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IBTEX No. 219 of 2021 November 10, 2021

US 74.18| EUR 85.91| GBP 100.54| JPY 0.66

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INTERNATIONAL NEWS

Power of 3? South Asian Nations Look to Link Up

Putting aside petty rivalries and long-held jealousies, India, Bangladesh and Sri Lanka are beginning to realize a combined force could grow the apparel and textile business for all three countries.

More than just politics and rhetoric, industry leaders are looking at the bigger picture and seeing how working together could yield greater success than going it alone.

The idea was furthered at a conference organized by the Confederation of Indian Industries last week and later reiterated to Sourcing Journal by analysts and industry leaders. The long-held sense of competition is giving way to more collective thinking, according to experts.

“The dynamic of global sourcing has been changing,” said Faruque Hassan, president Bangladesh Garment Manufacturers and Exporters Association (BGMEA). “We believe Asia will lead for next few decades. The possibility of a regional value chain with raw materials and marketing can make a global brand.”

Taking into account China Plus one—the business strategy to avoid investing only in China and diversify into other countries—the emphasis on combining forces to mitigate the situation is growing.

“India has a unique capacity in the vertical supply chain starting from cotton to finished apparel and fashion design; Bangladesh does not grow cotton, nor petrochemical fiber, yet we have become the second-largest apparel exporter,” Hassan said, while adding that Bangladesh is the second-largest cotton importer in the world.

The urgency to rethink the situation has been felt across all three countries as the pandemic roiled supply chains, with lockdowns, order cancellations, and the two biggest importers from the region, the U.S and European Union, beginning to take nearshoring more seriously.

While Bangladesh has somewhat recovered—exports are up 12.6 percent in 2021 at $31.45 billion, from $27.94 billion in financial year 2020 (ending June 30)—this is still below the $34.13 billion registered in financial year 2019.

The feeling seems to be similar in Sri Lanka, which saw apparel exports in 2020 drop to $4.2 billion from $5.3 billion in 2019. Although this year has seen 12 percent growth, and the country expects to reach $5.1 billion by year-end, this figure is lower than the 2019 level, and that has the industry concerned.

"We don't have to do it alone," said Suchira Surendranath, director strategy and investment for Brandix Lanka Ltd Group, Sri Lanka. "It's a unique, once-in-a-lifetime opportunity for Asia as a whole, and especially for India to capture a share of the global market without the need to compete only on price. The possibilities for tangible value with a compelling story line are endless if we build a closer collaboration. We can build a regional apparel and textile hub that becomes a preferred sourcing destination."

"India itself may not have access to European Union and the U.S. through preferential schemes, but Bangladesh has access to U.S. and Canada. Sri Lanka has access to Europe and India has access to the Japanese market. This contributes to the balance, as well. We already have all the factors to make this a reality, and with this collaboration we can be on a level playing field with the rest of the world," he added.

One reason for India's interest in the partnership could be because the nation appears to be losing ground. According to the Indian commerce ministry, textile exports plunged 9.57 percent to $31.69 billion in the financial year 2020-21, ending March 31, compared to $35.04 billion in 2019-20.

"India's lack of resilience was further exposed during the Covid crisis, which saw overall global demand fall by 3.8 percent, with India seeing an 18.7 percent decline in 2020. However, the country's recent performance in global trade has not been commensurate with its abilities.

Exports declined by 3 percent during 2015–2019 and by 18.7 percent in 2020. And yet during the same period, other low-cost countries such as Bangladesh and Vietnam have gained share," said global consulting firm Kearney.

Last week's Kearney and CII report noted that the textiles industry is the backbone of India's economy, making major contributions to both employment and exports but that India was a clear laggard from 2015-2019, with textile exports shrinking 0.8 percent in the same period.

"All categories mirrored this reduction, excluding home textiles and technical textiles. This ultimately resulted in India dropping from second to fifth among global exporters, with Vietnam (11 percent growth in the same period) and Bangladesh (10 percent growth in the same period) rising," according to the report.

Uncovering the reasons and finding ways to address them would be instrumental in reaching the $100 billion textiles export target that India's new minister for textiles, Piyush Goyal, set for 2026.

"There are times when an industry gets a second chance—a chance to change its growth trajectory and claim its rightful space in the world market. For India, that time is now," said Neelesh Hundekari, a partner at Kearney. "A South Asia hub is a great idea." Over the past few years, India stagnated while neighbors like Bangladesh and Vietnam flourished. "What are the root causes? Duty disadvantages? Where we don't have a level playing field India does suffer," he added.

"The post-Covid world is seeing a realignment of geopolitical relations, and Western economies are reevaluating their business partnerships and investment destinations," Hundekari said.

Source: sourcingjournal.com– Nov 09, 2021

HOME

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China starts new round of cotton sales to boost supply

China will start a new round of sales from its cotton reserves on Wednesday, with a total 600,000 tonnes of imported and domestic cotton to be sold off in daily auctions, according to an official notice.

It is the second batch of cotton to be released from reserves this year and is designed to better meet demand for the fibre from spinning companies, said the China Cotton Reserves Management Company in a notice published late on Tuesday by industry website Cncotton.com.

Cotton prices in China are at more than three-year highs, bolstered by strong demand from both the domestic textile sector and export markets over the last year, and high global prices.

However, demand has recently weakened while prices sought by growers in the main producing region Xinjiang for the recently harvested crop were very high, and unacceptable to spinning firms, said analysts at Cofco Futures in a report last month.

“There will be strong bidding, especially for the import lots,” a Beijing-based cotton dealer commented on the upcoming auctions.

The imported cotton, mostly from the United States and Brazil, is better quality and newer than much of the domestic cotton on offer, he said.

Cotton futures traded on the Zhengzhou Commodity Exchange moved little on Wednesday, hovering around 21,560 yuan ($3,369.80)per tonne, their highest since May 2018.

Source: reuters.com– Nov 10, 2021

HOME

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WASDE Cotton: Domestic Production Slightly Higher

This month's 2021/22 U.S. cotton estimates are largely unchanged from October. The U.S. production forecast is slightly higher, at 18.2 million bales, while domestic mill use and exports are unchanged. U.S. ending stocks are 200,000 bales higher at 3.4 million—19 percent of use—and 250,000 above the previous year.

The projected marketing-year average price received by upland producers is unchanged this month at 90 cents per pound, a 36 percent year-to-year increase.

The global cotton balance sheet for 2021/22 includes higher production and consumption, and slightly lower ending stocks. Beginning stocks this month are also lower, by 1 million bales, due to higher estimated consumption in earlier years for India, Pakistan, and Mexico. Their projected use in the current year is also higher this month, and total global consumption is up 700,000 bales.

The world production forecast is 1.5 million bales higher as gains for Brazil, Australia, Pakistan, and the United States more than offset a 200,000-bale decline in Greece following unusually heavy October rainfall.

World ending stocks are projected at 86.9 million bales, 200,000 bales lower than in October, and 2.4 million bales lower than in 2020/21.

Click here for full report

Source: agfax.com– Nov 09, 2021

HOME

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China prepared to make RCEP trade deal tariff cuts

China is well prepared for the Regional Comprehensive Economic Partnership (RCEP) agreement to take effect in January, with all preparations in place to ensure the country fully meets its obligations when the agreement comes into effect, the Chinese ministry of commerce (MOFCOM) recently said in a statement. China ratified the RCEP and submitted the document to the Association of Southeast Asian Nations (ASEAN) in April.

China can guarantee that the tax reduction obligation will be fulfilled when the agreement takes effect, the ministry categorically said.

It added that considering the rules of origin, customs formulated the RCEP origin management measures and exporters' management measures in the first half of the year, which will be announced and implemented simultaneously with the implementation of the agreement.

Training sessions aimed at introducing the agreement to local governments and enterprises have been carried out, covering all prefecture-level cities, pilot free trade zones and national economic development zones.

RCEP covers nearly a third of the global population and about 30 per cent of global gross domestic product. It will take effect on January 1, 2022.

The pact allows for one set of rules of origin to qualify for tariffs reduction with its members. A common set of regulations mean fewer procedures and easier movement of goods.

MOFCOM said it has carefully sorted out the 701 binding obligations involved in the agreement in coordination with the relevant departments, including simplification of customs procedures, product standards, service trade opening-up, negative list in investment, and e-commerce.

"At present, all departments involved in the obligations are ready to act according to the contract," the ministry added.

Source: fibre2fashion.com– Nov 09, 2021

HOME

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Opportune moment for West Africa to rise in textile value chain

The coming into effect of the African Continental Free Trade Area (AfCFTA) from January 1 this year, the availability of cotton, the ongoing re-drawing of global supply chains, Ethiopia losing AGOA status and other developments present an opportune moment for West Africa to rise up in the global textile value chain, writes Rajesh Kumar Shah

West Africa, one of the fastest growing regions in Africa, comprises 17 countries—Benin, Burkina Faso, Cape Verde, The Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo as well as Saint Helena, Ascension and Tristan da Cunha.

It is one of the largest cotton producing regions in the world with Benin, Ivory Coast and Burkina Faso respectively being the sixth-, seventh, and eighth-largest cotton growing countries. However, only two per cent of cotton grown here is locally turned into textiles, and the remaining is sent to other countries, with over 90 per cent making it to Asian countries for further processing.

Thus, the West African cotton-rich countries end up importing textiles at a value that is estimated to be over three times the value they get by exporting their cotton.

However, this could change if governments in these countries draw up plans to attract investment in the textile value chain and focus on improving transportation and logistics in their respective countries. This is especially so because the current external environment is conducive enough to give a boost to the domestic industry in these countries.

Firstly, the creation and coming into effect of AfCFTA has resulted in reduction of tariffs up to 90 per cent on goods traded within the area. With a common Customs Union, production can be distributed across countries, with each country seeking its own specialisation, thus complementing rather than competing each other for a greater share. With some planning and investment in textile-related machinery and infrastructure, AfCFTA can boost textile exports from the region.

Secondly, Ethiopia, which has a comparatively larger textile industry in Africa, is losing out as a beneficiary under the US African Growth and Opportunity Act (AGOA) trade programme with effect from January 1, 2022, over its failure to end a nearly year-long war in the Tigray region, leading to 'gross violations' of human rights. As a result, retailers/brands that are already sourcing from Ethiopia will look towards other countries—starting with countries in Africa—for their sourcing needs.

West Africa can, given its availability of cotton, can pitch in as a substitute and stop orders (that were earlier placed in Ethiopia) going out of Africa. In 2020, Ethiopia exported $223.526 million of textile-apparel to the US, according to the Office of Textiles and Apparel (OTEXA), under the US department of commerce.

Thirdly, post-COVID, brands and retailers are re-structuring their supply chain. They are on the lookout for new destinations rather than depending on a single country for their sourcing needs. West African countries can present themselves as a suitable and sustainable alternative for global companies to source their fashion and apparel.

Fourthly, the growing cost of labour in Asian countries also provides a good environment for rise in textile-apparel industry in West Africa, where wages are comparatively still low.

But strengthening textile-apparel supply chain would mean having facilities for spinning cotton into yarn, then weaving it into fabric, followed by dyeing, printing and finally making finished garments. To this end, recently the Government of Togo and Arise Integrated Industrial Platforms have under a public-private partnership opened a textile park. The park, opened in June this year, is expected to utilise 56,000 tons of cotton to make apparel worth $1.5 billion.

Similarly, in the neighbouring Benin, construction work is on for setting up a textile park in Glo-Djigbe, which will house up to 30 apparel factories. Once functional, this park is expected to use around 100,000 tons of locally-produced cotton.

For improving transportation infrastructure too, a Nigerian company Kobo360 has now expanded its services to Burkina Faso, Ghana, Ivory Coast, Kenya, Togo and Uganda. Through its online platforms, the company aggregates end-to-end haulage operations to help cargo owners, truck owners, drivers, and cargo recipients to achieve an efficient supply chain framework.

Thus, West Africa has already taken a step towards moving from being a cotton supplier to becoming a clothing exporter. What is needed now is greater government support and increased foreign investment.

Source: fibre2fashion.com– Nov 10, 2021

HOME

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E-com in Vietnam projected to surpass last year's figure of $11.8 bn

Vietnam's e-commerce market is projected to continue growing in the post-pandemic period, with revenue surpassing last year's figure, experts told a recent workshop on the future of the the country's digital economy at the Techfest Vietnam 2021 event. E-commerce revenue in Vietnam hit $11.8 billion last year, posting a growth of 18 per cent.

E-commerce is expected to continue expanding after the pandemic gets controlled, creating new consumption trends. The demand for online purchases through e-commerce platforms has increased sharply since the outbreak of the pandemic, according to Vietnamese media reports.

Up to now, more than 70 per cent of Vietnam's population have accessed the Internet, of which nearly half have tried online shopping and 53 per cent have used e-wallets and online payment.

Though a change in shopping habits has created great opportunities for e-commerce platforms, they face many challenges like consumer trust, forms of delivery and payment, information security and transportation infrastructure, Tran Chi Dung, head of the technology-innovation division of the Vietnam Logistics Business Association, said.

Le Thi Mai Anh, head of the e-commerce postal sales department at Vietnam Post, said the rapid growth of the market will continue in the future. This growth will not only lead to opportunities but also challenges for the development of logistics platforms to meet the increasing demand of customers. Logistics enterprises for e-commerce are also facing a low rate of information technology application in e-commerce logistics, she said.

Currently, only about 11 per cent of businesses in the country are applying basic information technology related to tracking and tracing goods, delivery and warehousing systems. Another challenge is the absence of a legal framework for e-commerce logistics, Anh added.

Source: fibre2fashion.com– Nov 10, 2021

HOME

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Columbia Sportswear's Q3 sales up 15 per cent

For the third quarter Columbia Sportswear Company's sales grew by 15 per cent. The strong operating performance came amid unprecedented supply chain challenges.

Despite delayed inventory receipts which impacted US wholesale shipments, favorable gross margin performance and expense management fuelled above plan earnings.

Columbia Sportswear is an innovator in active outdoor lifestyle apparel and footwear. Sales from Columbia grew by 16 per cent whereas Sorel sales dipped by four per cent. Prana and Mountain Wear sales increased to $36.4 million and $28.7 million respectively.

Sales across all the regions increased in double digits during the quarter: US, Latin America and Asia Pacific, Europe, Middle East, Africa and Canada. During the third quarter, the American sportwear manufacturer's gross profit surged to $408.3 million while selling, general and administrative expenses were $280.1 million. Moreover, operating income rose to $133.4 million.

Early-season fall 2021 sell-through was encouraging and the global marketing campaign to support the largest innovation launch in the company's history, omni-heat infinity, was off to a great start.

The brand believes it can achieve mid-teens or better net sales growth in 2022, on top of the low-twenties per cent growth anticipated in 2021, and is excited about its innovative product pipeline and the momentum it sees across the brand portfolio.

Source: fashionatingworld.com– Nov 09, 2021

HOME

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Apparel shortage boosts sale of used clothes in the US

Secondhand apparel retailers like Poshmark and RealReal in the US are expecting strong end-of-year sales. Shortage of new clothing at stores is pushing shoppers to consider thrifting as an option to fill their holiday shopping bags.

Apparel had the highest online out-of-stock levels among US retail sectors in the run-up to the holiday season. Shortages are expected to drive Americans to secondhand clothing companies, which are not as affected by global supply chain issues as they get their stock mainly from the closets of American households.

Secondhand retailers have seen blistering pace of growth over the last few years as eco-conscious Gen Z and millennial consumers increasingly find it fashionable to buy used products and cut back on their environmental footprint. Since inventory is scarce at the moment consumers shop where they find inventory to make sure they have things in time for the holidays.

The market is expected to grow bigger and more than a third shoppers are likely to buy secondhand apparel this holiday season, with numbers rising 50 per cent for people under the age of 40. Holiday-quarter sales are expected to rise 22.9 per cent for Poshmark and 53.3 per cent for RealReal.

Source: fashionatingworld.com– Nov 09, 2021

HOME

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High growth potential seen for UAE-Indonesia trade

There is huge potential for Indonesian companies to boost exports to the UAE, especially in the categories of commodities, industrial products and textiles, according to a new analysis from Dubai Chamber.

The analysis was released by Dubai Chamber in the lead up to the inaugural Global Business Forum ASEAN (GBF ASEAN), a high-level business forum organised by the Chamber in partnership with Expo 2020 Dubai.

Taking place December 8-9, 2021 at Expo 2020 Dubai, the event is being held under the patronage of Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai.

The UAE is among the top 20 countries import partners of Indonesia. In the same year, Indonesia ranked 52nd and 33rd among top export and import markets for the UAE, respectively. This indicates that there is an enormous array of untapped opportunities to increase mutual cooperation and bilateral trade between the two countries.

The analysis identified 10 high-potential products that Indonesian traders can export to the UAE. The UAE's imports of these ten products in 2020 were valued at$125 million, but Indonesia's share of the UAE's imports of these products was less than 15%, Clothing, wood products, prawns, coffee and coconut products were also highlighted as in-demand Indonesian products that can be exported to the UAE and re-exported through the country to African, European and Middle Eastern markets.

Raw gold, unwrought aluminium and ethylene polymers were among the top 10 products that could be exported from the UAE to Indonesia. The analysis valued Indonesia's imports of these materials during the year 2020 at approximately $307 million, with the UAE accounting for 15% of this trade value.

The findings indicated that there is plenty of scope for Indonesia to expand its cooperation with the UAE in the area of food security as the Southeast Asian country is the seventh largest food exporter in the world in 2020, while the UAE imports about 80% of its food requirements.

In addition, infrastructure was regarded as a sector where UAE companies can tap into attractive investment opportunities in the Indonesian market, as Indonesia is looking to boost its infrastructure spending to more than $430 billion over the next the years.

Hamad Buamim, President & CEO of Dubai Chamber said: “Indonesia is market of strategic important to Dubai and Dubai Chamber members. The recent analysis highlights the wide array of trade opportunities in the Indonesian market, which offers tremendous potential to trading companies in the UAE.”

Buamim noted that Indonesia earlier this year became the first Southeast Asian nation to join the World Logistics Passport (WLP), which opened new doors for traders in the Indonesia market to boost trade flows with Dubai and other emerging markets around the world. He added that such opportunities emerging on the horizon would be discussed in detail at the upcoming GBF ASEAN in Dubai, which is the first event of its kind in the region

The inaugural GBF ASEAN will be held under the theme The New Frontiers, is expected to attract public and private sector stakeholders from the UAE and ASEAN markets, including government officials, prominent CEOs and industry experts.

GBF ASEAN forms part of Dubai Chamber’s Global Business Forum series that was launched in 2012 as a platform to drive trade and explore opportunities between the UAE and some of the world’s fastest growing markets.

Source: tradearabia.com– Nov 10, 2021

HOME

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Macy's to lift minimum wage to $15 an hour as labor market tightens

Macy's Inc will raise the minimum wage of its more than 100,000 U.S. employees to $15 an hour by May, the department store chain said on Monday, as retailers fight to hire and retain workers in an increasingly competitive labor market.

A nationwide labor shortage driven by the pandemic has spurred retailers to raise wages and provide more benefits this year, with many worried that they will not have enough workers in stores and warehouses during the holiday shopping season.

In September, Amazon.com Inc said it had increased its average starting wage in the United States to more than $18 an hour, while Walmart Inc has also touted raises in average hourly wages this year.

Macy's also said it would invest to increase compensation and benefits for employees across the company, and spend $35 million on a debt-free education benefit program for U.S. workers over the next four years.

Once the increases take effect, Macy's average base pay will be above $17 an hour, the company said.

Source: economictimes.com– Nov 09, 2021

HOME

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EU Strategy for Sustainable Textiles: make it fit for SMEs

Both associations believe that sustainable product design, the support of circular models, the setting up of local recycling infrastructures and the development of European standards are key to more sustainable textiles.

The European textile sector is predominantly made up of SMEs, among which 88.8% are micro enterprises (less than 10 employees). SMEs are active in all areas, ranging from manufacturing over trade and services. Their main focus is on high-quality and technical textiles, while in the textile services sector, they offer repair, rental, laundry and cleaning services.

According to SMEunited and SBS, an effective EU strategy for sustainable textiles requires consideration of the entire value chain, in order to ensure that the textile industry recovers from the COVID-19 crisis in a sustainable and competitive way. Indeed, the value chain of production, the consumption of raw materials and the lifecycle of the textiles are decisive stages for the sustainability of the end product. Moreover, the greatest sustainability potential lies in the use cycle.

The upcoming strategy should, therefore, include a clear plan to eliminate factors that prevent SMEs from moving to more sustainable business models. It should support businesses that already apply circular economy and provide helpful tools, conducive framework conditions and technical support for those who face difficulties with the implementation of greener business models. Sustainability criteria should already be applied during the product design stage to ensure that textile end products remain in use for a long time, can be recycled and thus reduce waste.

European sustainability standards are essential to strengthen SMEs in the textile supply chain. "Common European standards would enable both manufacturers and service providers to offer products that can be universally used and applied by the industry. Standardisation of sustainability certificates and labels would also significantly reduce the burden on SMEs" declared Maitane Olabarria, SBS Director.

Véronique Willems, SMEunited's Secretary General, pointed out: "Another important contribution to more sustainable textiles could be given by the setting up of local and regional networks in charge of collecting and recycling old textiles as well as by supporting the development of value chains which turn the reused and recycled textiles into new products."

Source: eubusiness.com– Nov 09, 2021

HOME

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Myanmar should sincerely accept, apply consensus to address crisis

The Association of Southeast Asian Nations (ASEAN) has called on Myanmar to sincerely accept and implement the Five-Point Consensus agreed by the member state leaders to address the crisis in the country.

“ASEAN is a family, and what we are doing to Myanmar is nothing more than a family helping one of its members. Hence, we would also like to see, on the other hand, Myanmar be sincere as well to welcome the ASEAN member states to help them,” Permanent Representative of Indonesia to the ASEAN Ade Padmo Sarwono stated during a webinar on "Myanmar Crisis and the Future of ASEAN" here on Tuesday.

However, Sarwono revealed that the ASEAN had yet to witness any significant progress in the implementation of the Five-Point Consensus.

“It is very difficult that if someone wants to lend his hand, but the other one does not accept it sincerely. It is difficult to find ways out for solving this matter,” he pointed out.

Myanmar is viewed as not being committed to making peace in the country, and the ASEAN did not receive good responses from the country pertaining to the Five-Point Consensus.

“We are not trying to alienate Myanmar, in fact, it has been mentioned that Myanmar alienates itself,” he highlighted.

However, Sarwono stated that the ASEAN has varying experiences in dealing with such an issue, so it had decided to open doors for Myanmar to engage in dialog.

“Sometimes, we are slow, but this is the process we have to go through with gradual approaches, and we need Myanmar to open up with the ASEAN’s efforts,” he noted.

Regardless of the absence of Myanmar representatives in the ASEAN Summit couple of weeks ago, ASEAN upholds cohesiveness among the member states.

“We are ready to continue to engage with Myanmar to also communicate with the authority there. ASEAN is still open and is willing to be ready whenever Myanmar is ready,” he remarked.

Currently, the association is giving time and space for Myanmar to resolve its domestic issues, he added.

Source: en.antaranews.com– Nov 09, 2021

HOME

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Vietnamese textile exports up five per cent over last year

Vietnamese textile exports for nine months in 2021 were up 5.6 per cent over the same period last year, says a CCF Group report. The main destinations were: the United States, the European Union and Japan.

Exports to the United States were up 11.1 per cent, to the European Union up 2.4 per cent and to Japan down 11.6 per cent. The main export commodities were apparel, cloth, fiber, non-woven fabric, textile accessories.

Vietnam depends heavily on imports of raw and auxiliary materials for textile production. Imports of raw materials by the textile and leather shoes industry in the first nine months of 2021 were up 26.9 per cent over the same period last year. Of these, imports from China had a 52 per cent share, up 31 per cent over the same period last year. Other imports were from South Korea, Taiwan and the United States.

The apparel, textile, footwear, and electronics industries in Vietnam have been most harshly affected by the COVID-19-related shutdown. There are more than 6,000 factories in Vietnam, which employ more than three million workers.

Production shutdowns at footwear manufacturers have already caused supply chain disruptions for major brands, some of whom have begun using airfreight to get their products out of Vietnam as quickly as possible amid a shipping crunch.

Source: fashionatingworld.com– Nov 09, 2021

HOME

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Indefinite transport strike hits Bangladesh's foreign trade

An indefinite transport strike in Bangladesh that began on November 5 as part of reaction to a fuel-price hike has halted shipping services and has disrupted its foreign trade at a time when export and import both had began picking up after a long recession following the COVID-19 pandemic. The strike has hit the supply chain as imported raw materials remain stuck at the Chittagong Port.

Around 5,000 trucks that transport imported goods from the seaport every day have stopped, a Bangladesh newspaper reported.

Shipping executives say this will push up chartering cost by $20,000 a day. However, they will adjust the escalated cost with the freights and it is the people who will ultimately pay for that.

"The transport strike is proving one of the most calamitous economic events as it has chain effect on all economic sectors," said Syed Mohammad Arif, president of Bangladesh Shipping Agents Association (BSAA), a trade-promotional body of around 500 shipping firms in Bangladesh.

He feels a fresh shipping congestion will be created at the premier port if the standstill continues further.

Source: fibre2fashion.com– Nov 09, 2021

HOME

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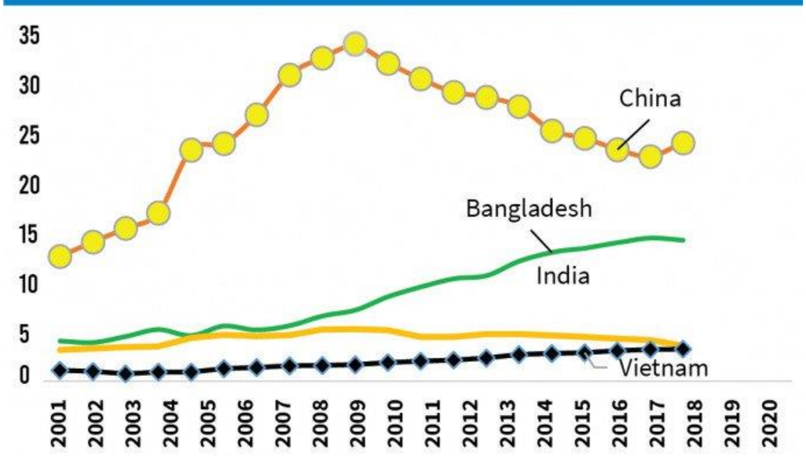
Proposed EU GSP Scheme for 2024-34: What Bangladesh must do now

As Bangladesh is set to leave the group of the least developed countries (LDCs) in 2026, the most important change that it is going to face will be associated with preferential market access for exporters.

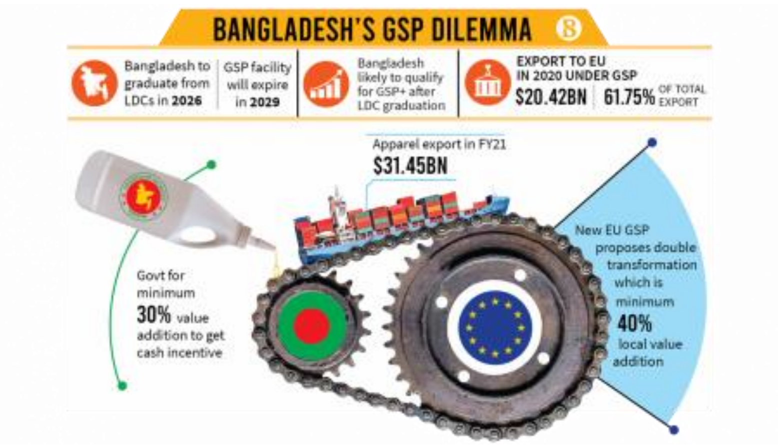
Apparel export from the country has immensely benefited from LDC-specific trade preferences granted by various countries through their respective Generalised System of Preferences (GSP). Of these, none was more instrumental in making Bangladesh an LDC export success story than the EU GSP scheme.

FIGURE 1: APPAREL MARKET SHARE IN THE EU (INCLUDING THE UK): BANGLADESH AND OTHER COMPARATORS (%)



Source: Razzaque et al. (2020)

Taking advantage of its Everything But Arms (EBA) initiative – designed for providing unrestricted market access of LDC goods under relaxed rules of origin (RoO) requirements – Bangladesh's exports to the EU (including the UK) expanded rapidly from $2.5 billion in 2000-01 to a peak of about $23 billion in 2018-19 before being hit by Covid-19.



The EU and the UK together account for about 60% of Bangladesh's merchandise exports, more than 90% of which comprise textile and clothing items. And almost all of it has benefited from EU duty-free access.

As a result, Bangladesh managed to steadily expand its apparel market share in the EU. During 2010-20, as China's EU apparel market share fell from 30% to 22%, Bangladesh saw its share doubling from 6.5% to 13% (Figure 1).

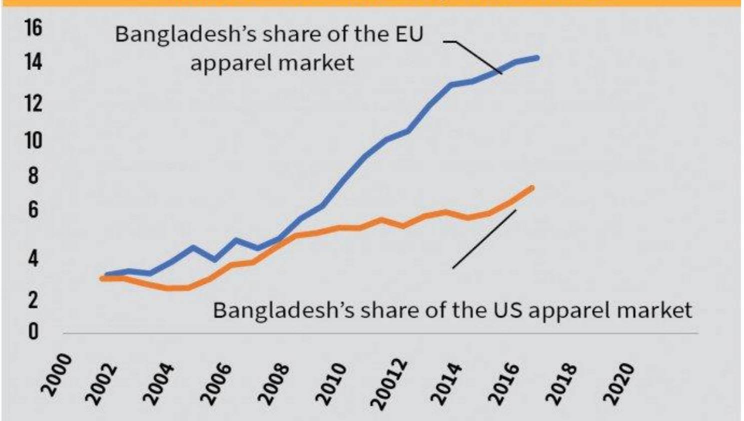
The significance of the EU GSP scheme becomes clear when comparison is made with the apparel market in the United States, which never allowed duty-free access for Bangladesh's clothing items.

In 2000, Bangladesh had almost an identical apparel market share (of 3.3%) in the EU and US. A lack of preferential market access has resulted in only a modest growth in Bangladesh's export market share in the US vis-à-vis a much stronger performance in the EU (Figure 2).

The EU GSP also offers quite attractive preferential treatment to other non-LDC low-income and lower middle-income countries depending on their ability to meet certain pre-specified requirements. That is why such preference remains extremely relevant even after LDC graduation.

The current EU GSP regime will expire in 2023 and will be replaced by a new one from the beginning of 2024. It has been known that under the existing rules, Bangladesh, after its LDC graduation, would not qualify for the most attractive preferential scheme for non-LDC countries, known as GSP+.

FIGURE 2: BANGLADESH'S APPAREL MARKET SHARES IN THE EU AND US, 2000-20 (%)



Generally, accessing GSP+ opens the possibility of getting duty-free access to 66% of EU tariff lines including textile and clothing items, and is of interest to Bangladesh after its LDC graduation.

Given the due expiry of the current system, the implications for Bangladesh would only be clear from the provisions of the new GSP replacing the existing regime.

Proposed EU GSP for 2024-34 and implications for Bangladesh

In September 2021, the EU unveiled its proposed GSP for 2024-2034. Understanding various provisions of the proposed system is critical for assessing preferential market access opportunities for different export products in the post LDC period.

The key implication that can be deciphered from the newly proposed GSP provisions is that Bangladesh is likely to qualify for GSP+ after its LDC graduation but the specified EU 'safeguards' would exclude the country's clothing exports from any tariff preferences.

Given Bangladesh's LDC status until 2026 and the fact that the EU allows for an additional three-year transitional period after graduation, Bangladeshi exporters should expect to enjoy the current duty-free market access until 2029.

The proposed system suggests certain changes to the eligibility criteria. It removes the so-called 'import-share criterion', which, under the current rules, is an obstacle for Bangladesh in qualifying for GSP+.

The new proposal expands the list of international conventions to be ratified and implemented by a recipient country to 32 (from the current list of 27). Bangladesh has already ratified all but one of those conventions, paving the way for fulfilling this criterion, albeit implementation being somewhat challenging in some cases.

Despite those apparently positive alterations, the proposed scheme, quite strikingly, has failed to provide respite to GSP+ beneficiary countries from the EU's safeguard measures against textile and clothing items.

According to the stipulated provisions, if the combined share of HS Sections 61, 62, and 63 (comprising knitwear, woven and home textile items and defined as "product group S-11b") from a country exceeds 6% of the total EU imports of the same products, safeguard measures would be triggered to remove duty-free market access for these products.

It is estimated that the combined share of Bangladesh's exports of HS Sections 61, 62, and 63 (S-11b) in total EU imports is close to 9% and is thus already above the threshold value of 6% (Figure 3).

Even with this high share it would be possible to obtain GSP preferences if Bangladesh's share of S-11b products as percentage of all EU GSP-covered imports of the same products were less than 37%. The corresponding Bangladesh share is estimated to be almost 50%.

All this implies that Bangladesh will benefit from GSP+ preferential access, however, its apparel items will face MFN tariff rates in the EU. That is, if the proposed rules remain unchanged, the average tariff rate on apparel exports from Bangladesh to the EU will rise from the currently zero to on average close to 12%.

It is true that accessing GSP+ means continued duty-free access in many other items, and it will help obtain less-than-MFN tariff rates in several categories of goods. Leather goods and footwear are examples of such products. However, the current supply-side capacity in these sectors is quite limited. As such, after LDC graduation EU GSP will be a relatively ineffective instrument for supporting exports.

Graduation would also imply more stringent rules of origin to benefit from any preferential treatment. The minimum local value-addition, for all exports other than clothing, would rise from 30% to 50%. This can further constrain the already weak export supply response.

If apparel exporters would not be receiving any duty benefits, complying with rules of origin will not be needed. Otherwise, after graduation (either under GSP+ or Standard GSP), clothing items must go through what is known as 'double transformation', (i.e., domestically produced fabrics to be used in making garments).

What Bangladesh must do now

The newly proposed GSP regulations will have to be adopted by the European Parliament and this is currently anticipated for the last quarter of 2022. There is thus a limited but potentially invaluable window of opportunity to engage with the EU so that the required changes can be incorporated to keep GSP+ countries (like EBA beneficiaries) out of safeguard provisions, enabling Bangladeshi apparel exporters to continue with duty-free access.

FIGURE 3: SHARE OF BANGLADESH'S EXPORTS OF S-11B (HS61, HS62 AND HS63 IN EU IMPORTS (%)

Source: Autho's own estimates using EU Comext data.

Convincing arguments must be presented in requesting the EC to consider adjustments that will make the new arrangements fair and developmentally impactful.

First and foremost, it must be pointed out that the impact of safeguard measures will be contradictory to the intent of the proposed new regime. In the preamble (paragraph 24) to the new proposal, it is stated that product graduation should not apply to GSP+ and EBA beneficiary countries. But the likely exclusion under safeguards will be tantamount to product graduation.

There is merit in pointing out that Bangladesh's excessive concentration of exports in clothing is widely regarded as a sign of vulnerability. Letting the duty-free access for this sector to discontinue under GSP+ will only aggravate this vulnerability.

The proposed GSP rules will create a unique circumstance in which Bangladesh qualifies for GSP+ but more than 90% of its exports to the EU face the average tariff rate to rise overnight from the currently zero percent to 12%.

This signal of a forthcoming drastic shift in the EU tariff regime will seriously undermine the medium-to-long term perceived competitiveness of Bangladesh's clothing sector, affecting investment prospects. This will certainly not help Bangladesh's sustainable development, which the EU aspires to achieve through the changes in its GSP regime.

In its submission to the EU, Bangladesh should strongly argue that the provisions in the new GSP rules can be regarded as unfair. There are countries that were never LDCs but still benefit from GSP+ (including their textile and clothing exports). These include Sri Lanka, Pakistan, and the Philippines.

Even such relatively advanced developing countries, known for their export competitiveness and capacities, as India and Indonesia can access Standard GSP benefits for their apparel exports. Against this, the possibility of a graduating LDC like Bangladesh's forgoing tariff preferences altogether would clearly be contrary to the argument of a GSP regime being development friendly.

The EU and the UK together account for about 60% of Bangladesh's merchandise exports, more than 90% of which comprise textile and clothing items. And almost all of it has benefited from EU duty-free access.

As a result, Bangladesh managed to steadily expand its apparel market share in the EU. During 2010-20, as China's EU apparel market share fell from 30% to 22%, Bangladesh saw its share doubling from 6.5% to 13% (Figure 1).

Source: tbsnews.net– Nov 09, 2021

HOME

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Pakistan: Cabinet approves 5-year trade policy

After a long period of remaining in papers for reviews and consultations, the federal cabinet on Tuesday has finally approved the country's five year trade policy framework.

Officials who spoke with Profit said that the Strategic Trade Policy Framework (STPF) 2020-25 aims to enhance the ability and capacity of Pakistani enterprises to produce, distribute and sell products and services as or more efficiently than their competitors.

Under the policy, prepared after studying international demand trends and the capacity and capabilities of different export sectors of the country, various sectors including the traditional sectors like textile and apparel, leather, surgical instruments, sports goods, carpets, rice, cutlery and developmental sectors including engineering goods such as auto parts, pharmaceuticals, marble and minerals, processed food and beverages, footwear, gems and jewelry, chemicals, meat and poultry, fruits and vegetables, sea food and services sector would be focused on for the enhancement of exports.

As per officials of the Ministry of Commerce, the main focus of the new trade policy will be on geographical and product diversification, manufacturing cost reduction through tariff rationalisation, pursuit of regional connectivity especially the look africa policy, enhancement of market access through FTA/PTA, and facilitation of logistics and tracking under the TIR as well as enhancement of regional connectivity for access to Central Asian Republics (CARS), Turkey and Iran to Europe and Russia.

The STPF is dynamic in nature and it will be subject to course correction based on constant monitoring and evaluation.

Furthermore, there shall be an institutionalised mechanism for robust monitoring and implementation of the policy in order to minimise policy implementation gaps, which have traditionally remained a weak link due to multi-organisational roles in the export ecosystem.

In order to oversee the implementation of STPF 2020-25, a cross functional National Export Development Board (NEDB) has already been constituted under the chairmanship of the Prime Minister, composed of senior public sector officials of relevant organizations and private sector representatives.

Regular meetings of the NEDB are being held in order to ensure the implementation of various policy measures.

According to sources, the Ministry of Commerce foresees $ 40.27 billion exports by 2025 under the five year trade policy. Exports projections are based on a sound econometric partial equilibrium model. The explanatory variables used in the model include world GDP, Pakistan's GDP and real effective exchange rate i.e. nominal exchange rate, domestic prices, Pakistan's export prices and competitor's exports prices.

Moreover, three scenarios have been constructed to project future exports. The differences between the three scenarios were domestic prices which reflect the competitiveness and cost of doing business in the country.

It is assumed that effective government interventions in terms of STPF, national tariff policy, trade facilitation, energy reforms, technology upgradation, easy financing and other on-going Ease of Doing Business (EoDB) initiatives will have an impact on competitiveness and thereby enhance exports.

Earlier in March, when the trade policy was tabled at ECC of the Cabinet, it had deferred the consideration of the summary and directed the MoC to hold further consultations with relevant stakeholders.

In the last decade, the Commerce Division had notified three STPFs: in 2009-12, 2012-15, and 2015-18; however, none of these were successfully implemented to achieve the desired objectives due to various reasons.

These policies also failed to alter the export paradigm over the period.

Source: profit.pakistantoday.com.pk– Nov 09, 2021

HOME

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Pak-China Trade Volume, Pakistani Exports To China To Set New Records This Year: Ambassador Haque

Pakistan's Ambassador to China, Moin ul Haque Tuesday said that the bilateral trade volume between Pakistan and China and the Pakistani exports to China would set new records by the end of this year.

"China is Pakistan's largest trading partner besides being the second largest export destination and this year especially despite the pandemic, our bilateral trade is growing a big percentage, especially the figures of this year," he told China Global Television Network (CGTN) in an interview.

He informed that in the first three quarters, the bilateral trade between the two countries has grown by mostly by more than 60% and Pakistani exports to China have grown by 75%.

"So, we are hoping that by the end of this year, both the bilateral trade volume and the Pakistani exports to China would have record and unprecedented figures," he added." "The bilateral trade volume is US$ 20 billion but we are hoping that this year, it will touch $25 billion. Pakistan exports have been around US$ 1.8 billion, but this year, we are hoping that it will reach US$ 3 billion but still, we feel that we can double this number in the next four to five years," he added.

To further enhance Pakistani exports to China, he recommended that textile and sports goods are strongest sectors in Pakistan and could play an important role.

"Pakistan is one of the few countries which have whole value chain of the textile industry from weaving to finishing and textile products are very well known. Pakistan is the largest producer of footballs and Pakistani footballs have been officially used in the football world cups," he added.

About role of China International Import Expo to help promote Pakistani market in China and the world, he said that during the last four years, CIIE has been a very important platform and it has given an exposure to Pakistani traders and businessmen to showcase their products to the world's largest market.

Responding to a question regarding China's role in further opening up for foreign investment in Pakistan, he said, "In the second phase of China-

Pakistan Economic Corridor (CPEC), we have opened up the respective markets and deepen the access to our traders." Now more than 1000 products enjoy of tariffs line which means that thousands of products enjoy duty free access to each other market so it's a big boost to bilateral trade between Pakistan and China, he added.

Ambassador Haque remarked that in future, Pakistan would like to add and expand the free trade agreements going into services sector because services sectors for both Pakistan and China forms the major portion of the GDPs of the two countries.

"Earlier, it used to be agriculture, industry, but now services sector is the backbone of the economy. So, we would like the services sectors to be added in our future negotiations with China," he added.

About further growth in China Pakistan bilateral economic and trade cooperation, he said that the most important part of phase two of CPEC covers areas of agriculture especially modernization of agriculture and science and technology in Pakistan.

In the recently held meeting of the Joint Coordination Committee of CPEC, both the countries decided to establish a working group on Information Technology, Industry, industrialization cooperation besides setting up special economic zones across Pakistan "We are inviting Chinese investors and companies to set up their manufacturing plants in Pakistan," he added.

Source: urdupoint.com– Nov 09, 2021

HOME

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NATIONAL NEWS

India poised to achieve Services Export target of $1 Trillion by 2030- Shri Piyush Goyal

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Goyal today said that India is poised to achieve services export target of $1 trn by 2030.

He was addressing the gathering at the 'Services Export Promotion Council-Global Services Conclave 2021" in New Delhi today.

The Minister said that Services are a key driver of India's economic growth.

He added that services sector provides employment to nearly 2.6 crore people and contributes approximately 40% to India's total global exports. He added that Services trade surplus was $89 bn in FY 2020-21 and it has been the largest FDI recipient (53% of FDI inflows 2000-2021).

The theme of the Global Services Conclave 2021 was 'India Serves: Exploring Potential Growth Sectors Beyond IT/ITes'.

Emphasizing that Service sector is our competitive advantage, powered by Skills, Startups and IT Solutions, the Minister said that today, Indian services have the twin power of universal acceptance & universal attraction.

Lauding India's commitment to enable 'work from Home' during the pandemic, Shri Goyal said that, while services trade remained depressed in other countries, India's services sector showed immense resilience. "Sectors like tourism, hospitality, etc. which suffered due to COVID-19 is showing revival signs" he added.

Appreciating the spirit that led to rise through the tough times faced by the sector, Shri Goyal said that tough times don't last, but tough people do. He expressed his admiration for the selfless service of all frontline workers during the COVID 19 pandemic.

The Minister said that in 2020, India became the 7th largest services exporter in the world, moving up the ladder by two positions. Services PMI rose to a decade high of 58.4 in Oct'21, he said.

Emphasizing that India had the potential to become the top services exporter in the world, Shri Goyal said that Services is boosting India's transition from an assembly economy to a knowledge based economy. Global sentiments are changing from 'why India' to 'why not India', he said.

Observing that India has transformed from being the 'Back office' to the 'Brain office' of the world, Shri Goyal said that today, India's Services export largely comprise of IT/ITes and stressed that we need to focus on other potential growth sectors.

The Minister listed certain crucial sectors which can catapult India's services sector on a high growth trajectory such as higher Education. He observed that students from US, Canada etc. prefer India for heritage, art and culture studies. The Minister assured that the Government was actively pursuing market access opportunities (FTAs) and working on a scheme alternative to SEIS.

He said that the Government supported service sector through Aatmanirbhar Bharat Package, collateral-free Automatic Loans for Businesses, including MSMEs. Rs. 56,027 Crore was released under various Export Promotion schemes. He spoke of India's initiatives in Skill development, especially in emerging areas like AI, Big Data, Robotics, etc.

The Minister also highlighted the need for assisting States in formulating a comprehensive export strategy with districts as Export Hubs. Shri Piyush Goyal said that the Government as a facilitator and enabler, helped Indian Services to grow & touch lives across the globe. He emphasized that Zero Government interference has enabled IT sector to excel. He appreciated the sector for not pursuing incentives but standing on its competitive strength.

Charting the way forward, the Minister said that we must introduce more standards & improve quality. We must move up the value chain in services and pick areas where our strength lies and expand on that, he said. He also said there is a need to expand markets for Legal/Accounting professionals.

Quoting Shri Atal Bihari Vajpayee, Shri Goyal said that "Our aim may be as high as the endless sky, but we should have a resolve in our minds to walk ahead, hand-in-hand for victory will be ours".

Source: pib.gov.in- Nov 09, 2021

HOME

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Is India recalibrating its approach towards FTA negotiations?

India has recently reaffirmed its commitment to trade multilateralism with the World Trade Organisation (WTO) at its centre. Parallelly, India has renewed its Preferential Trade Agreement (PTA) negotiations with many countries with vigour. While it has maintained certain long-held positions at the WTO, there are early signs that India may be recalibrating its approach towards PTA negotiations.

At the WTO, India is simultaneously contesting certain developments while taking initiatives and demonstrating leadership in other areas. India is opposing the inclusion of new rules through non-consensus based instruments such as the Joint Statement Initiatives. It is also challenging the proponents who seek erosion of Special and Differential Treatment (SDT) and reform of the principle of self-declaration of development status.

At the same time, India has taken the lead in seeking a Trade-Related Aspects of Intellectual Property Rights (TRIPs) waiver for Covid-19 related vaccines and medical equipment. It is at the forefront of efforts towards finding a permanent solution on public stockholding for food security purposes at the WTO Committee on Agriculture in Special Session. In the fisheries subsidies negotiations, India is pressing for effective SDT.

On the bilateral front, India has recently begun/resumed PTA negotiations with various countries. A combination of reasons seems to have driven this.

First, a focus on export-oriented economic growth, with the government setting ambitious targets for goods and services exports. This indicates signs of a more offensive strategy focusing on Indian export potential, rather than a defensive approach prioritising protection of domestic industry from import competition.

Second, the missed chance to get preferential access for Indian exports subsequent to India's unwise decision to stay out of the Regional Comprehensive Economic Partnership (RCEP).

Third, WTO multilateral negotiations are stalled and plurilateral negotiations (which India so far contests) are more focused on regulatory issues rather than core trade concerns. All these reasons have led to India making a renewed push for pursuing trade liberalisation on preferential basis through the PTA route.

How does India's engagement at WTO negotiations square with its recent trade engagements bilaterally? The example of trade and environment talks may be pertinent here. At the WTO, there are Trade and Environmental Sustainability Structured Discussions (TESSD) taking place, as a means to complement the work of the Committee on Trade and Environment. The focus of these discussions is on trade and environmental sustainability.

India was not a participant in the 2020 Communication on Trade and Environmental Sustainability where the TESSD were launched. On the other hand, recent news reports have indicated that India may be agreeable to incorporating chapters on trade and sustainable development (TSD) in its proposed PTAs with the UK and EU. The TSD chapters of existing EU FTAs contain obligations on environmental and social concerns, including on climate policy.

Although it remains to be seen how far India will be willing to go on such trade and non-trade linkages in PTA negotiations, it does mark a shift in its approach. India has traditionally been wary of linking non-trade issues with trade, both bilaterally and multilaterally at the WTO. This is currently being witnessed in India's opposition to attempts by some WTO members to link the negotiations on fisheries subsidies with forced labour concerns.

What then does this shift indicate? It perhaps reveals a greater degree of pragmatism on the part of Indian trade negotiators. There seems to be an acceptance that going forward, there will inevitably be a greater role of certain issues in trade negotiations. These include environmental and sustainability concerns, which are transitioning from "non-trade" to "trade-related" issues. There is an ever-increasing linkage of trade with such areas, given the nature of problems of global commons the world is confronting today. Avoiding engagement on these issues at the WTO does not mean that they will not show up elsewhere in bilateral and regional settings. In this context, a degree of pragmatism may help align negotiation outcomes with Indian trade policy goals.

At the same time, India should carefully assess the implications of its stance on such "trade-related" issues in bilateral settings for the positions it will take multilaterally. Additionally, India must remain cautious of not over-committing to onerous and sweeping new rules on WTO-plus matters in its zeal for early finalisation of PTAs. India's positions on issues like trade and sustainable development in upcoming PTA negotiations will be valuable pointers to its approach on trade policy going forward.

Overall, India is simultaneously pursuing export-led economic growth and greater self-reliance, committing to multilateralism and renewing its focus on bilateralism. While there are apparent contradictions here, there is also space for convergence.

Notably, India is not unique in this attempt to straddle multiple trade policy paths. The United States has emphasised the role of the WTO as a force for good, but is simultaneously focusing on a worker-centric trade policy at home. The EU's new mantra is "open strategic autonomy", including a trade policy which enhances the EU's trade enforcement powers and integrates EU values such as sustainable development.

There are early signs that India may be recalibrating its approach towards PTA negotiations. The direction in which its trade policy tilts will determine the success of India's plans for export-led economic growth. It will also influence India's positions on emerging global trade issues.

Source: economictimes.com- Nov 09, 2021

HOME

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Why emphasis on manufacturing firms in MSME sector is imperative to transform Indian economy - Expert explains

MSME manufacturing firms have been imperative to the growth of the Indian economy. These small to medium sized ventures have always contributed largely to the country's GDP, hence contributing to different aspects of its development.

The Indian MSME sector contributes to about 29% towards the GDP through its national and international trade. As per the MSME Ministry data, as of May 16, 2021, India has approximately 6.3 crore MSMEs (including both service and manufacturing firms). It is to be noted that this sector still has a lot of unexplored territories for growth. It won't be wrong to say that with so much of growth potential, emphasising on the development of MSME manufacturing firms can work as a long-term development tool for India. Ronak Chiripal, CEO, Nandan Terry explains why emphasis on manufacturing firms in MSME sector is imperative to transform Indian economy.

Talking about low capita requirements, Ronak Chiripal said, "One of the plus points of the MSME manufacturing units is their low capital-intensive setups. These organisational units work with the man power and raw material which are easily available in the particular geographical regions. Such set ups can also absorb semi-skilled and unskilled graduates in their work force. Thus, solving the issues like unemployment, seasonal unemployment and disguised unemployment for the youth of the country. In short MSME units operate on less business overheads."

Chiripal adds, "Another edge that the MSME manufacturing businesses have over the other businesses is its fast output. With ready availability of labour and a small managerial hierarchy, decisions can be taken and implemented faster than the organisational units with large structures. With optimal output in less time, it further reduces the cost of production."

Explaining Increased Per capita Income benefits, Chiripal said, "The MSME manufacturing sectors which gives livelihood to so many families are a driving factor for the per capita income of the country. With more MSMEs more and more household's per capita income increases which leads to general increase of the lifestyle and overall development in the economy. Specially in these uncertain times when the world has been hit by COVID 19, India just like other countries would like to depend less and less on exports. In such changing scenarios MSME manufacturing firms can prove to be the pillars of the changing economy."

"As per a study by the Centre for Civil Society, the manufacturing sector among MSMEs, which is a little larger than the services sector, constitutes 90% of the total industrial units that spread all over India. Only 55% of the total MSMEs units are located in urban areas rest 45% of the units are located in rural areas of states like Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal etc. This leads to an equitable distribution of national income, poverty alleviation and inclusive economic growth. Thus, growth in MSMEs can surely predict an increased GDP of the country," he added.

Further, he says, "All over the world small and medium enterprises have always been considered the engines of growth. The advantage of bringing ahead the latent entrepreneur talent and providing opportunity to different sectors of the society, is something that is key to only MSMEs. Also, the young entrepreneur talent of the country is keen on making digital deals. After major events such as demonetisation and the current pandemic there is a rise in digital transactions. According, to a survey by web hosting solutions provider, Bluehost, Indian Micro, Small and Medium Enterprises (MSMEs) are prioritising payments digitally over cash. The survey further revealed that out of 400 MSMEs who participated in the survey, 72 percent transacted digitally as compared to 28 percent who chose cash.

This is one such sphere which can help the youth channelise the country’s resources towards a common goal of growth."

"The rise in demand of machinery and raw materials for setting up MSME units, leads to not just the B2C trade but also B2B trade. This leads to inter industry trade generation too. More production by MSMEs will lead to more demand of manufacturing machinery. Which further requires large scale industries for production of machinery. Thus, helping the infrastructure grow. It won’t be wrong to say that focussing on the development of MSME manufacturing firms will not just help in the economic growth but will also accelerate the rate of its growth," Chiripal concluded explaining Infrastructure Development.

Source: zeebiz.com- Nov 09, 2021

HOME

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Snarled supply chains force manufacturing exodus from Asia

Major clothing and shoe companies are moving production to countries closer to their U.S. and European stores, smarting from a resurgence in cases of the Delta variant of the novel coronavirus in Vietnam and China that slowed or shut down production for several weeks earlier this year.

The disclosures come amid a massive shipping logjam that is driving up costs and forcing companies to rethink their globe-spanning supply chains and low-cost manufacturing hubs in Asia..

The latest example is Spanish fashion retailer Mango, which told Reuters on Friday it has “accelerated” its process of increasing local production in countries such as Turkey, Morocco and Portugal. In 2019, the company largely sourced its products from China and Vietnam. Mango told Reuters that it would “considerably” expand the number of units manufactured locally in Europe in 2022.

Brazil, Mexico gain

Similarly, U.S. shoe retailer Steve Madden on Wednesday said it had pulled back production in Vietnam and had shifted 50% of its footwear production to Brazil and Mexico from China, while rubber clogs maker Crocs said last month it was moving production to countries including Indonesia and Bosnia.

Bulgaria, Ukraine, Romania, the Czech Republic, Morocco and Turkey were some of the countries drawing new interest from clothing and shoe producers, though China continues to produce a large share of the apparel for U.S. and European clothing chains.

“We are seeing a lot of growth in freight and trucking activity in the former Soviet Republics... a big rise in Hungary and Romania,” said Barry Conlon, chief executive of Overhaul, a supply chain risk management firm.

In Turkey, apparel exports are expected to reach $20 billion this year, an all-time high, driven by a spike in orders from the European Union, Turkey’s Union of Chambers Clothing and Garment Council data showed. In 2020, exports hit $17 billion.

Business boom in Bosnia

In Bosnia & Herzegovina, exports of textiles, leather and footwear amounted to 739.56 million marka ($436.65 million) in the first half of 2021, which was higher than for all of 2020.

“Many companies from the European Union, which is our most important trading partner, are looking for new suppliers and new supply chains in the Balkan market,” said Professor Muris Pozderac, secretary of the association of textile, clothing, leather and footwear in Bosnia & Herzegovina.

In Guatemala, where Nordstrom significantly shifted its private-label volume production in 2020, clothing exports were a touch over $1 billion as of the end of August, up 34.2% from 2020 and even 8.8% higher than in 2019.

To be sure, many companies are also still heavily reliant on Vietnam, where recent production stoppages have caused significant disruptions. Vietnam’s government said in October that it will fall short of its garment exports target this year, by $5 billion in a worst-case scenario, due to the impacts of coronavirus restrictions and a shortage of workers.

Source: thehindu.com- Nov 10, 2021

HOME

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GST hike on garments to impact sales, employment in India's textiles sector

The planned GST hike on garments priced less than Rs 1,000 from January 1, 2022 is likely to increase prices of 80 per cent final products, opine experts. The government had decided to increase the Good and Services Tax (GST) rate on readymade garments and fabrics in September this year. The planned hike is likely to affect almost 85 per cent of the garment market in India, as per reports. It will create a greater stress on the working capital requirements of the industry, especially the Micro, Small and Medium Enterprises.

Majority of industry to be impacted

The government had proposed the hike to correct the problem of Inverted Duty Structure faced by a small segment of the textile value chain. The duty structure involves levying higher taxes on input and lower tax on output of the final product. Though the GST Council has addressed this issue for many other industries, it continues to persist for footwear, textiles, pharmaceuticals and fertilizers.

However, the issue impacts only 15 per cent of the textile sector while the proposed GST hike is likely to increase prices of 85 per cent products, say experts. Furthermore, the continued shutdown of retail outlets in the country is likely to force domestic garment industry to continue operating at 65 per cent of pre-COVID levels.

Effect on employment levels

The industry also faces a 20 per cent decline in employment as most units have either scaled down or shut operations due to the pandemic. Though the festive season looks optimistic and encouraging, it may not last long as the GST hike on clothes below 1,000 may severely hit the textile industry, particularly MSMEs, says Kumar Rajagoplan, CEO, Retailers Association of India.

As a solution, the Clothing Manufacturers Association of India has urged the government to impose a uniform 5 per cent GST across the entire value chain. The sharp increase in cost of raw materials such as yarn, fabric, fuel, packaging materials and transportation is likely to hit sales even more.

Sales drop as raw material costs surge

Sales are likely to drop by over 50 per cent as people have lost their capacity to spend. The prices of raw materials have also shot up significantly. In such a situation, hike in GST rates to 12 per cent will hit the industry hard, adds Sajjan Raj Mehta, Karnataka Hosiery and Garments' Association.

Source: fashionatingworld.com- Nov 09, 2021

HOME

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JNPT privatisation: Top operators queue up

12 groups, including APSEZ, DP World, PSA and APM Terminals, submit initial bids

Top port operators such as Adani Ports and Special Economic Zone Ltd, DP World, PSA International, APM Terminals, CMA Terminals Holding, Terminal Investment Ltd and JM Baxi Group are among the 12 groups that have submitted initial bids to a Jawaharlal Nehru Port Authority tender to privatise the state-run facility.

APSEZ, India's biggest private port operator, has applied on its own, while DP World has bid through its India holding company Hindustan Ports Pvt Ltd, officials said.

PSA International Pte Ltd, the terminal operating company owned by the Singapore sovereign wealth fund, has applied as PSA Bharat Ports & Logistics Pvt Ltd. APM Terminals Management B V, the container port operating unit of AP Moller-Maersk A/S, has tied-up with Taiwanese container shipping line Wan Hai Lines Ltd to bid for the box terminal tender as potential bidders look to align with shipping companies to secure volumes.

CMA Terminals Holding, a subsidiary of CMA CGM S A, the world's third largest container shipping firm, has partnered with International Cargo Terminals and Infrastructure Pvt Ltd (a unit of Mumbai-based JM Baxi Group) and Abu Dhabi Ports, a part of Abu Dhabi Developmental Holding Company, one of the region's largest holding companies based in the UAE capital.

Terminal Investment Ltd, a unit of Mediterranean Shipping Company S.A (MSC), the world's No 2 container line, has bid on its own for the terminal that will be designed to handle 1.8 million TEUs (twenty-foot equivalent units) a year. Allcargo Logistics Ltd has teamed up with Japan's Mitsui & Co Ltd for the bid.

Other bidders

The other bidders include Manila-based International Container Terminal Services Inc, Singapore-based Samudera Shipping Line Ltd, Essar Ports Ltd and QTerminals L.L.C. (Qatar), the terminal operating company jointly formed by Qatar Ports Management Company and Qatar Navigation.

The overwhelming response to the privatisation of the container terminal, as part of the National Monetisation Pipeline (NMP), indicates investor confidence in India's top state-owned container gateway which is fighting to retain volumes in the face of tough competition from privately-owned Mundra port, run by APSEZ, in Gujarat.

The recent conversion of the Centre-owned major port trusts into authorities that enables rate setting based on market forces is a further attraction for bidders.

Though intense competition is expected for the terminal, industry experts see "understanding" between bidders to wrest the project. For instance, APSEZ is expected to induct Terminal Investment as a joint venture partner, if it emerges bidder.

"APSEZ's belly is not full without a terminal in JN Port. So, it will leave no stone unturned in its bid to gain a presence in JN Port," said an industry consultant. The game plan of some other contenders wll be known as the bidding progresses, he added.

J N Port has four private container terminals, two run by Dubai government-owned DP World, and one each by PSA International and APM Terminals Management.

PSA's participation in the tender while it is contractually mandated to build another one km of berth length by 2024 to add to its already operational berth of one km at J N Port has surprised the port industry.

Source: thehindubusinessline.com- Nov 10, 2021

HOME

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