% compared to non-oil imports of USD 147.44 billion in April-October 2020 and an increase of 15.51% compared to non-oil imports of USD 211.14 billion in April-October 2019.

Value of non-petroleum and non-gems and jewellery exports in October 2021 was USD 26.05 billion, registering a positive growth of 27.54% over non-petroleum and non-gems and jewellery exports of USD 20.43 billion in

October 2020 and a positive growth of 36.59% over non-petroleum and non-gems and jewellery exports of USD 19.07 billion in October 2019.

Value of non-oil, non-GJ (gold, silver & Precious metals) imports was USD 32.42 billion in October 2021 with a positive growth of 39.29% over non-oil and non-GJ imports of USD 23.27 billion in October 2020 and a positive growth of 30.72% over non-oil and non-GJ imports of USD 24.8 billion in October 2019.

Click here for more details

Source: pib.gov.in- Nov 01, 2021

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# GoI constitutes 20-member Empowered Group of Secretaries to monitor development and implementation of the PM Gati Shakti NMP

Government of India has constituted a 20- member Empowered Group of Secretaries (EGoS), which will be a monitoring mechanism for the development and implementation of the PM Gati Shakti National Master Plan (NMP). The Cabinet Secretary will be its Chairperson. Members include Chairman, Railway Board; Secretaries of Ministry/Department of Road, Transport & Highways; Ports, Shipping & Waterways; Civil Aviation; Petroleum & Natural Gas; Power; Telecommunications; Coal; Mines; Chemicals & Petro-Chemicals; Fertilizers; Steel; Expenditure; DPIIT; Food and Public Distribution; Agriculture & Farmers Welfare; Fisheries, Animal Husbandry and Dairying; and Tourism. Head of Logistics Division will be the Member, Convenor. Besides, the EGoS can co-opt any other Secretary or Secretaries as per requirement.

The Empowered Group of Secretaries (EGoS) shall have the following terms of reference:

1. Review and monitor implementation of the Plan to ascertain the logistics efficiency accruing thereof;
2. Adopt framework and norms for undertaking any amendments in the Plan;
3. Coordinate for any changes in the projects already included in the Plan, within the prescribed framework and norms;
4. To set out a procedure and a definitive timeframe for synchronisation of various activities for construction of roads, rail, etc. along with all utility services in an area-based approach for development of infrastructure on pilot basis;
5. Align various initiatives on development of a common integrated portal which serves the needs of all stakeholders;
6. Issue appropriate directions for achieving the objectives and for compliance to guiding principles of the PM GatiShakti NMP and in addressing demand side requirements of concerned Ministries.

7. The EGoS will also look at the interventions required to meet the demand side, in efficiently transporting bulk goods based on the requirements of various Ministries like Steel, Coal, Fertilizer etc.

The Logistics Division will act as Secretariat to the Empowered Group of Secretaries for its Terms of Reference (ToRs).

Source: pib.gov.in- Nov 01, 2021

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## Textile Secy: UP Singh to ET NOW : Indian Textile Sector can see 15% sustainable Growth

Govt is taking several initiatives to boost textile exports from India and next 5-yeaes we are eying $ 250 BN. Textile Secy Upendra Prasad Singh tells Ajaya Sharma in an Exclusive chat on ET NOW. China plus one is seeing a lot of global buyers shift their buying to include India as well.

Plus the Govt is planning Mega Textile Parks and Textile PLI to ensure large scale capex happens in the sector along with job creation for thousands of young jobseekers.

Click here to watch the video

Source: timesnownews.com- Nov 01, 2021

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## October GST collections soar to ₹1.30-lakh crore

At ₹1.30-lakh crore in October, GST collections touched the second highest level since the introduction of the new indirect tax regime in 2017. The highest mop-up so far is the ₹1.40-lakh crore plus collected in April this year.

A Finance Ministry statement underlined that the revenues for October were 24 per cent higher than the GST revenues in the same month last year and 36 per cent over 2019-20.

During the month, revenues from import of goods were 39 per cent higher and from domestic transactions (including import of services) were 19 per cent higher than the same month the previous fiscal.

"This is very much in line with the trend in economic recovery. This is also evident from the trend in e-way bills generated every month since the second wave. The revenues would have been still higher if the sales of cars and other products had not been affected on account of disruption in supply of semiconductors," the Ministry said.

Rise in compliance

Efforts by State and Central tax administration also added to increased compliance over previous months. In addition to action against individual tax evaders, a a multi-pronged approach was also adopted by the GST Council.

Experts say the only dampener to the uptrend in collections could be the third wave of the pandemic. "Car sales are down due to the semiconductors and chip shortage. Once this improves, there is bound to be a further increase in GST and cesses," said Parag Mehta, partner with N A Shah & Associates.

MS Mani, Senior Director, Deloitte India, said if the robust trend continues along with sustained economic growth, it is likely that the GST collection targets for the current year would be exceeded, providing the necessary fiscal space to absorb additional costs on healthcare and redistributive programmes.

"In addition to the various measures to streamline return filings, e-way bill generation etc, restrictions placed on non-compliant taxpayers would also have resulted in many taxpayers gradually becoming more compliant.

More such measures would further increase tax compliance," he said.

Source: thehindubusinessline.com- Nov 01, 2021

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# India committed to achieving net-zero carbon emission by 2070, says Modi

Prime Minister Narendra Modi has said that India is committed to achieving net-zero carbon emission by 2070. Still, developed nations must deliver on their promises on climate finance.

“It's need of hour to put pressure on those countries that have failed to deliver on their promises about climate finance,” Modi said, delivering his national statement at the COP26 Climate Change Summit in Glasgow on Monday.

India has come up with a timeline for reaching net-zero or carbon neutrality for the first time, but the target date of 2070 is twenty years later than developed countries have been pushing for. Net-zero emission is reached when all man-made greenhouse gas emissions are removed from the atmosphere through reduction measures helping global temperature to stabilise.

Committed to carbon emission reduction

The PM also announced that India will reduce 1 billion tonnes of carbon emissions from the total projected emissions by 2030 and reduce carbon intensity by 45 per cent in its economy.

“With 17 per cent global population, India is responsible for just 5 per cent of emissions,” Modi pointed out, adding that India was delivering in 'letter and spirit' on Paris Declaration commitments on tackling climate change.

Non-fossil fuel target

When India took the ambitious pledge of achieving 450 GW installed capacity by 2030 through non-fossil fuel sources, it was seen as over-ambitious. Now, India is not only on track to achieve this target, but India has decided to further raise it to 500 GW, according to sources. India has also pledged to fulfil 50 per cent of its energy requirements from renewables by 2030.

“PM gave a clear message to developed countries that just like India has raised its ambition in setting its targets, they also need to raise ambitions in

climate finance & tech transfer. The world cannot achieve newer targets with old goals of climate finance," the source said.

Earlier on Monday, Union Minister for Environment, Forest and Climate Change Bhupender Yadav, on behalf of Brazil, China and South Africa, pushed the developed world to mobilise $100 billion annually as climate finance support to developing countries to meet their existing obligations towards carbon emissions. The plan should include providing finance for the next five years – from 2021 to 2025, he said.

Source: thehindubusinessline.com- Nov 01, 2021

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## October exports 5% higher than previous month, deficit cools

India's merchandise exports were $35.47 billion in October, 35.2% higher than the pre-pandemic level of 2019 and 42.3% above the same month in 2020. However, imports grew faster to $55.37 billion, 62.5% higher than a year ago and 45.8% over October 2019. On a month-on-month basis, October's merchandise exports were almost 5% higher than September's $33.8 billion figure, as per preliminary estimates released by the Commerce and Industry Ministry on Monday.

Coal and gold imports more than doubled during October, rising by nearly 119% and 104%, respectively, from a year ago. Imports of vegetable oil also jumped almost 60% from October 2020. The trade deficit for October more than doubled from a year ago to $19.9 billion but was lower than the record deficit of $22.6 billion in September 2021. For the first seven months of the year, India's cumulative trade deficit now stands at $98.71 billion.

"Encouragingly, non-oil exports rose to a seven month high $30.3 billion in October, 30% higher from a year ago, with two-thirds of the absolute increase concentrated in engineering goods and gems and jewellery," said ICRA chief economist Aditi Nayar.

"A sustenance of healthy exports growth will be crucial to contain the current account deficit in light of the recovery and commodity price-led surge in merchandise imports," she said, adding that oil imports also dipped after a spike in September and non-oil, non-gold imports rose further to account for $35.8 billion of total imports.

Leaving out petroleum products which grew nearly 232% in the month, the sharpest growth in exports was recorded in engineering goods (50.7%), cotton yarn and handlooms (46%), gems and jewellery (44.2%) and chemicals which grew nearly 42%.

While the employment-intensive readymade textile garments saw outbound shipments grow at just 6.4% in October, drugs and pharmaceutical exports dipped nearly 1% from October 2020 levels.

Source: thehindu.com- Nov 01, 2021

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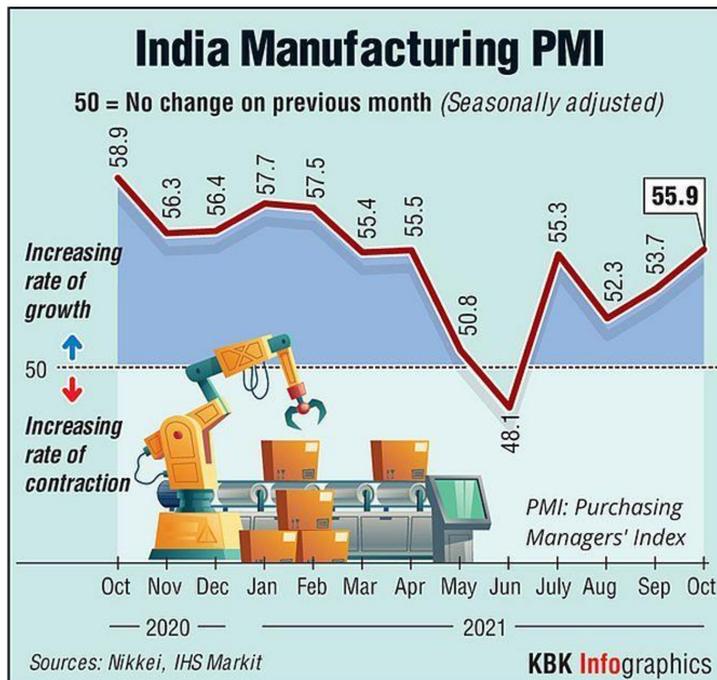
# PMI Manufacturing rose further to 55.9 in October

Manufacturing sector gained in October as Purchasing Managers' Index (PMI) moved up to 55.9 as against 53.7 in September. However, the job situation is yet to improve.




Manufacturing has a share of over 14 per cent in Gross Value Added (GVA) and considered as a source of job multiplier. PMI is one of high frequency indicators showing how economy is performing.

Economic research firm IHS Markit prepares this survey-based index and releases with a detailed report every month in advance of comparable official economic data.

Expansion in production

Commenting on the latest survey results, Pollyanna De Lima, Economics Associate Director at IHS Markit, said that October data showing notably quicker expansions in new orders, production and input purchasing. "With companies gearing up for further improvements in demand by building up their stocks, it looks like manufacturing activity will continue to expand throughout the third quarter of fiscal year 2021/22 should the pandemic remain under control. Upbeat business confidence and projects in the pipeline should also support production in the coming months," she said.

Manufacturing has a share of over 14 per cent in Gross Value Added (GVA). Its PMI is based on responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The headline PMI is a weighted average of the following five indices: New Orders (30 per cent), Output (25 per cent), Employment (20 per cent), Suppliers' Delivery Times (15 per cent) and Stocks of Purchases (10 per cent).

IHS Markit noted that despite the notable upturn in new orders, Indian manufacturers were able to keep on top of their workloads, as signalled by another reduction in backlogs. The pace of depletion was only fractional, however. 'This lack of pressure on capacity, besides government guidelines surrounding shift work, meant that employment continued to decline. That said, the rate of job shedding was marginal," it said.

Adding to that De Lima noted that even there is overall improvement in operating conditions, jobs failed to increase. "This was often linked to sufficient capacity to deal with current workloads and government norms surrounding shift work," she said.

Talking about future, the agency expects business conditions will improve further as the easing of the pandemic boosted confidence. "Firms also intend to develop new products, invest in marketing and focus on customer relations to support growth in the year ahead. The overall degree of optimism strengthened to a six-month high," it said.

Source: thehindubusinessline.com – Nov 01, 2021

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# Home textile exporters may report 20% jump in revenue in FY22: Crisil

Exporters of home textiles are set to report 20% surge in revenue in fiscal 2022, and also grow global market share, ratings agency Crisil said.

Exports account for 60% of the ₹55,000 crore Indian home textiles industry, which comprises products such as terry towels, bedsheets and spreads, pillow covers, curtains, rugs and carpets.

The pandemic had impacted global demand for such products.

The growth will come on the back of—strong retail sales in the US and better outlook for the upcoming festive season in export-dominated markets. This, along with global companies adopting a 'China plus one' sourcing strategy is likely to benefit homegrown home textile exporters, Crisil said in its note on the sector on Monday. The rating agency analysed 50 companies that export home textile goods.

"Export demand has been healthy so far this fiscal and is expected to stay strong in the third quarter, going into the festive season, as the impact of the pandemic wanes," Gautam Shahi, director, Crisil Ratings said.

Home furnishing retail sales in the US—a key export market that accounts for 55% of the export revenue pie of the Indian home textile sector. Exports to the market grew 42% year-on-year in the first half of calendar 2021, compared with 15% growth in the corresponding pre-pandemic period of calendar 2019, Crisil estimates suggest.

"Also, the 'China plus one' strategy is clearly playing out. This is visible in a sharp increase in India's share of US imports of cotton bed sheets and terry towels to 51% in the first eight months of calendar 2021 versus 46% in calendar 2020, while that of China has reduced to 16% from 20%," it said.

In another encouraging sign, average capacity utilisation of three large listed home textile players in the bed linen segment increased to 87% in the first quarter of the fiscal when compared to pre-pandemic levels of 68%.

What runaway crude prices mean for the Indian economy

Crisil also expects the companies it analysed to improve their operating profitability by 200-250 basis points to 18% this fiscal.

Extension of the Rebate of State and Central Taxes and Levies (RoSCTL) scheme till March 2024 and better coverage of fixed costs from higher capacity utilisation will help offset the sharp increase in prices of cotton, the key raw material, it added.

However, it said attempts by companies to gain greater market share and expand cap-ex is likely to translate into higher debt levels in the near to medium term.

“Improvement in operating profitability will offset the impact of higher debt levels, lending a positive bias to credit quality of home textile manufacturers. We expect the interest coverage ratio for CRISIL-rated home textile players to improve to 6-6.5 times over the medium term from 5.5 times in fiscal 2021, while the ratio of debt to earnings before interest, taxes, depreciation and amortisation (Ebitda) will also improve to 2-2.2 times from 2.5 times," said Kiran Kavala, Associate Director, Crisil Ratings.

Source: livemint.com – Nov 01, 2021

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## As cotton prices skyrocket, textile industry raises concern

The Indian textile industry has begun expressing concern over soaring cotton prices in global and domestic markets, with some even raising fears that the natural fibre is being hoarded.

In a memorandum to Prime Minister Narendra Modi, Southern India Mills Association (SIMA) Chairman Ravi Sam called for steps to stabilise cotton prices, particularly when the country had over 100 lakh bales (170 kg each) of opening stocks this season (October 2021-September 2022).

Higher output

Besides high opening stocks, cotton production this season is likely to be higher at 360 lakh bales against 353 lakh bales, according to cotton trade. SIMA's concern is more in view of the fact that Tamil Nadu accounts for 50 per cent of total cotton consumption in the country.

While arrivals of the new cotton crop have begun flooding domestic markets, prices have skyrocketed to a new high of ₹66,000 a candy (356 kg) of ginned cotton. Raw cotton modal prices (rates at which most trades take place) in Gujarat's Rajkot agricultural produce marketing committee (APMC) yard have increased to ₹7,625 a quintal during the weekend.

In Karnataka's Bijapur APMC, modal prices have whizzed past ₹8,600 currently. On the New York Mercantile Exchange, cotton prices have soared to a 10-year high of 117.99 US cents a pound (₹69,950 a candy) as production this year is low and supply has been affected.

50% rise so far in 2021

According to the US Department of Agriculture, world ending stocks are projected to be lower this year as also exports, while consumption is seen higher. This has led to over 50 per cent increase in cotton prices since the beginning of 2021.

The increase in cotton prices has now led to the industry urging the Centre to order the Cotton Corporation of India (CCI) to procure the natural fibre from growers. However, cotton farmers and trade see little role for the CCI to make market intervention since prices are far above the minimum support price (MSP) of ₹5,726 a quintal for the medium staple variety.

SIMA's Sam said an analysis of cotton price data for 10 years shows that the domestic industry procured just one-third of the cotton produced, while the rest were mostly purchased by the trade or Cotton Corporation of India (CCI). Cotton prices rule low from November to March, he said.

"The government should look at measures for price stability and the CCI should adopt policies that will enable the industry, especially micro, small and medium mills, to buy more directly from it," the SIMA Chairman said. SIMA has been supported by the Tirupur Exporters Association (TEA) in raising the issue of high cotton prices.

Speculators behind surge?

TEA President Raja M Shanmugam, in a letter to Prime Minister Narendra Modi, said CCI should be directed to "protect the interest of farmers at the first instance and should equally act as a facilitator or catalyst to accelerate the growth of the textile industry's value chain".

He said CCI needs to open its supply chain centre based on the demand request to facilitate the speedy availability of cotton at the user-end. The corporation should be mandated to supply cotton directly to small, medium and large enterprises textile mills.

Rikhab C Jain, Chairman, TT Group, in a statement, said speculators were driving up cotton prices and CCI was raising prices by ₹300-₹1,000 a candy every day. He alleged irregularities in domestic cotton futures and hedging in New York.

"Speculators are trying to make money at the cost of the whole cotton textile chain and industry," he said. The cotton trade, however, says the carryover stocks are 75 lakh bales with consumption and exports being higher than initial projections.

CCI Chairman PK Agarwal told BusinessLine last week that the corporation would not have to enter the market since prices are ruling above the MSP. CCI's mandate is to enter the cotton market only in the event of prices dropping below MSP.

Yarn price trend

"Cotton prices are increasing but yarn prices are rising further than that. There is very good demand for yarn in domestic and export markets. All

spinners are buying cotton aggressively to build inventory," said Anand Poppat, a Rajkot-based raw cotton, waste and yarn trader.

But a textile industry expert said spinning mills are unable to hike yarn prices in line with the rise in cotton prices. Another leading trader, who did not wish to be identified, said spinning mills had 30-45 days of running stocks and they should be able to manage their costs despite the rise in cotton prices.

Poppat said demand was good for cotton exports, particularly Bangladesh which finds India a better option. But the current bullish streak in the global market could be broken as speculators were cutting their open positions.

But non-availability of ample cotton and firm export demand point to the bullish trend continuing, probably after a break in the bullish streak.

Exports may dip

Though daily arrivals are expected to top two lakh bales (170 kg each) in the coming days, cotton prices will stay stable to firm over a longer period, Poppat said. SIMA Secretary-General K Selvaraju said prices are likely to drop as arrivals gather pace.

Though traders and experts say cotton exports could be lower this season at around 50 lakh bales compared with 78 lakh bales last season, Poppat says the quality of the crop is good this year and export demand will likely be good -more than what is being estimated.

Selvaraju said if exports turn out to be more than projected, then the textile industry could be heading for a crisis. It was for this reason that the SIMA Chairman wrote to Modi. The other issue for the rise in cotton prices is the rapid rise in crude oil prices. With Brent crude oil prices ruling at over $83 a barrel, prices of synthetic textile products have also increased in tandem.

Fitch Solutions Country Risk and Industry Research, a unit of Fitch group, said in a note that increased prices for oil-based synthetics is supporting demand and prices for their natural equivalents such as cotton.

Source: thehindubusinessline.com– Nov 01, 2021

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## Branded apparels ride high on festival, wedding season

With consumers readying for Diwali, sales seen picking up

After the Covid-19-induced slump that diverted the demands to comfort-dressing, the festival and wedding season has perked up the occasion-wear and formal segment.

The hard-hit branded apparel segment is betting big on the season for a strong sales revival with many players already noticing a resurgence in footfalls at the stores. Increasing customer interest has raised hopes that sales are soon going to revert to pre-pandemic levels.

After a prolonged pandemic deflation, buyers have started thronging markets and shopping malls with a gusto. Noida-based Gurvinder Sharma says she is dressing up for Diwali and has been shopping for occasion and ethnic-wear. "We seem to have been forever wearing comfortable lounge pants. Now for an extended family of 10, I am looking for occasion-wear; Diwali is here and so are the weddings," she said.

According to Bidyut Bhanjdeo, Head – Sales, Apparel Business, Raymond Ltd, there is an expectation of 8-10 per cent growth over 2019 levels among its channel partners.

Sales growth

"Festive buying started with Dusshera in the eastern region where we observed a growth over 2019 levels. Now we believe the overall sales will definitely cross the pre-pandemic levels. With markets opening up and vaccinations picking up pace, customers are in a buoyant mood. Offline stores are witnessing good footfalls," he said.

The annual consumer sentiment survey by Retailers Association of India, released recently, found that apparel and home appliances topped as the two categories on the consumers' festival shopping list.

Siddharth Bindra, Managing Director of ethnic apparel retailer Biba India, said, "Due to the pandemic, consumers had earlier not been looking at buying formal and occasion wear. But with the onset of the festival and wedding season, they are definitely looking to dress up again for parties and

weddings. Demand for occasion wear and formal wear has picked up and we expect this trend to continue in the coming months."

Improved demand

He added that overall the company expects to see growth over the pre-pandemic levels during the festival period. "Demand across markets has picked up and is in fact much better than what was anticipated. The northern and eastern regions are doing well. There are still some challenges in regions such as Maharashtra, Tamil Nadu and Kerala. We expect offline business to be back at 90 per cent of the pre-pandemic levels, while online business will see much higher growth," he said.

Digital platforms for shopping D2C and the online apparel brands gained strongly in the pandemic times and this momentum is expected to continue. Tanvi Malik, Co-Founder & CEO, FabAlley & Indya, said, "With all this pent-up demand for occasion wear and our special offerings for the season put together, we're expecting a 100 per cent pre-Diwali growth over 2020."

Source: thehindubusinessline.com– Nov 01, 2021

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# Manufacturing surges in October, but job losses persist

India's manufacturing sector expanded for the fourth month in a row in October, with the IHS Markit Purchasing Managers' Index (PMI) rising to 55.9 from 53.7 in September.

Manufacturing jobs continued to decline even though producers recorded the strongest improvement in overall operating conditions since February, and business optimism hit a six-month high. A reading of 50 on the PMI indicates no change in output levels.

Overall new orders grew at the fastest pace in seven months, while factory output also increased at the strongest pace since March. New export orders surged at a solid pace as well, the quickest in three months, IHS Markit said. Input purchases also increased at the fastest pace since April as producers geared up to cope with the surfeit of new orders. However, the cost of inputs began to pinch, with the overall inflation for them surging to a 92-month high. "Anecdotal evidence highlighted higher chemical, fabric, metal, electronic component, oil, plastic and transportation costs," IHS noted.

As capacities are still not fully utilised and Government norms are in place surrounding shift work, employment continued to decline. The silver lining — the rate of job shedding was marginal in October.

"With companies gearing up for further improvements in demand by building up their stocks, it looks like manufacturing activity will continue to expand throughout the third quarter of 2021-22 should the pandemic remain under control," said Pollyanna De Lima, economics associate director at IHS Markit.

"Upbeat business confidence and projects in the pipeline should also support production in the coming months," she said, before emphasising that input cost inflation that accelerated substantially in October was a matter of concern.

"Input cost inflation is at a near eight-year high — as strong global demand for scarce raw materials continued to push up prices for these items. Some manufacturers hiked their fees in response, but for now the overall rate of charge inflation was moderate," Ms. De Lima said.

IHS Markit said in a note that confidence among producers was boosted by predictions that business conditions would improve further. “Firms also intend to develop new products, invest in marketing and focus on customer relations to support growth in the year ahead. The overall degree of optimism strengthened to a six-month high,” it pointed out.

The IHS Markit India Manufacturing PMI is compiled from responses to questionnaires sent to around 400 purchasing managers. The panel is stratified by detailed sector and company workforce size, based on contributions to the GDP. The latest index was based on responses from producers received between October 12 and 25.

Source: thehindu.com– Nov 01, 2021

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# Shipping Minister opens new facilities at Cochin Port

Sarbananda Sonowal, Union Cabinet Minister for Ports, Shipping and Waterways inaugurated the new Radars and Vessel Traffic Management System of Cochin Port Trust on Monday.

The VTMS (Vessel Traffic Management System) commissioned in Cochin Port in 2009 has been upgraded with a state-of-the-art system consisting of two new radars, a AIS Base station, three VHF Radios and associated software and hardware installed at the cost of ₹5.8 core. The Vessel Traffic Management System is an essential tool for enhancing safety of navigation in the port by monitoring and regulating the shipping movements. Apart from maritime safety, the system also improves the security of the port waters by detecting and tracking all crafts moving in the port.

During the tug ride, the Minister also inspected the port infrastructure and project sites including oil terminals, ICTT Vallarpadam, Multi-User Liquid Terminal, LNG Terminal and SCB re-construction project in the Cochin harbour.

Cochin Shipyard

At a function in Cochin Shipyard, the Minister inaugurated the launching of five vessels at comprising three Floating Border Out-Posts (FBOP) for the Border Security Force and two Fully Electric Autonomous Ferries for ASKO Maritime AS, Norway, which are amongst the world's first Autonomous Ferries.

Speaking on the occasion, he said the Union Government is extending all support to CSL in its geographical expansion and capacity enhancement endeavour. Through the Maritime India Vision 2030, the Government aims to make India a sought after destination for shipbuilding and ship repair. CSL is a major partner in this endeavour, he said.

The Minister also inaugurated SMRITHI- a new model room to foster an understanding of its history and relevance to India's shipbuilding industry. The model room building portrays 50 years of CSL's rich history. Smrithi exhibits the major vessels built by CSL over the past five decades. The country's first-ever Indigenous Aircraft Carrier to autonomous vessels and ferries for the local conveyance are displayed here. At present, 14 ship models are displayed here with a scope to increase the number.

Source: thehindubusinessline.com– Nov 01, 2021

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## Made in Telangana: A New Hot Spot in India

Always on the lookout for better options with less bureaucracy and a faster turnaround, manufacturers have been making a move toward Telengana in Southern India. With its promise of 15-day clearance for new projects, substantially lower land prices and cheaper labor costs, it's easy to understand the attraction.

The 1,200-acre Kakatiya textile park in Warangal, 90 miles from the state capital of Hyderabad, for instance, has recently drawn companies including Korean manufacturer Youngone, and Kerala-based manufacturer Kitex Garments Ltd., among others.

Telengana, one of the youngest states in India, formed in 2014, is not new in pledging ease of business, but manufacturers say they are finding the difference in real, practical terms.

Drawn by the more agile government policies, Ikea opened its first store in India in Hyderabad in August of 2018. Amazon unveiled its largest company-owned campus in the world in Hyderabad in 2019, and has its largest fulfillment center in Telengana. The city is expected to bow eight new malls by 2023, adding to the existing 12, showing rapid retail growth.

Last month, Kitex Group, one of the world's largest kids' wear manufacturers, signed a memorandum of understanding with the Telengana government and is making a 24 billion rupee ($325 million) commitment to moving its manufacturing base from Kerala in the south.

The decision garnered considerable buzz.

"I got offers from 12 other states in India, as well as from Bangladesh, Sri Lanka, Doha, etc.," Sabu M. Jacob, chairman and managing director of the Kitex group, told Sourcing Journal. Kitex, which has a production capacity of 732,000 pieces of clothing a day, had a turnover of 140 billion rupees or $1.86 billion in 2019-20.

Jacob explained his frustration at repeated audits by different departments of the Kerala government. "In June, the government started auditing our factories—there was no protocol. They would come in and do whatever they wanted, there were no audit reports. We're OK with the law of the land, but we were being treated like smugglers or terrorists. After the 10th one I

reacted and said this was harassment. We have consistently had a platinum rating from the Worldwide Responsible Accredited Production (WRAP) audits for the last 14 years which are recognized by many of our U.S. buyers, and we are very particular with all of our systems, so it was not for lack of systems."

The announcement of his displeasure set the wheels in motion.

KT Rama Rao, Telengana minister for Industries, sent a private plane to pick up Jacob, and offered a quick helicopter visit to the textile park in Warangal. KT Rama Rao cited the high-quality cotton being produced in the state and the single window clearance system among the other advantages on offer.

"All my concerns were met with immediate problem solving," Jacob said.

While wrapping up his trip, replete with site visits and meetings at different levels, Jacob announced an investment of 10 billion rupees or $133.26 million, subsequently increased to 24 billion rupees or $325 million.

Jacob is visibly excited by the future, and listed the reasons. "This will be a farm to finish manufacturing center, including accessories with zippers—from the spinning and weaving to even making the thread here. We will also work with the farmers for better agricultural practices and higher productivity. The cost of the land is 15 times cheaper than Kerala and the building cost is much lower. There is also plentiful available labor," he added.

The cotton rich state has an advantage on proximity to raw material as well. It is the third largest producer of cotton in India, with the production of five million bales annually, which ranks it third in India. (Gujarat is first at 12.5 million bales, followed by Maharashtra at 8.5 million bales).

"The exciting part is what is happening in Warangal, because it is happening from scratch and things are happening very quickly. In the next 12 months, the face of the general area would have changed," said Mihir Parekh, director of textiles and apparel for the government of Telengana. He noted that the Kakatiya textile park would be functional by early next year, and that separate industrial units were also under construction.

He said that labor had already been identified in the area with a working age population of about 200,000. "That entire area is a thriving ecosystem in its own right," he said, speaking about the other textile parks that have been

gaining traction, including Chandanvelly Park, where the Welspun group has invested, and Sircilla Apparel park, a major hub of power looms.

D.K Nair, former secretary general Confederation of Indian textile Industry (CITI), observed that this was not just a one-time activation based on anti-bureaucracy measures. “The state and the industry minister have to be really proactive to do something like this. This is an indication that the state will really take off,” he said, noting that the policies have been put into effect with thought and planning, with an eye on consolidated and streamlined growth.

Korean corporation Youngone is forging ahead with an initiative to start operations this year at Kakatiya Mega Textile Park (KMTP) in Telengana through its wholly Indian owned subsidiary Evertop Textile and Apparel Complex Private Limited, investing an initial $120 million in this location.

Kihak Sung, chairman of the Youngone, announced earlier this year that “Made in Telangana” textiles would be available globally. The company plans to make five factories functional in the coming months, and three more in the second phase. Investments from other major companies include Sitaram Spinners Pvt. Ltd., Ganesha Ecosphere Ltd., Kundana Technotex Pvt. Ltd and Gokaldas Exports.

As Telengana looks for growth, the Tirupur model continues to be an inspiration—the small town in Tamil Nadu that has garnered more than a quarter of India’s apparel exports. “From Assam to down South they want to replicate this formula,” Raja Shanmugham, president, Tirupur exporters Association observed. “They have been wanting to replicate it in Warangal (in Telengana) for the last few years, but this has not happened yet.” Tirupur, known as the knitwear capital of India, had exports of an approximate 25,000 crore or $3.38 billion in 2020, despite Months of lockdown due to Covid.

Shanmugham put this succinctly. “India’s share in apparel exports is less than 4 percent globally, compared to Bangladesh which is 14 percent. Vietnam and other countries are competing. Unfortunately, this is even though we have raw materials and manpower. I believe we can work to make our share 20 to 25 percent. It is a very huge cake,” he said.

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