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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

US senators urge CBP to stop importing apparel made with forced labour

A bipartisan group of US senators recently called on the Customs and Border Protection (CBP) to step up oversight and enforcement provisions in trade agreements with Central American and North American trading partners to ensure Chinese companies are not evading US laws against forced labour and costing American jobs.

The senators urged acting CBP commissioner Troy Miller to enforce the Dominican Republic-Central American Free Trade Agreement (CAFTA-DR) and the United States-Mexico-Canada Agreement (USMCA), which allows the agency to conduct oversight of trading partners' supply chains, including visits to and audits of apparel factories, a press release from the US Senate Committee on Finance said.

"Recent reports of textile and apparel mill closures in the United States raise serious concerns as the lack of effective customs enforcement has been cited repeatedly as a key factor contributing to declining demand," the senators wrote.

"Insufficient enforcement can create a pathway for banned Xinjiang cotton to infiltrate regional supply chains and undermine efforts to enforce the Uyghur Forced Labour Prevention Act.

For this reason, robust and consistent enforcement of the origin and content rules in US trade agreements, along with the longstanding US ban on products made with forced labour, is essential to securing this supply chain and guaranteeing workers, businesses, and consumers the benefits bargained for in CAFTA-DR and USMCA," their letter said.

As a significant producer of cotton, it is critical that the United States take every step necessary to support domestic textile and apparel producers, the senators said, urging CBP to take actions that are quicker, tougher and directly responsive to the trade cheating that happens before these products are sent to the United States and keep those textiles from entering our country.

The senators highlighted several significant steps that could be taken immediately and efficiently to improve enforcement.

These include significantly increasing on-site and surprise verifications of textile facilities in the regions; providing technical assistance and information sharing arrangements with customs authorities in the regions; and improving targeting of illicit or fraudulent shipments by providing a Spanish language version of e-allegation and asking governments, companies and non-governmental organisations in the regions to share information regarding this reporting portal.

Source: fibre2fashion.com– Nov 20, 2023

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USA imports US $ 7.37 billion worth of apparel in September '23

In September 2023, the value of apparel imports to the USA amounted to US $ 7.37 billion, reflecting a 4.41 per cent decrease compared to the previous month's figure of US $ 7.71 billion.

As per the latest OTEXA data, analysed by Apparel Resources, throughout the year 2023, apparel imports of the USA have consistently exhibited sluggish growth, with April recording the lowest import values at US $ 5.65 billion.

This decline is attributed to the lingering economic slowdown in the western hemisphere, leading consumers to exercise caution and reduce investments in clothing products.

Cumulatively in the January-September '23 period, apparel imports were valued US $ 60.82 billion, registering a massive decline of 22.81 per cent on the yearly note.

Markedly, the volumes declined by 25.16 per cent to 18,868.11 million SMEs.

From January to September 2023, leading the pack was China (US $ 12.75 billion), contributing a substantial 20.97 per cent of the total share. Following closely behind, Vietnam secured the second position with an 18.20 per cent share with US $ 11.07 billion export values.

Bangladesh (US $ 5.78 billion) secured the third spot, accounting for 9.50 per cent of the export value in the US market, while India (US $ 3.62 billion) and Indonesia (US $ 3.30 billion) rounded out the top five, capturing 5.96 per cent and 5.43 per cent of the market share, respectively.

Source: apparelresources.com– Nov 20, 2023

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80% of global CPR companies diversify to tackle delivery woes

In response to increasing challenges in last-mile delivery and the anticipation of stockouts during the festive season, global consumer products and retail (CPR) companies are strategically diversifying and localising their supply chains. Nearly 80 per cent of CPR organisations are diversifying suppliers, with over 70 per cent investing in regionalisation.

Particularly noteworthy is the rise of 'friend-shoring', a practice focusing on politically and economically allied countries, adopted by 83 per cent of organisations, according to a report titled 'Illuminating the path: Building resilient and efficient supply chains in the consumer products and retail industry' by Capgemini Research Institute.

This shift is set against a backdrop of geopolitical issues that 77 per cent of CPR organisations say are affecting supply chain costs and efficiency. Consequently, nearshoring and domestic sourcing are gaining prominence, with a projected decline in offshore procurement by 7 per cent by 2025, while nearshoring and domestic sourcing are expected to rise by 4 and 3 per cent, respectively.

The report also highlights the anticipation of challenges in the 2023 holiday season, including stockouts and import delays. To address these, CPR companies are prioritising cost efficiency through improved planning, process improvement, and automation. Data management, cloud computing, and automation are at the forefront of technologies being adopted for cost savings and revenue generation.

Moreover, sustainability remains a crucial focus, with 75 per cent of CPR organisations making concerted efforts in this direction. Despite this, the report indicates a need for increased commitment, as less than half of the companies have effectively deployed sustainability initiatives.

Source: fibre2fashion.com– Nov 21, 2023

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China maintains steady loan prime rate at 3.45%

China's one-year loan prime rate (LPR) remains steady at 3.45 per cent, mirroring the rate from the previous month, according to a recent update from the National Interbank Funding Center. Similarly, the over-five-year LPR, a key reference point for mortgage rates in China, also held its ground, staying at 4.2 per cent.

Adding to these developments, the People's Bank of China, on November 15, injected a substantial 1.45 trillion yuan (approximately $202 billion dollars) into the market. This infusion was carried out through the one-year medium-term lending facility (MLF) at an interest rate of 2.5 per cent, aligning with the rates of previous operations, according to Chinese media reports.

In the previous month, the one-year LPR experienced a slight reduction of 10 basis points, bringing it to 3.45 per cent. However, the over-five-year rate remained constant at 4.2 per cent.

Source: fibre2fashion.com– Nov 21, 2023

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UK retail sales volumes fall 0.3% MoM in Oct; 0.9% in clothing stores

UK retail sales volumes are estimated to have fallen by 0.3 per cent month on month in October this year, following a fall of 1.1 per cent in September, according to the Office of National Statistics (ONS).

Sales volumes fell by 1.1 per cent in the three months to October compared with the previous three months.

Retail sales volumes in October were at their lowest level since February 2021, when there were widespread and extensive restrictions to non-essential retail in England, Scotland and Wales.

Non-food stores sales volumes fell by 0.2 per cent in October, following a 2.1 per cent fall in September. Retailers suggested that cost of living, reduced footfall and the wet weather in the second half of the month contributed to the fall.

Clothing stores reported a 0.9 per cent fall in October sales volumes. Retailers attributed this to the continued unseasonably warm weather, particularly at the beginning of the month, affecting the sale of autumn and winter wear.

Non-store retailing (predominantly online retailers) sales volumes rose by 0.8 per cent in October, following a fall of 2.4 per cent in September.

Source: fibre2fashion.com– Nov 20, 2023

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85% of European SMEs rely on digital tech for growth

Over three quarters or 85 per cent of European small medium enterprises (SMEs) said that digital tech is crucial to their growth plans, and a resounding 84 per cent pinpoint technology as instrumental to enhanced efficiency and cost management.

There's also a sense of optimism towards emerging technologies—a third or 34 per cent have adopted Artificial Intelligence (AI), for instance, marking a substantial rise from just 8 per cent in 2021. Separately, 80 per cent are confident that the introduction of a digital ID will benefit their business, according to the Sage's report titled 'Empowering SMEs in The Digital Decade: The 600 billion EUR opportunity'.

However, despite seeing high returns on investments from tech and digital confidence, barriers remain. On average, European Union SMEs have only amplified their tech investments by 16 per cent over the past year.

Financial constraints further reduce this figure to 9 per cent for some businesses, highlighting the pressing need for financial support. Furthermore, late payments are a significant obstacle to SMEs, with cashflow and liquidity problems second only to rising costs as a barrier to growth.

With the right policy framework, the research reveals the huge potential for SMEs to create a high-growth digital economy. Raising the pace of digital transformation for slower-to-adopt SMEs could contribute €628 billion to the European economy.

Source: fibre2fashion.com– Nov 20, 2023

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Aid by Trade Releases New Guidelines for Sustainable Cotton

The Aid by Trade Foundation (AbTF) has developed a new standard for sustainable cotton that helps cotton farmers be more resilient in the face of climate change while helping companies withstand future climate challenges. Called the Regenerative Cotton Standard (RCS), it combines the successful AbTF cotton standards with new approaches to regenerative agriculture and engaging with rural communities.

The focus of the RCS is small farmers and the integration of their agricultural knowledge into production methods that strengthen natural regeneration. The standard combines proven approaches to improving human rights and the environment with ways to adapt to climate change and integrate small farmers while giving a nod to animal rights issues.

In addition to providing small farming communities with optimal market access, the RCS helps support opportunities for collective, educational agricultural projects. Farmers managing fields according to the RCS guidelines learn to rotate crops, optimize the use of biomass and use cover crops in addition to learning about agroforestry. This regenerates depleted soil, increases fertility and enhances climate resilience.

The new RCS standard gives every stakeholder in the textile chain the ability to meet the growing requirements for reporting on sustainability. It is the Cotton made in Africa's (CmiA) Hard Identity Preserved system that is behind RCS cotton, whose online tracking system provides transparency up and down the entire value chain.

The cooperation of farmers and their communities involved with the RCS cultivates loyalty to management, making it easier to plan cotton supply. The RCS also offers financial support of their efforts to advise small farmers.

"We are pleased that the Regenerative Cotton Standard will now enrich our foundation's standard family," said Tina Stridde, managing director of the Hamburg-based AbTF. "This standard not only promotes the production of high-quality cotton, it is also convincing from a social and ecological perspective. We are already seeing great interest in RCS from both existing and new partners."

AbTF is the parent of CmiA which launched a satellite surveillance program in Tanzania that tracks growth location and soil quality to help get farmers on an efficient planting schedule to maximize yield. It followed India, which launched a similar program in the spring.

Source: sourcingjournal.com– Nov 20, 2023

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Myanmar to host Textile and Machinery Fair 2023 in December

The Myanmar Textile and Machinery Fair 2023 will take place in Yangon from December 8 to 10, 2023, organized by the Myanmar Garment Manufacturers Association (MGMA).

In collaboration with the Chinese Textile and Garment Association in Myanmar, the event aims to enhance cooperation between the textile and garment industries of both countries.

Daw Khine Khine New, Secretary General, MGMA, anticipates the fair will serve as a platform for Myanmar to showcase its fashion market in collaboration with international partners.

The exhibition will feature garments, shoes, and bags from 25 Chinese brands, fostering opportunities for local small and medium-sized enterprises to promote their products.

Source: fashionatingworld.com – Nov 20, 2023

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Pakistan exports textile products worth $5.565 bln in 4 months

Pakistan exported textile products worth $5,565.079 million during the first four months of the current financial year (2023-24), the Pakistan Bureau of Statistics (PBS) reported.

The exports of the product however witnessed a decline of 6.33 percent during July-October (2023-24) when compared to the exports of $5,940.992 million during July-October (2022-23).

The textile commodities that witnessed positive growth in trade included raw cotton, the exports of which grew by 137.13 percent, from $9.845 million last year to $23.346 million this year.

Likewise, the exports of cotton yarn increased by 42.85 percent, from $285.315 million last year to $407.564 million this year, cotton carded or combed by 142.76 percent, from $0.213 million to $0.518 million, tents, canvas and Tarpulin by 1.09 percent, from $37.355 million to $37.763 million and towels, the exports of which grew by 6.67 percent, from $316.860 million to $337.987 million.

The textile commodities that witnessed negative growth include cotton cloth, the exports of which declined by 13.94 percent, from $750.115 million to $645.535 million, yarn other than cotton yarn by 6.50 percent, from $14.730 million to $13.773 million, and knitwear by 13.41 percent, from $1,712.595 million to $1,482.864 million.

Likewise, the exports of bed wear declined by 5.18 percent from $996.841 million to $945.182 million, ready-made garments by 8.71 percent, from $1,187.060 million to $1,083.683 million.

The exports of art, silk and synthetic textile also decreased by 19.85 percent, from $146.275 percent to $117.241 million, madeup articles by 1.45 percent, from $238.010 million to $234.555 million whereas the exports of all other textile materials also went down by 4.36 percent, from $245.777 million to $235.068 million.

It is pertinent to mention here that the country's merchandize trade deficit contracted by 34.70 per cent during the first four months of the current fiscal year compared to the corresponding period of last year.

The Trade deficit from July-October (2023-24) was recorded at $7.416 billion as against the deficit of $11.356 billion in July–October (2022-23), showing negative growth of 34.70 per cent.

During the period under review, the exports increased by 0.66 per cent to $9.617 billion compared to the exports of $9.554 billion during the corresponding period of last year, according to the latest PBS data.

On the other hand, the imports narrowed by 18.54 per cent and were recorded at $17.033 billion compared to $20.910 billion last year.

Source: app.com.pk– Nov 20, 2023

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Bangladesh low-wage workers get support from US and EU

Apparel retailers in the US and Europe , as the primary buyers of Bangladesh- garments have agreed to accept higher prices to help factories offset wage increases along with helping the daily survival of low-income workers, in a humanitarian move. Bangladesh factories that employ low-wage workers --mainly women -- have always been at the core of the garment industry, which employs over four million people who have always borne the brunt of a failing economy.

Many global fashion retailers such as Abercrombie &Fitch, Lulumon, H&M and Gap among others have told the Bangladesh government they were keen for workers' wages to rise as the country's inflation rate is at an alarming 9 per cent between 2022 and 2023, the highest in over a decade. Looking for peaceful negotiations and calling for the new minimum wage to cover the basic needs of factory workers, many retail companies belonging to the American Apparel and Footwear Association (AAFA,) which represents US brands are now aggressively suggesting a more frequent and timelier minimum wage review.

"Ideally this wage level, which in Bangladesh informs the calculation of all wage levels, would be reviewed annually, not every five years. Ensuring timely reviews and, as needed, increases in these levels, is a critical part of the suite of better buying practices that responsible brands are deploying," opined Nate Herman, Senior Vice President of Policy of AAFA.

Workers pay hike to undermines factory owners profits

Factory owners are not too happy as this hike-which comes just ahead of general elections in January 2024, would dip into their profits as costs could rise by 5-6 per cent. Wage cost is almost 10-13 per cent of total manufacturing costs which is already a deterrent in a post-Covid export market.

Last few weeks saw clashes between the police and factory workers, as the government's wage board had announced just $113 increase a month for the workers from the first week of December. However, this did not go down well with impoverished factory workers.

As per the International Labour Organization (ILO), even with this increase, Bangladeshi workers will receive far less than other Asian garment supplier countries such as Vietnam with an average monthly wage of $275, and Cambodia with $250, which is low enough compared to Western counterparts.

Protest levels increase as responsible purchasing practices happen

This kind of protests in Bangladesh was not seen in a decade since the infamous Rana Plaza collapse and the government. There was an apprehension this unrest could shy away Western buyerss to other sourcing destinations.

However, BGMEA was ultimately successful in getting minimum wages for workers in Bangladesh increased to Tk 12,500, equivalent to around $113.63, from Tk 8,000 at present. In a letter to the American Apparel & Footwear Association (AAFA), the BGMEA president Faruque Hassan also sought higher prices from retailers and brands such as AEO Inc, Adidas, Amer Exports, Hugo Boss. Under Armour, etc in line with the hike in the wages.

The US and EU are now finally committed to far more responsible purchasing practices to support the wage increases and to implement an annual minimum wage review mechanism so that the lower-middle classes are affected by changing macroeconomic and geo-political conditions.

It is not fair that the workers are penalized while there is growth in the general value of the garment industry with RMG exports accounting for 35.1 per cent of Bangladesh's annual GDP. As McKinsey says garment exports from Bangladesh have jumped from $14.6 billion in 2011 to $33.1 billion but this is not reflecting in the living standards of the lower middle classes.

Source: fashionatingworld.com– Nov 20, 2023

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Bangladesh: Tk 111 a dollar for import remains only on paper

Earlier this month, the edible oil refiners' association wrote to the Bangladesh Trade and Tariff Commission seeking to increase prices of cooking oil.

The trade body's reasoning was that its members had been making payments for imports by purchasing each US dollar at rates between Tk 112 and Tk 124.

It said the price of edible oil had been fixed by factoring in the price of each dollar at Tk 111.

As they had been counting higher costs for a greenback, they sought to hike prices.

The request came three days after the sugar refiners' association said the increased cost of dollars had created numerous complexities in opening letters of credit (LCs) for import.

At present, its members have to pay for imports by purchasing each dollar at around Tk 120-123.

It is far higher than the uniform rate that bankers have been fixing fo

Edible oil and sugar refiners are no exception. Elsewhere, it is the same ordeal.

Barring export-oriented factories, businesses that require imports are facing difficulties in opening LCs due to the banks' apparent unwillingness to facilitate imports given the continued dollar shortage in the forex market.

And even if someone is willing to pay higher rates for the greenback -- which has been becoming dearer for more than one and a half years -- there are no guarantees that they will get the required amount.

Neither is there a guarantee of equal treatment from bankers.

Bankers and officials of companies said large, influential clients had been getting preferential treatment in opening LCs and settling bills.

Officially, as per the Bangladesh Foreign Exchange Dealer's Association (BAFEDA) and Association of Bankers, Bangladesh (ABB), banks have to follow a uniform rate for buying and selling the greenback.

As such, they are supposed to sell a dollar at Tk 111 for imports.

In practice, things are different.

Importers are paying higher than the stipulated rate, albeit under different arrangements.

As Riad Mahmud, managing director of National Polymer Group, said: "At a rate of dollar of Tk 111 per dollar, we issued a cheque of Tk 11.10 crore against an LC of $1 million that we opened at a private bank to import raw materials. At the same time, we had to give another cheque of Tk 60 lakh to the bank."

"The bank quoted the price of a dollar at Tk 111. It then took Tk 60 lakh through another cheque. So, practically for us, the dollar price for the LC opening increases to Tk 117," he said.

"This has been happening for the past four-five months. If we do not accept their proposal, the bank does not process our LC. It is traceable by the central bank as there is a document," he said.

Mohammed Amirul Haque, managing director of Premier Cement, shared the same experience.

"We have seen a new system of corruption in the banking sector, particularly in the foreign exchange section," he said, citing bank officials' arguments that they have to collect dollars from the kerb market.

Irfan Uddin, general secretary of the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA), said export-oriented manufacturers do not face hassles in opening LCs and can then use their export earnings to import raw materials.

This leaves manufacturers who do not export facing problems.

Md Fazlul Hoque, managing director of Plummy Fashions Ltd, a leading knitwear exporter, said exporters had not been facing difficulties in opening LCs as payments for the imports are adjusted with export proceeds.

What do bankers say?

Bankers acknowledged the predicament brought on by the country's dwindling foreign exchange reserve as outflows outweigh inflows.

Bangladesh's foreign exchange reserve was $34 billion in gross terms a year ago. On November 15 this year, the total amount declined to $25 billion.

As per the Balance of Payment manual 6 of the International Monetary Fund, Bangladesh's forex reserve stood at $19.6 billion.

The taka lost roughly 30 percent in value over the past one and a half years.

"We have to buy the greenback from remitters and exporters at higher rates than the prescribed one. Is it possible for a bank to incur losses of Tk 10-12 per dollar?" questioned a chief of treasury of a private bank.

Bankers said only a handful of banks were buying and selling the greenback at uniform rates at the expense of business losses.

Others are offering higher rates so they can get the greenback, particularly from remitters, and serve their customers.

"Small clients and importers at the district level are facing a lot of problems in opening LCs. Banks are giving priority to large clients with whom they have other businesses," said a senior official of another private bank.

The official said a number of banks had been buying remittances at higher prices than the Tk 115-116 fixed by ABB-BAFEDA earlier this month.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank Ltd, said none of the players in the market were playing fair.

"The market has gone out of control. It appears that the game has no rules, which are very important to ensure stability in the market" said Rahman, also a former chairman of ABB.

Bangladesh Bank Spokesperson Md Mezbaul Haque, also executive director of the central bank, declined to comment.

What is the way out?

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said nobody was getting dollars at the officially determined rate.

"The greenback is available only if the buyer wants to pay more. This is the reality," he said.

Mansur, who has been advocating for a floating exchange rate, said: "It is better not to free the exchange rate at this moment, particularly ahead of the election. This should be done after the election along with significant monetary tightening."

"The interest rate has to rise and the government has to reduce its expenditure. No fresh money should be printed to finance public expenditure," he said.

Plummy Fashions MD Hoque was also not in favour of allowing market forces to determine the exchange rate.

"I am not an expert and it is true that, as an exporter, increased prices of dollars will benefit us. But it will not be right if the taka is allowed to float without plugging the loopholes for illegal money transfers abroad. In that case, the situation will become very dangerous."

Source: thedailystar.net– Nov 21, 2023

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The impact of Bangladesh's garment workers strike | Explained

The story so far: Since the last week of October, one of Bangladesh's largest labour forces — the 4.4 million-strong ready-made garment (RMG) sector workers are demanding a trebling of their legally mandated minimum wages from 8,000 Bangladeshi Taka (BDT), or about $72, to 23,000 taka ($208). Cashing in on this unrest, the country's main Opposition — the Bangladesh Nationalists Party (BNP) began a two-day general strike on November 19, demanding the resignation of the Awami League-ruled Prime Minister Sheikh Hasina Wazed government, and the conduct of general elections under a care-taker government. Bangladesh's Election Commission had announced January 7 next year as the date for elections but this has been rejected by all opposition parties.

What is fast fashion's significance to Bangladesh's economy?

Bangladesh is the world's second-largest exporter of fast fashion, or RMG, after China, accounting for 85% of the country's exports earnings of $55 billion in 2022. It has a global market share of almost 8%. The RMG sector's main markets are the U.S., the U.K., Europe and Canada, with H&M being the top importer. Other big brands include Levi's and Zara.

The 4,000 odd manufacturing facilities in the RMG sector are largely small and medium enterprises (SMEs), mainly employing rural women, and it has been credited with helping the country's drastic reduction in poverty from 44.2% in 1991 to 5% in 2022 based on the international poverty line of $2.15 a day (using 2017 Purchasing Power Parity exchange rate). Rising remittances by a growing emigre population is the other factor contributing to the government's foreign exchange.

Why are the RMG sector workers protesting now?

It has been over five years since 2018, when Bangladesh's Minimum Wage Board fixed a rate of BDT 8,000 for fast fashion sector workers. Unlike a universal base wage, Bangladesh follows a system of setting minimum wages for each sector of the economy, which is revised every five years. In the past four years, the country has witnessed steep inflation exacerbated by the COVID-19 pandemic, and more recently, the volatility in oil prices fuelled by the Russia-Ukraine war. The country's apex bank, the Bangladesh Bank, has pegged inflation of a 12-month, monthly average at

9.37% in October 2023, which is a more than 2% point rise from 7.23% in the corresponding period last year. This has priced out essentials like food and fuel for a vast number of Bangladeshis.

Garment worker unions rejected a more than 50% raise in minimum wage proposed by Sheikh Hasina's government earlier this month, saying it is too little too late. They have stuck to their demand of nothing short of BDT 23,000, which they proposed in April this year, when minimum wage negotiations began. Several economists, including the Bangladesh Institute of Labour Studies peg a minimum monthly living wage at BDT 33,368 ($302), for garment workers in a January 2023 report.

Moreover, Bangladesh's foreign exchange reserves have more than halved from a high of $48 billion in 2021 to less that $20 billion in mid-October of this year, according to the International Monetary Fund. The Sheikh Hasina-led government has taken strict austerity measures such as stifling imports of luxury goods. But the import curbs have also affected the functioning of the RMG sector. The sector has cited price rise, import curbs and frequent power cuts as reasons for their inability to pay higher than what has been proposed.

What role can brand importers play?

Big brands like Nike have faced intense criticism beginning in the 1990s for being responsible for driving down procurement costs and amassing super profits at the expense of workers' rights in the Global South, as they took advantage of neo-liberalism's 'race to the bottom' approach of finding the cheapest source wherever available.

These criticisms led to marginal changes, like verifying work conditions, working hours, safety gear, wages and sanitary conditions at global procurement facilities. But it did not lead to a meaningful contribution of sharing big brands' profits, or investing in supplier SME's infrastructure, or wages, until recently. This recent shift has been fuelled more so, by the global movement to decarbonise supply chains to tackle climate change.

The Berlin-based coalition of "19 garment brands and IndustriALL Global Union", called Action, Collaboration, Transformation (ACT) has pledged "supporting a living wage in the RMG sector in Bangladesh through the promotion of the conditions to achieve an industry-wide collective bargaining agreement supported by Brands' purchasing practices". ACT said this in a September letter this year addressed to Bangladesh's RMG minimum wage board members. But just what these changes would be with respect to “purchasing practices” have not been spelt out. ACT includes H&M, ESPIRIT, and a few other brands that procure garments from Bangladesh.

A meaningful increase in their procurement costs would allow the majority of Bangladesh’s RMG SMEs to tide over spiralling inflation, and in no small measure, help in buttressing their profit margins and increasing workers’ wages.

What is the relationship between the RMG sector and carbon emissions?
According to the UN Environment Programme, the fashion industry is responsible for anywhere between 2-8% of global greenhouse gas emissions, making it “one of the largest contributors to the climate and ecological crisis”. In Bangladesh, the textile and RMG sector combined constitute more than a quarter of the country’s total emissions as on 2020, with an average annual growth rate of more than 8% CO_2 emissions in the past two decades alone. According to the Green Climate Fund, a donor base for developing countries to realise their decarbonisation and climate resilience measures, Bangladesh’s RMG facilities “are not operating efficiently because of continuous usage of old and badly maintained machines, coupled with poor energy management...textile and RMG manufacturers face several barriers to investing in energy efficiency including inadequate financial incentives, lack of technical expertise and the lack of an enabling environment.”

Yet, Bangladesh has the maximum number of U.S. Green Building Council certified RMG factories globally. While 202 facilities out of more than 4,000 is a good start, there is still a long way to go to be on track to realise the country’s 15% reduction in greenhouse gas emissions by 2030. While top global fashion brands recognise these gaps in financing, technology, governance, and the fragility of highly climate vulnerable economies like Bangladesh, their response to the current RMG sector crisis and decarbonising their own supply chains, at best, could be described as wanting.

What is at stake for Sheikh Hasina?

The incumbent Prime Minister has been in power since 2008, making her the longest serving female head of state in history; and her government will be tested in the upcoming January 7 polls, where she is seeking a record fourth-term in office.

Scores of opposition leaders have been incarcerated in the past few months, including her rival and former Prime Minister and leader of BNP Khaleda Zia, who has been in jail since 2018.

About 200 named and 18,000 unnamed garment workers have criminal cases filed against them by the police accusing them of vandalism and obstructing law and order. Police repression and counter violence has killed about five people, with no let up on damage to property, and severe transportation constraints nationwide.

For PM Hasina, her prospects will hinge on how deftly she handles the workers grievances, the demands from the domestic RMG sector, while also ensuring big brands deliver on their promises on procurement practices. Ms. Hasina must do this, while she also attempts to rein in inflation and a precipitous fall in foreign exchange reserves.

It would be no exaggeration to say that this would be one of the biggest tests in her long political career.

Source: thehindu.com– Nov 21, 2023

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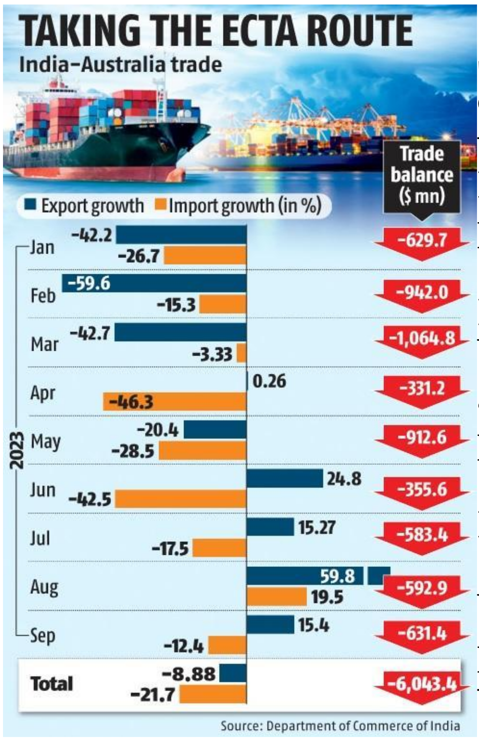
NATIONAL NEWS

India-Australia ECTA: 77% utilisation by Indian exporters in 9 months

The utilisation of the India-Australia Economic Cooperation and Trade Agreement (ECTA) by Indian exporters has reached 77 per cent during the first nine months since the implementation of the interim trade deal, according to official data.



This means that during the January-September period, of the total value of trade eligible for concessional tariffs under the trade agreement, 77 per cent of the value of Indian goods is being exported using the preferential or ECTA route.

For Indian exporters, sectors that have benefited from the trade deal include iron and steel products, linens, agricultural products, and electrical conductors.

India-Australia ECTA kicked in on December 29, 2022. Through this deal, India hopes to benefit from preferential market access provided by Australia on 100 per cent of its tariff lines.

While as much as 51 per cent of Australia's approximately 6,500 tariff lines attracted zero import duty even before ECTA kicked in, as part of the deal, duty for 3,185 tariff lines was brought down to zero with effect from December 2022. However, in the case of some products, the duty reduction will take place over five years.

In a free trade agreement (FTA), the utilisation rate is one of the key parameters to assess how a trade agreement is faring or the real gains from the deal. Utilisation for some tariff lines is even higher. For instance, the utilisation for some iron and steel products exported to Australia is 100 per cent, with the value of such products totalling $109.4 million, according to official data.

Similarly, the utilisation was nearly 90 per cent for some linen exports to Australia, totalling $54.39 million, and almost 100 per cent in the case of electrical conductors valued at $43.9 million.

FTA utilisation has been one of the key challenges with trade deals that India signed more than 10 years ago. The utilisation has been poor due to the cumbersome process of getting a certificate of origin and related verification since the process was manual, low awareness about FTAs in the industry, as well as few non-tariff barriers.

According to a Delhi-based think tank, Global Trade Research Initiative (GTRI), on average, the FTA use for exports is estimated in the range of only 20-30 per cent.

On the other hand, the use is much higher in the case of imports and ranges between 60 per cent and 70 per cent, although India has never officially released any utilisation data with its FTA partners such as the Association of Southeast Asian Nations, Japan, or South Korea. “FTAs lower the import duty, but if it is already zero, FTAs offer no benefit. This is the biggest reason for Indian firms not using FTAs for exports....

On the contrary, India’s most-favoured nation duties are high. When these come down to zero under an FTA, importers get high margins leading to higher utilisation of India’s FTAs,” GTRI said in a report released in November last year.

The high utilisation comes despite a dip in overall exports to Australia. In terms of value, exports witnessed a nearly 9 per cent contraction year-on-year at $6.22 billion, mainly due to external factors affecting trade.

Imports also witnessed a contraction during the nine months ending in September to $7.89 billion from $8.6 billion a year ago, in line with the trend in India’s imports from the rest of the world.

As part of ECTA, India has offered preferential access to Australia on over 70 per cent of its tariff lines, including lines of export interest to Australia, which are primarily raw materials and intermediaries such as coal, mineral ores, and wines.

Source: business-standard.com– Nov 20, 2023

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In India, Russia calls for 'extra efforts' to overcome payment hurdles

Aiming at strengthening economic ties with India, Russia's envoy to India on Monday said payment problems hinder trade and there is a need for "extra efforts" from banks and exporters to overcome this hurdle.

Denis Alipov, Russian Ambassador to India, said that the Vostro trade settlement mechanism (Rupee payment) did not work well.

"Some extra efforts are needed by companies and banks to explore the conditions," he said. He, however, did not elaborate on what he meant by "extra efforts".

In response to a question on the sidelines of an MCCI-organised interactive session, he emphasised the necessity for additional efforts from Indian banks and exporters to resolve this issue.

Though he admitted that resolving the payment method would require much fine-tuning, Alipov said banks are willing to cooperate. On the defence deal for the advanced long-range surface-to-air missile defence system S-400, Alipov acknowledged delays but said supplies are on but in a new schedule.

Sanctions led to Russian banks being banned from the Swift banking network. Despite these challenges, Alipov remained optimistic, anticipating a trade boom once the payment mechanism is streamlined.

Simultaneously, the Russian diplomat expressed interest in greater collaboration in the MSME sector, with a sizable delegation heading to West Bengal for BGBS, the two-day investment summit starting Tuesday. There is interest in various sectors such as energy, defence, space, logistics, education, railways, and hospitality.

The bilateral trade in FY'23 reached USD 49 billion, solidifying Russia as India's fourth-largest trade partner.

Source: business-standard.com– Nov 20, 2023

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UK-India trade body bats for FTA before general elections in both nations

UK-India Business Council (UKIBC), a trade body with a mission to grow trade and investments between the two countries, on Monday said the negotiations on the Free Trade Agreement (FTA) should conclude before the general elections due in both nations next year.

Thirteen rounds of negotiations have been already completed between India and the UK on the FTA.

"Because of the general elections in India and the UK going to polls next year, it is important that the negotiations for the proposed FTA are concluded early. Otherwise, there will be a pause in the negotiations while the general elections are on," UKIBC Managing Director Kevin McCole said.

He said though the election date in the UK has not yet been fixed, the polls may be held between May and November next year.

There is a risk that negotiations may have to pause till the elections in India and the UK are over, he said.

McCole also said that the bilateral investment treaty between the two countries will help investments from the UK to India rise and vice-versa.

According to him, out of GBP62 billion invested globally by the UK in 2021, India only got GBP 2 billion.

"Once the bilateral investment treaty is signed, one could expect a larger share of the UK's global investments in India", he added.

McCole said the UK is open to lower its tariffs on textiles from India.

"Presently, tariff on textiles from India is 12 per cent. Tariffs on textiles from Bangladesh and Sri Lanka are lower," he said.

Source: business-standard.com– Nov 20, 2023

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Increase in labour cost in Bangladesh could help Indian garment exporters, say experts

Will Indian garment export demand see an upswing due to labour issues in Bangladesh, which has an edge over India in the sector globally? Things look bright but challenges remain.

Bangladesh has built a ‘solid’ garment industry in the last one decade. It has an edge over India in the global readymade garments market, which is valued around $1,110 billion in 2023.

India’s exports of readymade garments (RMG) including cotton accessories stood at $16 billion in FY23. In comparison, Bangladesh’s RMG exports last fiscal was more $47 billion, according to data on the web.

David Birnbaum, Strategic Planner for the Global Garment Export Industry, says garment industries in Bangladesh are in trouble as tens of thousands of workers have taken to the street seeking higher wages. With minimum wage of $75 per month, workers there are demanding now minimum wages of $208. However, the industry has offered $113 on a take-it-or-leave-it-basis, he said.

“We are looking at an existential problem. Frankly, a rise to $113 is not enough. Indeed, it is still below wages in neighbouring India and Pakistan,” he said. India’s wages in the garment sector is $168, while it is $142 in Pakistan, he added.

Bangladesh’s garment industry is certainly in a state of decline, but so too are Pakistan and Cambodia and the other cheap commodity garment exporters, he told businessline.

“India’s advantage is that it is not Bangladesh. India’s strategy is not to become the next Bangladesh but rather the next India. You have special nets and and facilities that customers want and need.

Develop those. For instance, India has great fashion and colour sense. You can produce great quality. You can maintain design integrity. However, these are of no value if you plan to be the next Bangladesh,” he said.

The Indian garment export demand may see an upswing due to high labour costs in Bangladesh, which is a major competitor, said P Sundararajan, CMD, SP Apparels Ltd, based in Avinashi in Coimbatore, and a large garment exporter.

Bangladesh is consuming a wage hike of 35 per cent to 40 per cent. The high inflation there could create an opportunity for India's apparel players. The situation in Bangladesh presents a significant opportunity for the Indian garment industry to capture a larger share of the global market, he told analysts while discussing the company's September quarter financial results. Moreover, recent developments in Bangladesh, such as increase in labour costs and worker unrest impacting the industry, have led many retailers to shift their focus away from Bangladesh, he said.

Scale & Competitiveness

"Indian apparel companies needs to build scale and competitiveness in every aspect of manufacturing, very importantly integration. Even after the recent wage increase, if we account for the efficiency and low attrition rate at Bangladesh, they will continue to maintain their competitiveness. We can definitely compete by focusing on continuous improvement in process and products," he said.

N Chandran, Chairman of the Tiruppur-based Eastman Exports, said, "there will be no immediate benefits, but we hold a positive outlook for the long term. We will have to monitor events in Bangladesh, including the consideration of duty-free access to the US. The consideration of duty-free access to the US is in the wake of Bangladesh seeking this benefit from the US for its exports."

"Even after the recent wage increase, if we account for the efficiency and low attrition rate at Bangladesh, they will continue to maintain their competitiveness. We can definitely compete by focusing on continuous improvement in process and products," said Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation, Coimbatore.. "We need to build scale and competitiveness in every aspect of manufacturing, very importantly integration," he added.

Source: thehindubusinessline.com – Nov 20, 2023

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Rising compliance and festival surge set stage for historic November GST collection

Compliance rules and festival demand, along with high e-way bill numbers, are predicted to influence this month's GST collection.

As November 30 approaches, GST officials' expectation of revenue collection is reaching its peak. E-way bill generation in October has already given very high hopes. The combination of compliance and consumption will likely result in the collection in November either close to an all-time high collection of Rs 1.87 lakh crore (April 2023) or even exceeding that.

Data for GST collection in November is to be made public on December 1 According to new compliance rule, "the taxpayers have to reverse the Input Tax Credit (ITC) availed on such invoice or debit note, the details of which have been furnished by their supplier in their GSTR-1/IFF but the return in FORM GSTR-3B for the said period has not been furnished by their supplier till the 30th day of September following the end of financial year in which the Input Tax Credit in respect of such invoice or debit note had been availed." Further, the said amount of ITC must be reversed by such taxpayers while furnishing a return in FORM GSTR-3B on or before November 30 following the end of such financial year, as part of this legal obligation. Taxpayers have already been communicated about that.

Experts say this is one of many compliance rules that can push the collection forward. Prateek Bansal, Tax Partner with White and Brief – Advocates & Solicitors, says the higher GST collections are typically directly proportional to the increased consumption of goods/services and robust compliance mechanisms to deter tax evaders.

"Various compliances such as reduction in e-invoicing threshold limits, the due date for ITC availment for FY 2022-23, the due date for the annual return for FY 2022-23, stricter norms for matching of ITC before availment, suspension of GST registration for non-filing of returns, etc. are anticipated to garner higher GST collections in November," he said.

Further, recent amendments to the online gaming industry and a well-knitted risk analysis system leading to timely audits, especially concerning high-risk taxpayers, are some other factors that may lead to an all-time high GST collection in November, added Bansal.

Another key factor is e-way bill generation, whose monthly generation in October surged to 10 crores for the first time since its introduction. This could reflect the festival demand, which necessitated goods to be transported in large quantities. Data from GSTN showed that e-way bill generation touched 10.03 crore, surpassing the previous high of 9.34 crore in August this year.

Experts feel that higher compliance also contributed to high e-way bill generation apart from festival demand. This will have some impact on GST collection for November. It is possible that the movement of goods might have occurred in the same month of consumption or even a month before that, which is why e-way bill generation may have an impact on collection spreading over two months.

“ The GST collections in the next month are expected to be quite robust considering the higher festive season spending and the high e-way bill numbers also point in that direction,” M S Mani, Partner with Deloittoe, said.

An e-way bill is an electronic document generated on a portal, evidencing the movement of goods and indicating whether tax has been paid. As per Rule 138 of the CGST Rules, 2017, every registered person who causes the movement of goods (which may not necessarily be on account of supply) of consignment value of more than ₹50,000 is required to generate an e-way bill. This is required for movements between the two States and within a State. However, a State or UT, with the legislature, can decide the threshold for the value of goods to be applicable for movement within its boundary.

Source: thehindubusinessline.com – Nov 21, 2023

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India's rail container loading expected to treble by FY31

Rail containerisation at Indian ports and freight terminals is expected to raise rail container loading from 80 million metric tonnes (MT) recorded last year to thrice the figure by fiscal 2030-31, according to Manoj Gangeya, executive director (planning) in the ministry of railways.

The ministry is also checking the feasibility of railway siding at land ports to promote multi-modal connectivity, Gangeya told a recent meeting on measures taken and action plan for improving India's logistics performance index (LPI) ranking. The meeting was organised by the department for promotion of industry and internal trade under the ministry of commerce and industry.

The dedicated cell meets every fortnight to assess the measures taken and outcomes achieved in improving performance across six parameters of LPI: customs, infrastructure, ease of arranging shipments, quality of logistics services, tracking and tracing, and timeliness.

Other initiatives that the ministry of railways is planning across the six parameters include cent per cent electrification of railway tracks and increasing capital expenditure to ₹2.6 lakh crore in fiscal 2023-24 to improve the speed and volume of freight transport.

Implementation of the Eastern and Western dedicated freight corridors is likely to increase the average speed of freight trains, thereby by reducing transit time and inventory cost to customers, an official release said.

An air cargo village is being planned at the Jewar airport in Uttar Pradesh’s Greater Noida with an investment of ₹1,200 crore, said Ajay Kumar, chief executive officer of AAI Cargo Logistics and Allied Services Company Ltd (AAICLAS). It is likely to be commissioned by December next year.

R Ananth, director of Central Board of Excise and Customs said a Custom Revenue Control Laboratories (CRCL) will be launched in Guwahati by December 23 to assist in field formations in chemical analysis of samples of various trade commodities.

Source: fibre2fashion.com– Nov 20, 2023

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Over 250 attend Bharat Tex 2024 Coimbatore roadshow

A roadshow was held at Hotel Le Meridien, Coimbatore, India, on November 16, 2023, to promote upcoming mega textile show Bharat Tex 2024. The roadshow was attended by over 250 people and senior officials from the Tamil Nadu government.

The roadshow was organised by the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) in association with other textile export promotion councils (EPCs) such as the Cotton Textiles Export Promotion Council (TEXPROCIL), Powerloom Development and Export Promotion Council (PDEXCIL), and Handloom Export Promotion Council (HEPC), according to a joint press release by the organisations.

Bharat Tex 2024 will be held from February 26–29, 2024 at Bharat Mandapam and Yashobhoomi in Delhi. A core committee has been constituted to organise the event and Apparel Export Promotion Council (AEPC) chairman Naren Goenka is the chairman and the SRTEPC chairman Bhadresh Dodhia is the co-chairman of this committee. The textile show will be organised collectively by all the textiles EPCs with active support from the ministry of textiles.

“The textile sector is highly developed in Tamil Nadu and companies from the state can participate in large numbers in Bharat Tex,” said R Gandhi, minister of handloom and textiles, government of Tamil Nadu, who was the Guest of Honour on the occasion. Gandhi also assured that the Tamil Nadu government will become a partnership state for Bharat Tex 2024.

Rajeev Saxena, joint secretary, ministry of textiles, made a presentation covering all details about Bharat Tex 2024. He said Bharat Tex will be the largest textiles exhibition in the world. Bharat Tex 2024 will cover an area of about 2,00,000 square metres and exhibitors will display the entire value chain of textiles such as fibre, yarn, fabrics, garments, made ups, and technical textiles.

Bharat Tex is expected to attract over 3,500 exhibitors, 3,000 foreign buyers, 40,000 trade visitors, and over 50 knowledge sessions.

Source: fibre2fashion.com– Nov 20, 2023

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High inflation in US, Europe robs Tiruppur exporters of festive cheer

Christmas and New Year demand from US and European buyers amid persistently high inflation in those markets has failed to bring cheer to the country's apparel trade.

Exporters from Tiruppur, the Tamil Nadu town that accounts for 55% of the country's apparel exports, said global brands have bought low-priced garments like simple t-shirts that cost around $2 per piece, in contrast to fashion garments and jackets priced $8-10 per item that they bought last year during the holiday season.

Traditionally, shoppers in the US and Europe prefer to buy high-priced items during the Christmas and New Year period. "Surprisingly, our overseas bulk buyers say that this year the shoppers are buying items like innerwear and t-shirts, and are not much inclined to costlier garments," said Raja Shanmugam, managing director of Tiruppur-based knitwear company Warsaw International. Both the US and Europe are struggling with high inflation, caused by a ramp up in demand after the pandemic and supply chain disruptions due to the Russia-Ukraine war, among other reasons.

"Leading global brands have taken low-priced items this year for the holiday season. After the 2008-09 economic crisis, we are witnessing this trend for the first time," said Shanmugam, also a former president of Tiruppur Exporters Association.

Added K Balakrishnan, partner of Tiruppur-based knitted garment manufacturing and exporting firm Aahana International: "People are talking about lower demand in the US and Europe. We are a supplier to Australia and there too we are facing a similar trend. The situation is gloomy." KM Subramanian, president of the Tiruppur Exporters Association said, the Christmas and New Year demand this year is down by 40%. "We were hopeful that demand for the holiday season would pick up from September. But unfortunately, that did not happen. The smaller units, in particular, had been hard hit."

Source: economictimes.com– Nov 20, 2023

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