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INTERNATIONAL NEWS

World Economic Forum 2022: Advanced economies to be back on track by 2024, says IMF's Gita Gopinath

Advanced economies will be back on track by 2024, but developing economies will be 5 per cent below where they would have been otherwise, IMF's Gita Gopinath said on Wednesday. Economies worldwide have been adversely impacted by the coronavirus pandemic and are slowly coming back into the recovery path.

The First Deputy Managing Director of the International Monetary Fund said the war in Ukraine has been a major setback to the global recovery. "We had a serious downgrade to the global growth rate and the world continues to face headwinds because we have a cost of living crisis. Prices of commodities including fuel and food are going up around the world," she said.

Gopinath said central banks are trying to tackle this high level of inflation and are raising interest rates sharply, which they need to do, but that will also have consequences for global finance and trade. She was speaking at a special session on 'What next for global growth?' during the World Economic Forum Annual Meeting 2022. Gopinath said there are very divergent recoveries around the world.

"While advanced economies, as per our estimates, will basically get back to where they would have been in absence of pandemic in 2024, but emerging and developing economies would be 5 per cent below where they would have been in the absence of the pandemic," she said.

The panelists discussed that the recovery from the COVID-19 crisis has been deeply uneven within and between countries, depending on their access to fiscal resources and vaccines. As food, fuel and resource crises now risk further derailing an equitable recovery, they discussed how a broader set of foundations for growth can ensure long-term economic prosperity and a return to international convergence.

Source: financialexpress.com– May 25, 2022

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Nike Cuts Ties With Russian Franchisees

Nike and Marks & Spencer (M&S) appear to be exiting Russia.

Nike has declined to renew its franchise agreement with its largest Russian franchisee Inventive Retail Group, Vedomosti reported Wednesday. The Moscow-based daily, citing the Russian government's intellectual property agency Rospatent, said Nike's agreement with IRG subsidiaries Up and Run and A3 Sport will expire Thursday. A similar agreement with the Siberian-focused franchisee Yar LLC is also set to expire Thursday, Vedomosti said.

The Swoosh brand was one of the first to suspend online sales in Russia following the country's invasion of Ukraine. A note published to its Russian e-commerce site's front page told visitors the company "could no longer guarantee delivery of goods to its customers in the country."

According to Vedomosti, IRG president Tikhon Smykov told employees that Nike could not "in the foreseeable future" ship goods to Russia. With no remaining inventory to sell, the company "will be forced to close all of its stores under this brand," he added.

Reuters reported Wednesday that it had visited three Nike stores this month, including the brand's flagship location in central Moscow, and all were operating as usual.

In early March, when Nike originally suspended its Russian e-commerce site, the company's store directory listed 119 locations in the Russia Federation. As of Wednesday, that number had fallen to 56, including 19 which are "temporarily closed." All 37 locations that have retained normal business hours—and one which is temporarily closed—are described as "partnered" stores.

IRG's site lists 37 locations on its Nike store directory, nine of which include a note saying the store is "temporarily closed." Six of these shuttered locations are listed as open on Nike's website, while another three do not appear on the list at all. Six stores are listed on Nike's directory, but not on IRG's site, including three in Siberia.

Neither Nike nor IRG responded to a request for comment.

As of Wednesday, Nike's Russian site still told visitors that purchases on Nike.com and the Nike app were "temporarily unavailable in this region." A "help" section described official Nike stores and Nike-operated stores as "temporarily closed." The company's return policy said customers looking to return an item to an official Nike store will be able to do so "within 60 days of the store's reopen date."

Earlier this month, the Russian football team FC Spartak Moscow announced Nike had terminated their 17-year-long relationship. The public note attributed the move to the UEFA's decision to exclude the club from next season's European competitions. Spartak said management was looking for a new equipment supplier.

M&S is also pulling out of Russia, it confirmed Wednesday in its full-year earnings report. The company originally ceased shipments to the country on March 3, it said. Since then, it has decided to "fully exit" its Russian franchise. The retailer's full exit from Russia, plus business disruption in Ukraine, cost the company 31 million pounds ($38.9 million), it said.

Source: sourcingjournal.com– May 25, 2022

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Exports of intermediate goods see continued growth in fourth quarter of 2021

World IG exports increased by 21 per cent year on year in the fourth quarter of 2021, continuing the upward trend observed throughout the year. However, growth was slower than the 27 per cent recorded in Q3 and the 47 per cent in Q2.

The pace of trade in IGs, which range from crops used in food production to textiles and metals needed to produce goods, is an indicator of the level of activity in supply chains.

“Other industrial supplies”, comprising manufacturing inputs such as metal structures, electrical conductors and medical and pharma products, continued to be the key driver of growth, with a year-on-year increase of 31 per cent in Q4.

World exports of food and beverage products grew slightly less, recording 23 per cent growth in the fourth quarter compared with 28 per cent in Q3.

Ores and precious stones saw growth of 10 per cent in Q4, down from 13 per cent in Q3 and 40 per cent in Q2, mainly due to persistently decreasing iron ore prices.

Asian and African exports of industrial inputs to supply chains increased by more than 24 per cent year on year in Q4, while European exports of inputs grew by 18 per cent. North America's IG exports grew by 14.5 per cent, largely driven by exports of soybeans to China. However, South and Central America saw IG exports decrease by 12 per cent, mainly due to a reduction in Brazilian exports of iron ores and soybeans to China.

China continued to be the top IG exporter in Q4 in terms of value, exporting products with a value of US$ 418 billion. Among the top 15 IG exporters in Q4 2021, the highest growth was recorded by Belgium (39 per cent) and the United Kingdom (34 per cent).

Malaysia joined the list of the top 15, registering year-on-year growth of 28 per cent, with three-quarters of its domestically produced inputs shipped to Asian partners.

Top IG importers in Q4 in terms of value were China (US$ 439 billion) and the United States (US$ 268 billion). Among the top 15 IG importers, the highest growth (42 per cent) was recorded by India.

North America intensified its exports to Africa by 43 per cent year on year in Q4, with its exports of soybeans increasing twentyfold and vaccines fourfold. Africa's exports to Asia continued their rapid rise, growing by 45 per cent in Q4.

The fourth quarter information note on trade in intermediate goods is available here. It includes appendix tables with data starting from the first quarter of 2019.

Source: wto.org– May 25, 2022

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Marks & Spencer to Close 32 Stores

British retail chain Marks & Spencer is closing dozens of stores as the United Kingdom's commerce sector sees M&A activity heat up.

M&S results

M&S will shutter 32 legacy stores after already closing 68 full-line stores, and opening or relocating 13.

"While there is much more to do, the business has moved beyond proving its relevance and has the opportunity for substantial future growth," outgoing CEO Steve Rowe, who steps down Wednesday but will remain employed through July 5 said as the company reported financial results.

M&S has "a lot of opportunity to reduce single picking, improve capacity, reduce costs and improve store operations" in the clothing and home categories, where "store sales are running more than 25 percent below four years ago," the company said. It has "delivered less than a 10 percent reduction in space since then, so the imperative [is] both to reduce space and to rotate to newer, better stores remains."

M&S said apparel and home now focus on contemporary style, accessible product while reducing discounts and blanket promotions.

"The pricing architecture is clearer, offering value on entry price points in products such as women's jeggings, men's denim and the recently introduced 'Remarksable Value' label in our Home ranges. As we have shifted to a trusted value approach, we have seen an improvement in value perception, which is now market-leading," M&S said.

Denim, knitwear and casual tops powered the women's category, while the Goodmove activewear brand has grown to more than 65 million pounds ($81.2 million) in two years. Menswear slumped during the pandemic, but M&S has seen growth in jersey, knitwear and underwear. Kidswear grew as daywear sales combined with growth in schoolwear, while home range pricing realigned to market trends in bed linens, lighting and curtains. In the past year, M&S also piloted 40 apparel brand partnerships and owned or invested brands, including the purchase and relaunch of Jaeger.

Sales for the first six weeks of the new financial year have been "ahead of the comparable period" a year ago, with particularly strong performance in apparel and home, the company said.

Revenue for the year ended April 2 rose 19 percent to 10.89 billion pounds ($13.6 billion) from 9.17 billion pounds ($11.45 billion).

Apparel and home sales rose 3.8 percent, with online growth soaring 55.6 percent. Online sales reached 34 percent from 18 percent. However, store sales were down 11.2 percent.

M&S swung back to the black as after-tax profits were 309.0 million pounds ($386.1 million), or 15.7 pence ($0.20), against a loss of 201.2 million pounds ($251.4 million), or 10.1 pence ($0.13), a year ago.

UK retail sales

On Friday, the first estimate of retail sales in Great Britain for April indicated that non-food store sales rose 1.4 percent for the month, following a fall of 1.2 percent in March—revised from the prior estimate of down 1.4 percent—that was impacted by a rise in gas prices. For the three months to April 2022, sales volumes fell by 0.3 percent versus the previous three months, continuing the downward trend since summer 2021.

Sales at non-store retail sales, mostly online-only retailers, rose 3.7 percent in April, led by stronger apparel sales. Retail sales volume fell by 0.6 percent due to declines in other nonfood stores and household goods stores. Data showed that department stores and apparel chains posted a monthly increase of 1.3 percent in sales, thanks to the burgeoning return of social events and travel.

"Retail sales are being squeezed by a combination of low demand, high inflation and rising costs. The fall in demand comes as consumers reign in their discretionary spending following a significant reduction to real incomes for households across the U.K.," Helen Dickinson, British Retail Consortium's chief executive, said..

Until "inflation is brought to heel, and consumer confidence returns, retailers could be in for some difficult times ahead, with lower demand and reduced margins," she added.

Ted Baker

On Monday, Ted Baker said it chose a “preferred” bidder from a number of interested parties and is hashing out a firm deal.

“This process is likely to take several weeks,” it said. “There can be no certainty that an offer will be made, nor as to the terms on which any offer will be made.”

Ted Baker confirmed that the U.K. arm of Sycamore is no longer wooing the British fashion label, a notable development considering the private equity firm’s interest kicked off the sale frenzy in March.

The following month, Ted Baker officially put itself up for sale. It has since received interest from a number of possible bidders, including brand management firm Authentic Brands Group, which is said to be working with deep-pocketed private-equity backers that include Leonard Green & Partners, Lion Capital and General Atlantic.

FatFace

Meanwhile, fast-fashion retailer FatFace is said to have hired Rothschild as its financial advisor to explore strategic options.

FatFace’s lenders and Goldman Sachs took over the company in mid-2020 from Bridgepoint, a private equity firm, in a debt-for-equity swap.

The British lifestyle apparel chain started out as a small business selling T-shirts and sweatshirts in a camper van in the Alps in 1988. Company founders Jules Leaver and Tim Slade opened their first store in Fulham in 1992, which was followed by their first catalog a year later. In 1997, they expanded their store offerings to include apparel for women and kids. A U.S. website launched in 2015, followed by its first U.S. store a year later.
Missguided

At Missguided, restructuring expert Teneo is still looking at strategic options for the women’s fast-fashion e-retailer. The advisor is focused on securing a strategic partner with the infrastructure and platform necessary for a successful turnaround.

Missguided founding CEO Nitin Passi stepped down in April, leading to speculation that JD Sports could bid for the fast-fashion nameplate targeting Gen Z women ages 16 and 24. Asda, Asos, Boohoo, Shein and Frasers Group could complement the e-tailer's offering.

Source: sourcingjournal.com– May 25, 2022

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Heimtextil Summer Special in Germany to focus on sustainability

This year, Heimtextil Summer Special, to be held from June 21-24 in Germany, will offer know-how transfer, networking and inspiration on the topic of sustainability in textiles. Due to the current challenges, sustainability is a theme that runs through all sectors of the textile value chain, triggering processes and releasing enormous innovative power.

Environmental pollution, microplastics and high water consumption as well as increasing consumption are buzzwords that hit the textile industry on the topic of sustainability. The production of textiles consumes large amounts of resources, which poses challenges for the textile industry, especially in times of rising prices and supply bottlenecks.

For this reason, the home textiles industry has been dealing with the topic of circular economy for more than 10 years in order to save resources and make production and products more sustainable. Materials are not disposed of at the end of a product's life, but are kept in circulation within the framework of sensible recycling and are reused in new products. At the same time, a functioning circular economy reduces the amount of waste and CO2 emissions. Manufacturers of home textiles are consistently pursuing the approach of a genuine circular economy and are focusing on reduction, energy efficiency, reuse and recycling.

Exhibitors present sustainable concepts and innovations at the international fair. For example, the Spanish manufacturer Francisco Jover S.A. (Hall 4.1, C14) will generate 99 per cent of the energy it needs from the photovoltaic system on its roof and will recycle 100 per cent of its plastic, paper and cardboard waste, the organiser said in a press release.

In addition, exhibitors such as Lech Fabrics (Hall 4.1, C91) will introduce high-quality PET fibres to their portfolio. Most fabrics used in the production of furniture are made of polyester. Therefore, according to Lech Fabrics, it is ideal to use plastics from other industries that would end up in the dustbin, or worse, in the forests and oceans. Lech Fabrics is therefore investing in innovation and expanding its portfolio of such products. In the process, the company says it saves 94 per cent water, 60 per cent energy and 32 per cent CO2 emissions in the production of its fibres from PET compared to new production.

The Austrian Lenzing Group will follow the path of a holistic approach that encompasses the circular economy and renewable materials. As a producer of wood-based pulps and fibres, Lenzing is at the beginning of the value chain for the production of textiles and nonwoven products. Here, the intensive cooperation of the entire value chain and the traceability of raw materials within the value chain are elementary.

The value chain is attributed great importance in terms of sustainability: it makes it possible to transparently trace the holistic process that is necessary for the manufacture of a product. Through this year's trio of fairs, Heimtextil Summer Special, Techtextil and Texprocess, large parts of the value-added chain will be represented at the Frankfurt Exhibition Centre and will provide insights into large sections of the textile industry. At the Heimtextil Conference Sleep & More (Hall 3.0 D41), visitors can look forward to lectures on topics such as supply chains, the circular economy and much more.

The Heimtextil industry takes the subject of sustainability seriously and the trade fairs also show that sustainability is not a trend but has been increasingly anchored in the industry for years and is constantly developing through innovations. At the Heimtextil Summer Special, the measures and offers relating to sustainability will be brought to life.

In the centre of the fair grounds, in Hall 4.0, the trend area under the motto 'Next Horizons' will not only offer inspiration for the latest trend colours and materials but also shows how sustainable themes can be staged. Based on the Material Manifesto, local resources, environmentally friendly or borrowed materials will be used for the stand design.

The Green Village (Hall 3.0, Stand D51) will help to keep track of official labels and certificates. Label providers and certifiers will provide exhibitors and interested trade visitors with answers to their questions and up-to-date information on current developments.

This is also where you will find the Sustainable Development Goals (SDG) Lounge, which is being created in cooperation between Messe Frankfurt and the Conscious Fashion and Lifestyle Network as well as the United Nations Office for partnerships.

Together with Messe Frankfurt's Texpertise Network, the business network of the company's around 50 international textile fairs, the lounge focuses on the UN's Sustainable Development Goals (SDGs). The online green directory will show all suppliers of sustainably produced textiles. Finding one's way around the fair is made easier by the exhibitors' clearly recognisable stand sign. The Green Tours will also offer the opportunity to be guided directly to selected sustainably producing companies and to learn more about their products.

Here, high-calibre experts will provide valuable orientation for decision-makers in the hotel industry and hospitality trends will be examined from the point of view of sustainability and the circular economy.

Around 2,200 international exhibitors have already registered for Heimtextil 2023. This current level, eight months before the event from January 10-13, 2023, is already around 75 per cent compared to Heimtextil 2020 and shows the high relevance of Heimtextil for companies and the sector.

Source: fibre2fashion.com– May 25, 2022

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New York senate passes bill to ban harmful PFAS in apparel

The New York State senate recently passed a bill that prohibits the use of perfluoroalkyl and polyfluoroalkyl substances (PFAS), or 'forever chemicals', in apparel. PFAs are already limited in food packaging in New York after a bill passed in 2020. This bill focuses on 'intentionally added chemical' or those that serve an intended function in the product.

For common apparel, that includes clothing for regular and formal wear but not specialty performance apparel.

Introduced in April last year, the bill is backed by assembly member Patricia Fahy and state senator Brad Hoylman. The assembly voted to approve the bill and now the legislation will go to governor Kathy Hochul for approval or rejection. Its proposed effective date is December 31, 2023.

In a letter to the New York State legislature earlier this month, the American Apparel and Footwear Association (AAFA) vied for consideration of January 1, 2027, as the effective date to allow the fashion industry time for "adequate time for research, development and implementation of alternative chemicals, as well as suitable time to transition our supply chains [away from PFAs]".

"Collectively we support responsible regulatory requirements that are protective of human health and the environment," AAFA president and chief executive officer Stephen Lamar wrote.

"Our members are leading efforts to aggressively phase out the use of intentionally added perfluoroalkyl and polyfluoroalkyl chemicals with a goal of a complete phase-out by 2027 of intentionally added PFAS chemicals in our products," he said.

Source: fibre2fashion.com– May 25, 2022

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Sri Lanka's exports of apparels and textiles increases by 22.12%

In April 2022, Sri Lanka' exports of apparel and textiles increased by 22.12 percent in April to $445.79 million. In April 2021, Sri Lanka had exported apparels worth $ 799 million, as per an Economy Next report.

Sri Lanka's overall exports grew by 11.87 per cent to $915.3 million in April 2022 from a year earlier.

In April 2022, the value of Sri Lanka's exports topped the 2020 and 2021 April month exports, as per the Sri Lanka Export Development Board.

Exports to the US increased by 23 per cent to $84.1 million, exports to Germany were increased by 27 per cent to $66.5 million and exports to India surged by 10 per cent to $59.4 million.

Source: fashionatingworld.com– May 25, 2022

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Egypt seeks to maximise trade deal with Israel to unlock $5bn in exports

Egypt is looking to maximise the potential of the Qualified Industrial Zones (QIZ) agreement signed with Israel and the US more than 17 years ago to unlock $5 billion in exports.

Last year, the Arab world's most populous country and third-largest economy reached $1.2bn in exports under the 2004 deal, which allows Egyptian products duty-free entry into the US, provided they include 10.5 per cent Israeli content.

"That leaves a tremendous amount of room for business opportunities and growth as we move forward," said Ashraf Naguib, chief executive of Cairo-based think tank Global Trade Matters, which organised a QIZ conference on Wednesday with business and government representatives from the three countries.

"We want to take away all of this clutter that is around it — that includes regional issues, that includes current global issues and the global uncertainty that we have — and really move all of these things aside," he said.

The conference took place on the sidelines of the QIZ's Joint Committee quarterly review meeting in Cairo this week. Usually alternating between Egypt and Israel, the meeting had been conducted virtually over the past two years due to the Covid-19 pandemic.
Reaching $100bn in exports

The urgency of enhancing the QIZ agreement has been amplified as Egypt aims to more than triple its non-petroleum exports revenue from $32bn last year to $60bn by 2025 and reach $100bn, potentially by the end of the decade.

But it faces an economic crisis as the Russia-Ukraine war has put a tremendous strain on the country's food supplies, tourism inflows and foreign investments. In March, Egypt imposed a three-month ban on the export of several essential food items, including wheat.

High fuel and food prices have hit vulnerable populations in low-income countries hardest, the International Monetary Fund said in its World Economic Outlook last month. Global growth is projected to slow to 3.6 per cent in 2022 from an estimated 6.1 per cent in 2021.

Egypt has lowered its economic growth forecast to 4.5 per cent from 5.5 per cent for the fiscal year that begins on July 1.

Last week, the country's central bank raised its key interest rates by 200 basis points in the government's latest attempt to contain double-digit inflation fuelled by high import costs and the March devaluation of the Egyptian pound against the US dollar.

Increasing export revenue to $100bn in such a challenging environment "is close to landing a man on the moon … but it is not impossible", Mr Naguib said.

That is why it is important to take advantage of the multitude of trade agreements Egypt has signed with other countries, including the QIZ, he said.

History of the QIZ

The US introduced the QIZ concept in 1996 with the aim of developing regional economic partnerships that would benefit both Arab countries and Israel.

Jordan, which had signed a peace treaty with Israel in 1994, became the first country to join the QIZ protocol.

Although Egypt was the first Arab state to sign a peace treaty with Israel, in 1979, it did not sign a QIZ agreement until December 2004.

At the time, Egypt feared its textiles industry would be threatened by global competition from China and India, as the World Trade Organisation phased out quantitative quotas on the textiles trade.

About 95 per cent of Egypt's exports through the QIZ come from the textiles sector, mainly to take advantage of the exemption from high customs, said Ashraf Rabiey, head of the QIZ unit at the Egyptian Ministry of Trade and Industry.

“The average for duties in the US is only 1.5 per cent but for textiles it can be as high as 32 per cent,” he said.

The Israeli content requirement under the QIZ started at 11.7 per cent but was negotiated down to 10.5 per cent in October 2007.

Egypt should also capitalise on declining Chinese exports to the US, which fell to $31bn last year from $40bn in 2020, Mr Rabiey said.

Total imports of ready-made textiles to the US reached $121bn last year.

Mr Rabiey advocated expanding the geographical areas covered by the QIZ. Currently there are more than 1,200 QIZ companies in Alexandria, Greater Cairo, the Middle Delta, the Suez Canal area and Upper Egypt.

Last month, Egypt’s Minister of Trade and Industry Nevine Gamea and Minister of Planning and Economic Development Hala El Said met Israel’s Minister of Economy and Industry Orna Barbivai to discuss strengthening trade relations.

Together they signed a letter asking the US to expand the QIZ to include more governorates, such as Fayoum, Assiut and Sohag, Mr Rabiye said.

Yaniv Tessel, director of the North and Latin America department at the Israeli Ministry of Economy and Industry, said such meetings are a sign of warming relations between Israel and Egypt in the context of recent regional developments.

In 2020, the UAE, Bahrain, Sudan and Morocco agreed to normalise relations with Israel.

The UAE and Israel also concluded negotiations last month for a free-trade agreement, which should be signed next week, Mr Tessel said.

“Our standing point in the regional economic landscape has completely changed from what it was in early 2020, and I’m sure it will affect the Israeli economy and the economic relationship between Egypt and Israel,” he said.

Israel exported $143bn worth of goods and services in 2021, with its largest recipient the US.

Bilateral trade between Egypt and Israel hit $330 million last year, an increase of 63 per cent compared to 2020, said Amira Oron, Israeli ambassador to Egypt.

Christopher Leslie, economic officer at the US embassy in Cairo, said the relationships between the US, Egypt and Israel are "of critical strategic importance to the United States, not just for us, but for regional stability and economic integration".

Source: thenationalnews.com– May 25, 2022

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The Cambodia-South Korea Free Trade Agreement: Increasing Potential for Downstream Sectors

The Cambodia-Korea Free Trade Agreement (CKFTA) was signed into law in Cambodia in January 2022 and is expected to be ratified by June 2022.

The CKFTA should boost trade between the two countries with South Korea agreeing to remove tariffs on 95.6 percent of products imported from Cambodia while Cambodia will eliminate duties on 93.8 percent of imported goods.

Cambodia-South Korea bilateral trade was valued at US$885 million in 2020 and grew by nine percent to US$965 million in 2021 (bilateral trade had reached over US$1 billion before the pandemic). Further, Cambodia imported over US$600 million from South Korea in 2021 while exports reached US$341 million to the East Asian nation.

For Cambodia, the CKFTA presents opportunities for value-added investments in the downstream processing industries through a 'plus one business model', in which South Korean companies can expand their supply chain network developed in not only China but also Vietnam or Thailand.

Meanwhile, the CKFTA falls under South Korea's 'New Southern Policy'. The policy, is considered to be Seoul's first unified diplomatic initiative and aims to advance relations with ASEAN and India.

Cambodia looking to diversify its economy away from garments, textiles, and tourism

In addition to increasing trade, Cambodia is hoping South Korean firms can help diversify its economy away from its mainstays of garment and textile manufacturing, and tourism.

Garment and textile manufacturing make up some 80 percent of Cambodia's exports, contributes to 30 percent of GDP, and employs over 800,000 workers nationwide. The tourism industry contributes 12 percent of GDP. The government plans to increase non-textile and garment exports to 15 percent as well as processed agricultural goods to 12 percent by 2025.

There are more than 300 South Korean manufacturing firms in Cambodia that are mostly operating in the light manufacturing industry, producing goods such as clothing, footwear, travel bags, and footwear.

Cambodia exports raw agricultural products including rubber, fruits and starches to South Korea as well as electrical and electronic components. Cambodia relies on South Korea for more advanced electronic and assembled goods that require highly developed technology.

Electronics and automotive manufacturing

Although electronics constitute a small portion of Cambodia's exports to South Korea (approximately US$35 million), Cambodia's government has identified the electronics and automotive industries as priority industries that will help promote the country in the global value chain.

Cambodia has the potential to become an automotive and electronic component production hub and complement its neighbors, Thailand and Vietnam, who have well-established automotive and electronic manufacturing centers respectively.

The country's strategic location along the Mekong Delta — a subregion that is attracting interest from foreign investors who are taking advantage of the pace of increased intra-regional integration — is helping Cambodia to become an alternative supply base for electronic and automotive spare parts for factories in Thailand and Vietnam.

Click here for more details

Source: aseanbriefing.com– May 25, 2022

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Textile/apparel: Taking a Breather

Valuation upgrade with changes in market conditions and strategies

The keywords of the textile/apparel industry during the 2021-1H22 period were pent-up demand, digital channel strategies, and overseas growth momentum. Pent-up demand remains strong for longer than expected as face-to-face activities are increasing along with the reopening from the pandemic. Many Korean companies have seen a steep growth in sales and operating profit.

Looking toward 2H22, the prolonged Russia-Ukraine war, lockdowns in China, and other macro uncertainties have raised the need to pick out companies that have greater growth potential vs. peers through improvements in fundamentals. Some apparel companies are expected to improve their margin structure with diversification of retail channels, and some will enjoy earnings growth backed by overseas expansion or launch of new businesses (cosmetics). It is now time for cherry-picking as the burden of high base effect in apparel consumption weighs down heavier on the sector in the second half.

Brand companies: Attention on F&F, Handsome, Shinsegae International

We recommend keeping an eye on domestic-oriented companies like Handsome and Shinsegae International until the removal of China-related uncertainties. Given that China has recently begun to lift pandemic restrictions, companies likely to benefit from an upturn in Chinese demand, such as F&F and The Nature Holdings, should look attractive once again in 2H22. In particular, F&F stands unrivalled in terms of sales volume growth.

OEM companies: Our top pick is Hwaseung Enterprise

Hansae and Youngone have received much attention in the market since 2021. Amid global supply disruptions, apparel consumption has been strong both at home and abroad. OEM companies have enjoyed greater growth potential in a seller's market vs. the past. With growing macro uncertainties pushing up raw material prices, the companies have been able to pass on cost increases to customers with relative ease so far due to brisk demand. But if consumption slows down in the US, cost increases may lead to higher COGS ratios.

Despite sluggish growth of the past two years, Hwaseung Enterprise is expected to raise capacity utilization rates in 2H22 with momentum from new Adidas products.

Youngone saw a sharp growth in earnings in 1H22 thanks to the inventory build-up by buyers. Manufacturing for high-end brands or categories should help OEM companies to defend earnings in times of rising COGS ratios.

Source: businesskorea.co.kr– May 26, 2022

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Pakistan: Govt impounding containers will lead to losses: Exporters

In an immediate reaction to the seizure of thousands of containers across the country by the multiparty government, the exporters of fruit and vegetables have claimed that the export of horticulture products has started hampering by the blockage of major roads and seizure of containers to prevent long march.

In a statement issued by Fruit and Vegetable Exporters, Importers and Merchant Association, the developing situation in the country would badly affect the export of perishable items including the potatoes, onions and mangoes.

According to the association the containers and trawler bound for port with export consignment have been stopped for blocking roads. Apart from the already loaded containers, a large number of empty containers were also stopped on the way to block roads and major arteries of the country.

"In case the seizure of containers continues for a couple of days the export orders would be delayed, ultimately causing huge losses to the exporters," said Waheed Ahmed of the horticulture association.

According to him, for delayed supply the fruit and vegetable export orders may be canceled, which would also cause loss of the export market.

"This is very unfortunate that governments use the export oriented containers and trucks to block roads as a strategy to prevent protests and rallies in the country. Such initiatives badly affect the already crisis stricken trade and exports of the country," the association said.

"Whenever our exports are delayed the importers, as an immediate and alternative solution, approach Indian exporters for import of such items," Waheed claims adding that buyers refuse to accept the goods that are delivered late.

The exporters have demanded early release of the containers and trawlers.

This practice has been in vogue in Pakistan in order to stop agitators and strikers from gathering at one particular spot where they announce to protest on a particular date. The impounding started a few days before the proposed march and continues unabated. Any container that leaves a mill or factory fully loaded with export consignment gets impounded.

All containers from upcountry are booked for Karachi from where they are loaded on ships waiting for goods at the Karachi sea port. These ships follow a strict schedule. If the consignment does not reach the port in time, these ships leave for other destinations.

Pakistan’s major exports are textiles that have to be delivered to the global consumers within the promised date. When a ship leaves Karachi port without export goods, the chances of timely delivery vanish as few ships touch our ports and the next ship might come late.

The exporters may rightly be worried because they have no idea as to when these containers would be released.

Source: profit.pakistantoday.com.pk– May 25, 2022

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NATIONAL NEWS

India's exports may rise to $1 trillion by 2030: Piyush Goyal

India's exports rose to a record high of $421.8 billion during the financial year ended March 2022 despite the COVID-19 pandemic and global supply chain disruption and the shipment may surge to $1 trillion by 2030, Union Minister for Commerce and Industry Piyush Goyal said on Tuesday.

Addressing the "Breakfast session Discussion on Trade 4.0" at the World Economic Forum in Davos Goyal said, India could achieve a target of $1 trillion worth of merchandise and services export each by 2030.

Noting that in the last 8 years, the government had focussed extensively on structural reforms the minister said that each one of those movements has been holding India in good stead during times of crisis.

Observing that the India story had been receiving a lot of enthusiasm across the world, the minister said that in spite of constraints like COVID-19, chip shortages, conflict, rising commodity prices, container shortages and significant shipping and logistics issues it has been facing in the last two years, which caused massive supply chain disruptions that threw the global economy off-balance, Indian businesses had displayed great resilience, overshooting export targets and achieving $421.8 billion worth of exports.

He urged Indian industry to look at boosting value-added exports and ensure that new jobs came into India instead of raw materials going out of India.

Highlighting the serious efforts being made in that direction, the Minister said that the government was striving to ensure orderly behaviour of prices and ensure that businesses add value and jobs, according to a statement released by the Ministry of Commerce & Industry.

Stressing upon the government's bid to bring down logistics costs through measures such as PM GatiShakti, the Minister said that the National

Master Plan would help improve infrastructure planning and ensure the implementation of projects within time and budget.

Assuring that the government would wholeheartedly support businesses, the Minister urged the industry to bring scale into all economic activities.

Expressing concern over the excessive dependence on international supply chains, Goyal urged businesses to procure locally wherever there is an opportunity. He asked businesses to support each other and help fortify domestic supply chains.

Referring to Trade Agreements recently inked with UAE and Australia, the Minister said that these agreements were opening new frontiers in international trade. He added that agreements with Canada, EU, UK, Israel and GCC were in the pipeline. The Minister said that the world had great confidence in India and wanted to engage with it enthusiastically.

Source: economictimes.indiatimes.com– May 25, 2022

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Two-day visit to UK: Goyal to hold talks on FTA

Commerce and industry Minister Piyush Goyal will visit Britain on May 26 to hold discussions with the U.K. Government and businesses on the progress made in the negotiations of the proposed free trade agreement (FTA) between the two countries, an official statement said on May 25.

During the Summit meeting between prime Ministers of India and the U.K., the two leaders had set the timeline of Diwali 2022 for finalisation of the FTA between the two countries.

"In his next leg of the two-day tour, Shri Goyal is reaching the U.K. tomorrow, where he will hold discussions with the U.K. Government and businesses on the progress made in FTA negotiations and the way forward," the Commerce Ministry said in a statement.

It also said that Mr. Goyal, who led the team India at World Economic Forum (WEF) in Davos from May 23-25, finished his trip with several high-level engagements aimed at projecting India as a reliable partner, a stable economy and an attractive investment destination.

The Minister held several meetings, including with Khalid Al- Falih, Minister of Investment, Saudi Arabia, Secretary General of Gulf Cooperation Council (GCC) Nayef Al Hajraf, CEOs of DP World Sultan Ahmed Bin Sulayem, and Khaldoon Al Mubarak, CEO and MD, Mubadala Investment Company, to take stock of the existing trade and investment relations, it added.

Mr. Goyal also met business leaders, including Arvind Krishna, CEO IBM; Alexander R. Wynaendts, Chairman-elect, Deutsche Bank; Bill Winters, Group CEO, Standard Chartered Bank; Bruce Flatt, CEO, Brookfield Asset Management Inc; Pat Gelsinger, CEO, Intel; Alan Jope, CEO, Unilever; and Benoit Bazin, CEO, Saint Gobain.

Source: thehindu.com– May 26, 2022

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Indian textile-apparel industry needs orderly circular transition: CRB

A systematic, human-centred transition to a circular economy is needed for the Indian textile and apparel industry for better environmental and social performance, as well as to improve competitiveness and improve market access, New Delhi-based think tank Centre for Responsible Business (CRB) said in a new report on circularity in the sector.

Opportunities are also emerging for attracting international and domestic sources of sustainable (ESG) finance, especially with the government developing a road map on sustainable finance, it said in its report titled 'Circular Textile and Apparel in India: Policy Intervention Priorities and Ideas'.

A continued and concerted support involving various segments of the government at all levels is needed to create the enabling environment for circularity, the report said.

Skill and capacity building of workers and entrepreneurs is required and is critical, especially from the point of 'just transition'. This will ensure that a circular transition not only creates new job opportunities but also existing jobs are protected in a transitioning sector, it said.

The CRB team has identified circular economy (CE) interventions based on secondary research and extensive stakeholder consultations across various value chain actors, especially with domestic and international brands, suppliers and manufacturers, dyeing and chemical companies, academia, innovators and state government officials.

These ideas, aligned to the CE priorities defined in the framework, have been broadly categorised as actions proposed for practitioners and as possible policy interventions.

The report makes several policy recommendations. Clear design guidelines should be defined indicating the types of material to be used (virgin plus recycled), chemicals to be avoided or used, design for durability, and the design for end-of-life processes or purposes. Cost of collection for end of life should be factored in, with clear labelling (transparency and traceability).

The report recommends the government to issue an advisory on textile production parameters and processes and constitute a task force that can facilitate setting of industry guidelines for circular design and manufacturing among the industry players.

Wastewater effluent standards for the textile and dyeing industries should be developed by the Central Pollution Control Board (CPCB) along with the state pollution control boards under the supervision of the ministry of environment, forest and climate change, it suggests.

There is a need to work with alternate materials that are less water and energy intensive, can be easily recycled, and are more durable, the report suggests. Emphasis has to be given to man-made fibres and extensive research is needed both for alternate materials and on cost effective recycling technologies.

Further innovation in these areas should be supported. Transparency and traceability will be required to authenticate material sources and fibre content to support recycling.

Policy actors can define a ‘content law’, provide incentive and tax perks for use of alternate materials. Sustainable public procurement can provide impetus to use of alternate and recycled materials. Clear labelling and quality norms for apparel made from recycled materials will instil confidence amongst consumers, the report says.

Monitoring chemical use in fibre manufacturing, washing, dyeing and garment manufacturing needs to be emphasised. Regulation can play a crucial role in banning or defining the quantities and discharge of hazardous chemicals. Incentives can be provided for use of natural dyes and for uptake of waterless dyeing techniques that can considerably reduce water pollution.

Pre consumption waste can either be reduced through technology adoption (for larger units) or through linking production units to up cyclers/ recyclers to prevent waste from going to landfills. Consumers need to be educated and incentivised to recycle used garments. Reverse logistics need to be considerably strengthened to support a recycling /upcycling/ repair eco-system.

The need for energy efficient machinery and use of cleaner energy is well understood amongst the industry actors. However, a need for a stable policy has been identified as a major requirement, the report notes..

Policies can be implemented to prioritise renewable energy over conventional sources. Policy must be long-term and stable as renewable energy requires large investments from companies. Innovation at MSMEs should be promoted (including handicrafts), focussing on in-situ technical and technological innovations.

Official case studies should be documented and scaled and replicated elsewhere. The Technology Upgradation Funds Scheme (TUFS) should be amended to include more energy efficient technologies and equipment, the report suggested.

The industry can undertake detailed water audits to measure its water footprint along its operations and identify measures to reduce water consumption. Technologies for wastewater treatment are very costly at the moment and adoption at scale is hindered, it recommended.

Source: fibre2fashion.com– May 25, 2022

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Surging inflation likely to delay GST rate rationalisation

With the surge in inflation, GST rate rationalisation may not happen any time soon, a top government official said here on Wednesday. The official also asserted that the slew of inflation control measures announced in the last few days will not alter the government's borrowing calendar and the Centre will stick to its planned borrowings as of now.

While highlighting the plethora of measures including lowering of Road & Infrastructure Cess, import of edible oil at nil duty and limiting the export of sugar, besides other moves to rein in inflation, the Centre is also at pains to point out that the utilisation of cess collected by it under Excise Duty on petrol and diesel is much higher than collection.

GST: Key issues

After the GST Council meeting in Lucknow last September, a Group of Ministers (GoM) led by Chief Minister of Karnataka, Basavaraj S Bommai , was set up to look at rate rationalisation. The GoM is yet to finalise its report.

"There have been genuine problems in rate rationalisation. But even if the GoM submits its report now and it is presented before the Council, will the Council take a call? Difficult to say, as the ecosystem is strenuous," the official said. Earlier, steps to rationalise tax rates could not be taken due to the Covid-19 pandemic although the inverted duty structure (i.e., higher duty on inputs and lower duty on output) was corrected on items such as footwear.

There are two key issues as far as rate rationalistaion is concerned. First, the weighted average Revenue Neutral rate (RNR) has come down to around 11.5 per cent from the initial rate of 15-15.5 per cent, which necessitates rate rejig. Now, the intention is to see how to achieve at least the RNR rate at which the GST was brought in.

The second issue is too many rates. As on date, there are four main rates under the GST: 5, 12, 18 and 28 per cent. Then there are special rates of 0, 0.25, 1 and 3 per cent.

Besides, there is also a provision of cess at the rate of 1 to 25 per cent. For services, there are four rates — 5, 12, 18 and 28 per cent, beside a special rate of 0 per cent. There have been demands for restructuring the slabs by merging either 12 and 18 or 5 and 12, and also for a special rate on textile in case the inverted duty structure is done away with.

Use of Cess

Further, the official said that post introduction of GST, 18 types of cess have been subsumed into the new tax regime, while only four including road and infrastructure cess remained. Cess is not part of devolution pool. "Cesses which remain are funding important schemes and development activities. Centre has provided more than the actual collection to various schemes which are funded from cesses," the official said while adding that addition is being provided from Consolidated Fund of India (CFI) and money is spent in States only.

On Saturday, Centre cut the Central excise duty by ₹8 a litre and ₹6 a litre on petrol and diesel respectively. This will result in revenue foregone of ₹1 lakh crore for the Centre.

Borrowing

Though various measures initiated to rein in inflation is estimated to have more than ₹2.5 lakh crore of additional expenditure, the Centre indicated no additional borrowing. "At this moment, we do not think, we need additional borrowing. We ill stick to calendar," the official said.

Source: pib.gov.in– May 25, 2022

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Cotton spike brings back polycot

Record-high cotton prices are changing the textile industry dynamics and re-engineering of products has started in the state. Demand for polyester cotton (polycot) fabric is increasing again, after almost a decade, because pure cotton is not affordable to many now. Spinning mills in Gujarat have started blending polyester and cotton and the coming festival season will see a higher share of polycotton fabric and garments.

Gujarat has about 120 spinning mills and they recently cut procurement and production by 50%. Cotton prices are hurting them as yarn prices are under pressure due to weak demand. Jayesh Patel, vice president of the Spinners' Association of Gujarat (SAG) said, "Most spinning mills have cut production by 50% because cotton yarn prices have not increased in step with cotton prices. We incur a loss of at least Rs 35 per kg of cotton yarn. Many spinning mills have started blending polyester, viscose and modal with cotton to tide over this situation." Patel has started blending polyester and viscose with cotton at one of his plants.

Rahul Shah, co-chairman of the GCCI textile committee , said it blending polyester with cotton is now unavoidable due to high prices. "Cotton prices have created working capital issues and demand is low. The textile industry has started re-engineering cotton products. Also, keeping expensive stock can be risky, so we are seeing demand for polyester cotton."

Kantilal Sanghvi, vice president of Maskati Kapad Market Mahajan said, "The high cotton prices are hurting the industry and the government must intervene. Despite the festival season being just months away, we do not have enough orders because of high prices.

Many traders are thus shifting to polyester cotton. Almost 20% of the new stock is polyester cotton. Women's dresses and kidswear are leading this trend and many have started to use polyester cotton for men's shirting. Polyester cotton demand is high from other states."

According to Sanghvi, blending polyester helps reduce the cost of fabric by at least 15%. Cotton yarn price is around Rs 400 per kg while a 60% cotton and 40% polyester blend costs around Rs 350.

Textile processors say blended fabric processing will hurt units. Naresh Sharma, former vice- president of Ahmedabad Textile Processors' Association said, "Our expertise is cotton grey fabric printing and processing. The growing polycotton trend will put us in competition with Surat, Balotra and Bhilwara."

Source: m.timesofindia.com– May 25, 2022

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Be wary of growing exports

The uncertainties in the global economic environment, significantly driven by Russia's invasion of Ukraine and the resultant sanctions on Russia by the West, along with Sri Lanka's ongoing struggles to stay afloat amidst a deepening crisis, have all been believed to have created export opportunities for countries such as India. However, this well-celebrated export spike needs to be viewed with a pinch of salt.

Emissions-embodied exports

The 2009 United Nations Climate Change Conference in Copenhagen witnessed a vociferous argument from countries such as India and China that developed countries who are consuming polluted goods produced elsewhere also have an obligation to clean up the mess. The data available from the Organisation for Economic Co-operation and Development(OECD) indicates that India is one of the leading exporters of carbon emissions-embodied products, and that there is a steady increase in the total carbon emissions embodied in exports.

China is the largest exporter of carbon emissions-embodied products, followed by the U.S., Russia and India. India's total carbon emission exports increased from 80.3 million tonnes at the time of it joining the World Trade Organization (WTO) in 1995 to 426.1 million tonnes in 2018. The sharp increase in carbon-embodied exports brought India closer to that of the U.S.'s carbon emission exports. In the case of the U.S., carbon emission exports were more or less stagnant between 1995 and 2018.

Net CO2 exports can be calculated by taking the difference between carbon emissions-embodied exports and carbon emissions-embodied imports. The striking difference between China and India is that while China's net exports began to decline from 2007-08, net exports in India started to steadily increase in that period. While India's net exports of carbon emissions were observed to be the lowest in 2007 (-11.6 million tonnes), at present the net exports are 55.4 million tonnes. Another way of calculating the net export of carbon emissions is by taking the difference between domestic carbon emissions embodied in gross exports and foreign carbon emissions embodied in gross exports. By using this definition also, there is a steady increase in net exports of carbon emissions from India. In 1995, net exports were 75.8 million tonnes; it increased to 372 million tonnes in 2018.

India's recent export performance has been attributed to petroleum products, electronics and chemicals. Although net carbon emission exports have been declining in the case of chemicals and electronics as imports have been rising at a greater rate, the carbon emissions-embodied exports of all these products have been steadily increasing over the years.

For example, the domestic carbon emissions-embodied exports of chemicals was only 2.1 million tonnes in 1995, which increased to around 9.8 million tonnes in 2018. Similarly, carbon emissions exports of electronics increased from 1.3 million tonnes to 8 million tonnes, and exports of petroleum carbon increased from 6.6 to 25.5 million tonnes during this period. The net exports of carbon emissions have also been increasing in the case of petroleum products.

Most developed countries are the net importers of polluted goods produced elsewhere, especially in the developing countries. The largest net importers of carbon emission-intensive goods are the U.S., Japan and Germany.

The U.S. net carbon imports increased from 262.3 million tonnes in 1995 to 834.1 million tonnes in 2018. The OECD member countries which are developed are net importers.

Due to the stringent environmental measures adopted by developed countries, pollution-intensive industries show a tendency to relocate from developed countries to developing countries with the lowest environmental standards/weak enforcement of environmental standards in order to cut resource and labour costs — a phenomenon researchers term as 'pollution haven hypothesis'. Thus, developing countries that are lax in enforcing environmental policies eventually become pollution havens.

One could possibly argue that an increased GDP as a result of expansion in export revenue can be utilised for improving the environmental quality.

As per the environmental Kuznets curve, there is an inverted U-shape relationship between the income of a country and its environmental degradation. This implies that as income increases, environmental quality begins to deteriorate, but improves after some time. However, there is no consensus across studies with respect to this possibility.

Coming to the exports of agricultural and food products, India is virtually exporting some of its depleting natural resources such as water through exports. India is the leading exporter of rice in the world market. Given that rice is a water-intensive crop, India is indirectly exporting water to other countries. This virtual water trade will have an adverse impact on long-term sustainability and food security of the country although there has been an overall improvement in water-use efficiency. (As per the water use efficiency index developed as part of the sustainable development goals, water efficiency has risen from 0.95 ($/m3) during the period 1993-97 to 3 ($/m3) during the period 2018-22.) The agricultural water withdrawal as a percentage of total available renewable water resources has increased from 26.7% in 1993 to 36% in 2022. The total per capita renewable water resources have also declined from 1909 cubic metres to 1412 cubic metres during this period.

The growing consumption in rich countries has come at a cost for developing countries such as India. Countries have begun imposing an environmental tax to address a broad spectrum of environmental issues. For example, in OECD countries, the tax roughly constitutes 2% of the GDP. While the environmental tax in India is around 1%, the tax as a percentage of GDP has marginally come down from 1.38% in 2005 to 1.07% in 2019.

In order to ensure long-term sustainability, strict environmental measures need to be explored, such as revisiting the possibilities of increasing the environmental tax, even though the short-run implications, especially on the trade front, may not be pleasant. Similarly, water-saving policies that seek to improve the water use efficiency are also the need of the hour, in order to promote sustainable production of rice and also safeguard food security in the country.

Source: thehindu.com– May 26, 2022

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Time For India To Start Rupee-Kyat Border Trade With Myanmar

India stayed invested in Myanmar after the 1 February 2021 coup. It was not an easy choice in the times of military raids, counter-attacks by the pro-democracy resistance groups, Covid, US sanctions and a crippling economic crisis. However, the primary goals were achieved.

As against the popular resentment (and attacks) against China — which has recently promised all support to the military Junta and is trying to utilise the opportunity to take its Belt and Road agendas forward — India remained free from controversy. The Trilateral Highway construction is also progressing.

New Delhi should now show the competitive zeal in converting the goodwill into economic influence by introducing the Rupee-Kyat border trade as proposed by Myanmar. It may also open new opportunities to the northeastern states of India.

There is a proposal to build a petroleum product pipeline to the border town of Moreh in Manipur. Till that comes, a limited period viability gap funding may help North East-based refiners to tap the demand for petroleum products in the adjoining areas of Myanmar.

Dollar-Starved

The dollar-starved Naypyitaw proposed local currency-based border trade to neighbours India, China and Thailand at least two months ago. The RMB-Kyat trade has taken off from April. Thailand is actively considering a similar move.

Myanmar makes a distinction between border trade and sea trade. The latter remains US dollar-denominated. However, the Junta barely has foreign exchange reserves to support the dollar trade.

Beginning April, Myanmar moved to a fixed exchange of Kyat 1,850 a dollar. The market rate is currently ruling above K2,000. Additionally, 70 per cent of the traded items (up from 34 per cent) are brought under the import licence regime.

Junta wanted to stop the free fall of Kyat. On the flip side, an artificially strong local currency reduced the export competitiveness of Myanmar, thereby further accentuating the crisis.

Myanmar's export basket largely constitutes mined and agricultural products.

The mining resources — like Jade, nickel, copper, natural gas etc — were mostly leased out to China before a partial democracy was established in 2011. The agri sector was hit in 2021.

While the crop (rice, pulses) outlook remains stable in 2022, dollar-based exports may suffer.

Local currency-based trade is, therefore, a dire necessity for Naypyitaw. China readily agreed to that and more. On 1 April, Chinese Foreign Minister Wang Yi visited Myanmar and promised: "No matter how the situation changes, China will always support Myanmar…"

Beijing's primary interest lies with the geostrategic China-Myanmar Economic Corridor (CMEC) connecting Kyaukphyu port in Rakhine in to Kunming in Yunan province.

The former Suu Kyi government agreed to CMEC. However, there were public protests against some of the planned projects. Beijing now wants to give them a big push.

China is riding on its territorial influence in the mining resource-rich areas in Eastern Myanmar bordering China. The immediate plan is to convert Shan into a launchpad for CMEC.

The armed forces of Myanmar or Tatmadaw have limited control in the region. Historically, China had been in close relation with the ethnic armed organisations (EAO) in Shan. These armies didn't join the peace process in the past and didn't support anti-Junta guerillas either after the coup.

China's Concerns

The Chinese move is not free from its concerns.

First, according to a recent article in The Diplomat ('Shan state exemplifies China's tangled Myanmar ties,' 4 May 2022), Beijing was responsible for supplying arms to the EOAs in the past. Now, they are riding on the support of a criminal syndicate to give shape to CMEC.

Meanwhile, China has surely become unpopular in the rest of Myanmar. In Kachin, in northeast Myanmar, the EOAs launched offensives on Tatmadaw. Kachin is the source of the world's finest Jade. The business is controlled by China.

There are multiple reports of attacks on Chinese properties in Myanmar over the last year. In one incident, an attack was launched on Tatmadaw guarding a Chinese oil installation. China's popular microblogging site, Weibo, was abuzz with threat alerts in May.

Most importantly, Tatmadaw was never comfortable with China's aspirations. They were forced to depend on China during the long isolation between 1962 and 2011 when the rest of the world abandoned them.

The last decade, however, saw Tatmadaw diversifying to Russia. Moscow inked a massive arms sale deal with Myanmar just ahead of the coup. After the coup, Junta head Min Aung Hlaing visited Russia.

But just when the supply started or was about to start, came the Ukraine war. Time will tell if Russia lives up to its promises to Naypyitaw. However, it is unlikely that Beijing will have a free run in Myanmar.

Geostrategic

Apart from being a neighbour to India's North East; the importance of Myanmar lies in its geostrategic location. Before 1962, India was in a commanding position here. The space was vacated to China in the name of 'ideology'.

Atal Bihari Vajpayee (1998-2004) planned to make amends through the Trilateral Highway and Kaladan Multimodal projects. However, the Manmohan Singh government (2004-2014) let both projects suffer inordinate delays.

The Narendra Modi government accelerated the implementation. But the progress of the Kaladan project suffered due to the dual blow of the Rohingya crisis in Rakhine in 2017 and the coup in 2021.

As things stand now, the India-built Sittwe port in Rakhine is non-functional as the connecting road to Mizoram is not ready. China, meanwhile, completed the Kyaukphyu seaport and laid oil pipelines to Kunming.

Under these circumstances, further consolidation of the Chinese stronghold, through CMEC, will not only add to the vulnerability of India's North East; but Delhi will also lose a great part of its territorial advantages in the Bay of Bengal.

India has maintained close relations with the Tatmadaw over the last couple of years. A defence cooperation treaty was signed in July 2019. In December 2020, India gifted the Myanmar navy its first submarine. In December 2021, then foreign secretary Harsh Vardhan Shringla met Aung Hlaing.

However, it is questionable if Tatmadaw has all the answers to India's concerns. They were never in complete control over the border regions. The situation has worsened post-coup as the armed resistance groups are in combat against the army for territorial control.

The situation is pathetic in the Chin and Sagaing states of Myanmar bordering India leading to the influx of an estimated 22,000 refugees. India's border gates at Moreh (Manipur) and Zokhawthar (Mizoram) are closed since the outbreak of Covid in 2020.

It might be time for India to follow the leads of China and open the border gates for trade to soothe the nerves of both locals as well as Tatmadaw.

Between 1 April and 13 May this year, Myanmar reported $3.4 billion worth of total trade. While sea trade was dominated by imports, one-third of the total $1.6 billion exports came through border trade with China and Thailand. There was no border trade with India.

Source: swarajyamag.com– May 25, 2022

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Members sought on advisory panel for textile sector

The state government has invited 16 members from industrial associations to be part of the technical advisory committee for development of the textile and handloom industry.

Minister for handlooms and textiles R Gandhi had announced a plan to form the committe during the assembly session on April 28. Commissioner of textiles M Vallalar on May 20 invited members of associations including the Indian Cotton Federation, Confederation of Indian Textile Industry, Southern India Mills' Association, South India Hosiery Manufacturers Association and the Federation of Indian Export Organisation to be part of it.

The committee will provide solutions to issues in spinning, ready-made garments, knitwear and technical textiles and work on developing the sector. It will be a permanent body with Chennai as the headquarters. The members of the committee will furnish inputs and recommendations to make Tamil Nadu first in the country in terms of textile production. It will hold a meeting once in two months or on an as-needed basis to discuss the matters concerning handlooms and textiles.

"Since infrastructure support is missing for the garment industry in Tirupur, we can provide inputs regarding this to the government," said Raja M Shanmugham, president of Tiruppur Exporters' Association, who is named on the committee's members list. "A knitwear research institute should be set up in Tirupur, as there are several micro and small establishments. Only through representing such needs and issues, the full potential of the textile cluster can be economically realised."

K Venkatachalam, chief advisor of Tamil Nadu Spinning Mills Association, said he is also ready to be on the committee. "The committee will look after policy suggestions for improvement of the textile industry. It can work on various aspects relating to the development of the sector. The meeting will be constituted only after the committee is constituted," he said.

Source: timesofindia.com– May 26, 2022

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India's Dollar Industries' FY22 revenue stands at ₹1,356 cr

Dollar Industries Limited, one of the leading hosiery brands in India, has announced that its total revenue for fourth quarter (Q4) of fiscal 2022 (FY22) grew by 21.38 per cent to ₹376.79 crore as compared to ₹310.44 crore for Q4 FY21. Its revenue for FY22 ended March 31, 2022, was up by 30.41 per cent to ₹1,356.85 crore, compared to ₹1,040.43 crore in FY21.

The operating revenue for Q4 FY22 stood at ₹373.01 crore as compared to ₹308.31 crore for Q4 FY21, thus growing by 20.98 per cent, while that of FY22 stood at ₹1,350.32 crore compared to ₹1,036.95 in FY21, recording a growth of 30.22 per cent, the company said in a media statement.

EBITDA for Q4 FY22 was ₹59.16 crore i.e., 15.70 per cent as opposed to ₹33.24 crore i.e., 10.71 per cent in Q4 FY21. The same for the full fiscal 2022 was ₹223.23 crore i.e., 16.45 per cent as compared to ₹141.56 crores i.e., 13.61 per cent for FY21. PAT for Q4 FY22 and FY22 stood at ₹37.10 crore i.e., 9.85 per cent and ₹145.87 crore i.e., 10.75 per cent, respectively.

Dollar Industries Limited also shared its Vision 2025 and unveiled a special Logo to mark its 50th year. As a part of its Vision 2025, Dollar has earmarked ₹120 crore for expansion and new launches. Dollar would be adding one more spinning mill in Dindugul and start a new world class warehousing facility in Hosiery Park at Jagdishpur, West Bengal which would act as a centralised despatch centre easing out logistics, enhancing economy of scale, rationalisation of staff and output and facilitating faster delivery.

As a part of the company's Green Mission initiative, the existing 4MW Solar Power Plant will be increased by 2MW unit taking it up at 6MW. A land has also been purchased in Tiruppur where the knitting unit will be expanded. The company would open 125 Exclusive Brand Outlets, mostly in Tier 2 and Tier 3 cities, by 2025.

This year will also see Dollar foraying into women's lingerie segment in a major way with the launch of varied range of products like everyday bra, t-shirt bra, sports bra, beginners bra, strapless bra, sleep bra and nursing bra under the Dollar Woman category, the release added.

“Steady and sustained growth, based on a clear vision has enabled Dollar Industries to become a global brand. The foundation of the group is based on two core values: Quality and Excellence in the pursuit of realising our goals.

By focussing on these and the commitment to offer the best to our customers to meet their growing needs, have been the underlying factors of the groups' success. I am glad that we have followed these principles over the last 50 years,” said Din Dayal Gupta, founder and chairman emeritus, Dollar Industries Limited.

Source: fibre2fashion.com– May 25, 2022

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With rebound in apparel demand, Indian Terrain eyes 20% growth in FY23 revenue

After getting hard in the last two years due to the pandemic, the apparel retail industry has witnessed a rebound, with revenues higher than pre-pandemic levels.

“ Revenues have gone up by 20 per cent over the pre-pandemic levels. It is going to continue this year with an expected growth of 20 per cent this financial year,” Charath Narasimhan, Managing Director of Indian Terrain Fashions , told Business Line. He was in Hyderabad in connection with opening of two more stores of Indian Terrain, taking the total to 14 in the city.

He said the pent up demand coupled with back-to-back wedding seasons and the first full-fledged academic year post the pandemic are driving the sales. The push towards return-to-work was also helping. Though several retail stores had to be shut down during the pandemic for want of business, the industry also seen expansion of store network into smaller cities, tapping the opportunity.

“We ourselves had closed about 25 outlets during the pandemic but opened about 70 stores in different cities, taking the total to 210 stores,” he said. The Chennai-based company is planning to open 25-30 more stores in the next six months.

“We have closed the last financial year with a revenue of ₹343 crore (as against ₹224 crore in the previous year). We are expecting a healthy growth of 20 per cent in revenue,” he said, adding that people were coming back even stronger into the store because they missed the experience.

New buying trends

He, however, said that the new generation of buyers were preferring to buy clothes online. “We have opened an online window to cater to this new opportunity. We are going to tap our retail store network to support the e-commerce sales,” he said. Asked whether the company is planning to tap the export opportunity, he said there was a huge demand in India itself to tap.

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