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INTERNATIONAL NEWS

High Costs, Trade Uncertainty Remain Top Supply Chain Concerns for 2022

The supply chain as we know it has been flipped on its head over the past two years, with container prices rising in some cases to five times their pre-pandemic levels and port congestion extending lead times and sparking rampant out-of-stocks.

Retailers and suppliers alike are now dealing with increased costs for raw materials, labor and transportation. By December last year, average container shipments totaled $9,503—approximately 68 percent higher than the same period a year prior—according to the Freightos global container freight index.

And in the end, the shopper is paying the price. In fact, a November 2021 survey of more than 1,100 chief financial officers by two Federal Reserve' district banks and Duke University revealed that 80 percent of companies are passing on these rising costs to consumers as they adjust to a surge in inflation.

But as Sourcing Journal's 2022 Sourcing Report shows, the story of the ever-so-convoluted supply chain isn't just about the costs. For example, on the trade front, no supply chain conversation is complete without mentioning the policies and the overall tensions that have defined trade, at least between the U.S. and China.

U.S.-China relations dominate 2022 trade landscape

Already saddled with significant tariffs levied by the Trump Administration, the trade relationship between the U.S. and China had been filled with speed bumps in 2021.

For one, the U.S., the U.K., the European Union (EU) and Canada all placed economic sanctions on several Chinese officials in retaliation for the country's apparent human rights violations in the Xinjiang province, where Uyghurs, Kazakhs and other Muslim minorities are allegedly being held in internment camps and detention facilities.

In December, President Joe Biden signed the bipartisan Uyghur Forced Labor Prevention Act into law, which assumes that all products from Xinjiang are made via forced labor—and therefore banned from entering the U.S.—unless "clear and convincing" evidence demonstrates otherwise.

With that in mind, it is no surprise that the Biden administration is under pressure to act on issues that are more controllable, such as the tariffs.

"There was [an] explicit promise that [the tariffs were] going to be a fairly short-term measure, that might be painful, but it would pay off," said Phil Levy, chief economist at freight forwarder Flexport. "I don't think we've seen any payoff, and it's looking less and less like a short-term measure…I think there's going to be increasing pressure to recognize it and push toward some sort of conclusion for the tariffs or to show some results."

Brands can't sit on the sidelines as labor concerns linger

As the forced labor scrutiny grows, brands and retailers will have a hard time dodging any responsibility for the problem, especially as these issues gain publicity. But right now, they are still lagging in understanding the full breadth of the chain the further upstream they go. Currently, less than one in five brands, retailers, suppliers, manufacturers and sourcing agents has full visibility of all stakeholders, according to a December 2021 survey from supply chain visibility platform Serai and KPMG.

Jewher Ilham, a forced labor project coordinator at Washington, D.C.-based advocacy group Worker Rights Consortium, told Sourcing Journal that while many brands have created sets of voluntary standards in regards to their stance on international labor worries, they're futile if they don't translate into meaningful outcomes.

"It's easy to publish an 800-world statement on your website," Ilham said. "What's not as easy, but absolutely doable and critically important, is taking precautions and measures to prevent your products from being tainted with forced labor; to really map out your supply chains and verify them. It's a matter of will.

If you claim you don't know where you're sourcing from or you don't know if your items are made with forced labor or not, then you're choosing not to know."

Retail execs pivot amid bottlenecks

Beyond the issues at the source, much of the supply chain's ongoing disruption has remained focused on the ports, the vessels that are carrying goods there and the "middle mile" where products are delivered to either stores or distribution centers.

In the case of Express, the specialty apparel retailer has made efforts to tighten up internally to better handle the supply chain overflow.

"We diversified our carrier network and leveraged team trucks along with the rails to bring goods into the DC," said Aparna Tewari, senior vice president, global sourcing, production and supply chain at Express Inc. "We then worked closely with our DCs to reduce the processing time by almost 50 percent. In addition to that, we increased deliveries to the stores and added carriers for the e-commerce orders to bring speed in our network."

DTC luxury brand M.Gemi, known for its Italian leathers and small-batch deliveries, also has become more reliant on its local distribution centers to get newer product out, according to co-founder Maria Gangemi.

"To ensure that we have goods for the holidays, in addition to our U.S.-based fulfillment center, we used our fulfillment center in Milan for any of the styles on tighter delivery schedules," Gangemi told Sourcing Journal. "Just a short ride from our workshops in Milan, our fulfillment center eliminates the risk of any flight or weather-related delays. We were, thankfully, able to live up to the high fulfillment and shipping standards we've set for ourselves."

Source: sourcingjournal.com– Feb 08, 2022

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US Apparel Imports Staged 2021 Comeback

Despite bottlenecks at the ports and continued Covid disruptions, U.S. brands and retailers imported 27.42 percent more apparel in 2021, bringing in 29.47 billion square meter equivalents (SME) worth of goods following a 16.37 percent drop during turmoil of store lockdowns and factory closures in 2020, the Commerce Department's Office of Textiles & Apparel (OTEXA) reported Tuesday.

Similarly, for the month, apparel imports arriving at U.S. ports of entry rose 33.7 percent compared to December 2020 to 2.51 billion SME.

Bouncing back from a 23.38 decline in 2020 in the height of the global pandemic and despite ongoing tariffs on apparel, imports from No.1 supplier China increased 31.45 percent to 11.13 billion SME, according to OTEXA.

This gave China a 37.8 percent imports market share, up from a 36.6 percent share in 2020. For the month of December, shipments from China were up 39.7 percent from a year earlier to 929.04 million SME.

Vietnam, the No. 2 apparel supplier to the U.S., saw its shipments rise 15.52 percent year over year in 2021 to 4.38 million SME, picking up the pace after a slowdown during the summer due to Covid-caused factory closures. For the month, imports from Vietnam rose 17.8 percent to 340.73 million SME.

While troubled by labor strife and production inefficiencies, imports from No. 3 supplier Bangladesh jumped 37.85 percent to 2.6 million SME for the year and increased 76.7 percent for the month to 273.98 million SME.

A study from the Bangladesh University of Textiles, which collected data from the value streams of 17 textiles and apparel factories, most of them centered in the capital of Dhaka, found significant amounts of waste and excess inventory in the value chain. Translated into monetary terms using current market prices, every 100 grams of wasted material cost manufacturers between $30 and $177.

At the same time, the Bangladesh Institute of Labour Studies, a watchdog group for trade union activity, said last month that of the 431 protests that took place over the past year, 172 of them were led by garment workers demanding owed wages or better pay.

Among the rest of the Top 10 Asian suppliers, India and Pakistan posted the largest gains in 2021. Imports from India rose 41.69 percent to 1.28 billion SME, while Pakistan's shipments increased 41.89 percent to 895 million SME. For the month of December, India's shipments surged 62.7 percent to 115.14 million SME and Pakistan's were up 31.1 percent to 86.41 million SME.

Seeing more modest increases were Indonesia and Cambodia, up 20.14 percent last year to 1.11 billion SME and 10.34 percent to 1.24 billion SME, respectively. Year-over-year in December, Indonesia's imports jumped 52.7 percent to 91.25 million SME, while Cambodia's fell 5.9 percent to 87.52 million SME.

Rounding out the Top 10 were Western Hemisphere producers Honduras, Mexico and El Salvador. For the year, imports from Honduras rose 28.13 percent to 872 million SME, shipments from Mexico increased 21.52 percent to 826 million SME and El Salvador's rose 33.23 percent to 656 million SME.

The countries and the region are benefiting from a rise in nearshoring. A McKinsey & Co. survey of 38 chief procurement officers at clothing companies showed 71 percent said they plan to increase their nearshoring share, including 13 percent who expect to do so by more than 10 percent, while 24 percent plan to increase reshoring in their sourcing strategy.

For U.S. companies, Central America ranks highest on the list for future nearshoring activities, with about 80 percent of North American apparel firms planning to increase their company's sourcing value share in the region.

Source: sourcingjournal.com– Feb 08, 2022

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UK-Australia free trade deal a step closer

Australia is one step closer to a new trade agreement with the United Kingdom and farmers, business owners, investors and travellers are among the beneficiaries.

Trade Minister Dan Tehan told parliament on Tuesday the free trade agreement would remove red tape and barriers to Australian exports.

He said it would send a message to the world that Australia and the UK believe in the benefits of free trade and the rules-based system.

The deal is set to remove taxes on 99 per cent of Australian exports worth $10 billion and UK imports worth $200 million.

Products include wine, seafood, grains, fruit and vegetables, honey, nuts, short and medium grain milled rice and olive oil.

It will also give Australian agricultural exporters better access to the UK market.

Tariffs on beef and sheep meat will be eliminated within 10 years, sugar tariffs will be removed over eight years and dairy tariffs will be removed over five years.

On top of tax removals, the Australian public sector will also be able to attract contract bids from the UK.

The agreement will make it easier for Australian and British citizens to travel and work in each other's countries.

People aged up to 35 years will be eligible for a three-year working holiday visa, which was previously a two-year arrangement only open to people 30 years and under.

The free trade agreement will be examined by parliament's treaties committee before being implemented.

Source: northernbeachesreview.com.au– Feb 08, 2022

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Global FDI rebounds strongly in 2021, recovery highly uneven: UNCTAD

Global foreign direct investment (FDI) flows showed a strong rebound in 2021, up by 77 per cent to an estimated $1.65 trillion from $929 billion in 2020, surpassing their pre-COVID-19 level, according to the United Nations Conference on Trade and Development's (UNCTAD) Investment Trends Monitor published last month. But stagnation of new investment in least developed countries (LDCs) in some industries is a worry.

The outlook for global FDI in 2022 is positive, according to the report. The 2021 rebound growth rate is unlikely to be repeated.

"Recovery of investment flows to developing countries is encouraging, but stagnation of new investment in least developed countries in industries important for productive capacities, and key Sustainable Development Goals (SDG) sectors—such as electricity, food or health—is a major cause for concern," said UNCTAD secretary general Rebeca Grynspan.

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, the report shows. In Europe, more than 80 per cent of the rise in flows was due to large swings in conduit economies. Inflows into the United States more than doubled, with the increase entirely accounted for by a surge in cross-border mergers and acquisitions (M&As).

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

Inflows into Africa also increased. Most recipients across the continent saw a moderate rise in FDI; the total for the region more than doubled, inflated by a single intra-firm financial transaction in South Africa in the second half of 2021.

Of the total increase in global FDI flows in 2021 ($718 billion), more than $500 billion, or almost three quarters, was recorded in developed economies. Developing economies, especially LDCs, saw more modest recovery growth.

The report says investor confidence is strong in infrastructure sectors, supported by favourable long-term financing conditions, recovery stimulus packages and overseas investment programmes. International project finance deals were up by 53 per cent in number and 91 per cent in value, with sizeable increases in most high-income regions and in Asia and Latin America and the Caribbean.

In contrast, investor confidence in industry and global value chains remains weak. Greenfield investment project announcements were practically flat (minus 1 per cent in number, plus 7 per cent in value). The number of new projects in global value chains (GVCs)-intensive industries fell further.

In other sectoral trends, greenfield investment activity remains 30 per cent below pre-pandemic levels on average across industrial sectors. Only the information and communication (digital) sector has fully recovered.

The boom in cross-border M&As is most pronounced in services. The number of deals in information and communication increased by more than 50% to a quarter of the total. FDI into the United States increased by 114% per cent to $323 billion, while cross-border M&As almost tripled in value to $285 billion. FDI in the European Union was up by 8 per cent, but flows in the largest economies remained well below pre-pandemic levels.

China saw a record $179 billion of inflows—a 20 per cent increase—driven by strong services FDI, while Brazil saw FDI double to $58 billion from a low level in 2020, but inflows remained just below pre-pandemic levels.

The Association of Southeast Asian Nations (ASEAN) resumed its role as an engine of growth for FDI in Asia and globally, with inflows up by 35 per cent and increases across most members.

FDI flows to India were 26 per cent lower, mainly because large M&A deals recorded in 2020 were not repeated, while inflows to Saudi Arabia quadrupled to $23 billion, in part due to an increase in cross-border M&As.

Flows to South Africa jumped to $41 billion (from $3 billion in 2020) due to the $46 billion share swap between the South African multinational Naspers and its Dutch-listed investment unit Prosus.

Source: fibre2fashion.com– Feb 08, 2022

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China to put to trial some CPTPP rules in pilot free trade zones

China will put to trial part of the rules of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in some of its pilot free trade zones, according to the customs authority. It will also actively facilitate the construction of platforms for opening up and promote innovation of customs supervision mechanisms for those zones, to be replicated elsewhere later.

In 2022, efforts will be made to implement a customs supervision framework for the Hainan Free Trade Port and support the construction of the Guangdong-Macao In-depth Cooperation Zone in Hengqin, southern China's Guangdong Province, said Ni Yuefeng, head of the general administration of customs.

Despite mounting uncertainty and protectionism globally, China has remained firm in opening up its super-sized domestic market and safeguarding true multilateralism with concrete efforts, Chinese state-controlled media reported.

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Egypt forms special council to boost textile industry

To boost the textile industry in the country, the Ministry of Trade and Industry of the Egyptian government has set up a Textile Industries Council. The special council will identify the challenges, create an action plan to execute and follow up on the ministry's strategy to grow the textile sector in Egypt, according to minister Nevine Gamea.

The council is tasked with studying the costs behind production, and it will aim to reduce them while mapping the country's textile industries and their growth potentials.

In addition, the council will link complementary industries with top manufacturers, design entrepreneurial trademarks for local and international markets, as well as provide professional training programmes for the qualifying labour force in the textile industry of Egypt.

"The move aims to coordinate efforts to develop Egypt's textile industries, within a national drive to raise the competitiveness of the sector's exports," Gamea said in a statement issued by her ministry.

Besides Gamea, the members of the council include Kamel Abdel Rahman Hilal, advisor to the minister for industrial projects; Ahmed Mostafa, chairman of the Holding Company for Cotton, Spinning, Weaving and Ready-made Garments; Mahmoud Abdel Samie al-Shamy, representative of the Chamber of Textile Industries on the board of the Federation of Egyptian Industries; Said Ahmed, head of the Export Council of Spinning, Weaving and Home Furnishings; and Marie Louise, head of Apparel Export Council of Egypt.

According to the country's ministry of the public enterprises sector, nearly 1.2 million quintals of cotton were sold for EGP six billion in Egypt in the 2021 season under its new trading system, which was started on an experimental basis in 2019. The new trading system is currently expanding across the country.

Source: fibre2fashion.com– Feb 08, 2022

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Strengthening garment industry vital for graduating Asian LDCs: Report

Asian countries graduating from the least developed countries (LDCs) category need to take measures to bolster the textile and clothing sector as they graduate from this category, particularly in response to the economic impact of COVID-19, recommends a joint report by the World Trade Organisation (WTO) and three bodies of the United Nations (UN).

The report, titled 'The Textile and Clothing Sector in Asian Graduating Least Developed Countries: Challenges and Ways Forward', was published on February 1. It focuses on countries like Bangladesh, Laos and Nepal, where the textile and clothing (T&C) sector is a major industry and will be significantly affected by graduation.

It was produced by the WTO, the UN Department of Economic and Social Affairs, The International Trade Centre (ITC) and the UN Conference on Trade and Development (UNCTAD), bringing together different areas of expertise on LDC graduation and the T&C sector.

"This timely study highlights the distinct patterns of insertion of graduating LDCs into the textile and clothing global value chains and discusses how LDC graduation may affect related outcomes, said Rolf Traeger, chief of the LDC section at UNCTAD, in an UNCTAD press release.

"Given the level of competitiveness of the garment industry, the prospect of losing preferential market access makes the imperatives of diversification and development of productive capacities is critical as ever for graduating LDCs. Hence the importance of their implementing effective industrial policies," he said.

LDC support measures offered by international development and trade partners have benefitted the T&C sector. Adjustments to these measures is part of the graduation process and will need to be managed to ensure a smooth transition for the countries overall, the report finds.

"The exports of textiles and clothing of graduating LDCs have largely been driven by LDC trade preferences. Examining the impacts of graduation for this sector is crucial for these countries to adapt to the new trading conditions. This collaboration is a unique effort of UN agencies and WTO to shed light on ways to fully realize the potential of this sector," said Taufiqur Rahman, head of the LDC unit at the WTO.

Combined T&C exports from LDCs in Asia account for 8 per cent of the global total, which contracted in 2020 due to the pandemic.

The report notes that graduation presents an opportunity for the countries to develop strategies that can position the sector higher up the global value chain.

Manufacturers consulted for the report said they expected graduation to impact their export performance. In addition to facing higher tariffs, most garment manufacturers rely heavily on imported textiles and will struggle to meet more restrictive rules of origin criteria after graduation.

Many said they don't have a response plan yet for LDC graduation and are focusing on addressing the impact of the pandemic.

Many major clothing brands and retailers consulted for the report believe that LDC graduation will only modestly affect their sourcing and are planning to expand sourcing from graduating LDCs over the next three to five years.

Factors such as workplace safety, working conditions, environmental compliance, innovation and speed to market are increasingly becoming major factors for brands in their long-term sourcing.

"We have consulted many brands and retailers on their future sourcing plans and how it affects graduating LDCs. What we have found is that major buyers are consolidating their sourcing portfolio and, increasingly, they are seeking to source from larger, often multinational apparel manufacturers," said Matthias Knappe, programme manager, fibres, textiles and clothing at ITC.

"This poses a challenge to many apparel-producing SMEs in LDCs. Together with our partners, we hope to provide support for these small businesses, boost their competitiveness, and overcome this challenge," he said.

Source: fibre2fashion.com– Feb 08, 2022

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Turkiye seeks foreign trade ties with new economic strategy

Turkiye is opening the door to cooperation in foreign trade with the United Arab Emirates (UAE), Egypt, Israel, Saudi Arabia and Armenia with its new economic strategy. Economic agreements are likely to be signed between Turkiye and these countries this and the next few months. Turkish President Recep Tayyip Erdogan is expected to visit UAE this month.

He is also expected to pay a visit to Saudi Arabia in the coming months. An embargo imposed by Saudi Arabia on Turkish products may be lifted. Erdogan earlier said his Israeli counterpart Isaac Herzog is expected to visit Turkiye this month and that could usher in a new era in bilateral relations.

Observing that there has been good momentum in Turkiye's relations with the Gulf countries recently, Erdogan drew attention to the fact that the new dynamics emerging in the region played an important role in this, according to a news agency. While diplomatic relations with Egypt have been mutually maintained at the chargé d'affaires level since 2013, official contacts were held last year.

Egyptian business delegations visited Turkiye in January to strengthen commercial relations and possible steps were discussed during the meeting. Turkiye's diplomatic ties with Egypt came to a standstill after the 2013 military coup there. The developments had an impact on bilateral trade, and a fluctuating course was observed in the trade volume over the years.

While the foreign trade volume of Turkiye and Egypt totaled $4.8 billion in 2013, it reached its highest level at $6.1 billion last year, $4 billion of which consisted of exports while $2.1 billion comprised imports. While Turkiye exported $5.2 billion worth of goods to the UAE last year, it bought $2.4 billion of products from the country.

The trade volume between Turkiye and Saudi Arabia was around $5.6 billion in 2015 before the diplomatic problems. While Turkiye sold approximately $2.4 billion worth of products to Saudi Arabia in 2020, the figure fell to $215.1 million last year. Bilateral trade volume in 2021 amounted to $3.5 billion.

Source: fibre2fashion.com– Feb 08, 2022

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UK initiates first steps for new trade deal with Israel

UK international trade secretary Anne-Marie Trevelyan recently met Israeli minister of economy Orna Barbivai to start preparations for a new trade deal that will deepen bilateral economic ties. The UK government will launch an eight-week consultation to seek the views of businesses and the public ahead of negotiations starting later this year.

The United Kingdom is Israel's third largest trading partner, with £2.7 billion worth of British exports going there in 2020 and an overall trade relationship worth £4.8 billion.

Last year, Israeli investment into the UK was worth over £200 million and secured hundreds of jobs across the United Kingdom. While services account for 70 per cent of both the economies, they currently only represent 35 per cent of the bilateral trade.

An updated trade agreement could address this imbalance by cutting red tape and overhauling the very limited provisions on services and innovation in the current agreement inherited from the European Union, said an UK government press release.

During her three-day visit to Israel, Trevelyan met key Israeli investors in the United Kingdom and visited Tel Aviv's new light rail metro project to identify opportunities for UK firms to be involved in the project. She also visited the Hebrew University of Jerusalem to discuss agri-tech expertise.

UK businesses are also expected to be able to seize new opportunities in areas like education, healthcare, and food and drink exports, benefiting from lower tariffs and better market access in a country that has a high regard for British products and expertise.

Source: fibre2fashion.com– Feb 09, 2022

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Bangladesh may lose 14.28pc export earnings after LDC graduation

Bangladesh may lose out significantly for facing greater adversities and stricter rules-of-origin (RoO) requirements in export destinations, where it enjoys trade preferences, after its LDC graduation.

A UN agency report predicts that Bangladesh's prospect of trade loss is greater compared to other Asian graduating countries, because of the country's overwhelming dependence on trade preferences and other factors on the domestic front.

The country is likely to lose 14.28 per cent or US$5.73 billion worth of export earnings annually after its graduation to a developing nation from the least-developed country (LDC) status, says the latest UNCTAD report.

It is because of the country's overwhelming dependence on textiles and clothing (T&C) exports bound for markets with high preferential tariff margins.

"As tariff hikes reduce its competitiveness, an ex-ante analysis using a partial equilibrium model suggests graduating Asian LDCs could experience loss of exports ranging from as much as 14.3 per cent for Bangladesh to just 1.45 per cent for Lao PDR," says the UNCTAD in its prediction.

The United Nations Conference on Trade and Development or UNCTAD joint study titled 'Textiles and Clothing in Asian graduating LDCs: Challenges and Options', published this month, investigated graduation impacts of five countries: Bangladesh, Cambodia, Lao People's Democratic Republic (PDR), Myanmar and Nepal.

The issues included individual countries' market-access provisions after graduation, the nature of their participation in the T&C global value chain and associated implications for policy options, firm-level perceptions and preparedness about graduation-related challenges and export prospects, and perspectives of global fashion brands and retailers on their future sourcing strategy in connection to LDC graduation.

Another previous study had shown that graduation could lead to an overall export decline for Bangladesh and Myanmar of around 7.0 per cent each while Cambodia could experience an export shock of around 11 per cent.

Previously, other studies taking different methodological approaches predicted an impact ranging from 8.0 to 12 per cent of Bangladesh's exports.

"At the individual level, two Asian graduating LDC T&C exporters, Bangladesh and Nepal, were found to experience much higher tariff increases, of 8.9 and 8.1 percentage points," says the latest report.

This was due to the high preference erosion associated with T&C items and their proportionately larger share in the two countries' exports, it explains.

For the two other Asian graduating countries that were included in the analysis, Myanmar and Lao PDR, the estimated weighted average tariff rise would be lower, at 3.8 and 3.2 percentage points, respectively.

After graduation, LDCs will lose LDC-specific trade preferences, resulting in considerable changes to their tariff preferences and RoO requirements, especially in the absence of alternative trade arrangements such as Generalized System of Preferences (GSP) facilities for non-LDC countries and bilateral/ regional free-trade agreements (FTAs).

Citing most Bangladeshi manufacturer respondents the report says: "RoO requirements would be more stringent and difficult to comply with after LDC graduation. In general, knitwear factories are more likely to meet the rules of origin requirements than those making woven apparel."

Regarding Bangladesh's largest export market, the European Union (EU), it says as per the proposed EU GSP 2024-34, Bangladesh is found to be the only Asian graduating LDC whose T&C exports could potentially be subject to the EU's safeguard measures, resulting in their removal from GSP+ preferences.

According to the EU's safeguard provisions, if the combined share of HS sections 61, 62 and 63 from a country exceeds 6.0 per cent of the total EU imports of the same products, safeguard measures would be triggered to remove duty-free market access for these items.

Bangladesh's current level of clothing exports exceeds the thresholds, being more than 13 per cent.

"Therefore, if the proposed GSP provisions remain unchanged, Bangladesh could find itself in a unique situation to qualify for GSP+, while its clothing products will not be eligible for duty-free access."

China and India do not provide any preferences to non-LDCs. "Following its LDC graduation, Bangladesh will have to forgo both India and China's LDC schemes, which currently cover more than 97 per cent of tariff lines, including those of textile and clothing items," the report reads.

It may be entitled to Asia-Pacific Trade Agreement (APTA) tariff concessions, which, however, are not necessarily comprehensive.

Although Bangladesh and India are both members of the South Asian Free Trade Area (SAFTA), most clothing items are not covered by India's tariff-liberalization schedule for non-LDC SAFTA members.

Graduating LDC exporters are not expected to be impacted in the United States because the US preferential treatment is based on the country's own list of GSP-eligible beneficiaries and T&C items from Asian LDCs are excluded from GSP facilities.

The author of the report, Mohammad Abdur Razzaque, says: "The European Union aside, Bangladesh has sizeable clothing exports to, amongst others, Canada, China, India, and Japan, and for these markets it may have to negotiate trade arrangements to maintain the duty-free status quo."

Bangladesh and Nepal will be subject to the GSP or MFN rate in their exports to Japan, as they are not part of ASEAN and therefore do not benefit from the ASEAN-Japan Comprehensive Economic Partnership Agreement (CEPA).

In this context, Bangladesh and Nepal will face tariffs on their clothing exports ranging from 8.5 to 9 per cent, the report said.

When asked about such trade scenarios, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Faruque Hassan said Bangladesh's graduation to a middle-income country would definitely cause some significant changes which need collaborative and joint effort to overcome.

"We currently enjoy single transformation rules of origin under Everything But Arms (EBA) scheme of EU GSP. With the graduation we'll have to follow 'double transformation' rules of origin which will be difficult for many of the items, especially woven garments," he said.

Besides, he adds, the changes in the internal fiscal policies may affect the competitiveness. "We need to realign those policy supports to meet the need of the industry as well as to facilitate potential areas of growth and investment, especially in the area of investment in primary textiles and non-cotton textiles and garments."

The main export-industry leader makes an appeal to the developed nations for extending the trade preferences for a longer transitional time.

"To prepare for facing the graduation challenges, we need empathetic considerations from our longstanding trade partners like the EU and other preference-giving countries in terms of extending the current scheme by at least 10 years," he says.

Source: thefinancialexpress.com.bd– Feb 08, 2022

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How Bangladesh Can Stop Losing 70 Cents for Every Garment Export

Bangladesh's garment sector is hemorrhaging 70 cents for every piece of apparel it exports, a new study says.

The reason? Wasted material, according to researchers from the Bangladesh University of Textiles, who conducted their mapping study with the aim of creating a circular economy-led model that can turbocharge progress toward the United Nations' 12th Sustainable Development Goal of responsible production and consumption.

Collecting data from the value streams of 17 textiles and apparel factories, most of them centered in the capital of Dhaka, the study found significant if varying amounts of waste and excess inventory in each node of the value chain. The spinning phase was the worst offender, yielding the most material loss at 63 percent. This was followed by wet-processing at 34 percent, apparel production at 20 percent and fabric manufacturing at 10 percent. Translated into monetary terms using current market prices, every 100 grams of wasted material cost manufacturers between $30 and $177.

Most of the overstock and wasted material is sold off cheaply at local, informal markets, resulting in a "significant loss of value addition" that could have been added through reuse or upcycling, the study said. On average, every item of clothing dispatched overseas embodies a value loss of 70 cents. "Although it is an approximate valuation based on primary data from this research and analysis, it contributes to the quantitative aspects of textiles and apparel production waste, a knowledge gap identified in the literature," researchers said.

The "jhut" or "cutting waste" markets are themselves an example of the circular economy, since the waste is converted into a resource, reducing their negative environmental impact, the study said. Nevertheless, this route leads to a "significant opportunity loss of value addition" that could boost Bangladesh's economy.

Because the markets are underground—to protect domestic trade, local laws prohibit the sale of fabric or apparel produced and imported under a duty-free bonded-warehouse license—the occupational health and safety of the workers is "completely overlooked."

“Due to the high volume of materials waste generated in the different manufacturing stages of the textiles and apparel industry, a practical waste management strategy within the scope of the circular economy can be an effective solution to support SDG 12,” researchers said. “This would prevent increased landfill waste, promote natural resource efficiency, reduce energy consumption and environmental footprints, and also open new business opportunities.”

Factories should also employ strategies that curtail waste in the first place, beginning with the “informed selection” of raw-material volumes through savvier demand forecasting, the study said. The use of automated, CAD-supported cutting machines can minimize off-cuts, while sticking to eco-friendly materials can help foster the recyclability and reusability of the final products. But just as important is keeping tabs on where everything goes.

“The traceability of the production waste is essential and can be achieved through collaborations among manufacturers, buyers, government, consumers and practitioners to ensure optimum utilization for achieving sustainability through a circular economy,” researchers said. “Incentives for data sharing can be provided through legislation, emphasising also that the outcome will be for the economic benefit of the private companies in the textile business.”

One challenge, however, is that concepts such as reuse, recycling, reducing, upcycling, recovering and repairing are not clearly defined, especially for upstream textile waste, making them difficult to identify and implement within the scope of SDG 12. More data would be helpful: The 17 facilities participated only after repeated efforts at persuasion; most of the companies the researchers approached turned them away, citing privacy concerns. “At this moment, there is lots of secrecy surrounding this, and it requires transparent and viable solutions to make such a vast amount of materials waste into opportunities and to foster sustainability,” they said.

Closing Bangladesh’s waste circularity gap is the goal of the Circular Fashion Partnership, a project spearheaded by Global Fashion Agenda, in collaboration with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Reverse Resources, and with the support of P4G, that seeks to capture Bangladesh’s post-industrial textile waste to create new apparel.

The initiative, which recently concluded its first year, brings together 43 textile and garment manufacturers, 20 leading apparel brands, including C&A, Bestseller, H&M, Primark and Target, and 17 recyclers, including Cyclo, Lenzing, Renewcell, Infinited Fiber Company and Recover. Since it launched in October 2020, the partnership has diverted 1,102 tons of textile waste, or one-fifth of Bangladesh's total output. At the end of 2021, it was wrangling 220 tons a month.

"Bangladesh produces arguably the most recyclable textile waste of any apparel producing country," Nin Castle, head of recycling and chief project offer at Reverse Resources, said at the initiative's debut. "With the emergence of new and improved versions of existing recycling technologies, Bangladesh has a huge opportunity to scale its local recycling capacity and accordingly reduce its dependency on virgin raw materials. If a recycling industry is fostered now, it would enable the country to not only enjoy the obvious benefits of cost and carbon footprint reduction but also gain a massive competitive edge."

Bangladesh is the world's second-largest apparel exporting country after China (though it's often neck and neck with Vietnam). Ready-made garments make up 84 percent of the country's total exports and 16 percent of its gross domestic product. On Sunday, Faruque Hassan, president of the BGMEA, said Bangladesh is on track to export $50 billion in apparel this year.

"Last November and December, we exported nearly $4 billion worth of garments a month," he said at an event in the port city of Chattogram, where a new direct shipping route to Italy's Porto di Ravenna is poised to shave shipping times to Europe by more than two weeks, easing pandemic-induced logistics snarls. "We are hopeful we can touch the $50 billion mark this year."

Source: sourcingjournal.com– Feb 08, 2022

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NATIONAL NEWS

Labour intensive sectors such as MSMEs and textiles are our main focus: PM Modi

We are largely focusing on MSMEs and textiles which are labour intensive sectors for India to become a part of the global value chain from the manufacturing to service sector, said Prime Minister Narendra Modi on Monday in Lok Sabha.

Speaking about the government's help to the MSME sector, he cited SBI's data and said, 3.5 lakh MSME units benefited from the Rs 3 crore package which save 1.5 crore jobs.

He told this to Lok Sabha while participating in the debate on the motion of thanks on the President's Address.

The economic growth of India and rise in exports were highlighted by the Prime Minister.

He pointed out the emergence defence exports owing to the vision of of Atmanirbhar Bharat regardless of the pandemic.

Source: knnindia.co.in– Feb 08, 2022

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Textile Ministry wants garments included in early harvest programme of India-UK FTA

Officials say duty reduction on both sides is acceptable as imports of textiles from UK is low

The Textile Ministry is keen to get garments and made-ups included in the early harvest programme being worked out between India and the UK as a precursor to a full-fledged Free Trade Agreement (FTA), government officials have said.

“We have conveyed to the Commerce Ministry that it should focus on getting garments included in the early harvest programme being negotiated with the UK. There is a huge opportunity to be reaped for our industry in the UK market. On the other hand, our import of textile items from the UK is very low and the local industry does not feel threatened if duties are lowered on our side as well,” an official tracking the matter told BusinessLine.

Indian exporters will be in a better position to face competition in the UK from countries such as Bangladesh, Vietnam and Pakistan, who have duty-free access for a number of items under various schemes.

“Garment exporters from countries such as Bangladesh, Vietnam and Pakistan have a tariff advantage of about 10-11 per cent because of the special schemes they qualify for. If India and the UK agree on tariff cuts, it would increase the competitiveness of Indian exporters tremendously,” the official said.

Exports number

Total import of apparels in the UK in 2019 was $24.9 billion, of which India’s share was just $1.4 billion while Bangladesh’s share was at $3.6 billion, as per figures collated by the Apparel Export Promotion Council. The industry, too, is of the view that removal of tariff disadvantage would give a big boost to the exports.

Last month, Indian Commerce & Industry Minister Piyush Goyal and his British counterpart Anne-Marie Trevelyan, launched negotiations for an ambitious FTA targetting an interim agreement by mid-April and the comprehensive deal including a number of areas including goods, services, investments, government procurement, intellectual property, e-commerce, gender and sustainability by the year-end.

Both countries are aiming to double bilateral trade in goods and services to $100 billion by 2030.

Source: thehindubusinessline.com– Feb 08, 2022

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Meeting on PM-MITRA scheme today; labour rules, incentives likely to be discussed with states

A meeting between the Ministry of Commerce and Textiles and the states is scheduled to take place today on Mega Integrated Textile Region and Apparel (PM MITRA) parks. The Upendra Prasad Singh, Textile Secretary will chair the meeting, as reported by Zee Business reporter Ambarish Pandey.

What is PM-MITRA? What initiatives have been taken by the government so far?

PM MITRA is inspired by the 5F vision of Prime Minister. The '5F' Formula encompasses - Farm to fibre; fibre to factory; factory to fashion; fashion to foreign. This integrated vision will help furthering the growth of textile sector in the economy. No other competing nation has a complete textile ecosystem like us. India is strong in all five Fs.

So far, the Union Cabinet has approved the construction of seven National Textile Parks under the PM-MITRA Scheme in the country. For this, the incentive scheme of ₹4445 crore has been approved by the cabinet.

Agenda at today's meeting

The meeting of PM MITRA will hold important discussions on labour rules and initiatives. The meeting will be attended by the Chief Secretaries of all the states.

The states want more clarity on this initiative and they expect a detailed information on the logistics cost. The proposal to join PM GatiShakti will also be discussed in the meeting.

The states can apply for National Textile Park till March 15, 2022.

Interested states for Textile National Park

In October last year, the government had issued a notification for the PM-MITRA scheme. In this meeting, all the information and nuances related to the scheme will be explained to the states.

As of now, the proposal has come from the state of Andhra Pradesh only. Also, 12 big states like Tamil Nadu, Maharashtra, Odisha, Punjab, Telangana, Gujarat and others have shown their interests.

Source: zeebiz.com– Feb 08, 2022

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Several violations found in organic produce certification process

A ruling by the Agricultural and Processed Food Products Export Development Authority (APEDA) suspending the accreditation and penalising a firm certifying organic produce for violation of national regulations in the certification process has brought to light several violations in the system.

APEDA, while suspending the accreditation of Hyderabad-based TQ Cert on January 12 in its ruling, has pointed to some serious lacuna in the organic certification process. Stakeholders say this probably points to a scam running into thousands of crores of rupees.

Field-level violations

One of the serious lapses found by the authority, which is implementing the national organic programme, is that over 200 farmer groups have been certified by the certifying firm in Madhya Pradesh without the farmers being informed about the certification.

Products of some 294 grower groups that traded in conventional produce were passed off as organic ones and procurement of organic cotton from 150 farmer groups was not made as per the agreement signed with the buyer.
An unannounced inspection by APEDA's evaluation committee of the grower groups revealed that there were several violations at the field level as farmers were not aware of organic farming.

Growers apply urea, DAP

Despite the farmers not being aware, they were certified by the firm and the grower groups themselves had not been constituted and were not functioning as per the National Programme for Organic Production (NPOP). More surprisingly, these farmers applied urea and diammonium phosphate (DAP) for their crops that were certified as organic and they also used genetically-modified cottonseed which is prohibited in organic farming. The crops listed in the transaction certificate (TC) issued by the firm were not grown by the farmers. "...no records are available with the farmer, harvested crops are sold by farmers in local market as conventional but Transaction Certificates have been issued by TQ Cert etc," APEDA said in its ruling.

Complaint from Bangladesh

The firm came under scrutiny after APEDA received complaints from importing nations, departments and the Ministry of Textiles, which got a representation from the Bangladesh Textiles Mills Association. The Bangladesh association had complained that transaction certificates (TCs) were not provided against the supply of 16,100 tonnes of organic cotton.

Moreover, the European Union had also complained that a prohibited substance - ethylene oxide (ETO) - had been found in organic produce sourced from farmers or exported by those certified by the Hyderabad firm. While suspending the accreditation for TQ Cert from certifying organic produce under India's NPOP and the US Department of Agriculture's National Organic Program (NOP) for one year, APEDA also imposed a "pecuniary" penalty of ₹5 lakh on it.

'Going for appeal process'

After a hearing by the sub-committee of the National Accreditation Body on January 5, APEDA said the firm resorted to "repeated infringements" and "willful violations" of the regulations. It was charged with failing to tackle the root cause and take appropriate action besides granting certification wrongly.

TQ Cert, in a communication to its clients on January 13, said "...few (sic) unscrupulous elements" had maligned the implementation of organic standard requirements. It said it was going for the "appeal process" with the competent authority.

"As the number of cases wherein critical procedural lapses identified have been many, it indicated negligence and lack of control system on the part of TQ Cert," APEDA said in the ruling.

Charges 'bereft of factual information'

It also said screening, monitoring of the inspection and certification activities of the certifying firm showed that the negligence affected the data of organic area and production under NPOP as a whole.

In this, the firm showed cotton productivity as 2.5 tonnes a hectare when the maximum yield was only 1.2 tonnes, stakeholders point out.

TQ Cert, in its appeal, said some of the specific instances quoted by APEDA such as farmers in 200 groups not knowing they were part of it or the 294 groups trading conventional products were not part of the show-cause notices served on it and were “bereft of factual information”.

Specific case of cotton

Stakeholders are not satisfied with the development, saying just suspending a certifying firm will not do. “The so-called farmer groups which farmers are not aware of and had wrongly got certification continue to exist. Also, APEDA has allowed these groups to shift to another certification firm, which is allowing the root cause to continue,” said a stakeholder said.

The stakeholder pointed out that these irregularities have been continuing in the case of organic cotton since 2010. In 2011-12, the organic cotton project was handled by NOCA, which was suspended in 2013 for violations. Then, Bio Cert took over but it was suspended the following year for the same reasons.

Following this, Vedic Certification took over the project and was in charge till 2020, before its operations were stayed for irregularities. TQ Cert then took over and is now facing the same problems.

Basic problems remain

“The project is moving from one agency to another without tackling the basic problem. This is like operation failure, patient alive,” said a stakeholder.

In October last year, APEDA had suspended the accreditation of one certifying firm and barred four others from registering any new processor or exporter for organic products certification.

The action followed a European Commission draft notification to blacklist five certifying agencies from certifying organic products exports from India as some shipments cleared by them failed to meet the norms for the presence of ethylene oxide (ETO).

Subsequently, the draft was ratified by the members unanimously and is being implemented from January 1.

Further probe sought

New Delhi-based trade analyst S Chandrasekaran said over the last two decades, the sanction and penalty information relating to certification agencies are never made public. “Therefore, the reputation claimed by these certification agencies is either artificial or constructed, which has encouraged unscrupulous elements to play with the integrity of organic agriculture,” he said.

The Commerce Ministry and APEDA will have to probe further into the whole issue of organic certification, stakeholders said.

“This is an example of how farmers producers organization is wrong utilized by a few traders using organic certification agencies. If we don’t act now, the entire foundation of organic agriculture might collapse,” Chandrasekaran said.

Source: thehindubusinessline.com– Feb 07, 2022

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Exports rise 28.51% to $ 8.67 billion during February 1-7

The exports during the first week of this month rose by about 31 per cent.

India's exports grew by 28.51 per cent to USD 8.67 billion during February 1-7 on account of healthy growth in sectors such as petroleum, engineering and gems and jewellery, according to the preliminary data of the commerce ministry.

The exports during the first week of this month rose by about 31 per cent. According to the data, USD 8.67 billion per week is almost 20 per cent more than the weekly run rate of USD 7 billion clocked this year.

The country's exports rose by 23.69 per cent to USD 34.06 billion in January.

Cumulatively, exports during April-January 2021-22 rose by 46.53 per cent to USD 335.44 billion as against USD 228.9 billion in the same period last year.

Source: financialexpress.com– Feb 08, 2022

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Rupee depreciated in three out of four quarters of 2021

The Indian rupee has recorded depreciation in three out of the four quarters of the calendar, the Finance Ministry informed Rajya Sabha on Monday. However, it also mentioned that it has been one of the best performing currency among other Asian currencies like the South Korean Won, Philippines Peso, Thai Baht and Japanese Yen.

In response to an un-starred question, Junior Finance Minister Pankaj Chaudhary said the rupee had depreciated (against the US dollar) by 0.05 per cent during January-March quarter and further declined by 1.64 per cent during April-June quarter. Though, in the next quarter – July to September – it recovered and recorded appreciation of 0.13 per cent, it again depreciated by 0.13 per cent in the following quarter.

"The exchange rate of the rupee is determined largely by the market forces of demand and supply. The Reserve Bank of India intervenes only to curb excessive volatility in the foreign exchange market and to maintain orderly conditions therein without targeting any specific level of the exchange rate," Chaudhary said.

Paid up capital of LIC

In response to another question, Junior Finance Minister Bhagwat Karad said in a written reply that paid up capital of IPO-bound LIC has crossed ₹6,300 crore at the end of December. "Government, on an application made by LIC, permitted it to utilise the free reserves towards increasing its paid-up capital. As a result, the paid-up capital of LIC increased to ₹6,324.99 crore, as on December 31, 2021," he said.

He also said in FY20, LIC paid ₹2,610.75 crore as dividend to the Government of India from profits pertaining to FY19, and no dividend was paid in FY21 as the Insurance Regulatory and Development Authority of India (IRDAI) had instructed insurers to refrain from dividend pay-outs from profits pertaining to the financial year ending Macrh 31, 2020.

Electoral bond

Meanwhile, in another written reply, Chaudahry said over ₹1,200 crore worth of bond, issued through the 19 th tranche, was encashed in January this year. "The political party-wise details of encashment of electoral bonds are not collated centrally at SBI," he said while adding that bonds amounting to ₹324.36 crore were encashed by political parties during FY21. Electoral bond may be purchased by a person, who is citizen of India or incorporated or established in India. A person being an individual can buy bonds, either singly or jointly with other individuals. Accordingly, no electoral bonds are being issued to foreign entities.

Source: thehindubusinessline.com– Feb 08, 2022

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India wants better trade, investment ties with Bangladesh: Envoy

India wants to improve trade and investment ties with Bangladesh in garments, logistics, food processing and automobiles, according to Indian high commissioner in Dhaka Vikram K Doraiswami, who recently met Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) president Mohammad Jashim Uddin and sought FBCCI cooperation to boost bilateral trade.

Jashim Uddin said development of the logistics sector is the prime agenda of FBCCI, which is working to submit a 12-year plan to the government for developing logistics.

In the last 12 months, Bangladesh-India trade has increased by 94 per cent.

The FBCCI president said India could be a major supplier of yarn and cotton to the garment industry in the near future and called for developing infrastructure in the Indian part of the border land ports to boost trade, according to Bangla media reports.

Informing that another new gate would be opened soon at the Petrapol land port to facilitate the movement of trucks, the Indian ambassador assured that development work for other land ports would be undertaken if these are permitted to trade more goods.

Source: fibre2fashion.com– Feb 08, 2022

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SEZ 2.0

The Budget 2022-23 has picked up a recommendation from the Baba Kalyani Committee report, submitted in November 2018, to look into the travails of Special Economic Zones (SEZs). This pertains to converting them into industrial parks; or to be precise, a 'framework shift from export growth to broad-based employment and economic growth'.

The Budget says that the SEZ Act will be replaced by a new legislation that will enable "large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness of exports". It also says that customs administration in SEZs will be "fully IT-driven".

The reasons for expanding the scope of SEZs into more generic industrial zones are not far to seek. Their performance as export drivers has been underwhelming for over 15 years. Of the 425 SEZs approved under the SEZ Act, 2005, 376 are notified and just 265 are operational. Of late, the downturn has been pronounced.

This is borne out by the significant share of sales to local markets or domestic tariff area firms, despite the customs duty outgo for the latter. This goes against the raison d'etre of SEZs. DTA sales have amounted to 27 per cent of total production at ₹2.59-lakh crore in the first nine months of 2021-22, coinciding with India's export revival.

They were 18 per cent of total production in 2020-21, and 12 per cent in 2019-20. It appears that SEZs have ceased to be attractive after the tax holiday for units and developers was wound down between 2017 and 2020.

There is a sense that SEZ units are rushing for the exit. Meanwhile, the proliferation of FTAs between 2005-15 robbed SEZs of their sheen, as importers outside SEZs benefited from zero-rated imports without being subject to DTA-related restrictions.

SEZ exports did not rise at a faster rate than overall exports even in better times, as a 2019 UNCTAD report suggests. Their share is slated to fall below the trend level of 25 per cent of overall exports. If SEZs are not working out as export hubs, it stands to reason that their infrastructure be thrown open to industries in general, as mooted by the Budget.

The rigid definition of SEZs on the basis of activity has been relaxed, in keeping with the Kalyani panel's recommendations. This should be followed up by allowing job work in the DTA space. Finance Secretary TV Somanathan noted in a post-Budget interaction with this newspaper that SEZ and DTA IT players can even be allowed to use the same physical space, as their operations can be electronically overseen. This adaptation of SEZ to the digital age is a welcome move.

An infra cluster approach makes sense, rather than one based on export subsidies which will be open to WTO challenge. The Gati Shakti programme could synergise multi-modal logistics. Rather than focus on creating new SEZs, the existing ones should first be fully utilised, including those which lie fallow after land acquisition. The Centre should carry out a review of SEZ performance and assets before moving forward.

Source: thehindubusinessline.com– Feb 08, 2022

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Budget's focus on capex will stimulate economic growth: Balkrishan Goenka, chairman, Welspun Group

The Indian textile industry poses as one of the most important pillars and the biggest growth driver of the Indian economy. Contributing 7% to industrial output (by value), 2% to India's GDP, and 17% of India's export earnings, this sector is a source of direct employment opportunities for over 45 million people. These make it the second-largest employer in India after agriculture.

The Union government's prudent initiatives to provide impetus to the textiles and apparel sector is truly commendable. To address challenges and for the growth of textile exports, the central government continues to introduce progressive initiatives and policies.

We welcome the high-growth oriented Union Budget announced by finance minister Nirmala Sitharaman for 2022-23. The outlay for capital expenditure has been sharply stepped up by 35.4%, from Rs 5.54 lakh crore to Rs 7.50 lakh crore. Private investments by the manufacturers are likely to follow suit, riding on the PLI Schemes for the textiles and other sectors.

In a first, the government has started planning for the next 25 years being part of a long-term vision.

The climate change agenda will get a boost from the battery-swapping policy and other policy measures like green bonds, additional allocation for PLI for solar PV modules, coal gasification projects, sovereign green bonds, etc.

The FM has further announced various steps in the direction of Digital India like 5G spectrum allotment, fast implementation of optic fibre in rural area and land digitisation.

A major infrastructure boost will take the economy into a new trajectory of growth. Laying emphasis on development of infrastructure and smooth functioning of supply chains across the country is essential in contributing to the growth and creation of employment in this sector. We are hoping that the issue of inverted duty structure in the textile value chain should also be addressed.

The US-China trade war and the subsequent imposition of additional duties and restrictions on Chinese textile & apparel imports have led to importers in the US scouting for other destinations such as India. China-plus-one has created a growth window for the Indian textiles segment, and the PLI scheme can give the sector a further boost. India is one of the largest producers of cotton, and along with high-tech machinery and availability of skilled labour, we can become a major exporter of apparel.

We even have the largest yarn-spinning capacity (20% of the world's capacity) and could easily outperform markets like Bangladesh, Vietnam and Sri Lanka. This has led to an opportune moment to grow quickly and counter rising competition from Vietnam and Bangladesh. India can achieve its target of $100 billion in textile exports over the next five years with proper framework, longer-term policies, better planning and continued government support.

The Indian textile industry is well poised to grab the opportunities in the international market. The free-trade agreements (FTAs) with major export destinations like the EU and the US would exponentially increase export of textile and apparels from India, making us a global textile-manufacturing hub. This will facilitate Indian manufacturers to grab a higher revenue share of the global markets.

The textile industry has undergone a huge transformation with business-friendly policies. Several new policies have assisted in providing financial support to small-scale players in the industry.

Sustainability and eco-friendly process would be a new normal in the textile industry and will continue to thrive in the coming years. We look forward to progressive policies and initiatives that will further strengthen the Indian textile industry and help it soar high on the global map.

Source: financialexpress.com– Feb 09, 2022

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Garment units fall back on recycled cotton yarn

'Recycled cotton' yarn is gaining ground in the district in the last few months. Garment unit owners are preferring this instead of cotton yarn as the price of the latter has been hovering over Rs 350 per kilogram in all categories. The other reason according to unit owners is that the recycled cotton yarn when mixed with another fibre -- like polyster -- provides good quality and comfort.

According to various estimates, the price of recycled cotton yarn (open-ended cotton) is priced between Rs 220 - Rs 285 per kilogram. This price difference offers much-needed relief for garment makers and exporters.

Explaining the process, Usha Yarn - area sales manager M Bhoobalan told TNIE, "Recycled cotton is made from waste and leftover pieces from garment or hosiery. These leftover pieces are segregated according to their colour and later sent to the crusher. The crushed elements look similar to the cotton fibre, but these are not strong and cannot be spindled to make a yarn. So, polyester elements are added and this makes the fibre to be spindled into a yarn (recycled yarn). Earlier, garment unit owners avoided recycled cotton yarn, but due to the rising prices of the cotton yarn, they choose recycled ones."

Listing out the advantages he said, "The recycled cotton yarn is already dyed, hence there is no need to dye it once again. In this case, no extra chemical process or extra water wash is required. A lot of time is saved when the recycled cotton yarn is used. Besides, several top world brands are insisting on recycled cotton yarn, and they also insist on getting Global Recycled Standard (GRS) for recycled yarn."

About the production of recycled yarn, Open-Ended Spinning Mills Association - President M Jayapal, said, "Increasing price of cotton has affected the trade of cotton yarn. So, yarn mills are offered to increase the price and this has tremendously affected the garment units. This has forced us to find alternatives and recycled cotton is the best option. There are more than 600 open-ended mills in Tamil Nadu. The usage of recycled cotton yarn in the garment industry began several years ago. But the abnormal increase in the price of cotton yarn has pushed garment and export units to turn towards recycled yarn."

Speaking about the disadvantages of recycled yarn, Mukul Garment's owner Rajendran said, "For the past several months, I have been using recycled cotton yarn for my export garments. Recycled cotton yarns have a slight colour variation when it comes to primary colours. Many feel recycled cotton is inferior in quality. There is a slight difference in comfort level too. However, many knitting units mix recycled cotton yarn with normal cotton yarn while stitching stripes and checks, and the output becomes good which is much better than cotton yarn."

Tiruppur Exporters Association (TEA) Treasurer P Mohan said, "Many garment units catering to domestic consumption have moved to recycled cotton and a few exporters are already using the recycled cotton yarn in Tiruppur. But, if foreign buyers insist on recycled cotton and specify GRS, which sets a benchmark for presence and quantity of recycled material in fabrics, many exporters will surely use recycled cotton yarn."

Source: newindianexpress.com– Feb 08, 2022

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‘Will make state a global textile hub’

The sankalp patra of the Bharatiya Janata Party unveiled the plan to give impetus to the textile sector and turning Uttar Pradesh into a global textile hub to increase exports and realise the dream of achieving a trillion-dollar economy target.

The textile sector has the potential to create 5 lakh jobs and self-employment opportunities in Uttar Pradesh.

The party promises that region-specific unique and exquisite handicraft, handloom and textiles of every district would be promoted under the One District One Product (ODOP) scheme for their global recognition besides building and enhancing the image of ‘Brand Uttar Pradesh. This will also help in conservation of age-old crafts besides creating employment opportunities for youths.

BJP also promises to create a handloom corridor along the expressways to give a boost to the textile sector, related craftsmanship and encourage exports.

Besides, five world-class exhibition and modern convention centres will be constructed to showcase traditional art, embroidery, and apparel.

Entrepreneurs will also be encouraged through Atmanirbhar Yuva Start-up Mission, according to the BJP’s manifesto.

Source: timesofindia.indiatimes.com– Feb 09, 2022

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Promotion of Organic Farming

In view of increasing demand of organic agricultural product, Government has been promoting Organic farming as a chemical free farming through dedicated schemes namely Paramparagat Krishi Vikas Yojana (PKVY) and Mission Organic Value Chain Development for North Eastern Region (MOVCDNER) since 2015-16. Both the schemes provide support to organic farmers from organic production to certification and marketing including post-harvest management like processing, packaging etc. The details of area and farmers brought under organic farming in various States including Uttar Pradesh and Rajasthan under PKVY Scheme is given at Annexure-I.

Bhartiya Prakritik Krishi Padhati (BPKP) has been introduced as a sub scheme of Paramparagat Krishi Vikas Yojana (PKVY) since 2020-21 for the promotion of traditional indigenous practices including Natural Farming (NF).

The scheme mainly emphasizes on exclusion of all synthetic chemical inputs and promotes on-farm biomass recycling with major stress on biomass mulching, use of cow dung-urine formulations and plant based preparations. Until now, under natural farming an area of 4.09 lakh ha area has been covered and a total fund of Rs. 4980.99 lakh has been released in 8 States across the country.

Government has initiated programme to provide financial assistance to individual farmers with 8.0 or more hectare land @ 2700/ha for 3 years for Participatory Guarantee System (PGS) certification through Regional Council or National Programme for Organic Production (NPOP) certification.

Organic Farming enhances soil fertility and crop productivity. The research studies under ICAR-All India Network Programme on Organic Farming indicate that comparable yield or slightly higher yield to that of conventional management can be obtained in kharif and summer crops in 2 to 3 years, while in rabi crops the yield stabilizes after 5 years.

The use of on-farm organic inputs and adoption of Integrated Organic Farming System (IOFS) model minimizes the use of external inputs to a great extent.

Under PKVY & MOVCDNER schemes farmers are provided financial assistance of Rs 31000/ ha / 3 years and Rs 32500/ ha/ 3years respectively for organic inputs such as seeds, bio-fertilisers, bio-pesticides, organic manure, compost/ vermi-compost, botanical extracts etc.

In addition to above, support is also provided for group/ Farmers Producers Organization (FPO) formation, training, certification, value addition and marketing of organic produce. Under BPKP, financial assistance of Rs. 12200/ha for 3 years is provided for cluster formation, capacity building and continuous handholding by trained personnel, certification and residue analysis. Click here for more details.

Source: pib.gov.in– Feb 08, 2022

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J&K becomes the first Union Territory to be integrated with National Single Window System

In a historic achievement, Jammu & Kashmir became the first Union Territory to be onboarded the National Single Window System (NSWS). This marks a major leap in Ease of Doing Business (EoDB) in the Union Territory.

Lieutenant Governor Shri Manoj Sinha launched the J&K Single Window Clearance System integrated with NSWS yesterday in the presence of Shri Arun Kumar Mehta, Chief Secretary, Govt of J&K, Ms. Sumita Dawra, Additional Secretary, DPIIT, Shri Ranjan Thakur, Principal Secretary Industries & Commerce, Govt of J&K.

NSWS is linked with India Industrial Land Bank (IILB) which hosts 45 industrial parks of J&K. This will help Investors to discover available land parcels in J&K.

The NSWS, a 2020 budgetary announcement of the Government of India, is a digital platform that serves as a guide for investors to identify and to apply for approvals as per their business requirements. The platform was soft launched in September 2021 by the Union Minister for Commerce and Industry, Textiles and Consumer Affairs, Food and Public Distribution, Shri Piyush Goyal.

NSWS will eliminate the need for investors to visit multiple platforms/offices to gather information and obtain clearances from different stakeholders.

Twenty Ministries / Departments have been integrated on NSWS including Ministry of Corporate Affairs, Ministry of Environment, Forest & Climate Change, Ministry of Commerce & Industry, Ministry of Health & Family Welfare amongst others. Currently 142 central approvals can be applied through the NSWS portal.

14 States/UTs onboarded on NSWS include Andhra Pradesh, Goa, Gujarat, Himachal Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Tamil Nadu, Telangana, Uttar Pradesh, and Uttarakhand.

The Know Your Approval (KYA) module on NSWS guides investors to identify approvals required for their business based on a dynamic intuitive questionnaire. Currently, the module hosts more than 3,000 approvals across Centre & States.

As on date, the portal has 16,800 visitors, out of which 7,500 KYA journeys have been serviced. More than 1,250 investors are registered on the portal.

The NSWS platform can be accessed at www.nsws.gov.in.

Source: pib.gov.in– Feb 08, 2022

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Transportation of Goods Through Coastal Waterways

The efforts made by the Government to promote the transportation through waterways have resulted in increase in transportation of goods through Inland Water Transport (IWT) and coastal waterways.

Cargo movement through National Waterways including coastal waterways having linkage with National Waterways (NWs) has registered a growth of 2.76 times during the period 2014-15 to 2020-21.

Growth rate of IWT on National Waterways from 2009-10 to 2013-14 was at 1.5%. The growth rate in 2020-21 is 13.5% over that of 2019-20.

This information was given by Union Minister for Ports, Shipping and Waterways Shri Sarbananda Sonowal in a written reply in Rajya Sabha today.

Source: pib.gov.in– Feb 08, 2022

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Circular Textiles: An Urgent Call for Shift

The fashion industry is one of the key consumers of natural resources such as water and energy. This widespread consumption due to fast fashion has devastating impacts on people and the planet. It is now more urgent than ever to shift from a linear – take, make, use, dispose – model to a circular model or circular economy where waste and pollution are designed out, products and materials are kept in use longer, and natural systems can regenerate. Mukul Agrawal, Chief Sustainability Officer, Birla Cellulose, shares his view on circular textiles and how brand Liva Reviva incorporates them in their products.

An estimated 110 million tons of material is used in the fashion industry annually and more than 90 million tons of fashion waste goes to landfill and incineration every year. As an estimate, only 1% of the material is recycled today. This widespread consumption due to fast fashion has devastating impacts on people and the planet, including its biodiversity. It is now more urgent than ever to shift from linear – take, make, use, dispose – model to a circular model or circular economy where waste and pollution are designed out, products and materials are kept in use for longer, and natural systems can regenerate.

Polyester dominates the industry with 65% share in the material basket and polyester garments cannot be recycled due to technological limitations. Also, it is not biodegradable at the end of life, creating significant issues of land and water pollution when leaked to environment. Cotton is about 25% an agricultural fibre. Man-made cellulosic fibres (MMCF) (viscose, lyocell, modal) constitute of 8% of total fibre basket.

The current innovations are now making it possible for cotton waste to be recycled into viscose and lyocell processes. Theproducts like Liva Reviva use industrial cotton waste as feedstock. The mechanical recycling of fabrics has also started; however, it has limitations in quality of fabric and fibre that can be produced using this process. The recycling industry is at a nascent stage and has huge opportunity to rapidly grow if brands start consuming circular materials in larger quantities.

Transitioning to a circular economy is a win-win proposition – reducing pressure on natural resources while reducing waste going to landfill and incineration.

How does Liva Reviva incorporate circular textiles in its products? Please elaborate on the entire process, right from product design.

Responsibly produced MMCFs have emerged as one of the most sustainable fibre choices due to their sustainability credentials. MMCFs are made from natural and renewable wood sourced from sustainably managed forests and are made using the closed-loop process, which has a much lower environmental impact and compared to other fibres, MMCFs are biodegradable in soil, water and marine environment and are easily compostable at the end of life.

With the advancement of technology, the waste cotton from pre- and post-consumer waste can now be recycled back into the viscose fibre which can replace use of virgin wood-based pulp, thus providing a great potential of making a huge shift from a linear business model to a circular business model.

Birla Cellulose has developed an innovative in-house proprietary technology for recycling pre-consumer cotton waste to fresh viscose fibres, akin to regular fibres and launched commercially as “Liva Reviva” with 20% to 30% feedstock as pre- consumer waste in 2020. The recycled fibre Liva Reviva is RCS (Recycled Claim Standard) certified.

We strongly believe that the development of Next Generation solutions and a Circular Business Model will require like- minded organisations to work together and facilitate & support each other in this journey.

The Liva Reviva production also involves development of reverse logistics for waste collection and we have worked with our value chain partners and some leading brands to establish the waste supply networks that collect the industrial cotton waste, cleaning and segregating the waste and transporting it to our facilities for recycling. It is important that the reverse logistics of waste collection is established as currently this waste is going to incineration or downcycling.

Birla Cellulose is aggressively working on scaling the next generation fibres to a level of 100,000 tons by 2024 and increasing the recycled content and increased use of post-consumer waste and is committed to accelerate innovations that are aligned with UN SDGs 2030.

Can you quantify the positive impact that Liva Reviva can create on the environment through this process?

Circular fibres such as Liva Reviva have several environmental benefits such as reduced waste, lower water & chemical use, and energy consumption while saving forests, preventing carbon emissions, and protecting the planet. Currently, 90 million tons of waste is going to landfill and only 1-2 % is being recycled. So there is an enormous potential to scale up recycling in the textile industry.

When we scale the recycling of waste, it reduces the pressure on fresh raw material, wood-based pulp, which is already a stressed commodity. Sustainably managed forests are limited and sustainably sourced wood has limited availability. The higher recycling of cotton would have a positive impact on this in longer term as we scale up Liva Reviva.

Liva Reviva has several ecological benefits in addition to circularity; it has lower water consumption and lower GHG emissions as compared to generic viscose based on Higg MSI tool provided by SAC. In addition to that, it consumes very low water compared to other fibres like cotton and conventional viscose.

Sustainably produced MMCFs from sustainably-sourced wood are one of the most versatile fibres and best placed due to their sustainability credentials such as being made using closed-loop technologies with low environmental impact and very low emissions; applying principles of Circular Economy thereby minimising the use of natural resources.

Brands and consumers looking for more sustainable fibre and fibres like Liva Reviva are apt solution. These sustainable fibres are versatile and are now preferred over other fibres. Moreover, fossil based fibres are generating microfibres which are leading to microfibre pollution and harming the marine biodiversity as these fibres takes centuries to degrade. MMCF are biodegradable in a very short span of time (in a few weeks) and also do not have any harmful impact on soil, marine and water environment.

Please elaborate on Liva Reviva garments that incorporate circular textiles.

The brands have started to use the Liva Reviva fibres in their collections and many brands are working on new collections and designs. These are focused on several segments such as ladies' wear, kids' wear, youth and others. Some of the renowned international and domestic brands use Liva Reviva for their collection.

How do you market the importance of fashion made using circular textiles to customers?

Today, the world is looking for solutions to the fashion industry's problems of environmental pollution, and sustainably produced MMCF provides a great solution and choice for a more sustainable fashion. In the western part of the world, a part of the demand of sustainable fibre is already being driven by consumers who are looking for more sustainable material choices and also the recycling industry is growing faster including re-commerce, take-back programmes, reuse of garments and recycling of garments.

Our role is to create awareness among the consumers on negative aspects of fast fashion and to increase their knowledge on environmental impacts created by the increasing consumption of garments. The amount of microplastics in the ocean today is also causing great degree of concern in the consumers and they are switching to natural and bio-degradable materials like cellulosic fibres from synthetic fibres like polyester, etc. We also work closely with brand partners to build communication programmes where the benefits of recycled fibre-based garments can be communicated to end consumers in an easy, accurate and meaningful way.

Source: indiaretailing.com– Feb 08, 2022

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