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INTERNATIONAL NEWS

Why Retail Expert Revised That 80,000-Store-Closure Outlook

The analyst who made headlines last year projecting 80,000 store closures in the next five years now has a different perspective on retail's brick-and-mortar future.

A lot has happened since UBS retail analyst Michael Lasser's update last year, prompting the expert to tone down the original doom-and-gloom outlook by tens of thousands of stores.

E-commerce's stunning growth on the back of the pandemic dipped slightly last year, from 17.9 percent in 2020 to 17.5 percent in 2021. The sudden channel shift drove pessimistic outlooks for stores if consumers were increasingly comfortable shopping online, even if the red-hot digital growth cooled off a bit last year.

The first two months of 2022 showed that online retail is again trending up with an 18.8 percent rise, thanks in large part to retail giants like Target making its broad brick-and-mortar base integral to fulfilling the bulk its roughly $20 billion in digital orders. Rival Walmart, meanwhile, runs 31 warehouses solely focused on fulfilling e-commerce transactions.

In fact, Lasser believes one-quarter of all e-commerce purchases will rely on a store for fulfillment, explaining why he now sees 50,000 closures in the years ahead—a considerable pullback from 80,000.

"We now expect retail sales will grow 4 percent until 2026 on the back of higher inflation," he wrote in a research note.

The analyst believes apparel and accessories stores, consumer electronics outfits and home furnishing locations are "likely to see most shutdowns, with 23.5K store closures cumulatively." Lasser's estimates project 13,000 fashion and accessories, 6,000 consumer electronics and 3,000 home furnishings stores closing. Since the first quarter of 2017 fashion shuttered 14,000 stores, while sporting goods retailers cut 3,000.

Productivity at home furnishings stores likely reached its peak now that the work-from-home era is evolving into a hybrid working model for many, he added.

Lasser expects department stores to continue ceding share to other channels while regional chains could suffer as shopping malls shed stores. Off-price retailers are on the rise at the expense of weaker competitors.

“In our view, companies best positioned for the shift to digital fulfillment include brands with a strong DTC [direct-to-consumer] focus coupled with high brand loyalty like Nike and Levi Strauss, as well as omni-channel retailers like American Eagle Outfitters,” he said.

Lasser’s analysis indicates that roughly 7,000 stores would close for every 1 percent increase in online sales. The worst-case scenario would involve 120,000 store shutdowns by 2026 if digital sales jump 26 percent as total retail inches up just 2.5 percent. However, a growth scenario is possible; retail sales rising at 5 percent on a 23 percent digital improvement would create 18,000 new doors. In fact, Lasser said retailers will need to increase store productivity by 4 percent annually just to cover inflation in core costs such as wages and rent.

Retail reversed the trend toward store closings last year, adding 5,100 net new doors versus 4,900 net closures, he pointed out. “We believe abnormally strong demand coupled with significant government stimulus over the past two years likely led to net store additions and prevented some struggling retailers from closing doors,” Lasser said.

Mall-based locations are “likely most at risk” of seeing an onslaught of closures on flagging foot traffic.

Factoring in eight malls per million households would imply 100 malls closing down, and assuming roughly 100 stores per mall leads to the tens of thousands of projected closures. The U.S. had 115,000 shopping centers the end of 2021, up from 112,000 in 2010 and 90,000 in 2000.

Smaller chains will be disproportionately affected by macro pressures driving stores out of business. From 2007 to 2019 chains with fewer than 500 employees closed 40,000 stores, or 5 percent of their base, as larger peers added 17,000, Lasser said.

Retail margins will "moderate going forward, following two straight years of significant growth," which could lead to more closures, he added.

Dicks Sporting Goods, Walmart and Target have the scale needed to use stores to fulfill online orders and stave off widespread closures, he said.

Source: sourcingjournal.com– Apr 21, 2022

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China Plus One – Where it Stands?

Today's China has no rival in the field of manufacturing. China accounted for 28.7 per cent of global manufacturing output in 2019, putting the country more than 10 percentage points ahead of the United States which used to have the world's largest manufacturing sectors until China overtook it in 2010.

Domestically, Chinese manufacturing sector contributes 30 per cent of the country's total economic output. Chinese dominance in the global industrial sector can be gauged by the fact that among the world's more than 500 major industrial products, China ranks first in output of over 220. China has become the only country in the world to obtain all the industrial categories listed in the United Nations industrial classification.

The country's industrial added value saw an average annual growth of 11 per cent from ¥12 billion in 1952 to over ¥30 trillion in 2018. In the past 70 years, China's small and medium companies and private companies played an important role in increasing employment, keeping stable growth and stimulating innovation. By the end of 2018, the number of small and medium companies surpassed 30 million and the number of self-employed industrial and commercial households exceeded 70 million.

These contribute over 50 per cent of the country's tax revenue, over 60 per cent of the GDP, over 70 per cent of the technological innovations, and more than 80 per cent of workforce.

Chinese Exports

China manufactures for the world at large scale. Overall Chinese exports have grown from ~$2.3 billion in 2015 to ~$2.5 billion in 2019, at a CAGR of 2.4 per cent. Textiles and clothing exports forms around 23 per cent of its total exports and has declined at a CAGR of 1.1 per cent during the same period.

As per the General Administration of Customs, exports of China-made apparel, clothing and accessories from the country grew 51.7 per cent year-on-year to $44.41 billion in the first four months of 2021. Yarn and fabric exports too surged 18 per cent to $43.96 billion during the same period.

In the month of April 2021 alone, apparel and accessories export brought $11.12 billion to China, while textile yarns, fabrics and related products earned $12.15 billion.

According to another data from the Ministry of Industry & Information Technology, Chinese textile and clothing exports increased 9.6 per cent to $291.22 billion in 2020 on yearly basis despite the COVID-19 pandemic and global economic slowdown. In terms of segments, textile export jumped 29.2 per cent y-o-y to $153.84 billion, while garment export declined by 6.4 per cent to $137.38 billion.

Manufacturing Revolution

China, a case study in manufacturing economy, became the leading manufacturer of goods in the world owing to various factors. It all began with the availability of cheap labour that helped its emergence as ‘world’s factory’. Initially, China was an agrarian economy with large rural population.

When this large rural and lower-middle class population began migrating to industrial areas within the country few decades back, it provided abundant supply of labour that was willing to work in multiple shifts at low wages, providing cheap labour for factories in China. The low labour cost attracted a consistent flow of foreign orders that eventually resulted in expansion of Chinese manufacturing sector.

With growth in China’s industrial production, related networks of suppliers, component manufacturers, distributors, government agencies and customers also expanded, creating a self-evolved business ecosystem.

Although cheap Chinese goods came at the cost of compromising human rights, health and safety norms, child and involuntary labour, fair wages, and environment protection standards in the factories, foreign buyers continued importing goods from China, unabashedly. China’s growth story continued. Earlier in 1985, the Chinese government had introduced Export Tax Rebate Policy which abolished double taxation on exported goods.

Additionally, consumer products from China were exempted from any import taxes. This kept the cost of production low and enabled the country to attract investors and companies looking to produce low-cost goods.

Simultaneously, China kept 'positioning-repositioning' its yuan against dollar from time to time to benefit its export. All these factors together made China the global sourcing hub that it is today.

Winds of Change

However, things have started changing in the past few years owing to economic changes in the country. The wages of Chinese workers have more than doubled in the last ten years forcing the companies to seek new countries where worker wages are still low. Labour costs have risen because of population changes. Today, China is an aging nation whose one-child policy has derailed regular supply of next generation of young workers.

Lack of next generation workers to replace the ones that are currently retiring or will be retiring in the coming years is a serious concern. Both options – whether it is retaining current workers by paying them higher wages or employing labour from other countries – tend to increase the labour cost.

At the same time, the adoption of a consumption-oriented economy by the Chinese government has led to wage increase in all jobs, pushing local governments too to raise minimum wages from time to time. Therefore, many overseas companies which moved to China lured by low labour cost have been forced to re-evaluate their setup in the country as well as diversify manufacturing strategies.

Additionally, a variety of events over the past several years caused a ripple effect in the manufacturing industry. First it was the trade war between two global economic superpowers – US and China, that casted its shadow on global supply chain. Then it was the pandemic that impacted the already-stressed situation further due to China shutdown to contain COVID-19 spread.

The tension created by trade war in general, and pandemic in particular, exposed heavy reliance of many companies on China for raw materials, contract manufacturing and production facilities. There arose an urgent need to rethink and redraw a supply chain strategy that would facilitate uninterrupted functioning in adverse times.

Such needs could be addressed only by having geographically diverse supply base that would ensure access to markets in multiple countries. The geographic spread could also well empower the companies to protect their business interests against a wide range of risks. This builds the case for a strategy called "China Plus One".

China Plus One

So, what is "China Plus One"? To put it simply, it is a business strategy that aims to avoid investing only in China, and instead diversify business into other countries. In other terms, it may also mean continuing using the resources allocated in China but also adding other sourcing hubs having lower wages to the mix. There are two strategies that are gaining popularity under this. The first one is to meaningfully streamline supply base in existing sourcing base by leveraging business with fewer suppliers. The second one is to increase the supplier base in fewer countries that are reliable. The key is to establish stronger strategic supplier relationships across the entire matrix so as to continue building flexibility and dual (or multiple) sourcing options. The strategy appealing to all sorts of businesses began taking shape few years back.

It was thought better to adopt China Plus One strategy and relocate only a part of the business to other countries such as Bangladesh, India, Indonesia, Malaysia, Myanmar, Thailand and Vietnam with Africa and Latin America being other alternatives. Even prior to COVID in 2019, over 50 multinational companies had decided to move their manufacturing either in part or completely from China to Southeast Asia and Mexico.

According to a 2019 survey on tariffs conducted by AmCham Shanghai and the Chinese government, around 40 per cent of companies were found to have relocated or were considering relocating their manufacturing out of China, mostly into emerging low-cost countries as their target destination, especially Southeast Asia (25 per cent opted for the region as next hub). Many added new operations to the region to supplement their current production. The destination countries were also more than happy to welcome these companies and began streamlining the setup process for their entry. A case in point is Vietnam which targeted IT industry and secured deals from both Samsung and Intel. Other prime candidates for manufacturing especially in textiles included Malaysia, Singapore, Thailand, Indonesia and the Philippines.

The prime drivers of China Plus One strategy are high labour cost, pandemic experience and political gamesmanship triggered by trade war. While pandemic-affect will subside sooner or later and labour cost will also undergo correction in due course of time, it is the US-China trade war that is expected to play long-lasting role in fuelling China Plus One strategy.

Us-China Trade War

As of 2019, US-China bilateral trade reached $559 billion, leading US into a large and growing trade deficit with China. The US trade shortfall rose to $375.6 billion in 2017 from $103.1 billion in 2002, and by 2018 it escalated to $378 billion. To contain further trade deficit, US imposed tariffs on more than $360 billion worth of Chinese goods by the end of 2019.

China retaliated with import duties of its own worth $110 billion on US products, triggering a trade war. These decisions made the buyers in both countries to pay higher import taxes to bring purchases into the country. To justify their respective decisions, the US accused China of unfair trade practices and intellectual property theft, while China perceived the US move as an attempt to curb China's rise as a global economic power. The war took its toll on fashion too.

Retailers like GAP reduced its manufacturing exposure to China from 25 per cent in 2016 to 21 per cent in 2019. The company had been moving sourcing out of China for the last several years and announced to continue curtailing it further.

The trade war had increased costs for GAP consumers and tempered growth in its third largest market – China. The supply chain agreements emanating from China are another sore spot. Specifically for China, the company worked diligently to mitigate the potential problem for consumers by incrementally moving away from reliance on the region.

Including only apparel, its penetration is approximately 16 per cent, which is significantly lower than the relevant portions of the industry. That level is lower than that of peers like Abercrombie & Fitch, one quarter of whose goods are manufactured in China.

By March 2021, there were speculations of GAP mulling over selling its China business as part of revamping its business in the country.

Morgan Stanley was roped in to study options and reach out to the prospective suitors. GAP had entered China in 2010 with offline as well as online presence. Click here to read the complete article

Source: fibre2fashion.com– Apr 22, 2022

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Ocean Freight Rate Trends Signal Breathing Room for Shippers

While ocean freight rates have dipped a bit of late, they are still substantially higher than medium- and long-term prices for containers and experts expect spot rates to remain stable or continue falling in the coming weeks.

Drewry's composite World Container Index (WCI) decreased 0.9 percent to $7,874.43 per 40-foot container or equivalent unit (FEU) for the week ended Thursday, but remained 60.3 percent higher than a year ago.

The average composite index of the WCI, assessed by the supply chain advisory for year-to-date, was $8,965 per FEU, which was $5,708 higher than the five-year average of $3,257 per FEU. Freight rates on the Shanghai to Rotterda route dropped 2 percent, or $213, to $10,364 per FEU, while rates form Shanghai to New York fell 1 percent, or $124, to $11,229 per FEU.

Similarly, rates on Shanghai-Los Angeles slid $24 to reach $8,758 per FEU, while rates on Rotterdam-Shanghai; Shanghai-Genoa, Italy; Los Angeles-Shanghai; New York-Rotterdam and Rotterdam-New York trade lanes hovered around the previous week's level. Drewry expects spot rates to remain stable in the coming weeks.

According to a recent analysis by Container xChange, one of the many challenges for the supply chain now is the overflowing container depots in the United States and the pileup of empties that will push the container prices further downwards in the mid-term. The analysis showed that container prices are declining in the U.S. by as much as 30 percent in the past two months across the East and West Coast and more than halved at some ports from 2021 prices.

"In general, logjams and disruptions lead to [an] increase in container prices, especially in second-hand container prices because more container volume is tied up along the logistic supply chain," said Christian Roeloffs, Container xChange co-founder and CEO. "However, in the United States there is a pile-up of empties as those containers cannot be repatriated back to Asia because of several disruptions...in the past two years, and more recently due to the China lockdowns and Russia-Ukraine crisis."

Roeloffs said there could be a continued slide in container prices because depots are overflowing with containers, and carriers and other container owners will be "getting desperate to get rid of those units."

"Once we see depots overflowing, and this is also what we expect in the midterm once disruptions ease up a little bit, container turnaround times becoming faster and shorter again, container fleet utilization increasing again, we do believe that container availability on a global scale will become more abundant again," Roeloffs said.

"As more and more containers will be required to be stored in depots in the U.S. and because the depot space is limited, there will be a massive downward push on container prices in the immediate short to mid-term."

In reporting fiscal 2021 financial results in February, Maersk said its Ocean division saw profitability increase substantially to revenue of $48.2 billion compared to $29.2 billion the previous year, "driven by high freight rates due to the ongoing impact from the pandemic that has resulted in disruptions of global supply chains."

"Ocean is expected to grow in line with global container demand, which is expected to grow 2 percent to 4 percent in 2022," Maersk said.

Source: sourcingjournal.com– Apr 21, 2022

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Apparel prices in US rising faster online than offline: Adobe

The price of apparel in the United States is rising faster online than offline. In March 2022, prices for apparel increased 16.3 per cent year-over-year (YoY) and 0.3 per cent month-over-month (MoM), more than any other category, according to the online inflation data by Adobe. This has marked the 22nd consecutive month of YoY inflation online.

In this time period, apparel prices online also outpaced the Consumer Price Index (CPI). This reverses the longstanding pattern for the category, where seasonal discounts created predictable peaks and valleys in online prices, Adobe said in a press release.

Over the last 12 months, apparel has consistently outpaced the CPI, which captures prices that consumers pay for goods offline. In February, apparel prices rose 11.0 per cent in the DPI, compared to 3.1 per cent in the CPI (indexed to 2014).

"Consumers are feeling a greater hit to their pocketbooks, with consistently high levels of online inflation in categories such as groceries and pet products," said Patrick Brown, vice president of growth marketing and insights, Adobe. "But while e-commerce prices have risen more than years past, durable demand shows that consumers are embracing more personalized experiences in the digital economy as well as the conveniences of online shopping, particularly for growing categories like groceries."

The Adobe Digital Price Index (DPI) provides the most comprehensive view into how much consumers pay for goods online. Powered by Adobe Analytics, it analyzes one trillion visits to retail sites and over 100 million SKUs across 18 product categories. In March, 14 of the 18 categories tracked by the DPI saw YoY price increases, with apparel rising the most.

The DPI is modeled after the CPI, published by the US Bureau of Labour Statistics, and uses the Fisher Price Index to track online prices. The Fisher Price Index uses quantities of matched products purchased in the current period (month) and a previous period (previous month) to calculate the price changes by category. Adobe's analysis is weighted by the real quantities of the products purchased in the two adjacent months.

Adobe uses a combination of Adobe Sensei, Adobe's AI and machine learning framework, and manual effort to segment the products into the categories defined by the CPI manual. The methodology was first developed alongside renowned economists Austan Goolsbee and Pete Klenow.

Source: fibre2fashion.com– Apr 21, 2022

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Egypt garment exports grow 54% in January 2022: Apparel Export Council

From $132 million in January 2021, Egypt's garment exports increased 54 per cent to $204 million in January 2022, says Marie Louise, Head, Apparel Export Council. As per a Textile Focus report, the US emerged top export destination for Egypt during the year with exports worth $123 million in January 2022, compared to $78 million in January 2021. It was followed by European markets, whose imports from Egypt increased $37 million from $28 million in January 2021.

Egyptian garment imports by Arab nations grew 63 per cent to $25 million during the year while imports by non-Arab African countries declined 66 per cent to $109,000. Egypt exported 58 per cent more garments to other countries totaling $19 million from last year. The Russia-Ukraine war has encouraged the country to explore new markets inn collaboration with Egyptian Commercial Service (ECS) offices in all nearby countries; especially the Arab countries.

Source: fashionatingworld.com– Apr 21, 2022

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Cambodia-S Korea bilateral trade jumps by 22.8% in Q1 2022

Cambodia-South Korea bilateral trade surged by 22.8 per cent to $234.4 million in the first quarter (Q1) of this year, according to figures from the general department of customs and excise in Cambodia, which exported $61.3 million worth of goods to South Korea in the duration—a 22.2 per cent increase compared to the same period last year.

Cambodia imported $173 million worth of goods from South Korea—a 23.1 per cent rise, a Cambodian newspaper reported.

The two countries are expected to see an increase in bilateral trade volume once the Cambodia-Korea Free Trade Agreement is put into force, Cambodian ministry of commerce spokesman Penn Sovicheat said recently. Cambodia has already ratified the FTA and South Korea is in the process of ratifying it.

South Korea is Cambodia's main market for agricultural products, clothes and footwear, Sovicheat said. South Korea's major exports to Cambodia include cars, machinery, textiles and agricultural and marine products.

South Korea had pledged to expand economic and trade cooperation with Cambodia after signing the agreement last year, said South Korean President Moon Jae-in in a meeting with Cambodian Prime Minister Hun Sen in Seoul in February.

According to the Korean International Trade Association, bilateral trade between Cambodia and Korea topped $965 million in 2021, a year-on-year increase of 9 per cent.

Source: fibre2fashion.com– Apr 21, 2022

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Bangladesh: Buoyant apparel shipment raising cotton consumption

It forecasts that in the MY 2022-23 cotton imports would reach 8.9 million bales, up 7.2 per cent from the MY 2021-22 USDA official estimate, assuming increasing yarn and fabric demand by the garment industry.

The USDA estimates the MY 2021-22 cotton imports to be of 8.7 million bales, up 4.8 per cent over initial USDA official estimates. According to the National Board of Revenue data, Bangladesh has imported approximately 5 million bales of cotton in the first seven months of the MY 2021-22.

"We also believe that both the import and consumption of cotton will grow by nearly one million bales in the MY 2022-23," said Monsoor Ahmed, chief executive officer of Bangladesh Textile Mills Association, the platform for the primary textile millers.

This is because the local spinners have already increased their spindle capacity while new investment in the primary textile sector came in even in the time of the Covid-19, Ahmed told The Daily Star over the phone.

Of the import destinations, India accounts for the largest market share.

In 2021, by quantity, Indian cotton made up 29 per cent of the imports, followed by Brazil (15 per cent), Benin (13 per cent), and the United States (9 per cent). The volume of US cotton exports to Bangladesh in 2021 was approximately 816,000 bales, 58 per cent lower than that in 2020.

Indian cotton is exported via Kolkata seaport and Benapole land port, with traders noting that transportation and logistics are cheaper as compared to other origins, with shorter shipment times due to geographic proximity. The USDA forecasts that stocks at the end of the MY 2022-23 would be at 2.25 million bales, approximately 11 per cent lower than the MY 2021-22 USDA official estimate.

Due to global cotton supply chain issues and increased prices, local spinners will reduce their stock. The USDA's post said in the MY 2021-22 the remaining stock of cotton was estimated to be 2.51 million bales, similar to the USDA official estimate.

New orders for the Russian market contacts note that garment exporters in Bangladesh are uncertain about receiving payments from Russian buyers as Russian banks have been cut off from SWIFT. They are also worried about shipments of existing orders to Russia, as shipping lines are suspending container bookings to the country.

According to the local news, the Bangladesh Garment Manufacturers and Exporters Association has asked exporters not to accept any new orders for the Russian market. The textiles industry in Bangladesh is composed of yarn, fabric and dyeing-printing-finishing mills.

According to Bangladesh Textile Mills Association (BTMA), in calendar year (CY) 2021, the number of spinning mills reached 510 with an annual spindle capacity of 15 million bales, up 18 per cent and 7.1 per cent respectively from that the previous year. However, Bangladesh is currently only consuming approximately 8.5 million bales of raw cotton annually.

Bangladesh's yarn production recovered in 2021 following an extended period of market disruption due to Covid-19 induced lockdowns and restrictions in 2020. The USDA post forecasts the MY 2022-23 yarn production at 760,000 tonnes, up 1.3 per cent compared to that in the MY 2021-22.

For the MY 2022-23, the USDA forecasts cotton harvest area at 46,000 hectares, up 2.2 per cent over the MY 2021-2022 USDA official estimate. The post's forecast for MY 2022-23 cotton production is 155,000 bales, up 2.6 per cent over the MY 2021-22 USDA official estimate, assuming favorable weather conditions and continuous government support.

Domestically produced cotton accounts for less than 2 per cent of total cotton consumption.

Total cotton cultivation in Bangladesh covers only 0.55 per cent of the country's 8.1 million hectares of arable land. Bandarban, Jhenaidah, Jashore, and Rangamati are the major cotton producing areas of the country.

Source: thedailystar.net– Apr 22, 2022

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Pakistan: Speakers call for decarbonisation of textile sector

"Technology acquisition from developed countries is essential for the sustainability, growth and competitiveness of the textile industry of Pakistan," the chief guest, former vice president of the Karachi Chamber of Commerce and Industries (KCCI) Shamsul Islam Khan, told the participants. He called for introducing innovative and climate-friendly production methods that would reduce environmental footprint, mitigate Greenhouse Gas (GHG) emissions and improve workers' living conditions.

"Making of value-added textile products can help Pakistan earn more foreign exchange through exports to the US and European markets," he said. During the workshop, speakers spoke about the progress made in first phase of the NAMA Project, which was aimed at greening of the textile value chain through GHG reductions in their facilities.

Participants were informed that a working group had been established under the Ministry of Climate Change and the deliberations of the technical and financial sub-committees were under way. They were also told that there was a need for productivity enhancement and efficiency improvement in order to bring about business competitiveness and sustainability in the entire business operations in letter and spirit.

The representatives of the industry lauded the efforts of WWF-Pakistan and showed keen interest in the project. They committed to promoting and executing the suggested interventions in their industry to bring energy and resource efficiency in their value chains.

This project is supported by the NAMA Facility on behalf of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, the UK Department for Business, Energy and Industrial Strategy, the Danish Ministry of Climate, Energy and Utilities, the European Union and the Children's Investment Fund Foundation.

Source: brecorder.com– Apr 22, 2022

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Pakistan: FPCCI laments low cotton output

The apex trade body on Thursday urged the government to take measures to increase cotton production across the country, saying the output was alarmingly decreasing.

"Cotton is the most significant cash crop as it

provides indigenous raw material to country's largest exportable product category such as textiles," said Federation of Pakistan Chambers of Commerce & Industry (FPCCI) president Irfan Iqbal Sheikh.

Sheikh stated that textiles exports were set to cross $20 billion in the outgoing fiscal year, while cotton production had been reduced to 6- 7 million bales per year, he lamented.

He was of the view that Pakistan's textiles products could become more competitive by

producing the entire raw material domestically or by resuming the previous levels of 10-12 million bales / year.

He added that importing 1 million bales resulted in the outflow of $1 billion of precious foreign exchange.

FPCCI Chief explained that 60 percent cost of producing the textile products lies with the raw material of cotton."

Cotton is our lifeline as far as the lion's share of our exports is concerned."

Producing more cotton would also strengthen the country's foreign exchange reserves, improve abysmal trade balance, and would put a halt to the incessant rupee depreciation, he noted.

Source: thenews.com.pk– Apr 22, 2022

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Bangladesh: BGMEA President urges apparel exporters to stay competitive

President Faruque Hassan called upon apparel exporters of Bangladesh to enhance their business capabilities in line with evolving business demands as staying competitive requires adaptability.

Change in the global business landscape is quicker and competition is stiffer than ever mainly due to rapid advancement in technology and business trends, he said adding that "We have to keep pace with the changing business landscape and enhance our capabilities in line with the emerging knowledge and technologies to remain ahead in competition in the global market."

He was speaking at an Iftar Mahfil organised by BGMEA for the valued members of BGMEA at Radisson Blu in Dhaka on 20 April.

The Centre of Innovation Efficiency and OSH (CIEOSH) -- established by BGMEA to support the RMG industry with knowledge, skills and technical know-how to face the future challenges and enhance its competiveness -- will be inaugurated in May 2022, Faruque Hassan informed the members of BGMEA. He said BGMEA is also working on apparel diplomacy in its efforts to open a window of opportunities for Bangladesh's RMG industry and realise untapped trade potential.

"We have visited Europe, the USA and Canada, which are our major export market, and held a number of meeting with key stakeholders including Director-General of the World Trade Organization (WTO), Director General of the International Labour Organization (ILO), key personnel at European Union, the President of the American Apparel and Footwear Association (AAFA) and the President and CEO of the Worldwide Responsible Accredited Production (WRAP)," he said.

Discussions and engagement with the stakeholders not only help to strengthen business relations and retain existing trade benefits but also pave the way of new opportunities, he further remarked.

"We have to work on the future priorities of the garment industry, especially more focus on diversification in products, market and innovation in product development and process optimization," the BGMEA President said.

The industry is also giving priority to shifting from cotton to value-added non-cotton products including technical textiles and the move will require technological upgradation and skills development in the sector

BGMEA President Faruque Hassan highlighted the need for investment in the backward linkage industry to develop own capacity as Bangladesh will have to face the double transformation rules of origin in the post-LDC era.

He said the RMG industry is not only about bringing valuable foreign exchange for Bangladesh through exports, it also serves as a catalyst for socioeconomic development of the country. The industry is also a means for millions to transform their lives.

So building on the achievements we have made so far, we will work unitedly to take the RMG industry to a new height of glory and continue to contribute to the development of Bangladesh, he added.

Former Presidents of BGMEA SM Fazlul Hoque, Abdus Salam Murshedy, MP and Md. Siddiqur Rahman were present at the Iftar Mahfil which was also attended by BGMEA Senior Vice President SM Mannan (Kochi), Vice President Shahidullah Azim, Vice President (Finance) Khandoker Rafiqul Islam, Vice President Md. Nasir Uddin, Directors, Chairs of different standing committees and Members of BGMEA.

Source: tbsnews.net– Apr 21, 2022

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NATIONAL NEWS

Commerce ministry to conduct outreach programmes to promote UAE, Australia trade pacts

The commerce ministry will conduct a series of outreach programmes in various cities, including Hyderabad and Mumbai, to promote the recently signed free trade agreements with the UAE and Australia, an official said.

"The main objective of these programmes is to inform Indian exporters about the export opportunities which these trade agreements will provide to them in both goods and services segments," the official said.

These programmes are planned to be conducted in cities, including Hyderabad, Chennai, Bengaluru, Mumbai, Surat, Ahmedabad, Delhi and Agra.They would be organised in close coordination with the respective state governments. Officials from trade or industry ministries of the states concerned as well as those from industry associations and export promotion councils will participate in the programmes.

The first in the series of programmes would be conducted in Hyderabad on Saturday. The free trade agreement between India and the UAE is likely to come into effect from May 1 this year, under which domestic exporters of as many as 6,090 goods from sectors like textiles, agriculture, dry fruits, gem and jewellery would get duty-free access to the UAE market.

The Comprehensive Economic Partnership Agreement (CEPA) was signed by India and the United Arab Emirates (UAE) in February which aims to boost bilateral trade to USD 100 billion in the next five years from current USD 60 billion.

On April 2, India and Australia signed an economic cooperation and trade agreement under which Canberra would provide duty-free access in its market for over 6,000 broad sectors of India, including textiles, leather, furniture, jewellery and machinery.

Both the pacts would help in promoting trade in services as well.Mumbai-based exporter and Chairman of Technocraft Industries Sharda Kumar Saraf said the India-UAE agreement is also likely to give a boost to bilateral investments from both sides.

“Importers in UAE can now set up joint ventures in India to procure goods at competitive terms. Indian manufacturers can get the benefit of importing raw material in India duty free and finishing the final product using excellent infrastructure and cheap finance in UAE,” he said.

Saraf said that CEPA has come at the right time when the government of Dubai is in the process of establishing Bharat Bazar in their proposed Traders Market. This is a unique facility wherein Indian exporters will be given office and warehousing space for active and aggressive marketing in Middle East and African region.

“These agreements (with the UAE and Australia) are likely to help in providing a quantum jump to Indian exports,” he added.

Source: financialexpress.com– Apr 21, 2022

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Historic India-UAE trade pact effective from May 1: Emirati minister

The historic Comprehensive Economic Partnership Agreement between India and the UAE will come into effect on May 1, an Emirati minister said on Thursday.

The agreement will provide significant benefits to Indian and UAE businesses, including enhanced market access and reduced tariffs. Minister of State for Foreign Trade Thani Al Zeyoudi took to Twitter to announce that India and the UAE'S Comprehensive Economic Partnership Agreement (CEPA) will come into effect on May 1.

"Are you ready for a new era of opportunity? #IndiaUAECEPA comes into effect on May 1, reducing tariffs, removing barriers to trade to helping our exporters access the world's sixth-largest economy," he said in a tweet .CEPA, a comprehensive path-breaking trade agreement between India and the UAE, was signed during a virtual summit between Prime Minister Narendra Modi and Abu Dhabi Crown Prince Sheikh Mohamed bin Zayed al Nahyan on February 18.

The agreement was signed and exchanged by Commerce and Industry Minister Piyush Goyal and UAE Minister of Economy Abdulla bin Touq Al Marri. The CEPA is likely to boost trade between India and the UAE from USD 60 billion to USD 100 billion in the next five years, India's Ambassador to the UAE Sunjay Sudhir had said. The CEPA was finalised and signed in a record time of just 88 days, according to the Khaleej Times newspaper.

In February, External Affairs Minister S Jaishankar, in an exclusive statement to UAE's official Emirates News Agency WAM, said that the signing of the UAE-India CEPA "is a milestone event in our bilateral relations" and "will open new opportunities in both trade in goods and services, and will lead to enhanced investments". The UAE is India's third-largest trading partner and accounts for approximately 40 per cent of its trade with the Arab world, the WAM report said.

In September last year, India and the UAE formally launched negotiations for the trade agreement.The pact covers areas including goods, services, rules of origin, customs procedures, government procurement, intellectual property rights, and e-commerce.

Under such agreements, two trading partners reduce or eliminate customs duties on the maximum number of goods traded between them. Besides, they also liberalise norms to enhance trade in services and boost investments.

Bilateral trade between India and the UAE stood at USD 43.3 billion in 2020-21. Exports were worth USD 16.7 billion and imports aggregated at USD 26.7 billion in 2020-21. The two-way commerce stood at USD 59.11 billion in 2019-20.The UAE is a gateway to Africa and other parts of the world.

Source: financialexpress.com– Apr 21, 2022

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Australia, UAE Free Trade Agreements: Outreach programme on the cards

Weeks after forging trade deals with the UAE and Australia, the government has decided to undertake a nation-wide outreach programme to prepare industry to take advantage of the agreements once they come into force, a senior commerce ministry official told FE.

Over the next few weeks, ministers of state and senior officials of the commerce & industry ministry and state-backed export promotion councils will huddle with senior executives of various companies as well as industry bodies and state government officials in key cities to explain what is in store for them in the two new agreements.

The first such outreach programme is planned in Hyderabad on Saturday, which will focus on benefits for the pharmaceuticals sector in particular and overall industry in general, said the official. Subsequently, another one in Bengaluru will focus on the IT-ITeS sector, he added. Similar outreach programmes will also be held in Delhi, Mumbai, Chennai, Kolkata, Ahmedabad and Agra in the first phase.

The India-UAE Comprehensive Economic Partnership Agreement will come into force on May 1, while the Economic Cooperation and Trade Agreement with Australia is expected to be in effect after election there in May.

The outreach plan comes amid growing realisation that five of India's six FTAs (with economies like Asean group, Japan, Korea, Singapore and Malaysia), which came into force between 2006 and 2011, only accentuated its trade imbalance with them, partly due to the absence of concerted efforts by the government in sensitising exporters about the opportunities for them by these pacts. Consequently, the utilisation rate of some of these FTAs was less than even 25%.

"We don't intend to just relax after signing the trade agreements. We want to follow up the efforts already put into making the deals by engaging extensively with our industry to let them know what kind of opportunities are opening up for them via these pacts and how they can cash on them," said the commerce ministry official.

State government officials and apparatus are also be involved to make the whole exercise more participatory and fruitful, he added.

Both India and the UAE are aiming for a bilateral trade (both goods and services) of $100 billion in the next five years from about $60 billion in the pre-pandemic year of FY20.

According to the pact, the UAE will allow as many as 99% of Indian goods (in value term) at zero duty in five years from about 90% in the first year. Similarly, India would allow duty-free access to 80% of goods from the UAE now and it would go up to 90% in ten years. Greater access has also been granted to scores of services under this FTA.

Similarly, India and Australia target to raise their bilateral trade of goods and services to about $50 billion in five years from about $27.5 billion in 2021.

The ECTA promises preferential access to all Indian goods in five years (from 96.4% immediately after the pact comes into effect) and 85% of Australian products (from 70% to start with) to each other's market. Indian yoga instructors, chefs, students and STEM (Science, Technology, Engineering and Mathematics) graduates will have easier access to Australia while premium wine from that country will make greater inroads into Indian supermarkets once the ECTA comes into force.

India's labour-intensive sectors, including textiles & garments, pharmaceuticals, hospitality and gems and jewellery, and other key industries like IT and start-ups are expected to gain from both the pacts.

Source: financialexpress.com– Apr 21, 2022

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Johnson says FTA hopefully by yr-end; to hold talks with PM Modi today

Emphasising the need to reduce reliance on foreign oil and gas amid Russia-Ukraine conflict, UK Prime Minister Boris Johnson on Thursday said his country hoped to complete a free trade agreement (FTA) with India by the year-end.

"We are hoping to complete another FTA with India by the end of the year, by the autumn," Johnson told reporters in Gujarat during the first leg of his two-day visit to the country.

Johnson, the first British PM to visit Gujarat, also reportedly told the media on the plane on his way to India that he was ready to offer more visas to India in return for the FTA deal that could boost annual bilateral trade immensely.

According to Britain, the trade deal with India could almost double the former's exports, boosting annual bilateral trade by £28 billion (Rs 2.8 trillion) per annum even as British statistics pegged total trade at £23 billion (Rs 2.2 trillion) in 2019.

Apart from following the tradition of visiting Sabarmati Ashram to pay tribute to Mahatma Gandhi and try his hand at spinning the charkha, Johnson's visit to Gujarat involved a one-on-one meeting with Gautam Adani, chairman of the Adani Group as well as a trip to Halol to open JCB India's new export-focused facility near Vadodara.

Set up at an investment of £100 million (over Rs 990 crore) investment in Gujarat, the latest factory by JCB will fabricate parts for global production lines even as the company strengthens its global manufacturing presence.

Welcomed by Gujarat Chief Minister Bhupendra Patel, Johnson held a roadshow from the airport to the Ashram before he met Adani at the group headquarters. "It is an immense privilege to come to the Ashram of this extraordinary man, and to understand how he mobilised such simple principles of truth and non-violence to change the world for the better," Johnson wrote in the Sabarmati Ashram's visitor book.

Later, among a range of bilateral matters, Johnson and Adani discussed several key thrust areas, including aerospace and defence, energy transition, climate action, and human capital development.

Prominent among the discussions was the defence sector where the Adani Group aims to develop deep original equipment manufacturing (OEM) capabilities and work towards making India an export hub for defence with both Johnson and Adani exploring ways for collaborations with British companies for co-design and co-development of aerospace and defence technology.

On Thursday, Adani announced an academic programme for young Indians through the UK government's renowned international Chevening Scholarship, where Adani Group will provide £200,000 every year through five scholarships for Indian graduate students for studying in a master's degree in the UK.

Ahead of his official "in-depth" talks with Prime Minister Narendra Modi, Johnson on Thursday announced that the UK and Indian businesses had confirmed more than £1 billion of new investments and export deals, set to create 11,000 jobs across the UK.

Earlier, Johnson had said that the two nations would be talking about building partnerships in hydrogen, electric vehicles, offshore wind as well as deepening security and defence partnership.

Later in the day, Johnson visited the Gujarat Biotechnology University at GIFT City as well as Akshardham temple before hosting a private dinner for the state's who's who at Ahmedabad.

Source: business-standard.com– Apr 22, 2022

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Vietnam, India agree to raise bilateral trade volume to $15 bn

Vietnam and India recently agreed to raise the two-way trade turnover from $13.2 billion in 2021 (a year-on-year increase of 37 per cent) to $15 billion. The agreement was reached at a meeting between Vietnamese Prime Minister Pham Minh Chinh and speaker of the Indian Lok Sabha (lower house) Om Birla, who is on an official visit to Vietnam.

Prime Minister Pham suggested India create the best possible conditions for Vietnamese exports, including electronics, garments and textiles, agricultural produce and fruits, to penetrate the Indian market.

He asked the two sides to continue to maintain cooperation mechanisms, including the inter-governmental committee mechanism; and further promote collabration in defence, security, culture, tourism, education and training, digital transformation, energy transformation, response to climate change, and oil and gas cooperation.

They also underscored the importance of full implementation of the Declaration on the Conduct of Parties in the East Sea (DOC) and conclusion of an effective and substantive Code of Conduct in the East Sea (COC) to ensure navigation and aviation freedom, security, and safety in the East Sea, according to Vietnamese media reports.

Source: fibre2fashion.com– Apr 21, 2022

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Department for Promotion of Industry and Internal Trade (DPIIT) conducts Mega Buyer-Seller Meet in Jammu & Kashmir under One District One Product

With the vision to promote sustainable trade and create market linkages, a mega buyer-seller meet was organized on 21st April, 2022 at Jammu and Kashmir under One District One Product initiative of Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry with the support of Jammu & Kashmir Trade Promotion Organization (JKTPO).

The Buyer Seller Meet witnessed the presence of multiple national and International Brands with the cumulative revenue of over Rs 8,000 Crores and having their products available in over a million retail outlets across the world. Sellers, Traders, Farmers, Aggregators from various districts of Jammu & Kashmir showcased their products that are unique to the valley including the world-famous Kashmiri saffron, Himalayan White Acacia Honey, Red shiny Kidney beans, freshly grown organic vegetables and more.

The Buyer Seller Meet provided a platform where different Government departments and institutions came together to boost the trade of selected products. Jammu & Kashmir agriculture and industries department worked together to bring quality products as per market requirement and it was imperative to connect this best-in-class products with renowned brands to improve earning potential of farmers. Collective discussion between all the stakeholders generated innovative ideas on diversification of products such as saffron based dairy products, Walnut based bakery products and more. Focused trade discussions were facilitated between the buyers and sellers which resulted in signing of Letters of Intent for 4 products amounting to INR 1.2 crores.

The above is a direct outcome of the vision of ‘Aatmanirbhar Bharat’ (Self Reliant India). DPIIT, under its initiative of One District One Product is working to ensure such linkages with a string focus on increasing farmers income. With over 700 products cutting across sectors like agriculture, textiles, handicrafts and manufacturing, the ODOP Initiative seeks to select, brand and promote one product from every district of the country. This is marked by a key role – to coordinate, create collaborative networks and enable handholding of buyers and sellers for the larger aim of trade promotion and facilitation.

The keynote address for the event was made by Shri. Som Parkash, Minister of State, Ministry and Commerce and Industry with the presence of various dignitaries such as Smt. Sumita Dawra, Additional Secretary, DPIIT; Shri. Navin Kumar Choudhary, Principal Secretary, Department of Agriculture Production and Farmers' Welfare along with other subject matter experts from the Agricultural and Horticultural Departments of the Govt. of J&K.

Alongside the Buyer-Seller Meet, an e-commerce onboarding session was also held by one of the leading e-commerce players in the country in order to support J&K based sellers to expand trade into web-based sales. Previously, the ODOP Initiative had facilitated the sale of 6750 kilograms of apples and 2000 kgs of walnuts from Budgam, Kashmir to Karnataka based buyers that were previously importing the same. Through the recognition of unique selling propositions (USP) of various products and keen handholding, the ODOP Initiative seeks to replicate such efforts at a larger scale through its latest mega buyer-seller meet.

Source: pib.gov.in– Apr 21, 2022

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Need to focus on man-made textile ecosystem and attract world's biggest textile cos to India

India is the third-largest textile exporter in the world after China and the European Union, but is a distant third with China exporting 10 times what India does. However, in the more lucrative apparel exports, India is a distant sixth having been overtaken by Vietnam and Bangladesh.

The production-linked incentive scheme, or PLI, for textiles, seeks to rectify some disadvantages that India suffers vis-à-vis countries upcoming countries like Vietnam and Bangladesh by way of costlier power and labour. Last week, the Indian government selected 61 companies from a list of 67 applicants who are eligible to get incentives, if they bring in one scheme, at least Rs 300 crore of investment and achieve Rs 600 crore of turnover by the first year of performance, which is FY25.

To understand more about the government's intention and its goals, CNBC-TV18's Latha Venkatesh spoke to Upendra Prasad Singh, Secretary, Ministry of Textiles, and Arvind Singhal, Chairman of Technopak Advisors.

Singh said, "If we want to make the dent in the international market in a much bigger way, then we have to be producing more manmade fibre and technical textile. In technical textile the penetration level in India is also low."

On textile exports Singhal said, "We need much bigger focus on the overall ecosystem to do with manmade textile. It is no secret that two-thirds of global consumption of clothing -- in whichever form — is out of manmade textiles. India unfortunately has a minuscule share of that particular market. Predominantly, we are focused on cotton, so to that extent, I think directionally there is nothing wrong with the PLI scheme itself."

Singhal believes few more steps are essential to make this scheme an unqualified success. He listed out important areas where the government should focus on. He said India should focus on attracting the biggest companies in the world.

Source: cnbctv18.com– Apr 21, 2022

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Textile players in Gujarat worried by drop in cotton yield

Cotton consumption in the country is on the rise, but the Gujarat textile industry is worried about decreasing cotton production in the state. If sowing and yield is not increased, India will soon become a net cotton importer in less than three years, warned GCCI textile committee.

Data revealed that Gujarat's cotton production has decreased from 1.18 crore bales in 2017-18 to 90 lakh bales in 2020-21. It is expected to dip to 80 lakh bales this year.

According to Gujcot Trade Association, cotton sowing area in the state has decreased from 26.42 lakh hectare in 2017-18 to 22.50 have lakh hectare in 2021-22. "However, we expect an increase in sowing next year as farmers have got the highest-ever rates for their crop this time," said GTA secretary Ajay Dalal.

Cotton Association of India data show that India exported 78 lakh bales in 2020-21. This is likely to drop to 45 lakh bales this year. "Indian textiles and garments exports are set to increase following free trade agreements with Australia and UAE.

The US and European garment retailers have also adopted the policy of China plus one. So we need to sow more cotton," said Rahul Shah, co-chairman of GCCI textile committee. He added that due to short supply, Indian cotton is costlier than international cotton by around Rs 18 per kg.

GCCI textile committee co-chairman Bharat Chhajer said, "Several weaving units and powerlooms are running at half capacity as they cannot pass on the increase to customers. We need to increase cotton production to sustain the textile value chain."

Source: timesofindia.com– Apr 22, 2022

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Reliance Retail to start artisan-only store format 'Swadesh'

Reliance Retail on Thursday said it will launch a dedicated artisan-only store format 'Swadesh', which will showcase agriculture & food products, handlooms, clothing, textiles, handicraft and handmade natural products.

This will boost its handmade in India programme and provide a global platform for artisans and sellers of handcrafted products, said a statement by Reliance Retail.

The first Swadesh store is expected to open in the second half of 2022, it said.

"The programme is being spearheaded by Reliance Retail's handicraft brand Swadesh, which envisages an artisan-only dedicated store format for handcrafted products from across the country," it said.

Besides, Reliance Retail, a subsidiary of Reliance Retail Ventures Limited (RRVL) is exploring new partnerships with state governments to create a strong, vigorous and sustainable ecosystem for local artisans, the statement added.

As part of that, an MoU was signed on Thursday at the Bengal Global Business Summit in Kolkata with the state government.

The Swadesh store will house a wide range of products including handmade textiles, handicraft, agriculture products and other artisanal merchandise, which will be sourced directly from artisans.

"Swadesh will also build a global marketplace to connect Indian artisans and sellers of authentic handmade products to consumers across the world," it said.

Commenting on the development, RRVL Director Isha Ambani said the future of Indian arts and crafts is poised for an exciting stage.

"We see a great opportunity for the artisans of our country in co-creating and co-curating handcrafted Indian products for the world. To realise this opportunity, Reliance Retail is partnering with various government organizations to help popularise various local art forms, both nationally and globally," she said.

Swadesh will showcase everything from apparel, home textiles, home decor, furniture, jewellery, wellness products and more, Ambani added.

Reliance Retail will also explore new partnerships with state governments and create a sustainable ecosystem for local artisans.

It has already signed an MoU with Ministry of Textiles which enables the sourcing of authentic crafted products, directly from artisan communities.

"Another unique partnership has been finalized and an MoU has been signed with Department of MSME & Textiles, Government of West Bengal. The aim of this partnership is to build a healthy, dynamic ecosystem that will help both Government of West Bengal and Swadesh realise the vision of sustainable employment and an enriched standard of living for the artisan community," it added.

RRVL is the holding company of all the retail companies under the RIL Group. It had reported a consolidated turnover of Rs 1,57,629 crore for the year ended March 31, 2021.

Source: business-standard.com– Apr 21, 2022

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