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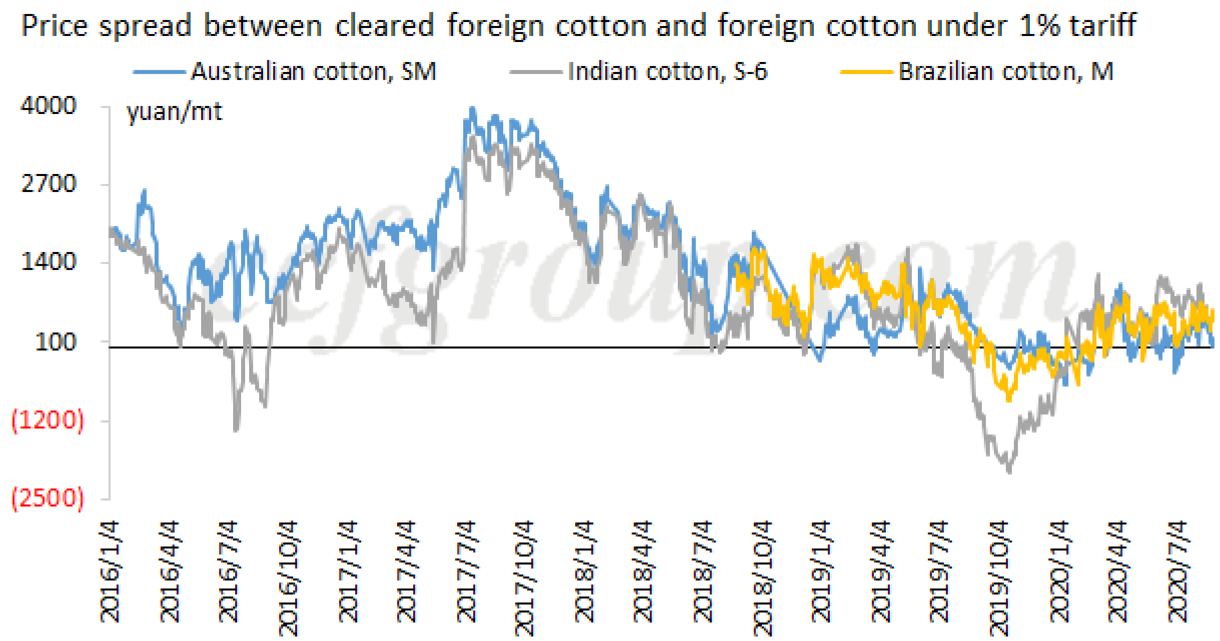
INTERNATIONAL NEWS

International cotton prices gain support from allocation of sliding-scale duty quotas

On Sep 1, the National Development and Reform Commission issued an announcement on the allocation of sliding-scale duty quotas, stating that the amount of the quotas was 400,000 tons, all of which are non-state trade quotas and are limited to processing trade imports. The allocation of quotas this time conforms to market demand and the policy guidance for promoting exports, and provides certain support to international cotton prices.

1. The allocation of sliding-scale duty quotas conforms to market demand

According to CCFGroup, since the second half of Aug, orders available for weavers have risen apparently, from 6.2 days to 8.1 days. The fulfillment of some orders has also eased the inventory pressure for weavers and cotton yarn mills. With the slight recovery of orders, the allocation of sliding-scale duty cotton quotas is to comply with market demand and in line with the policy guidance for export promotion.

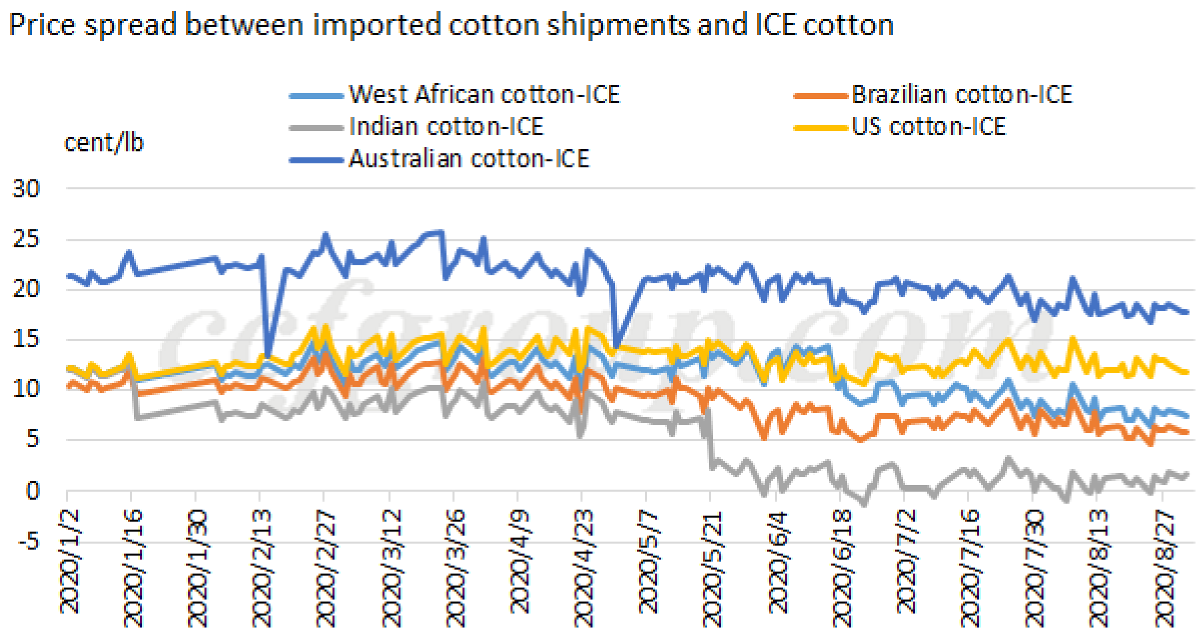


At the same time, with the opening of the profit window for imported cotton, imported cotton with competitive prices also lures buyers' attention. Currently, the supply of cotton quotas under 1% tariff is tight, and prices of the quotas have risen to around 850yuan/mt.

After the allocation of sliding-scale duty quotas, processing trade mills can select the imported cotton to reduce production costs.

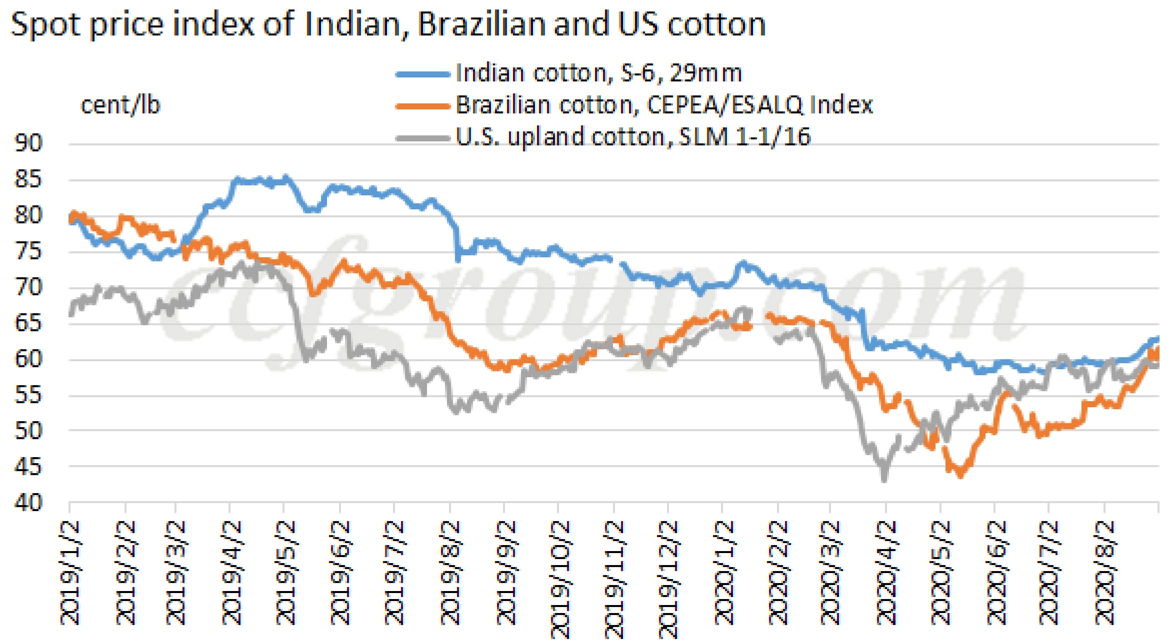
2. The allocation of sliding-scale duty quotas to give certain support to international cotton prices

According to CCFGroup, the price spread of Indian cotton shipments and ICE nearby cotton futures is the smallest, followed by Brazilian cotton and West African cotton. Transactions of Brazilian and Indian cotton are relatively good.



With the improvement of low-price cotton transactions, international cotton prices move up generally. The spot price index of Brazilian and Indian cotton have risen higher than that of US upland cotton in the second half of Aug, especially the Brazilian cotton. In Jul and Aug, Brazilian cotton exports have hit new highs, and Indian cotton stocks by CCI also see soaring trading volumes in Aug. CCI has suspended the sales on Aug 25 and raise the selling prices from Sep 1.

With the allocation of sliding-scale duty quotas, the international cotton with competitive prices will see tighter supply and prices will also move up, to give certain support to international cotton prices.



Source: ccfgroup.com– Sep 02, 2020

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INDIA, a key global market for U.S. cotton

In conversation with: Mr. Bruce Atherley, Executive Director, Cotton Council International (CCI)

Increasing consumer focus and demand for sustainably manufactured textile products, post COVID crisis

Cotton Council International (CCI) is a non-profit trade association that promotes U.S. cotton fiber and manufactured cotton products around the globe with the COTTON USA™ Mark. India has been one of the key markets for U.S. cotton for around three decades now.

CCI has always been proactively working with mills through its various initiatives, whether it is in the field of improving sustainability, stepping up efficiencies and quality of their end-products. It has through its flagship COTTON USA™ licensing program helped mills to identify and label their superior products made out of U.S. cotton.

In an exclusive interview, Mr. Bruce Atherley, Executive Director, CCI, threw light on a variety of topics including the impact of the Covid-19 pandemic on consumer demand for cotton, U.S. Cotton Trust Protocol, the relationship of U.S. cotton with the Indian market, and factors driving demand for U.S. Cotton, among others.

Here are the edited excerpts.

The COVID crisis has significantly impacted consumer demand and preferences. What has been the impact on U.S. cotton?

The COVID-19 pandemic has caused unprecedented disruptions in the supply chains and markets for the U.S. and world cotton and textile industries. The collapse in cotton demand has been felt across the U.S. cotton industry from textile manufacturers to cotton producers, and all segments in between. The global outbreak resulted in disruptions in all U.S. cotton export markets, with forced closures for many factories and/or drastic reductions in orders and cancellations for others.

In addition to the sharp drop in demand and resulting price pressure, each segment of the U.S. cotton industry has faced business disruptions as a result of efforts to contain the pandemic. The COVID-19 pandemic devastated textile supply chains as retail outlets shuttered their doors. Billions of dollars of orders were cancelled, and manufacturing facilities in key markets for U.S. yarns and fabrics closed as countries implemented a full lockdown.

Prior to the COVID-19 pandemic, world mill use for the 2019 crop year was estimated to be 121 million bales. In the August WASDE report, USDA estimated world mill use for the 2019 crop year at 102 million bales, almost 20 million bales lower than the estimates prior to the COVID-19 outbreak.

In the United States and abroad, the combined impacts of government-mandated business closures and cancellations of orders by major brands and retailers have resulted in drastic losses in cotton. The merchandising and distribution channels have been faced with increased costs due to storage, interest, insurance, and other carrying costs associated with the delay of commodity merchandising and consumption.

Despite the widespread availability of online shopping for clothing and textile products, the uncertainty surrounding the COVID-19 pandemic caused many consumers to limit spending on non-essential items. The reduced sales and store closures led to massive layoffs in the U.S. retail apparel/textile industry.

U.S. Cotton Trust Protocol…Can you explain what this initiative is all about and how it helps textile mills and brands?

Aligned with the U.N.'s Sustainable Development Goals, the Trust Protocol is a complement to existing sustainability programs. It is designed from the ground up to fit the diverse cotton growing landscape of the United States in an effort to drive industry-wide goals for continuous improvement.

The U.S. cotton industry continues to use and develop innovative technologies, adopt best management practices, and fund research projects that will help develop new farming practices globally. Trust Protocol members will be working with participating growers to help drive continuous improvement among six key elements of sustainability: land use, soil carbon, water management, soil loss, greenhouse gas emissions, and energy efficiency.

Trust Protocol metrics can be used for sustainability reporting, ESG audits and GRI standards reporting purposes among others. By way of example, Trust Protocol data could be used by a member to help document progress toward achieving certain science-based sustainability targets and/or in meeting the member's commitments or contributions toward the U. N.'s Sustainability Development Goals.

As a participant in the Trust Protocol, mills and manufacturers can get the critical assurances they need to prove to their customers that the cotton fiber they source, and sell is more sustainably grown with lower environmental and social risk. Mills and manufacturers will gain access to U.S. cotton with sustainability credentials proven via Field to Market via the FieldPrint Measurement Analysis and verified by Control Union Certifications.

How has the year 2020 been so far for U.S. cotton?

U.S. Mill Use & Retail Demand

The closures and/or reduction in orders for most U.S. textile production facilities resulted in a significant drop in cotton consumption for the 2019/20 crop year. USDA's latest estimate for U.S. mill consumption for the 2019/20 crop year is 2.2 million bales as compared to 3.0 million bales in 2018/19. While retail demand is slowly recovering, U.S. mill use is not expected to fully recover during the 2020/21 crop year.

U.S. Exports

U.S. exports for the 2019/20 crop year were lower than pre-COVID projections resulting in a higher level of ending stocks. U.S. merchants were faced with weak demand and export cancellations as a result of the COVID-19 pandemic. The Phase I trade agreement with China was expected to increase exports of U.S. cotton in 2020. However, the timing and quantity of additional Chinese purchases is highly uncertain given the market disruptions created by the COVID-19 outbreak.

U.S. cotton Prices & Acreage

In a matter of weeks, the COVID-19 outbreak resulted in a 30% crop in U.S. cotton prices. Prior to the pandemic, the December 2020 NY futures contract was trading in the low 70s. In mid-April, futures prices were trading in the low to mid 50s. The sharp decline in futures prices provides a perspective on the increased market exposure facing the U.S. cotton industry. The COVID-19 pandemic's slowdown in cotton demand adds additional carrying costs that include storage, interest, insurance, demurrage, detention, additional interior and ocean freight costs associated with destination displacement, and other costs.

Unfortunately, the drastic decline in cotton prices and the increased uncertainty in commodity markets are damaging an already tenuous economic situation for producers. Given the price situation, U.S. producers planted less cotton in 2020.

U.S. producers planted 12.2 million acres in 2020 as compared to 13.7 million acres in 2019. For the 2020/21 crop year, cotton prices are not expected to improve given the weak demand and large world cotton stocks. The current U.S. and world supply and demand fundamentals point toward a very bearish outlook for average U.S. cotton prices.

Which are the key global markets for U.S. cotton?

The top global markets for U.S. cotton are Vietnam, China, Pakistan, Turkey, Bangladesh, Mexico, and Indonesia. In recent years, Vietnam has emerged as the largest global market for U.S. cotton. Bangladesh is an emerging market and continues to become a larger importer of U.S. cotton. U.S. mills are also one of the largest markets for U.S. cotton.

U.S. cotton has a rich historical relationship with Indian textile industry dating back to many decades...Can you look back on U.S. cotton's relationship with textile mills in India?

The U.S. cotton industry's relationship with the Indian textile industry is close to three decades. Cotton Council International (CCI) began its journey in India in 1994 when it first visited India, primarily to get the sense of the market and to develop contacts and understand the dynamics of textile industry and trade in India. CCI, along with Cotton Incorporated, has been spearheading the promotion of cotton when it launched the Cotton Gold alliance program in India.

CCI's objective in India was to productively engage with the textile mills and develop relationships with the textile leadership in India. India ranks No. 2 only after China in the mill consumption of cotton. Presently we have a flagship COTTON USA™ licensing program for the mills which helps them to identify and label their superior products made out of U.S. cotton. CCI has more than 40 COTTON USA™ licensed mills in India encompassing the entire value chain from spinning to weaving and knitting, including all the major product lines in apparel and home fashion.

CCI program has seen a major transformation in the last three years, as we now have a dedicated technical team who is supporting the textile mills to improve their productivity and get a better value on the fiber and enhance the product features. CCI has been hosting seminars focusing on the recent developments in the textile and trade. CCI's campaign "What's New in Cotton" was aimed at bringing innovations to the area of U.S. cotton textiles. CCI's Mill Exchange Program has been appreciated by the mills, as they are able to exchange the ideas and best practices in the spinning industry across the globe.

How has been the growth in import of U.S. cotton in the Indian market in recent years? What are the factors driving increase in demand?

If we look at the trends in exports of U.S. cotton to India, the average annual exports for the period 2009-2014 were 146,000 bales (1 bale = 480 lbs) which has now grown to 700,000 bales annual average for the period 2015-2020. As the mills experience the use of U.S. cotton, we expect the usage to grow in the coming years.

Global brands and retailers have always looked toward India for textile products, especially made from cotton. The textile mills have been seeking the fiber that can enhance the characteristics of their products and also deliver better value to their businesses.

As India is one of the largest cotton yarn exporters, U.S. cotton has been a key ingredient (and the first choice) when mills need to export high quality yarns. India has been amongst the top two users of Supima cotton. The other key factor that has prompted the use of U.S. cotton is the demand for verified cotton, and Permanent Bale Identification (PBI) provides the inherent traceability which is further verified through our COTTON USA™ licensing program.

Click here for more details

Source: indiantextilemagazine.in– Sep 02, 2020

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Trump's trade tariffs? Coronavirus? China's exports are surging anyway

This was supposed to be the year that China's export machine began to stall. President Donald Trump had imposed broad tariffs on Chinese goods. Countries like Japan and France pushed companies to shift production from China. The pandemic had crippled China's factories by the end of January.

Instead, China Inc. has come roaring back.

After reopening in late February and early March, China's factories began an export blitz that is still gaining steam. Exports soared in July to their second-highest level ever, nearly matching the record-setting Christmas rush last December. The country has grabbed a much larger share of global markets this summer from other manufacturing nations, entrenching a dominance in trade that could last long after the world begins to recover from the pandemic.

China is showing its export machine cannot be stopped — not by the coronavirus and not by the Trump administration. Its resilience lies not only in the country's low-cost, skilled labor and efficient infrastructure but also in a state-controlled banking system that has been offering small and large businesses extra loans to cope with the pandemic.

The pandemic has also found China better placed than other exporting nations. It is making what the world's hospitals and housebound families need right now: personal protection gear, home improvement products and lots of consumer electronics.

At the same time, demand has withered for many big-ticket items exported by the United States and Europe, like Boeing and Airbus jets. And with most economies except China's now mired in recessions, demand has also faltered for the commodities that most developing countries export, particularly oil.

Families all over the world are sprucing up the homes they are now stuck inside. They have been buying everything from computer screens and stereo systems to power tools and home saunas — many of which are made in China.

Hongyuan Furniture in the southern city of Guangzhou has hired 50 extra workers after export orders for its home saunas more than doubled this year. A short drive farther south in Zhongshan, Star Rapid has stayed profitable, making robot casings and quickly producing high-tech models — a process known as rapid prototyping. And a few miles to the west, Trueanalog has ruled out moving production of its top-end stereo speakers to the United States, its main market, or to Vietnam, where wages can be even lower.

At Trueanalog, rows of workers at long, green tables under fluorescent lights meticulously assemble audio speakers for professional recording studios in the United States. China dominates the world's production of the components that go into the speakers they are putting together — whether magnets, paper cones or rubber foam.

"China has the largest supply chain of the parts you need to make a speaker, and China has the most stable, affordable labor force," said Philip Richardson, the American owner of Trueanalog.

Star Rapid, the prototype maker, has benefited from Chinese loans. Within days of the start of the pandemic, the state-controlled Bank of China called Gordon Styles, the company's British chief executive and owner, and strongly urged him to take a $1.4 million corporate loan at low interest, which he did even though the company was still profitable. Chinese authorities also granted the company a rapid-fire series of partial rebates on taxes and government-mandated benefit costs that together exceeded 3% of the company's sales.

"They wanted to make sure the good companies, as they measure that, don't fail for lack of a bit of cash," he said.

The strength of China's export machine complicates the Trump administration's push to reduce the trade deficit — the gap between what the United States exports and what it imports. Trump points to the deficit as proof that unfair practices by China have been hurting the United States, and he has campaigned on promises to get tough on China.

In January, China promised big increases in its imports from the United States as part of an agreement aimed at ending a protracted and increasingly bruising economic war. But actual purchases have lagged.

The agreement left in place most of Trump's new tariffs, mainly at 25%. Yet those tariffs do not seem to deter many Americans from buying Chinese products, in part because the tariffs are only collected on the wholesale value of products when they reach America's shores.

Hongyuan says it has not yet encountered any new competition from home sauna manufacturers based elsewhere despite facing 25% American tariffs for the past two years. Hongyuan also has access to dozens of suppliers within an hour's drive that compete vigorously to produce inexpensive glass doors and hinges at the lowest cost.

So Hongyuan can afford to import lumber across the Pacific from Canada, saw the wood and polish it and assemble it into home saunas, and then ship the saunas in kits back across the Pacific all for less than it costs to make saunas in the United States. Considerable hand labor is still involved, although Chinese-made automatic saws now take the lumber in one end and put out boards of various shapes and dimensions.

"Even with the 25% tariff, the manufacturers in China still have lower costs," said Rachel Wang, the company's export manager. Such a cost advantage has helped drive China's share of world exports to nearly 20% in the April to June quarter this year, up from 12.8% in 2018 and 13.1% last year, said Rajiv Biswas, chief Asia economist at IHS Markit, a global data and consulting firm.

Part of that increase is temporary. Some factories elsewhere closed temporarily during the spring because of coronavirus lockdowns or supply chain disruptions linked to the pandemic. China's own share of global exports dipped somewhat in the January to March quarter, to 11%, as it was battling the virus.

But China now appears strong in exports across many sectors, even as the cost of its imports is likely to stay low for months to come. China's trade surplus — when the value of its exports exceeds that of its imports — has ballooned this summer, especially in July.

China's exports have been helped by the country's currency, which has remained mysteriously weak even as the economy has emerged from the pandemic with growth stronger than in practically any other nation.

China's currency, the yuan, also known as the renminbi, has strengthened only slightly against the dollar in recent months. It has also weakened 6% against the euro since the start of May, even though Europe faces a severe recession.

Foreign economists suspect the Chinese government has used its tight control of the country's financial system to keep the yuan weak. Brad Setser, an economist at the Council on Foreign Relations in New York, said the most likely explanation for the currency's performance this summer was that state-owned or state-controlled Chinese banks and other financial institutions were shifting some of their immense assets, selling vast sums of yuan and buying dollars or euros to prop up those currencies.

The People's Bank of China has said, including in a statement last week, that it is not manipulating the yuan but has also said it is committed to maintaining a mostly stable value for the currency.

China's advantages go beyond a weak currency, however. China has built a 700-city bullet train network in a decade. It also has an abundance of labor, a culture of long working hours and tightly restricted unions. Manufacturers are not as encumbered by environmental laws against pollution as in many other countries.

Robert Gwynne, a shoe manufacturing and exports specialist in Guangdong, said reviving competitiveness in the United States and elsewhere to compete with China would not be quick or easy.

"To get it back," he said, "you're looking at 20 to 30 years, depending on what business you're in."

To be sure, China's dominance of global manufacturing could be hurt by geopolitical shifts, such as if other countries demand that companies move part of their supply chains elsewhere. The United States and Japan have begun to do so. European governments like France's have started to move in the same direction, particularly for medical supplies. Large companies with the capacity to set up entirely new supply chains elsewhere, like Foxconn of Taiwan and Apple, are exploring alternatives.

But the pandemic, which has grounded many flights and slowed logistics, has shielded China at least temporarily from attempts to move factories to other countries. Many multinationals have cut back on investment as global demand has slowed and so have little money to set up new operations elsewhere.

"In the middle of a global recession, companies are not going to divest unless trade barriers force them," said Joerg Wuttke, president of the European Chamber of Commerce in China. "Companies would rather close facilities than open up new ones."

Source: economictimes.com– Sep 02, 2020

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Trade friction between the U.S. and China could help Sri Lanka to expand exports

"Trade friction between the U.S. and China could help countries like Sri Lanka improve exports," Wing Tak Bill Lam, Chairman, Teejak Lanka feels that. Lam says Sri Lankan's textile and clothing exports are likely to decline in the near term, especially to key European and US export destinations.

In the first six months of this year, Sri Lankan exports of apparel declined from $2.6 billion a year ago by 30 per cent to $1.8 billion. In the first six months of this year, clothing exports to the European Union declined 32% to $753 million from $1.1 billion a year earlier, while exports to the US declined 27% to $830.5 million from $1.14 billion in the same period.

But with the world pandemic COVID-19, many businesses are now afraid of depending on their supply chain destinations. These markets now switch from China to partners with other South Asian countries, Sri Lankan media reports claim, and Sri Lankan clothing producers can easily tap into these countries.

Apparel Export Association's statistics indicate that clothing exports reached 382 million USD in June of this year, down by 20.5% on 481 million USD reported in last year's corresponding month.

Source: textilefocus.com– Sep 02, 2020

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USA: Textiles and Apparel among Sectors Seeing Manufacturing Momentum in August

Economic activity in the manufacturing sector grew in August, with textile mills, and apparel, leather and allied products among the sectors reporting growth, U.S. supply chain executives revealed in a report from the Institute of Supply Management (ISM).

The Purchasing Manager's Index (PMI) registered 56 percent, 1.8 percent higher than the July reading of 54.2 percent.

"The PMI signaled a continued rebuilding of economic activity in August and reached its highest level of expansion since November 2018, when the index registered 58.8 percent," Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee, said. "Five of the big six industry sectors expanded. The New Orders and Production indexes continued at strong expansion levels. The Supplier Deliveries Index now better reflects supplier's difficulty in maintaining delivery rates due to factory labor safety issues and transportation difficulties."

A reading above 50 percent indicates that the manufacturing economy is generally expanding, while a reading below 50 percent indicates that it is generally contracting. A PMI above 42.8 percent, over a period of time, generally means the overall economy is expanding. Therefore, the August PMI indicates the overall economy grew in August for the fourth consecutive month following contraction in April.

"The past relationship between the PMI and the overall economy indicates that the PMI for August of 56 percent corresponds to a 3.9 percent increase in real gross domestic product (GDP) on an annualized basis," Fiore said. "After the coronavirus brought manufacturing activity to historic lows, the sector continued its recovery in August, the first full month of operations after supply chains restarted and adjustments were made for employees to return to work."

Fiore said demand and consumption continued to drive expansion growth, with inputs representing near- and moderate-term supply-chain difficulties. ISM's New Orders Index registered 67.6 percent in August, a 6.1 percent increase compared to July. This indicates that new orders grew for the third consecutive month.

The Production Index registered 63.3 percent in August, up 1.2 percent from July, indicating growth for the third consecutive month and the highest level of performance since January 2018. The 15 industries out of 18 sector reporting growth in production during the month included textile mills.

The delivery performance of suppliers to manufacturing organizations was slower in August, as the Supplier Deliveries Index registered 58.2 percent. This is 2.4 percent higher than the 55.8 percent reported in July.

Textile mills were among 11 of 18 industries reporting slower supplier deliveries in August. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

"Suppliers continue to struggle to deliver, slowing deliveries at a faster rate compared to July," Fiore said. "Plant interruptions, transportation challenges and continuing difficulties in supplier labor markets are still significant factors. The Supplier Deliveries Index reflects the difficulties suppliers will continue to experience due to Covid-19 impacts. These issues are not expected to diminish in the near future and, at this time, represent the biggest hurdle to production output and inventory growth."

The Inventories Index registered 44.4 percent in August, down 2.6 percent from July. Inventories contracted for the second straight month after two consecutive months of expansion. This is the lowest reading for the Inventories Index since January 2014.

"Inventory levels were impacted by increases in production output and restrained by continuing supplier difficulties," Fiore said.

The two industries reporting higher inventories in August were apparel, leather and allied products, and plastics and rubber products. Textile mills reported no change in inventories for the month.

The ISM Prices Index registered 59.5 percent, a jump of 6.3 percent compared to the July reading of 53.2 percent, indicating raw materials prices increased for the third consecutive month. The 17 industries reporting paying increased prices for raw materials in August were led by textile mills and apparel, leather and allied products.

"Price increases were driven primarily by plastics, lumber, aluminum, copper, some steel products, transportation expenses, precious metals and petroleum products," Fiore said. "Price growth reflects a power shift toward sellers, as increased costs to produce input materials are being passed on to…companies."

Source: sourcingjournal.com– Sep 02, 2020

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USA: Retailers Outline Supply-Chain Wish Lists. What Made the Cut?

As retailers remain leery about upcoming demand, they're going to have to prioritize supply-chain investments if they want to ensure the chaos brought on by the Covid-19 pandemic can be firmly put in the past.

Nearly half (49 percent) of 118 retailers and brands surveyed by Coresight Research felt that the ongoing agility and flexibility of their supply chains was their most pressing business issue in the upcoming 12 to 24 months.

With such a concern lingering across the industry, it's becoming more clear that retailers need to fundamentally change how they manage their supply chain and interact with their entire community of business partners, whether its suppliers, freight forwarders, packaging companies, mills and factories, or financial institutions.

The agility and flexibility needed within the supply chain aren't the only pressing issues for retailers, although these substantially outpace other concerns: 42 percent of respondents cite delivering business model transformation and new revenue streams as one of their most urgent matters, while 41 percent cite finding new suppliers and leveraging current suppliers as a chief concern.

All of these points are consistent with the main themes heard across retail supply chains in recent months, as retailers struggled to handle the supply chain's "seesaw effect" with supply falling off early on before demand of non-essential products fell precipitously; find new avenues to sell products as stores closed; and maintain positive relationships with suppliers as they canceled or deferred orders throughout the pandemic.

Another 39 percent see supply chain transparency and traceability as a top business concern.

The report suggests that retailers adopt multi-enterprise platforms (MEPs), cloud business networks that are designed to enable real-time communication and collaboration in the end-to-end supply chain process across all participating parties, in order to survive in what it calls a "Darwinian" retail industry.

Supported by an API, MEPs allow data to be shared and accessed simultaneously across all networks, with the end result aimed at improving efficiency, lowering costs and enhancing sustainability initiatives.

The ability to share and access data anywhere is clearly a major need for today's retailers, with 57 percent of retailers and brands citing the ability to see financial implications of decisions in real time as extremely important to their jobs. Right behind that need is the ability to maintain consistent data across different platforms, at 56 percent.

Another 55 percent say the overall sourcing process is extremely important to their jobs, illustrating the imperative to know more information about where a product is in the supply chain at all times. In unifying sourcing information, users can have a full picture of estimated landing costs with cost-simulation software and can compare quotes across different geographies, channels or suppliers, resulting in increased margins. The function also validates factory capabilities, capacity and compliance before retailers place orders, to ensure regulatory adherence.

Unsurprisingly, 50 percent say their jobs hinge on three more factors: 24/7 access to suppliers and their offerings; visibility into the supply chain; and the ability to comply with regulations in the sector. All these factors would be enhanced if a retailer could always easily share and access data.

American Eagle saves $6 million with MEP deployment

Bamboo Rose, a multi-enterprise product and supply chain platform that sponsored the report, highlighted a case study with American Eagle Outfitters that gave insight into how MEP systems could help retailers manage some of the top complex supply-chain challenges.

The retailer turned to Bamboo Rose to streamline its global sourcing process with one integrated system for product lifecycle, order and global trade management, and can now automatically alert suppliers to start production and pre-plan container loads and optimal routing across different countries to improve time to market.

Through the deployment of the Bamboo Rose solution, American Eagle Outfitters reduced the cost of processing invoices by 95 percent and has taken three weeks out of the design cycle, which equates to $6 million in annual savings.

Collaborating with more than 500 vendors in 29 countries on a single system enables the retailer to gain visibility into factory readiness of product eight days sooner.

Three generations of supply chain digitization

The report split the transformation of the digital supply chain into three steps: Gen 1, Gen 2 and Gen 3. Gen 1, the first iteration of supply-chain digitization, consisted of moving messages through electronic data interchange platforms and digitizing data on a one-to-one basis. There was no interaction with content or results, but the derived business value was improved efficiency in receiving information and sending messages.

Retailers that have reached Gen 2 became the “one-to-many” hub that connects with all relevant business partners in various departments, office locations and geographies to support a comprehensive single view of an organization’s transactional data. But even Gen 2 retailers still aren’t reaping the full benefits that an MEP can provide, the report says.

Gen 3 retailers operate digital supply-chain platforms on a “many-to-many” engagement model using an MEP to leverage community and network digitalization to enable collaboration around data to happen on one platform. The data are constantly cross-validated by all partners on the platform, thus enhancing the quality of the data. Powered by an API, the

MEP is all the more important in today's environment with so many employees across the supply chain still working from home or engaging in social distancing.

Within an MEP, participating parties can be host or hub to their network while simultaneously interoperating with other networks as a spoke—for example, brands and wholesalers can centralize data coming in from labeling and packaging companies, trend forecasters and couriers, all while sharing this information with retailers, mills and manufacturers.

"The real power of MEPs lies in its network effect," Deborah Weinswig, co-founder and CEO of Coresight Research, wrote in the report. "As a retailer onboards more of its vendors and uppliers on a unified platform, communication and visibility across multiple business processes improve—providing a greater number of options and more-informed choices, while speeding up products' time to market and enhancing sales and profitability."

Source: sourcingjournal.com– Sep 02, 2020

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Cambodian trade unions seek 6.1% monthly wage raise

In a meeting late last month, trade unions in Cambodia agreed that textile, garment and footwear factory workers should receive a 6.1 per cent monthly raise of $11.59 in their wages next year.

This figure will be negotiated at a meeting of the National Council on Minimum Wage at the ministry of labour and vocational training on September 3.

The meeting will be attended by representatives of trade unions, garment factories and the labour ministry, according to Cambodian media reports.

The figure was based on three main factors: a 2 per cent increase to account for annual inflation, 2 per cent for factory productivity and 1.3 per cent for margins of profit of employers, according to Cambodian Labour Confederation president Ath Thorn.

He said employers have raised concerns about a wage raise considering the disastrous effects Covid-19 has had on factories. Garment Manufacturers Association in Cambodia (GMAC) deputy secretary general Kaing Monika said the association is still analysing data.

He said each wage raise demand is generally based on the current situation. Given the pandemic, he said it is highly likely that workers will face a wage decrease rather than a raise.

Source: fibre2fashion.com– Sep 02, 2020

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Amazon on track to invest $1 bn in 2020 to help SMBs

Amazon has announced that it is on course to invest $18 billion this year to help small and medium-sized businesses (SMBs) sell to customers, including investments in logistics, tools, services, programs, and people. Since the beginning of 2020, Amazon has launched over 135 free tools and services to help sellers grow their sales in Amazon's store.

In the next twelve months, the company will provide more than 500,000 US SMBs currently selling on Amazon with online selling guidance, education, and support, and the company plans to onboard an additional 100,000 US businesses as new sellers in its store. The announcements were made at Amazon Accelerate – a three-day virtual summit for US SMBs who are currently selling in Amazon's store or interested in doing so.

Amazon Accelerate is the company's largest-ever US event focused on providing existing and aspiring sellers with insights and ideas for how small businesses can thrive in Amazon's store. It features Amazon executives, sellers, and independent online selling experts sharing insights on how sellers can sustain and grow their companies through 2020 and into the future.

Despite the impact COVID-19 has had on small businesses, many American SMBs selling through Amazon have experienced continued growth. Third-party sellers continue to account for more than half of all units sold in Amazon's store, and even during the pandemic, third-party sales continued to grow faster than Amazon's first-party sales.

In the twelve-month period ending in May, American SMB sellers sold more than 3.4 billion products, up from 2.7 billion year-over-year, and averaged $160,000 in sales, up from approximately $100,000 a year prior.

"At Amazon, our mission is to be Earth's most customer-centric company, and part of fulfilling that mission is connecting small businesses with customers," says Jeff Wilke, CEO Worldwide Consumer at Amazon, who opened the event with a fireside chat with Dharmesh Mehta, vice president, Customer Trust & Partner Support at Amazon.

"Amazon's success is directly tied to the success of independent businesses across the US. We are passionate about supporting small businesses, investing and inventing on their behalf to help them be resilient through COVID-19 and beyond."

Source: fibre2fashion.com– Sep 02, 2020

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Cambodia needs to step up its game to stay ahead as a sourcing destination

China diversification is likely to benefit Asian countries having a strong economy, reliable infrastructure, sufficient human capital and local geopolitical and supply security risk, says a new Moody's report.

The Southeast Asian nation likely to benefit most from this is Cambodia, which currently faces soft economic sanctions for not addressing the civil rights demonstrations triggered by some politically-linked arrests. However, the country needs to first restore its brand image, says Stephen Higgins, Co-founder and Managing Director, Mekong Strategic Partners (MSP).

Penn Sovichat, Minister of Commerce Cambodia says, Cambodia's young labor force can help it to accomplish industrial development goal besides offering generous incentives to investors.

In addition, its trade integration may help local producers to create niche markets and promote indigenous brands.

Logistic, productivity enhancement to benefit Cambodia

According to Anthony Galliano, Group CEO, Cambodia Investment Management Co, Cambodia benefits from access to European and US markets for certain goods under the Generalized System of Preferences (GSP) and remaining Everything But Arms (EBA) advantages. However, these schemes have made Cambodia complacent as neither has the country upgraded its skills nor introduce any robust policy over the years.

For nearly two decades, the preferential tariff schemes enabled Cambodia to export products tax-free to the US and EU, boosting economic growth at an annual average of seven per cent.

The country’s garment and footwear exports surged to over $9.5 billion in 2018 from just $80 million in 1996, said a 2019 World Bank special report. In the last 20 years, Cambodia’s backward and forward integration enabled it to expand faster than Malaysia, Thailand, Vietnam, Bangladesh and Sri Lanka, although it was from a low base.

High production costs, weak industrial base pose challenges

Despite these strengths, Cambodian garment exports are eclipsed by certain shortcomings. The country’s high production costs have made it less competitive and created a barrier to diversifying into similar productions and producing higher value-added products, said the World Bank.

Yet Cambodia is well-placed to benefit from supply chain shifts if it improves it logistics, wages, productivity, says Stephen Higgins, Co-founder and Managing Director, Mekong Strategic Partners. However, it needs to shift its energy mix more towards renewable, otherwise MNCs and their supply chain will avoid it, Higgins adds.

Cambodia is unable to compete fiercely with other ASEAN member countries due to a weak industrial base, labor market and private sector, points out Chheng Kimlong, Director, AVI’s Centre for Governance Innovation and Democracy. To gain competitive and comparative advantages, the private sector needs to promote technology and innovation.

Positioning itself for the future

Local advocate David Van believes, as global supply chain may be broken down into a more regional format post COVID-19, Cambodia needs to position itself for such a setting. Anthony Galliano, CEO, Cambodia Investment Management Co, opines to capitalize on shifting production bases, the Kingdom needs to diversify export outputs and destinations, increase product categories, reduce electricity costs, improve connectivity in transport and logistics, and raise its labor market and skills.

Though investments in other production plants in lower-wage economies will continue, Cambodia will not be able to replace China as a global production powerhouse due to its fragmented logistics and infrastructure networks. To win against neighbors, Cambodia has to first step up its own game.

Source: fashionatingworld.com– Sep 02, 2020

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Bangladesh: Force majeure: Apparel buyers' deadly weapon

The biggest problem faced by our textile industry right now is not the coronavirus. Rather, it is a small term in a sales contract that was initially created to protect contracting parties is now being misused by foreign buyers as a deadly weapon to avoid liability. It has become the worst nightmare for about 15 million Bangladeshis, without their knowledge.

Essentially, centuries ago when the first contract was made, the most imperative element that the parties relied on was trust—a trust that the parties will fulfil their obligations, come what may. But as society progressed, this trust was codified into a document and a number of clauses were invoked to protect all the parties involved. One such clause is "force majeure", a concept exhibited in Bangladeshi law under Section 56 of The Contract Act 1872.

Professor Anowar Zahid, an expert in international trade law, defines force majeure as something unexpected and beyond reasonable human foresight, an occurrence of which makes the performance of the contract impossible and, therefore, discharges the parties from the contractual obligations. Such events could be war, hurricanes, fires, earthquakes, terrorism etc. Nevertheless, whether or not a party can plead Covid-19 as a force majeure event depends on whether or not the contract contains a clause in this regard. If it is there, it still depends on how it is crafted. For example, it (the force majeure clause) may include terms like "pandemic", "epidemic", "quarantine", "illness", "plague", "outbreak" or "disease". Even depending on the context, Covid-19 could arguably be included within the scope of broader catch-all phrases, such as "Act of God," or "circumstances beyond a party's reasonable control".

But if the aforementioned terms like "pandemic" or "epidemic" are not included in the contract, Covid-19 might not be considered as a force majeure event unless the contract is being carried out in areas where the government has instructed all non-essential businesses to discontinue operations, consequently, deferring the performance of the contract.

If the force majeure clause itself is not included in the contract, a party may still rely on the principle of rebus sic stantibus, when the circumstance under which the contract was originally made has fundamentally changed. This is an exception to the principle of pacta sunt servanda (promise must be kept).

However, the court of law takes a very restricted approach to give effect to the force majeure clause or the stantibus principle and performance will only be exempted if the event that caused the party's non-performance is specifically identified. Essentially, the court wants to be satisfied of two important things, namely that the force majeure has a direct effect on the performance of the contract, and that the party relying on this clause has taken steps to avoid and mitigate that effect.

At this point, it is crucial to understand that if an event such as the Covid-19 pandemic results in economic hardships, that hardship does not amount to a force majeure event. According to a report by CNN Business, "More than half of the 316 Bangladesh suppliers surveyed by Penn State University's Center for Global Workers' Rights said that most of their finished or in-process orders have been cancelled since the pandemic began".

Much attention should be given to the part "since the pandemic began" because this clearly indicates that foreign buyers are using Covid-19 as a force majeure event and cancelling their orders without monetary compensation, way before their performance could be affected by Covid-19. Some of the orders that were cancelled have already reached the buyer's ports! Such cancellation is utterly illegal because as mentioned, one simply cannot terminate or cancel an order because of economic hardships as it does not constitute a force majeure event.

Furthermore, a force majeure clause can only be invoked in the case of an executory contract, which is a contract that is yet to be executed. Because the orders cancelled by the buyers are basically contracts that have been executed, there is no scope for the application of a force majeure clause. As President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Rubana Huq said, "I don't want any grant, I don't want any kind of charity, I just want the bare minimum justice for our workers". This justice can only be achieved if foreign buyers are made to fulfil the terms of their contracts.

These illegal cancellations have led to huge disruptions in society as millions of workers lost their jobs and almost all of them experienced unjustified pay cut. Workers, both female and male, who were the only bread-earners of their family, are now struggling to buy a day's meal, according to BBC Bangladesh. Rubana Huq told Deutsche Welle that BGMEA is trying to secure workers' wages and keep the factories open, alluding to a potentially calamitous situation that is principally being caused by these illegal cancellations.

To settle such illegal cancellations, the appropriate first step would be for the buyers and sellers to enter into negotiations with the aim of reaching a common ground. However, due to a lack of dispute resolution provisions in the contract, negotiating becomes a difficult job to pull off, especially when the foreign buyers cannot be reached on phone or email. Hence, it is very important to draft a contract incorporating sufficient dispute resolution provisions such as arbitration, which can ultimately help both the parties settle disputes that may arise during the performance of a contract, without having to go to court, thus maintaining privacy and speed.

It is important we understand the force majeure clause and what can be done if it is unjustifiably invoked. The incorporation of a dispute resolution provision in the contract is equally necessary. I urge people to take actions and not remain silent out of fear of losing garment orders. This is about our rights and the rights of 15 million workers—this is about Bangladesh's rights.

Source: thedailystar.net– Sep 02, 2020

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NATIONAL NEWS

Cabinet approves signing of India-Japan pact on cooperation in textiles

The government on Wednesday approved for signing a pact between India and Japan aimed at increasing India's exports of textile and apparel to the Japanese market, and to boost co-operation in the textiles sector.

The MoU, when signed, will help identify areas for optimising the benefit of the Comprehensive Economic Partnership Agreement (CEPA) signed between India and Japan earlier, and improve the quality and testing of Indian textiles and clothing for the Japanese market.

"The Union Cabinet chaired by Prime Minister Narendra Modi has approved for signing of a memorandum of understanding (MoU) between textiles committee, India, and M/s Nissenken Quality Evaluation Centre, Japan, for improving quality and testing of Indian textiles and clothing for the Japanese market," an official statement said.

In a tweet, Textiles Minister Smriti Irani said the "MoU approved today (on Wednesday) will facilitate Indian exports to meet the requirements of Japanese importers as per technical regulation imposed by Japan."

She added that this will help exporters expand their market in Japan and boost Indian textiles and apparel exports, including technical textiles to Japan. India had signed a CEPA with Japan to facilitate Japan to import garments from India at zero duty.

This gives India's textile industry a huge opportunity as Japan is the third-largest apparel importer in the world. However, India's share in the Japanese market for the export of garment is still negligible, the textiles ministry said in a note.

The MoU would enable the Nissenken Quality Evaluation Centre, Japan, to assign the textile committee as their cooperative testing and inspection service providers in India for textiles and apparel products.

These include technical textiles and any other products mutually agreed upon at a later date for both domestic and overseas clients.

Irani also tweeted that she was "thankful to PM @narendramodi Ji and Union Cabinet for approving MoU between Textiles Committee of @TexMinIndia and M/s. Nissenken Quality Evaluation Centre, Japan for strengthening the network of quality and compliance services to ensure growth of trade in textile and apparel segment".

The textiles committee is a statutory body set up by an Act of Parliament in 1963 working under the Ministry of Textiles, Government of India with a mandate to ensure quality of all textiles and textile products for domestic and export markets. Nissenken Quality Evaluation Centre, Japan, is the country's leading quality evaluation institute established in 1948 as a testing and research institute in the field of textiles.

Technical textiles are material and products made primarily for their technical properties and functional requirements. They have wide usage such as agro-textiles, medical textiles, geo-textiles, protection-textiles, industrial-textiles, sports-textiles and many other usages.

Source: financialexpress.com– Sep 02, 2020

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India mulling anti-dumping duty on acrylic fibre from nations including European Union

India may impose anti-dumping duty on a certain type of fibre imported from European Union, Belarus, Ukraine and Peru as the commerce ministry's arm DGTR has recommended for the same after conducting a probe.

Directorate General of Trade Remedies (DGTR) in its findings concluded that acrylic fibre from these countries has been exported at below its associated normal value, which has resulted in dumping.

The domestic industry has suffered material injury due to dumping of the product by these nations, according to a notification of DGTR. "Definitive anti-dumping duty...is recommended to be imposed for five years," it said. The duty recommended is in the range of USD 114.97 per tonne and USD 212.98 per tonne.

Acrylic fibre is lightweight, soft and warm with a wool-like feel. It is used in making sweaters, tracksuits, gloves, furnishing fabrics and carpets. Anti-dumping duties are levied to provide a level playing field to local industry by guarding against cheap below-cost imports.

Countries dump products in India as it is one of the most attractive markets for global producers due to its large middle-class population. The imposition of anti-dumping duty is permissible under the World Trade Organisation (WTO) regime.

Source: financialexpress.com– Sep 02, 2020

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Forget China, can India match Vietnam?

On most trade indicators, Vietnam scores over India. And, now, it's going all out to woo firms moving out of China

As India continues to atone over its inability to keep pace with China, India is increasingly missing the bus with Vietnam as well. While Vietnam started the Doi Moi reform process in 1986, after China in late 1970s, and before India in 1991, there is little doubt that Vietnam has achieved massive economic success. Today US receives more garments from China, Bangladesh and Vietnam than from India.

With Covid-19 tainting millions, China is facing a unique global withdrawal threatening to destabilise its sway as the world's factory of choice. Amidst this, Vietnam has emerged as the preferred choice of electronics and mobile phone companies, trying to move out of China.

Leaping forward

Vietnam's total merchandise exports grew at an annualised average rate of 18 per cent in the last 10 years till 2019, as compared with India's 5 per cent. During the same period, Vietnam attained a trade surplus of $47 billion, which again was a significant improvement over the trade deficit of $13 billion in 2010. While Vietnam started delivering trade surplus, India's trade deficit increased to $156 billion in 2019 from $130 billion in 2010.

Vietnam’s top exports, in 2019, comprised electrical machinery and equipment (with 41 per cent share), apparel (11 per cent), footwear (8), and machinery and mechanical appliances (5). The highest increase in exports during 2010-19 was in electrical machinery and equipment, the share of which in Vietnam’s total exports rose from 10 per cent in 2010 to 42 per cent in 2019 — within which the highest exports were recorded for mobile telephone (with a 13 per cent share), followed by electronic integrated circuits (7 per cent) and parts of mobile phones (6). The US, the UAE and Austria accounted for 40 per cent of the mobile phone exports by Vietnam in 2019.

In comparison to Vietnam’s manufacturing and technology-oriented exports, India’s top exports comprised largely low-tech manufacturing products like mineral fuels (14 per cent share), pearls (11 per cent), machinery (6), organic chemicals (5) and vehicles (5). India could have been an ideal destination for hi-tech manufacturing, but Vietnam has been the frontrunner. Hi-tech exports as a percentage of manufacturing in Vietnam stands at 40 per cent, whereas in the case of India it stands abysmally low, at 9 per cent in 2018.

South Korea-based Samsung has one of its largest facilities outside its home country in Vietnam. In 2012, Samsung established a dedicated LFD business, Samsung Display Solutions, catering to the company’s SMART range of LED products. In fact, the company assembles half of its global handsets in Vietnam and has benefited hugely post the US-China trade war. In 2018, the total sales by Samsung Electronics in Vietnam amounted to $66 billion which accounted for as much as 28 per cent of the country’s GDP. Reportedly, in such cases, Samsung is likely to diversify its production lines for making smartphones to India under the PLI (Production Linked Incentive) scheme — should this happen it will be a boost.

In June, Vietnam ratified its FTA with the EU, which would essentially allow European producers to invest in Vietnam and from there they can export further into other markets in Asia-Pacific with whom Vietnam provides preferential access.

Unfortunately, this has occurred when Indian exporters are losing market share to Vietnam in the EU market. India’s share to EU accounts for close to one-fifth of Indian outbound shipments. During 2009 and 2018, India’s exports to EU increased 1.6 times as against Vietnam’s 4.4 times.

Given the ongoing worldwide trends, if production continues to shift out of China post trade war, it would make sense for businesses to go into Vietnam. Once firms establish themselves in Vietnam, they can consider re-exporting back to China, or enlarge their operations to other ASEAN economies and the EU. Unfortunately, India would remain bereft of these benefits.

Elephant in the room

To up the ante, India needs to realise where it is going wrong. Since liberalisation, the country has had multiple policies — from the erstwhile National Manufacturing Policy to present day Make in India — but the share of manufacturing in India's exports has remained muted.

Vietnam has evolved as an attractive destination for FDI, as it is increasingly providing cheap labour whilst offering a friendly environment and reduction in taxes to foreign enterprises. According to data available, out of 56 companies that have moved out of China since its trade war with US, only eight have invested in India, while 26 shifted bases to Vietnam.

India needs to be quick to react to the evolving global scenario. Recently, in the light of the trade war, Vietnam has been swift in offering attractive corporate tax rates for large firms wanting to relocate.

For instance, the two common preferential corporate tax rates of 10 per cent and 20 per cent are applicable for eligible large manufacturing projects for 15 years and 10 years. In deviation, the standard rate is 40 per cent for foreign companies and branches of foreign companies in India. Considering the surcharge and cess, the highest effective rate is 43.68 per cent for foreign companies in the country.

During the first six months of 2020, amidst the devastating Covid-19, exports from Vietnam were almost on a par with India's, speaking volumes about the country's aspirations. In fact, the average annual growth rate of exports from Vietnam have shown a growth of 3 per cent, while India showed a negative growth of 24 per cent during the same period.

Ninety per cent of Vietnam's merchandise trade is through seaports. In the case of India, despite its coastline being almost double that of Vietnam, it has not been successful in using it to its benefit. A part of the problem in India is because some of the seaports have dredging issues, unlike in Vietnam which has deep-water ports.

Going forward, India needs to undertake a rigorous analysis to compete with its Asian peers, whether it be in terms of free trade agreements, creation of an amicable and stable business environment, financial incentives, creating last mile connectivity and, most importantly, low-cost quality labour.

It remains to be seen whether India can support global companies set up plants here, when they need it most.

Source: thehindubusinessline.com– Sep 02, 2020

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Will India lose Bangladesh as an ally?

China has started to woo Bangladesh to expand its influence in the region. India must work to strengthen ties with its neighbour

Rouhin DebAfter clashing with India over the LAC in the Galwan Valley, China has also started to woo our closest allies and neighbours with its economic prowess. Nepal has already started dancing to China's tune by endorsing a new map of the country that encompasses Indian territories, adding to New Delhi's discomfiture.

This has led to curtains falling on the healthy relations that India and Nepal once shared. After Nepal, it seems China has set its eye on Bangladesh, which shares a border with India and is a close ally. In a recent development, the Chinese government has allowed tariff exemptions to 97 per cent of the Bangladeshi products being exported to China.

This is not the only favour Beijing has shown towards Dhaka. China has also vowed to give Bangladesh top priority should Beijing develop a coronavirus vaccine. Given these recent magnanimous gestures China is showering towards Bangladesh, and its huge investments in the country, India seems to have enough reasons to wary — both politically and for security reasons.

Strategic location

China already has access to port facilities across Sri Lanka, Myanmar and Pakistan. It could eye Bangladesh as the next potential target for its debt-trap diplomacy and get access to strategic ports. This would pose a serious security threat to India if viewed from a military dimension.

Bangladesh also shares its border with four eastern States in India: West Bengal, Tripura, Assam and Meghalaya. The success of the Indian government's ambitious "Act East" policy, which primarily focusses on the economic development of the relatively backward north-eastern States could also be affected if China gets its foot in the door with Bangladesh.

The access from these States to the strategically located international sea port in Bangladesh's Chittagong (officially Chattogram) is one of the most important factors that attracts investments here and spurs growth.

The Central government has recently given its nod to set up a multi-sector special economic zone at Paschim Jalefa, South Tripura, given its proximity to the Chittagong port, at a cost of around ₹1550 crore. The vision to come up with a SEZ in Tripura is primarily to boost up manufacturing in the north-eastern States and create around 12,000 skilled jobs. However, the key to the success of this multi-sector SEZ will be hugely dependent upon the relationship Bangladesh shares with India, with respect to China.

Reinforcing ties

The recent developments regarding the CAA and the NRC legislations have also complicated the bilateral relationship between India and Bangladesh. Though the Prime Ministers of both the countries termed these times as a shonali adhayay (golden chapter) in the Indo-Bangladesh relations, top officials of the Bangladesh government have privately hinted at a strained relationship amidst this issue.

Experts say China will definitely use its financial prowess to lure Bangladesh and increase its influence in South Asia. What worsens the situation is India's big brotherly attitude towards Bangladesh, which is quite different from the "non-interference and debt trap diplomacy" of China. Bangladesh's Citizens and the government might fall for this strategy and there are chances the country could become another Sri-Lanka for China.

However, given the role India played in Bangladesh's freedom and with the Sheikh Hasina regime in power, chances are slim that India's relationship with Bangladesh might be for a toss. Moreover, Bangladesh's trade relations with India are far less lopsided than with Beijing, the difference in trade deficit amounting to $11.1 billion.

But as the saying goes in international diplomacy, “There is some self-interest behind every friendship”. We never know when the tide might just turn against India. The country should therefore start rethinking how it is going to treat its neighbours. India cannot match China in terms of investment, so it better carve its own niche to be in the game.

As far as Bangladesh is concerned, it shares lot of cultural and linguistic similarities with the States of Assam, West Bengal and Tripura. India might therefore rather build on these similarities and strengthen ties through various cultural and intellectual exchanges with Bangladesh, which would rather have long-term positive implications.

India, being the stronger neighbour, will have to be more accommodating on various matters of international affairs with its smaller neighbours like Bangladesh. This will help build a relationship that is based on trust and well-being and will outweigh the relationships that are built for short term financial gains.

Source: thehindubusinessline.com– Sep 02, 2020

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The Indian economy is set for a V-shaped recovery, says MSME Secretary AK Sharma

The Indian economy is set for a V-shaped recovery, and things are likely to pick up September onwards, particularly because of the proactive steps taken by the Indian government to manage the crisis posed by the outbreak of Covid-19, and the ‘resilient’ nature of India and its people, AK Sharma, Secretary, ministry it micro, small and medium enterprises said on Tuesday.

To be atma-nirbhar is not to be protectionist, and the government’s idea of launching the self-reliance initiative is to add to the country’s strengths, Sharma added.

“Inspite of all the challenges and the perception and all the issues, the government has moved very decisively to see that credit flows to sector where it is needed, particularly MSMEs," Sharma said at the US-India Strategic Partnership Forum.

"RBI has played a very confidence boosting actor. RBI has responded very proactively, it's been with the economy and its sectors," he said.

Sharma said that he was hopeful that the government will find ways to come out of economic downturn.

"Many of economists have spoken of a V shaped recovery. Perhaps September onwards we will see upwards trend," Sharma said.

Sharma said that consumption will be driven by the Indian market itself.

"We don't have to worry about the rest of the world and breakage of global supply chains if we produce, if there is a lot of consumption going to happen here. So demand side is going to be taken care of very soon," he said.

Sharma added that a good monsoon this year is also going to work for the country's advantage.

Sharma said that the pandemic has necessitated rethinking of global politics and international relations. The atma nirbhar bharat abhiyaan launched by Prime Minister Narendra Modi is meant for encouraging domestic production and value-addition, he said.

"Basically what atma nirbhar bharat calls for, is to add to our own stregnth and if something need to be imported we will import, if something needs to be exported, we will export as well," he said.

He said that the government is encouraging companies to produce well, zero effect, zero defect goods which are acceptable in the world market as well, through the atma nirbhar bharat package, he added.

"I would like to allay those fears, those misconceptions. We should try to be self reliant, add value in what we are producing," Sharma said.

Source: economictimes.com– Sep 02, 2020

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Digital India: New portal for MSME registration sees early traction; this many firms register in 2 months

Ease of Doing Business for MSMEs: The MSME registration portal Udyam Registration launched by the government for small businesses to register online and as per the revised MSME definition has already seen nearly 4 lakh registrations, MSME Ministry said on Wednesday. The portal became operational on July 1 and “as on September 1, close to 4.00 lakh registrations have already taken place,” the ministry said in a statement.

Apart from new entrepreneurs who want to register their units as MSMEs, businesses which are registered are Entrepreneurs Memorandum (EM) part II or Udyog Aadhaar Memorandum (UAM) can also migrate to Udyam by re-registering themselves. The government had introduced the portal for paperless and free of cost registration of MSMEs based on self-declaration in an effort to boost ease of doing business.

The government has also integrated Udyam with the government’s e-commerce marketplace GeM and platform to facilitate invoice financing – Trade Receivables Discounting System (TReDS). This would allow MSMEs to auction their trade receivables at competitive rates to ease credit challenges as well as sell goods and services to government departments, public sector units etc seamlessly without any additional registration.

Importantly, the Reserve Bank of India had recently issued a circular clarifying MSMEs’ doubts around the registration of existing units under EM part II and UAM. RBI had said that existing EMs part II and/or UAMs of MSMEs obtained before June 30, 2020, will continue to remain valid till March 31, 2021. MSMEs had sought clarity whether their existing registrations would remain or valid or not following the government’s June 26, 2020 notification on the classification of MSMEs as per the new definition and specification of the form and procedure for registration with effect from July 1, 2020.

SIDBI had in June set up a Swavalamban Crisis Responsive Fund to help MSMEs onboard the TReDS platform free of cost. The has waived off the joining or registration fees of Rs 10,000 till March 2021 and is targeting to support over 10,000 MSMEs through the fund. Currently, Receivables Exchange of India, M1xchange and Invoicemart are invoice discounting platforms part of the TReDS mechanism.

Source: financialexpress.com– Sep 02, 2020

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I-T refunds cross ₹98,000 crore in five months

The Income Tax Department on Wednesday claimed issuing refund of over ₹98,000 crore during the last five months.

"The Central Board of Direct Taxes issues refunds of ₹98,625 crore to more than 26.2 lakh taxpayers between April 1, 2020 and September 1, 2020," the Department said in a tweet. CBDT is the apex policy making body for income tax.

The tweet also mentioned that out of total, personal income tax has share of ₹29,997 crore in over 24.5 lakh cases while corporate tax refunds of ₹68,628 crore have been issued in over 1.68 lakh cases. In April, the Government decided to issue income-tax refunds up to ₹5 lakh immediately.

Income-tax refund arises when taxes paid are higher than the actual tax liability (including interest). It could be in the form of advance tax, self-assessment tax, tax deducted at source, foreign tax credit etc. There is no separate procedure to claim an income tax refund. One can claim tax refund by filing the return of income in the usual manner.

A taxpayer is supposed to ensure that the return is electronically verified through Aadhaar number OTP, EVC generated through bank account or physically verified by posting the signed ITR-V (acknowledgement) to Centralised Processing Centre (CPC) within 120 days of filing the return. Normally a taxpayer has a time limit of 120 days, from the date of return filing, to verify his returns.

The earlier one gets the verification done, the earlier the CPC will process one's returns. Once the returns are processed by the CPC at the primary level for arithmetical errors etc, refund will be issued to the taxpayer.

Source: thehindubusinessline.com– Sep 02, 2020

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