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INTERNATIONAL NEWS

China-EU trade, investment growing rapidly: Chinese experts

China-European Union (EU) bilateral trade and investment ties have rapidly grown despite the impact of the COVID-19 pandemic, according to Chinese experts, who recently said the EU should continue to stand firm on trade liberalisation and multilateralism, thus boosting the confidence of foreign enterprises to continue to invest in the bloc.

China has become the largest trade partner of the EU, and the EU the second-largest for China, Chinese state-controlled media reported.

From last January to September, China's direct investment in the EU reached $4.99 billion, growing 54 per cent year on year, said the ministry of commerce.

"China has always supported the process of European integration. Still, last year, the trade protectionism in the EU became a more prominent problem, and the business environment there stepped back, which may harm Chinese enterprises doing business in the EU," said Zhao Ping, vice-dean of the Academy of China Council for the Promotion of International Trade (CCPIT), China's foreign trade and investment promotion agency.

She made the remarks while CCPIT released a report in Beijing regarding EU's business environment in 2021 and 2022. CCPIT surveyed some 300 companies that have operations in the EU.

"Since last year, the EU has raised the market access thresholds of foreign companies, and nearly 60 percent of surveyed companies said the foreign investment screening process has brought a certain negative impact on their investments and operations in the EU," Zhao said.

Meanwhile, the EU has treated domestic and foreign enterprises differently in the name of pandemic control measures, and Chinese enterprises are facing increasing discrimination at the law enforcement level in the EU, the report said.

The surveyed enterprises regarded Germany, France, the Netherlands, Italy and Spain as five EU countries with the best business environments, while the lowest assessment belongs to Lithuania's business environment.

Source: fibre2fashion.com– Jan 19, 2022

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AAFA urges US President Biden to act on shipping crisis, offer relief

The American Apparel & Footwear Association (AAFA) recently sent a letter to President Joe Biden applauding him for focusing on the shipping crisis and taking long-term action to prevent the next such crisis. Noting that the crisis is getting worse, AAFA urged Biden to take more action now involving all stakeholders and providing real and immediate solutions.

"We need aggressive enforcement, continued leadership to bring the full gamut of stakeholders to the table and, just as critical, immediate relief to businesses that are still struggling under epic freight costs and punitive fees, both of which are fueling inflationary pressures," AAFA president and chief executive officer Steve Lamar wrote.

New actions must include all stakeholders, not only ports and carriers, but also terminal operators, truckers, port workers, chassis providers, and, of course, shippers, he wrote.

Shipping rates, after a brief decline, are on the rise again, hitting new records. And even when AAFA members do get their cargo on ships, the line to get those ships into port keeps getting longer, the letter said.

"The Port of LA [Los Angeles] is reporting a record average 11.5 days to unload ships once at berth. And, despite reports of import cargo being cleared off docks, our members still can't access their import containers, or return empty containers, yet are still being charged demurrage and detention fees for a situation that is completely out of their control," the letter said.

"We have seen, and continue to see, the impact to our industry and to the U.S. economy – empty store shelves and inflation rates not seen in decades, impacting every hardworking American family," Lamar wrote.

The response to date has not worked as the ports have threatened fees on long-standing import and empty containers on docks. While the ports have not yet imposed the fees, many terminals are imposing or intend to impose 'temporary storage charges' on carriers, the AAFA letter said.

"That is why your Administration can, and should, provide immediate relief by removing temporary punitive tariff costs, such as the US government's punitive Section 301 tariffs on China our industry, and every facet of the US economy, must still pay.

We also urge you to press Congress to quickly and retroactively renew the Generalised System of Preferences (GSP) programme and the Miscellaneous Tariff Bill (MTB), whose expiration over a year ago has imposed countless billions of dollars of additional unnecessary costs on our industry and the US economy," the AFFA letter concluded.

Source: fibre2fashion.com– Jan 19, 2022

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Cargo flight sector in China recovers to near-2019 level

The air cargo industry in China has recovered, nearing the 2019 level, according to the Civil Aviation Administration of China (CAAC), which recently said that as of the end of 2021, the country saw the volume of air cargo and parcels rise by 8.2 per cent from a year ago to 7.32 million tonne—a recovery of 97.2 per cent over the 2019 level.

The number of international cargo flights increased by 22 per cent year on year to 200,000, including 69,000 flights by passenger aircraft refitted into cargo carriers, CAAC official Xu Qing told a press conference.

The country's civil aviation industry is expected to handle 7.8 million tonnes of cargo and parcels in 2022, Xu was quoted as saying by official media reports. Efforts will be made to encourage air cargo companies to transform from single carriers into logistics integrators and enhance integrated logistics solutions, he said.

The distribution of international routes will be optimised to accelerate the building of a safe and efficient logistics network and to better cope with risks stemming from COVID-19, Xu added.

Source: fibre2fashion.com– Jan 19, 2022

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Global FDI up 77% in 2021: UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) on Wednesday said that global foreign direct investment (FDI) flows showed a strong rebound in 2021, up 77% to an estimated $1.65 trillion, from $929 billion in 2020, surpassing their pre-Covid-19 level. As per the report, flows to India were 26% lower, mainly because large merger and acquisition deals recorded in 2020 were not repeated. As per the UNCTAD Investment Trends Monitor, the outlook for global FDI in 2022 is positive.

“The 2021 rebound growth rate is unlikely to be repeated. The underlying trend – net of conduit flows, one-off transactions and intra-firm financial flows – will remain relatively muted, as in 2021,” it said. The Geneva-based organisation said that international project finance in infrastructure sectors will continue to provide growth momentum.

“The protracted duration of the health crisis with successive new waves of the pandemic continues to be a major downside risk. The pace of vaccinations, especially in developing countries, as well as the speed of implementation of infrastructure investment stimulus, remain important factors of uncertainty,” UNCTAD said. Other important risks, including labour and supply chain bottlenecks, energy prices and inflationary pressures will also affect results, according to the agency.

Country mix

China saw a record $179 billion of inflows – a 20% increase – driven by strong services FDI. The Association of Southeast Asian Nations or ASEAN resumed its role as an engine of growth for FDI in Asia and globally, with inflows up 35% and increases across most members. Developed economies saw the biggest rise by far, with FDI reaching an estimated $777 billion in 2021 – three times the exceptionally low level in 2020, UNCTAD said.

FDI flows in developing economies increased by 30% to nearly $870 billion, with a growth acceleration in East and South-East Asia (+20%), a recovery to near pre-pandemic levels in Latin America and the Caribbean, and an uptick in West Asia. Inflows in Africa also rose.

Source: economictimes.com– Jan 19, 2022

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Euratex report: “Brexit has been a loose-loose deal for the textile industry”

The European Apparel and Textile Confederation Euratex has looked at the latest trade data from January to September 2021 and found a “dramatic drop” of imports and exports of textile goods between the EU and UK, with exports falling by 44 percent to almost 2 billion euros and exports by 22 percent, corresponding to 1.6 billion euros. This means significant losses for companies on both sides.

“The situation is likely to get worse, as the full customs regime between UK and EU has entered into force on 1 January 2022,” warns the Confederation. Thus, Euratex calls on the European Union and the United Kingdom to effectively cooperate to remove the issues in the EU-UK trade agreement that prevent smooth trade flows.

Billion euro losses on UK and EU side

The most impacted EU countries on the export side are Italy, the Netherlands, Belgium and Germany according to the data, while on the import side, the most impacted countries are Germany, Ireland and France.

Among the textile and clothing sectors, clothing articles are facing the most severe drop in both imports and exports, corresponding to a total trade loss of more than 3.4 billion euros over the nine months period. “Despite these alarming figures, the UK continues to be the most important export market for EU textiles and clothing,” states Euratex.

On the UK side, things are not looking any better: According to a survey by the UK Fashion and Textile Association’s (UKFT) in May 2021 among 138 businesses, including leading UK fashion brands, UK textile manufacturers, wholesalers, fashion agencies, garment manufacturers and retailers, most of them were negatively impacted by the new Brexit trade conditions.

Increased trade costs will ultimately be passed on to consumers

The results of the survey showed that 71 percent of the participating businesses currently rely on imports from the EU and almost all (92 percent) are experiencing increased freight costs as well as increased costs and bureaucracy for customs clearance (83 percent).

In addition, more than half (53 percent) of the 138 businesses surveyed are experiencing cancelled orders as a result of how the EU-UK agreement is being implemented and 41 percent have been hit by double duties.

In the end, it will be the consumers who will have to front as the bill as the vast majority of the surveyed companies declared that they are looking to pass the increased costs on to consumer in the next six to twelve months.

Source: fashionunited.uk– Jan 19, 2022

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Consumer spending on clothing surges in US and Mexico: Survey

As per the 9th Wave of the Coronavirus Consumer Response Survey by the latest Things to Know infographic from Cotton Incorporated, consumer spending on clothing surged in the US and Mexico since the start of the pandemic, while it dropped in China. In December 2021, around 60 per cent people shopped for clothing in physical stores in the US, while in Mexico and China, the percentage was 58 and 68 per cent respectively

Consumers continue to focus on comfort. About 51 per cent plan to purchase casual tops and bottoms, 52 per cent plan to purchase loungewear and 52 per cent are interested in T-shirts and denims. Additionally, about 53 per cent plan to go for activewear and athleisure, while 56 per cent are looking to but dress pants, shirts or blazers.

Around 40 per cent people in Mexico revealed plans to purchase casual tops and bottoms, 40 per cent said, they plan to purchase loungewear and 47 per cent evinced interest in T-shirts and denims. Additionally, about 42 per cent said, they plan to go for activewear and athleisure, while 48 per cent are looking to but dress pants, shirts or blazers.

In China 96 per cent consumers also plan to focus on comfort. Around 39 per cent said, they plan to purchase casual tops and bottoms, 40 per cent plan to purchase loungewear and 46 per cent are interested in T-shirts and denims. Additionally, about 43 per cent plan to go for activewear and athleisure, while 50 per cent are looking to but dress pants, shirts or blazers.

Source: fashionatingworld.com– Jan 19, 2022

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Inflation peaks months earlier in Turkey than expected

Turkey's finance minister Nureddin Nebati has reportedly said inflation would peak in January and hit single digits by June 2023 elections. A survey, however, showed inflation would be 30 per cent by 2022 end. The lira weakened by 44 per cent last year, and a currency crisis ended in December after government interventions and a scheme to protect lira deposits from forex depreciation.

Inflation surged to a 19-year high of 36 per cent in December last year driven by the lira plunge, the highest under President Tayyip Erdogan's rule, and is seen reaching up to 50 per cent in the next few months. Nebati said it would, however, ease with approaching summer.

The minister told a global newswire that the lira facility had attracted 126 billion lira ($9.3 billion), of which 15 per cent came from foreign currency accounts, with some 300,000 people participating in the scheme.

Work on increasing the capital of state banks will be completed before the end of January, he said.

The lira crisis in November and December was sparked by the central bank's 500 basis points of rate cuts to 14 per cent since September.

Source: fibre2fashion.com– Jan 19, 2022

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Cost-effectiveness can help Vietnam maintain competitiveness in T&A sector

One of the fastest growing garment and textile markets in South East Asia, Vietnam is facing increasing competition from Asian and other markets. In the fourth quarter of FY21, Vietnam was able to meet its target of $39 billion in textile and garment exports, growth of 11.2 per cent compared to 2020. However, this does not indicate a growth in market share, says Le Tien Troung, Chairman, Vietnam National Textile and Garment Group.

In 2022, Vietnam aims for an export turnover of $43.5 billion. However, resurgence in pandemic could dampen demand, says Vu Duc Giang, Chairman, Vietnam Textile and Apparel Association. Freight as rates in the country remains high and it also faces a serious shortage of empty containers.

Rising transportation, labor costs cause concern

Goods transportation has become a serious challenge in Vietnam as air transportation costs have increased fourfold, from $4,250 per tonne to $17,000, as per a Vietnam.net report. Only 16.7 per cent buyers surveyed by the Research Centre for Employment Relations agreed to share these air freight costs with businesses.

Meanwhile labor costs too are rising, says Giang. Currently, they account for 26-30 per cent of the entire costs of goods of garment companies. Giang says, costs will continue to rise with an in increase annual base salary of laborers and new insurance policy.

Growing competition from other exporters

Currently, Vietnam is the fifth largest RMG exporter to the US, shows data from the US Office of Textiles and Apparel. Stats reveal, Vietnam exports to the US grew just 14 per cent last year.

Many of its importers are shifting towards suppliers from Vietnam's competitors due to production disruptions. Garment exports by Bangladesh have continued to rise with many buyers once again turning to Bangladesh, says the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

US' imports from India are also rising with the government increasing export turnover for the textile industry to $80 billion by the 2024-2025 period. In 2021, the government's autonomous India Program and other policies helped the Indian textile and garment industry recover from the pandemic loss of 13 per cent in 2020. The government has decided to extend its tax and textile refund scheme till 2024. It also plans to accelerate the implementation of other credit schemes for the sector.

Need for flexibility with suppliers

Despite this competition from other countries, Vietnamese garments and textiles can maintain competitiveness by leveraging current advantages. For instance, the EU-Vietnam Free Trade Agreement can help Vietnamese companies increase their market share. However, for this, Vietnamese companies need to be cost-effective compared to Bangladeshi products that are closer to the EU's border. The global garment and textile industry is looking to establish flexible relationships with suppliers, while also focusing on being environment friendly.

Source: fashionatingworld.com– Jan 19, 2022

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Time to build infrastructure to support RMG export growth

The year 2021 was a mixed year for Bangladesh ready-made garment (RMG) industry. The downward trend in the export sector due to the outbreak of the pandemic in 2020 continued at the beginning of 2021.

Because of the sharp decline of Bangladesh's apparel export in the pandemic, in July 2021, Vietnam overtook Bangladesh in the global apparel market and became the second-largest global ready-made garment (RMG) exporter.

Bangladesh regained its position as the world's second largest RMG exporting country in the very next month; as in the first seven months of 2021, Bangladesh exported apparel products worth $18.80 billion against Vietnam's exports worth $16.86 billion.

From April 2021, the downward trend started to change. We witnessed a staggering apparel export growth of 571.8% in the month of April. In the July-September period of the fiscal year 2020-21, we exported $9.05 billion worth of garment items, registering an 11.48% year-on-year growth.

There was a happy ending of the year, as far as our apparel export is concerned. For the first time in the history of Bangladesh, the monthly export of garment items crossed $4 billion in December 2021.

We must thank our honourable Prime Minister for her timely stimulus packages and other government policy support, which helped the industry to quickly heal the wounds of the pandemic and turn around.

However, uncertainty still looms large in the new year as the new strain of Coronavirus 'Omicron' spreads across the world at an alarming rate. But I do think the surge of apparel orders to Bangladesh is largely due to geopolitical reasons. Bangladesh is a preferred option for buyers in an uncertain world.

Ethiopia has proven to be a failed case for brands and retailers due to the violent inter-racial rivalries and riots there. Political instability in Myanmar is also causing sleepless nights for the buyers now, who started to source from the country in the last decade.

The US-China's tug of war is a major reason behind the increase in our apparel exports to the US in recent months. Moreover, China, the world's biggest RMG exporter, is also gradually shifting its focus from apparel to high-tech industries.

Obviously Bangladesh, which occupies only 6.3% global share, could claim a major portion of what China is leaving behind. The prospect of nearshoring, however, is still a far cry, in my opinion.

It is very much possible for Bangladesh to continue to export $4 billion, if proper infrastructures are put in place. The pertinent question is – are our infrastructures ready?

We have read and seen several media reports in recent days that many of our apparel factories are failing to operate in their full capacities due to shortage of workers. The shortage of skilled workers is becoming acute.

Enjoying monthly $4 billion apparel exports without a proper supply of skilled workers will not be sustainable.

The spinning sector witnessed a major jump in investment last year as entrepreneurs pumped Tk5,970 crore to set up 26 new mills to meet the rising demand.

But to sustain the growth of apparel export in the long run we need to strengthen our backward linkage industries, especially the woven textiles sector, to lessen our over-dependence on the import of woven fabrics, which proved to be suicidal at the advent of the pandemic in China in early 2020.

Enhancing the capacity of Chattogram Port is extremely crucial for augmenting our apparel export. The average anchorage wait time for vessels at the port is still 7-8 days.

Without reducing the feeder vessel wait time or improving the existing off dock capacities of the port, any hope or plan to increase our apparel export in the years to come will be a chimera.

Last but not the least, sustainability and innovation will continue to be the keys for the progress of Bangladesh apparel industry.

Bangladesh apparel industry has come a long way. The sector has made the largest contribution in transforming Bangladesh from a least developing

country to a middle-income country. But as the saying goes, if one cannot seize opportunities, opportunities seize to come to them.

The recent surge of our apparel orders is an opportunity we have to avail for the longer run. That will be only possible if we can build the infrastructure needed to hold on to the orders. We should start to build the infrastructure in 2022.

If we can do that, though we could not achieve the $50 billion apparel export milestone in 2021 for valid reasons; reaching the milestone in 2024, when Bangladesh will be officially eligible as a middle-income country, would not be impossible at all.

Source: tbsnews.net– Jan 20, 2022

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Bangladesh: RMG exports increases by 24pc in non-traditional market

Apparel sector is steadily expanding its exports in the non-traditional market as the shipment of clothes to such destinations has increased by 24.26 per cent in the first six months of the current fiscal year 2021-22.

In the first six months (July-December) of FY22, Bangladesh fetched $306 crore by exporting garment products in the non-traditional market, according to the latest statistics of the Export Promotion Bureau.

During the same period of the previous (FY21), apparel items worth $246.19 crore were shipped to non-traditional market.

The United States, Canada and European countries are generally known as the traditional markets for garment exports. But now Chile, China, Japan, India, Australia, Brazil, Mexico, Turkey, South Africa and Russia are being considered as new markets for garment exports.

'With the improvement of the Covid-19 situation in 2021, overall sales of readymade garments products were on rise in the most of the countries. As a result, the demand for clothes has increased globally and as a RMG producing country Bangladesh is getting its benefits,' senior secretary of the Ministry of Commerce Tapan Kanti Ghosh told BSS.

Besides, cash incentives and duty-free market facilities are also playing a significant role in boosting RMG exports to the new markets, he added.

Taking to BSS, Bangladesh Garment Manufacturers and Exporters Association president Faruque Hassan said that garment exports to non-tradition markets, such as Australia, Brazil, Mexico, Turkey, South Africa and Russia, are growing rapidly.

At present, entrepreneurs are very interested for exporting garments to new markets, but BGMEA is encouraging them not to rely totally on this market, he said.

For consolidating the Bangladesh's position in these new export destinations, the BGMAE president suggested increasing cash incentive to 5 per cent from existing 4 per cent.

According to the EPB data, garment products worth $52.94 crore were exported to Japan in July-December period of the current fiscal year, up by $8.43 crore or 18.93 per cent from the same period of the last fiscal.

In July-December of FY22 Russia imported garments worth $34.12 crore from Bangladesh, up by $24.70 crore or 36.10 per cent the same period of FY21.

Chile is another new market for Bangladesh's apparel products as this Latin American country imported clothes from Bangladesh worth $8.17 crore in July-December of FY22, which was $3.88 crore in the same period of FY21. In a span of one year, the export growth to Chile increased by 110.59 per cent, according to the EPB.

RMG exports to neighbouring country India and Australia have also increased significantly during the July-December period of FY22. Indian imported apparel products valued $36.59 crore, which $23.15 crore in the same period of FY21. Apparel export to Australia have reached $39.88 crore, which was $36.45 crore.

Source: newagebd.net– Jan 20, 2022

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Bangladesh: BGMEA for removing legal bar on back-to-back LCs for non-bonded exports

The BGMEA has demanded speedy amendment to the National Board of Revenue (NBR) rules to approve raw material purchases under back-to-back LCs of readymade garment exporters who are not covered by bonds.

In a letter sent by Bangladesh Garments Manufacturer & Exporters Association (BGMEA) President Faruque Hassan to the NBR chairman on January 13, he said the Ministry of Commerce has been requested to revoke the obligation of the exporters to have a general bond licence or special bond licence to open a back-to-back LC (Letter of Credit).

In a back-to-back LC, an importer issues an LC to an exporter and the exporter can use it as collateral to get another LC issued for sourcing raw materials and accessories on credit.

The letter called for immediate action to amend the existing provisions of the NBR's VAT Act to give permanent approval to non-bonded companies to open local back-to-back LCs for the purpose of procuring raw materials locally.

Under the current provisions, institutions without bond licences cannot purchase raw material on credit through back-to-back LCs for export purposes.

The revenue board in a letter on 31 August last year requested the Bangladesh Bank not to allow non-bonded apparel factories the facility as it contradicts the central bank's guidelines.

The letter caused a stir among exporters.

Industry insiders said if the benefit goes, at least 500 knitwear and home textile factories will no longer be able to procure raw materials and accessories on credit. Instead, they will have to make full payments plus VAT in cash for local purchases, which will make their survival very difficult.

With over 3 lakh workers, such factories export goods amounting to around $5 billion annually.

Following the letter, a committee was formed at the initiative of the Ministry of Commerce to resolve the issue.

Meanwhile, the NBR withdrew the letter sent to Bangladesh Bank.

On November 30, a committee formed by the commerce ministry made five recommendations, including an amendment to the VAT Act, to repeal the condition of having a bond licence for back-to-back LCs.

However, the rules have not been amended so far.

Fazlee Shamim Ehsan, vice-president of Bangladesh Knitwear Manufacturer & Exporters Association (BKMEA), told The Business Standard that as there is no permanent solution to the issue, some non-bonded exporters are still facing hurdles from some banks in opening back-to-back LCs.

A letter has also been sent to Bangladesh Bank on behalf of BKMEA to take initiative to solve this.

However, a senior official of the department concerned of the NBR told The Business Standard on condition of anonymity that the NBR has not yet taken any decision or initiative to amend the rules. However, these issues may come up in the meeting with BGMEA on January 20 (Thursday).

Source: tbsnews.net– Jan 20, 2022

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Bangladesh requires 34,000 MW electricity by 2030: ICCB

Bangladesh will need an estimated 34,000 MW of power by 2030 to sustain its economic growth of over 7 per cent, said an editorial in the current news bulletin of the International Chamber of Commerce-Bangladesh (ICCB). Experts quoted in the editorial suggest top priority should be given to on-shore and off-shore gas and oil exploration and improvement of power transmission and distribution.

Smooth supply of energy is vital for economic development and achieving the US Sustainable Development Goals.

Bangladesh's gross domestic product (GDP) is $455 billion now. ICCB expects the GDP to be $510 billion in fiscal 2022-23, according to Bangla media reports.

The country now has over 23,000 MW of installed power generation capacity with 100 per cent coverage. According to the Bangladesh Power Development Board, the surplus in power generation is around 8,000 MW, according to ICCB.

Biomass accounts for about 27 per cent of the primary energy and the rest is being met by commercial energy. Natural gas accounts for about 62 per cent of the commercial energy (with 8 per cent imported LNG) and imported oil accounts for the lion's share of the rest.

Source: fibre2fashion.com– Jan 19, 2022

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NATIONAL NEWS

Indian textile exports can hit $65 billion if industry majors take the right steps: Report

Indian textile exports can hit $65 billion if industry majors take the right steps and there is proper execution of government schemes, a joint report by global consulting firm Kearney and The Confederation of Indian Industry (CII) said.

Exports declined by 3 percent during 2015–2019 and by 18.7 percent in 2020, the report observed and went on to add that during the same period, other low-cost countries such as Bangladesh and Vietnam have gained share.

“We believe with the right actions from the industry majors and robust execution of government schemes, India can hit $65 billion in exports (implying 9-10% CAGR) by 2026. This, coupled with growth in domestic consumption, could propel domestic production to reach $160 billion. Given the labour-intensive nature of this industry, this growth could add 7.5 million direct jobs in textile manufacturing” Siddharth Jain, Partner, Kearney said in a statement.

The report said a variety of factors have contributed to India’s recent trade performance. India has factor cost disadvantages (example, power costs 30 to 40 percent more in India than it does in Bangladesh). Lack of free or preferential trade agreements with key importers, such as the European Union, United Kingdom, and Canada for apparel as well as Bangladesh for fabrics also puts pricing pressure on exporters.

"The high cost of capital and high reliance on imports for almost all textiles machinery makes it difficult to earn the right return on invested capital, especially given India’s slight cost disadvantage.

Longer lead times than for Chinese manufacturers make India uncompetitive, especially in the fashion segment. For example, India’s lead time is 15 to 25 percent longer than the competition in fabrics. Limited presence in the global trade of man-made fiber products. The trend of nearshoring in western economies has not helped either," the report suggested.

Textile products hold a key position in the global value chain, with India being the world's fifth-largest exporter for apparel, home, and technical products. The Textile industry employs almost 45 million people in the farming and manufacturing sectors. However, the country's recent performance in global trade has not been commensurate with its abilities.

"Covid-19 has triggered the redistribution of global trade shares and a recalibration of sourcing patterns ("China plus one" sourcing), providing a golden opportunity for Indian textiles to stage a turnaround and regain a leadership position as a top exporting economy. We believe India's textile industry should target 8 to 9 percent CAGR during 2019–2026, driven by domestic demand growth and significant growth in annual exports (reaching $65 billion by 2026)" Neelesh Hundekari, Partner and APAC Head of Lifestyle Practice at Kearney said.

Achieving the $65 billion exports target up from $36 billion in 2019—will require India to double down in the five key areas - apparel, fabrics, home textiles, man-made fiber and yarn and technical textiles.

The path to achieving these targets will entail both government and industry taking crucial steps. And the government seems geared up for the challenge. "The recent launches of multiple schemes such as MITRA, PLI, RoDTEP highlights the strong government focus on this sector. It will be critical for the government to follow up these launches with efficient implementation and even more critical for industry players to leverage these schemes effectively," Jain said.

Source: economictimes.com– Jan 19, 2022

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Globalisation: Slowing down or mutating?

Even before Covid struck the world, the idea was gaining ground that the phase of 'hyper-globalisation' (roughly the period starting in 1990 and ending with the onset of the Great Recession in 2008-09) was coming to an end. According to an oft-quoted article in The Economist in January 2019, in the subsequent period, "cross-border investment, trade, bank loans and supply chains have all been shrinking or stagnating relative to world GDP." Several factors — technological, economic and political — can be held responsible for this outcome.

The huge impact of the transport and communication revolution (in particular, the sharp decline in the cost of air and sea transport as a result of the advent of wide-bodied jets and container ships and the cost-less global flow of information due to Internet and IT revolution) is petering out. The scope for further tariff cuts, after many rounds of successful multilateral talks under the auspices of GATT/WTO, is getting narrower. Multinational companies spreading their operations by building an intricate web of global supply chains spread over distant parts of the globe are finding it harder to compete with quick-learning local competitors often enjoying state patronage in various forms.

Growing dissatisfaction

The risks of financial globalisation have come to the surface in the form of periodic bouts of financial crises in many countries. After two decades of globalisation at bread-neck speed, the feeling was getting stronger in different parts of the world — even if analysts may hold technological changes, rather than trade, to be the major culprit here — that globalisation was causing loss of jobs, especially low-skill jobs, and contributing to sharply increasing inequality of income distribution in many countries.

The popular dissatisfaction with globalisation was further fuelled by the growth of international tax havens enabling the super-rich to evade taxes. Though low-skilled labour remained trapped behind national boundaries, globalisation was allowing capital to flee to countries in search of higher profits and lower taxes. Populist political leaders (like Trump in the US and pro-Brexit leaders in the UK) increasingly played on the theme of globalisation (including foreign workers) causing misery of the national working class and won elections.

The fear in the western world of the rising economic power of China (first taking away manufacturing jobs and then increasingly treading into high-tech strategic areas) and of Russia (specially as a competing exporter of sophisticated military hardware and a major supplier of natural gas to Western Europe) further strengthened the forces of anti-globalisation in the developed world.

All these were happening, despite China keeping global inflation low for decades by supplying mass consumer goods at low cost to the rest of the world and lending to US (and other countries) the foreign exchange earned through huge trade surpluses to help them maintain an artificially high standard of living with borrowed money.

Apart from the allegation of taking away jobs, the increasing focus by politicians on national (often religious and ethnic) identity and culture being diluted by 'foreigners' is a contributory force against international migration of people and ideas. Global warming at an alarming pace is further discouraging long-distance transportation of goods by burning fossil fuels.

Regional agreements

The heightening of the 'new Cold War' between US, Japan and Western powers on one side and China and Russia on the other are contributing to forming blocs along political/national security lines.

The breakdown of WTO talks is leading to new bilateral and plurilateral FTAs replacing multilateral globalisation. At the same time, regional arrangements are making possible deeper economic integration covering new areas like investment, labour and environment standards while involving shorter regional supply chains.

So, despite Brexit, new regional formations are taking place like RCEP in the Asia-Pacific region which is an extension of ASEAN, but encompassing a lot more countries. China, using its huge stock of national savings, foreign exchange reserves and surplus production capacity, is spreading its economic and strategic influence in many countries in Asia and Africa under the so-called 'Belt and Road' initiative.

Despite the increasing importance of international e-commerce, considerations like cybercrime and data privacy are working against unregulated international transmission of data and information. Whether

all these developments would be considered a part of 'slobalisation', or the emergence of a new form of globalisation, is largely a matter of semantics.

Labour-saving technological advances (like use of robotic arms in cutting and sewing, 3-D manufacturing) are making it possible to 're-shore' or 'near-shore' some of the traditional labour-intensive industries like garments and footwear to the higher-wage industrially advanced countries. Though it has its limits, the (associated) diminishing importance of labour cost advantage would be working against the benefits of globalisation flowing towards the relatively poor low-wage countries of the world and would be further eroding the economic and political attraction of globalisation in such countries.

There is nothing inexorable about the forces of globalisation. The earlier waves of globalisation were halted by political rivalries like world wars or economic events like the Great Depression or the emergence of new 'ideas' like the benefits of import-substituting industrialisation for the newly independent less developed countries.

Similarly, globalisation got a boost from technological factors reducing costs of movement of goods, services, capital and technology; political developments like the formation of NAFTA, EU, the breakdown of USSR and the opening of China to the outside world; policy factors like reduction in tariffs and other trade barriers under GATT/WTO; and the advent of newer (replacing the older) ideas like the benefits of export-led economic strategy which drew on the success stories of the 'East and South-east Asian tigers' (Japan, South Korea, Taiwan, Singapore, Hong Kong and finally mainland China).

The ongoing Covid pandemic is making the world realise the risks of over-specialisation and the benefits of diversifying away from a single country (read: China) centric global supply chains. Alongside, international specialisation and cooperation have made possible the development of Covid vaccines in record time. Thus, the future course and forms of globalisation would depend on such diverse and conflicting forces as they unfold over time.

Source: thehindubusinessline.com– Jan 19, 2022

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Scrap import duty on cotton: Stalin

Reiterating his request for the removal of the 11% import duty levied on cotton, among other demands, Chief Minister M.K. Stalin on Wednesday wrote to Union Textiles Minister Piyush Goyal, seeking his intervention to resolve the grim situation pertaining to cotton and yarn price volatility.

In November and December 2020, the cost of cotton (29 mm) was ₹39,000 a candy, but it rose to ₹75,000 a candy during November and December 2021. "If this situation is not resolved, a large number of powerlooms and apparel and home textile units may soon become unviable, resulting in closures and consequent large-scale unemployment and industrial unrest in the State," he said.

The textile players were of the view that "no concrete steps have been taken by the Union government to control the price of cotton and yarn", Mr. Stalin said.

Mr. Stalin also recalled his letter to the Union Minister in November underlining the significance of the textile sector for Tamil Nadu.

Source: thehindu.com– Jan 20, 2022

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Cross border trade a business priority for Indian MSMEs, reveals PayPal India survey

MSMEs want to invest in improving checkout and payment process to push up sales

Indian small and medium sized businesses are prioritising cross border trade and social selling to survive and thrive in post pandemic world, reveals PayPal's MSME Digital Readiness Survey.

This Survey also found that businesses want to leverage technology for a seamless checkout experience to garner a greater share of consumer wallets. The aim of the Survey was to understand how Indian MSMEs that have an online presence have adapted during the pandemic by adopting a digital first approach, while leveraging the global opportunity and their key priorities to scale up.

Conducted between October-November 2021, PayPal's MSME Digital Readiness Survey results are based on interviews with 250 business decision markers of India's small and medium enterprises, which are defined as having an annual turnover of ₹ 5 crore to less than ₹ 250 crore.

The businesses show an average turnover of ₹ 123 crore and an average employee size of 386 persons. The sample endorses a mix of industry, mainly comprising the Services (36 per cent), Production (28 per cent) and Retail & Hospitality (16 per cent) sector.

CROSS-BORDER, A PRIORITY

Sharing the findings of the Survey, Nath Parameswaran, Senior Director, PayPal India said that as many as 94 per cent of the respondents recognised that transcending borders result in growth and are making this as a business priority moving forward.

He highlighted that adoption of cross-border in India is high - 64 per cent of the merchants had adopted cross-border before the pandemic while 35 per cent did during the pandemic. Out of all, 86 per cent MSMEs selling globally claimed that they recorded growth in cross border trade during COVID-19. Much of this success can be attributed to the reopening of other economies and positive sentiment from global consumers, according to PayPal, a global leader in digital payments.

Also, 98 per cent of the MSME respondents expressed an interest in investing in more payment options. Of this, 95 per cent are looking to introduce newer ways of payment and 89 per cent are keen on optimizing card payments. This is followed by optimization of services to accept digital wallets like PayPal (70 per cent).

Payment process

An emerging area of interest for small businesses is the check-out experience they provide to customers. Close to 40 per cent are planning to invest towards improving the checkout and payment process in order to increase sales. The key reasons to do so as stated by the small businesses is to accept payment from new digital sales channels (60 per cent) integrate loyalty schemes (57 per cent) expand new, local payment methods to sell cross border (56 per cent) amongst others .

With increased competition, businesses are fighting for a consumers share of wallets. 49 per cent of Indian MSMEs surveyed will invest in technology to offer a better customer experience. A seamless check-out experience will mean increased customer loyalty as well as the ability to expand their consumer base.

Source: thehindubusinessline.com Jan 19, 2022

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Exports of $100 billion in textiles sector in next 5 years is achievable

Set up in 1965 by Ministry of Commerce, Government of India to focus the efforts of all stakeholders engaged in promotion of trade from the country, the Federation of Indian Export Organisations (FIEO) is the apex body of the government recognised Export Promotion Councils, Commodity Boards and Export Development Authorities in India. FIEO Director General & CEO Dr. Ajay Sahai tells Fibre2Fashion as to how the textiles industry is likely to perform in 2022.

What are your key takeaways from the textile and apparel industry developments in 2021?

2021, despite disruptions caused by the pandemic, was a watershed year for the textiles industry. Its importance for supporting the domestic economy, job creation and exports was very well recognised. The huge potential of the sector was tapped through various initiatives of the government:

- The PLI scheme was introduced for man-made fibre and technical textiles sector to boost manufacturing, augment exports, and attract FDI in such sectors.
- 7 Mega Textiles Parks were notified to provide state-of-the-art facility under one roof for textiles manufacturing.
- Rationalisation of GST rates for man-made filament, yarn, fabrics, and garment was attempted to address inverted duty structure and encourage value addition.
- RoSCTL scheme was notified for apparel and made-ups sectors to provide complete zero rating to such exports providing a level playing field to Indian exporters.
- Government engaged with the UK, UAE, and Australia to finalise free trade agreements and also opened dialogue with the EU, GCC, SACU and some other regional blocks to help the textiles sector to get better market access for exports.

Does 2022 seem to be as uncertain as 2021? Which factors would you rank as of topmost concern?

The global trade is expected to reach $28 trillion in 2021, showing a growth of 23 per cent over 2020. Such a growth has come with relaxation on movement, economic stimulus provided by economies, and hike in prices of

commodities and metals. The uncertainties witnessed during 2021 are likely to continue in 2022 albeit with less impact. Backlog across major supply hubs that characterised 2021 could continue in 2022 as well.

The logistics challenges are likely to remain unabated. Our topmost concern would be the trend in consumption pattern in 2022. We all know that consumption has shifted from services to goods in 2021 as many economies were in lockdown. With gradual opening of economies, the shift may be back to services which may affect the growth in global trade.

By when do you expect the challenges of shipping industry to ease?

The challenges in shipping sector are likely to continue at least till the second quarter of 2022 as the new ships and containers may be added to the supply side thereafter to soften the hike in freight and shortage of containers. The little easing out at this point of time is primarily due to the fact that supplies for Christmas, New Year and Chinese New Year have been front loaded and were completed by October.

How pressing could be the labour issues for the textile and apparel industry?

Labour issue is quite critical to the apparel and textiles sectors. Over the years, export related jobs have grown at a much faster rate than overall employment. While a chunk of these jobs has gone to persons with below secondary education, the rate of growth of these low-skilled jobs has declined.

Recent estimates show that the share of unskilled jobs tied to textile and allied exports declined from 29.64 per cent in 2003-04 to 23.67 per cent in 2013-14.

The share of high-skilled jobs increased from 20.91 per cent to 26.15 per cent during the same period. With the skill composition of export related jobs shifting towards high skill, we require greater investment in skill development to make sure that we do not expose the less skilled workers to the risk of offshoring.

Do you expect any significant movement in textile and apparel supply chains in 2022 due to the geo-political scenario, particularly the US-China tension?

Global companies are looking for China Plus One model and India is definitely on the radar of all such companies. The tension between China and the US is forcing many companies, who were looking for expansion or set up in China, to move to India. QUAD in the West with US, Israel, and UAE and in the East with US, Japan and Australia will also push trade amongst partners.

US ban on products from Xinjiang which produces 86 per cent of China's cotton, 70 per cent of cotton yarn and 75 per cent of cotton fabric, will further push India's apparel and textiles exports. In fact, it may compound the problem of apparel exporters as many major exporting countries dependent on supply from China are increasingly moving to India for procuring inputs thereby pushing the prices in the domestic market.

Source: fibre2fashion.com Jan 19, 2022

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Trade between India & Bangladesh up 94% in last 1 year: FBCCI

The trade between India and Bangladesh grew by over 94 per cent in the last 1 year and the exports from Bangladesh to India are likely to reach $2 billion for the first time by the end of this fiscal, according to the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI). The demand for Bangladeshi products is on a rise in India.

The FBCCI said this in a statement after a meeting between Vikram K Doraiswami, High Commissioner of India to Bangladesh and Md Jashim Uddin, president of FBCCI in Dhaka yesterday.

At the meeting, Jashim Uddin called for the development of infrastructure in the Indian part of the land ports to boost bilateral trade. He said that poor infrastructure hampers bilateral trade as many products cannot be exported from Bangladesh due to lack of facilities at Indian ports.

Doraiswami informed that India is keen to boost up the bilateral trade between Bangladesh and India. Therefore, He seeks FBCCI's cooperation to further strengthen the business ties between the two countries. India is keen to invest in Bangladesh's logistics, food processing, automobile and garment industry.

Among others, FBCCI senior vice president Mostofa Azad Chowdhury Babu, vice president Md Habib Ullah Dawn, directors Rejaul Kariem Rejnu, Bijoy Kumar Kejriwal, Md Shah Jalal, Mohammed Bazlur Rahman, Dr Joshodha Jibon Deb Nath, CIP, Priti Chakraborty and secretary general Mohammad Mahfuzul Hoque were present at the meeting.

Source: fibre2fashion.com– Jan 19, 2022

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