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NEWS CLIPPINGS

	NATIONAL NEWS
1	India needs to build platform with like-minded countries to promote new-age businesses, says Piyush Goyal
2	ECLGS for MSMEs: 24 lakh units benefitted so far out of targeted 45 lakh; disbursal stood at 37%
3	Capital crunch, changing regulations threaten Indian apparels and textiles
4	Cap on benefits: Export bodies seek review, say large exporters to be hit hard
5	Garment cos shift from China to India
6	Indian Cotton Group Wrestles with U.S. Over Who Gives Better Forecasts
7	Essential goods to fuel retail industry's growth in the next 2-3 quarters: Report
8	Domestic textile market to remain subdued in 2020 – Arvind Ltd
9	Apparel exports to register 40 per cent expansion this fiscal, claims AEPC
10	August Services PMI at 41.8, against July's 34.2
11	SVP Group inks MoU with Rajasthan govt to invest Rs 4,000 crore in aviation, textile sectors
12	High transparency in quality and trade is a hallmark that encourages continuous buying of U.S. cotton

INTERNATIONAL NEWS

US trade deficit surges in July to highest in 12 years

The U.S. trade deficit surged in July to USD 63.6 billion, the highest level in 12 years, as imports jumped by a record amount. The Commerce Department reported that the July deficit, the gap between what America buys and what it sells to foreigners, was 18.9 per cent higher than the June deficit of USD 53.5 billion.

The increase was driven by a record 10.9 per cent increase in imports which rose to USD 231.7 billion. Exports were also up but by a smaller 8.1 per cent to USD 168.1 billion. When Donald Trump campaigned for president in 2016 he pledged to sharply lower the country's large trade deficits, especially with China, which for years has been the country with the largest trade surplus with the United States.

But despite a number of high-profile trade battles and a renegotiation of the North American Free Trade Agreement with Canada and Mexico, America's trade deficits have remained stubbornly high.

For July, the deficit with China in goods totaled USD 31.6 billion, an 11.5 per cent increase from the June imbalance.

The goods deficit with Mexico hit a record high of USD 10.6 in July. Trump has claimed the new free trade deal he has negotiated with Mexico and China will be a boon for American workers and businesses.

The United States ran a deficit in goods trade of USD 80.1 billion in July, the highest on record. The U.S. surplus in services, such as banking and insurance, declined to USD 17.4 billion, the smallest services surplus since August 2012.

Source: financialexpress.com– Sep 03, 2020

HOME

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US Apparel Imports Down 30%, as China's Slashed in Half in July

While stores continue to reopen and companies work to get back business lost from the economic fallout of the coronavirus pandemic, they still aren't importing much apparel.

U.S. apparel imports fell 32 percent to $6 billion in value terms in July compared to a year earlier, according to figures released Thursday by the Commerce Department's Office of Textiles & Apparel (OTEXA).

Companies have imported 30.68 percent less apparel in the first seven months of the year–a period that began with the still-raging U.S. China trade war, Chinese New Year factory closing and the global coronavirus pandemic–for a value of $33.88 billion compared to $48.87 billion for the same period in 2019, according to OTEXA.

The greatest impact has been on China, which posted a 49.34 percent year-to-date decline through July to retain its position as the top supplier with $7.35 billion worth of goods imported. In July, 50 percent less apparel, or $1.58 billion worth, was imported to the U.S. from China compared to a year earlier.

Apparel imports from No. 2 supplier Vietnam declined 11.06 percent for the seven-month period to $6.94 billion and were down 11 percent in July compared to a year earlier to $1.29 billion. However, Vietnam did post a 2.9 percent volume increase to 393.29 million square meter equivalents (SME).

Third-place supplier Bangladesh didn't fare much better, with year-to-date imports down 18.54 percent to $2.91 billion and year-over-year shipments off 11 percent to $436.34 million.

Cambodia was the only country among the Top 10 suppliers to register increases in year-to-date and year-over-year imports to the U.S. For the year through July, imports from Cambodia rose 6.13 percent to $1.54 billion and were up 19.2 percent in the month compared to a year earlier to $292.67 million.

"Today's apparel import data…continues the trend for a few suppliers who are able to expand their presence in the U.S. market even during the pandemic," said Julia K. Hughes, president of the United States Fashion

Industry Association. "Vietnam, of course, has weathered Covid better than many countries and expands its role as the sourcing destination every brand and retailer relies on. I'm also heartened by the success stories of Cambodia, Myanmar and Ethiopia, some of the poorest countries in the world, who are continuing to grow."

Apparel imports from Ethiopia rose 24.1 percent to $20.4 million and shipments from Myanmar increased 9.8 percent to $29.89 million.

Among the rest of the top Asian suppliers, imports from Indonesia were down 19.88 percent in the year through July to $2.08 billion and declined 16 percent year over year to $268.08 million, while India's shipments dropped 33.28 percent in the seven months to $1.75 billion and were down 41 percent in the month from a year earlier to $213.21 million, and imports from Pakistan declined 18.93 percent year to date to $689 million and fell 27 percent in the month compared to July 2019 to $104.37 million.

Among the top Western Hemisphere suppliers, imports from Mexico fell 36.03 percent in the seven months to $1.21 billion and were off 29 percent year over year to $199.48 million.

Shipments from Honduras declined 47.01 percent year to date to $833 million and were down 43 percent in the month from a year earlier to $151.54 million, as imports from El Salvador plummeted 46.78 percent in the seven-month period to $578 million and fell 41 percent year over year in July to $117.54 million.

Hughes also cited Turkey and Colombia as suppliers that are faring well. In volume terms, imports from Turkey increased 11 percent year over year July to 8.24 SME, while those from Colombia, which Hughes said was "doing a great job of holding virtual events to encourage more duty-free sourcing in the Western Hemisphere," were up 19.4 percent to 3.06 million SME.

Source: sourcingjournal.in– Sep 03, 2020

HOME

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Euro area retail sales fall short of forecasts in July

Retail sales in the single currency bloc unexpectedly fell during the month of July.

According to Eurostat, retail sales volumes dropped at a month-on-month pace of 1.3%, with non-food sales shrinking by 2.9% and food sales flat.

The drop in the headline rate was far less than the 1.2% rise that economists had penciled-in and followed a 5.3% increase in June.

In turn, June's increase was initially reported at 5.7%.

The largest monthly declines in sales were recorded in textiles and clothing (-8.7%), Mail orders and internet (-6.7%) and in those of computer equipment (-5.8%).

From among the single currency bloc's main economies, retail sales in Germany dropped by 0.9% and those in the Netherlands by 0.1%, while in Spain they rose 1.2% and in France by 1.5%.

Data for Italy are confidential.

Versus a year ago, euro area retail sales were 0.4% higher, which was far less than the consensus forecast for growth of 3.7%.

Commenting on the retail sales figures and the outlook, Claus Vistesen at Pantheon Macroeconomics said that there appeared to be a mean reversion going on following the binge in sales during lockdown.

He also called attention to the slowdown in online sales as economies reopened.

"Looking ahead, we think a trend in year-over-year growth of zero-to-0.5% is a decent baseline, which would leave the headline retail sales index more-or-less flat between now and the end of the year. Risks are tilted to the downside, however, based on the fact that sentiment is stalling."

Source: sharecast.com– Sep 03, 2020

HOME

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PRC dominance less dramatic now in textile-apparel: QIMA

China is down, but not out, according to a new report on global sourcing by QIMA that says though China still takes the crown for global sourcing, its dominance is noticeably less dramatic compared to previous years, especially in industries like textile and apparel, where supplier portfolio diversification has been a priority for a while now.

Three-fourths of respondents globally named China among their top three sourcing geographies, with 55 per cent reporting that Chinese suppliers accounted for over half of buying volumes in the first half of 2020.

Vietnam continues to trend upward, luring in Western buyers as an alternative to China. Consistently ranking among China's regional competitors, Vietnam continues to reap the most benefits of the continued mass exodus of Western buyers from China, with 40 per cent of European Union (EU) respondents and almost as many US brands including Vietnam among their top sourcing regions.

The report, titled 'Evolution of Global Sourcing in 2020', analyses the evolution of global sourcing in response to the ongoing COVID-19 pandemic, US-China trade tensions and other disruptions to global supply chains.

Hong Kong-headquartered QIMA is a leading provider of supply chain compliance solutions that partners with brands, retailers and importers to secure, manage and optimise their global supply network.

Western brands aren't venturing too far from China. After Vietnam, India and Bangladesh, alternative sourcing options of choice are still largely countries in Asia, including Taiwan, which enjoyed overwhelming preference as a sourcing market among US-based respondents.

US and EU brands are exploring sourcing options closer to home, but are more likely to near-shore rather than re-shore. For US-based companies, sourcing destinations closer to their home country continue to grow steadily, with the popularity of Latin and South America almost doubling compared to last year.

Meanwhile, EU brands are increasingly turning to Turkey as a near-shoring destination, named among the top three sourcing regions by 30 per cent of EU respondents.

Diversification is top of mind for global brands, but there are some noticeable nuances between regions. US brands are by far the most likely to diversify sourcing, with 95 per cent of US-based respondents reporting plans to the effect, likely due to the pandemic and worsening geopolitical tensions between Washington and Beijing.

On the other hand, European buyers are not as ready to walk away from China, with only about half of EU-based respondents reporting plans to seek suppliers elsewhere, the report added.

Source: fibre2fashion.com– Sep 03, 2020

HOME

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Vietnam textile and garment trying to expand market share in EU

As the Covid-19 pandemic rages on, Vietnam's textile export turnover down 11.6% in the first 8 months of 2020, said the Vietnam Textile and Apparel Association (VITAS). A further decrease of 10% -15% is expected until the end of the year.

Ho Chi Minh City's textile export turnover was US$3.02 billion in the first eight months of 2020, down 20.4% over the same period. At the same time, US market down 24.16% (29.83% of turnover), European down 24.97% (12.05% of turnover).

The number of export orders of HCMC companies down 25% and about 30% in April and May respectively, said the HCMC Association of Garment - Textile - Embroidery - Knitting (AGTEK). The decrease is expected to be 14% - 18% towards the end of the year.

The whole textile industry in Vietnam currently has up to 118.7% of goods in inventory, 20% of the companies were forced to shut down while others cut labor and restructure production activities.

Many global fashion brands declared bankruptcy like New York & Company which owns 378 retail stores and agencies, JCPenney with 850 retail stores worldwide, or Brook Brothers.

The Sustainable Textile of the Asian Region network (STAR network) in April held a meeting with major textile manufacturers from Bangladesh, Cambodia, China, Myanmar, Pakistan and Vietnam, discussing fashion brands and retail systems to consider the aftermaths of their decisions to postpone or cancel placed orders. However, most brands in current circumstances is also suffering from financial decline, with many referring to "force majeure" provisions to suspend their orders.

As a result, Vietnamese textile manufacturers have turned towards the domestic market, with main products including masks, workwear, medical outfits and fast fashion, targeting the cheap or mid-range segment. Domestic consumption is expected to up 5% until the end of 2020, about US$200-250 million.

Nonetheless, the expected 5% increase is nothing compared to Vietnam's production capacity, and cannot make up for the shortage of export orders, said General Director of the Vietnam National Textile and Garment Group (Vinatex) Le Tien Truong. He also mentioned that the Vietnam-Europe Free Trade Agreement (EVFTA) would allow companies to reach an export turnover of US$7 billion which was that of 2019.

About US$5 billion worth of Vietnam's garment and textile products enter the EU each year, taking up about 2% of the EU's textile and garment import turnover, while the country ranks 6th worldwide in terms of textile and garment export.

Having competitive pricing and fast delivery times will enable Vietnam to take full advantage of EVFTA and increase market share in the EU as well as compete with the Bangladeshi providers, Truong said.

Businesses ought to improve logistical capacity to achieve shorter delivery time, and the government should simplify administrative procedures, reduce clearance and inspection time, he added.

Manufacturers should also start importing materials from countries that have signed FTAs with Vietnam and the EU to take advantage of cumulative rules of origin.

Additionally, they are encouraged to dabble in specialized, hi-tech, multi-detailed textile products or workwear, sports and medical products, while changing production technology, improving management capacity and investing in social and environmental factors.

Source: sggpnews.org.vn– Sep 03, 2020

HOME

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Five of Taiwan's Top Textile Firms Shine Light on Apparel's Functional Future

As COVID-19 has ravaged the global economy, Taiwan's functional textile industry is staying on course by actively responding to technology and fashion trends. Top manufacturers are producing a variety of functional and anti-bacterial fabrics, ready-to-wear and eco-friendly textiles, and developing brands to create greater business opportunities with partners in the global textile industry.

To showcase some of these new functional fibers and eco-friendly solutions, the Taiwan External Trade Development Council (TAITRA), the foremost non-profit, semi-governmental trade promotion organization in the country, hosted the Taiwan Excellence Functional Fabric Online Press Conference on Aug. 25, featuring five of the industry's functional fabrics leaders.

The presenters included Singtex Industrial Co., Ltd.; Sun Own Industrial Co., Ltd. (ATUNAS); Asiatic Fiber Corporation; Toung Loong Textile MFG. Co., Ltd.; and BenQ Materials Corporation.

Singtex, one of Taiwan's most prominent fabric manufacturers, introduced its AIRMEM™ COLORSHELL coffee bio-jacket to the audience, made from recycled coffee grounds and bottles. The jacket uses microporous membrane technology that is not only windproof, waterproof and oil repellent but is also designed to provide excellent moisture vapor permeability to keep the wearer dry and warm.

"Customers always want to have more lightweight, they want to have more function," said Tony Wang, vice president of sales at Singtex during the conference. "Inside the COLORSHELL, 26 percent of the material is made from coffee oil. It's still a bio-compound-based, eco-friendly base, but it can provide color on the outside, so this fabric is reversible. One fabric has two uses."

Sun Own, a sporting goods manufacturer that sells products under the ATUNAS brand name, presented two collections, including its Supercooling and Pretty Skin Light shirt collections, which are UPF 50+ resistant and can block 70 percent of infrared and harmful UV Rays, as well as its iRoller foam roller.

"We have used nanofibers to help us filter the UV rays, and absorb beneficial rays," said Peter Liu, manager of international market development at Sun Own Industrial. "The two-layer shirts are very functional in making people feel comfortable."

Textiles firm Asiatic Fiber Corporation is using conductive fiber to create a smarter lifestyle, showcasing its iQmax Wearable Smart Textiles, which combine textiles and wearable devices to give massages for pain and discomfort and activate and stimulate muscles during workouts.

"The beauty of our product is making health care and fitness much smarter and easier than ever without changing users' lifestyle," said Crystal Lee, marketing manager of Asiatic Fiber Corporation. "It is highly recommended for self-health care and home workouts."

Richard Yu, marketing manager of professional athleisure yarn supplier Toung Loong Textile, showcased three of the company's most innovative yarn products, including the Yarn Dye, Alpha Yarn and Cotton Hand.

Yarn Dye, the flagship product of Toung Loong, obtains color before any fabrics are made and can be applied on stripes, checks, plaids and special pattern fabrics. Alpha Yarn maintains the property of draw-textured yarn, which is fully drawn, polyester multifilament yarn with soft crimp, while still offering better coverage, better bulkiness and is more long-lasting.

"When I don't have to rely on using spandex for stretchability and movability, I can make my fabric lighter, better and more comfortable," Yu said, referring to the Alpha Yarn. "Our yarns can recover for as long as possible, so it's very hard to actually change the original state of the yarns, and it's less likely to have creases or wrinkles."

The third yarn, Springfil®, is a comfort stretch yarn made from a special texturizing process that doesn't stick to skin when you sweat.

The last presenter at the event, BenQ Materials Corp., a manufacturer specializing in material science, introduced Xpore, an eco-sustainable, waterproof and breathable textile technology that can be used for raincoats and jackets.

Rex Lee, director of the performance textile business unit at BenQ Materials, and Irene Chao, the company's sales manager, explained that Xpore's "true breathability" comes from the hydrophobic porous membrane that lies within a textile's inner and outer fabric.

"When we exercise, the moisture passes through the non-porous membrane by diffusion process," said Lee. "At the same time, our body heat is kept under the membrane and we feel uncomfortable. With hydrophobic porous membrane, the body heat can penetrate through the membrane directly and keep it dry and comfortable."

At the core of Xpore is a layer of ultra-thin membrane with 10 billion nanopores in every square inch. The pores are 20,000 times smaller than water droplets, so they can block rain.

The successes of the five companies gives a peek into the future of the textile industry, and shows how apparel can benefit from new, functional, eco-friendly fabric in the years to come.

Taiwan Excellence Awards winners are selected based on four categories, including R&D, quality, design and marketing. Products that have been selected for the Taiwan Excellence Awards serve as exemplars of domestic industries and are promoted by the government in the international market to shape the creative image of Taiwanese businesses.

This year marks the 28th award selection, making the Taiwan Excellence symbol a prestigious distinction for enterprises in Taiwan to strive for and be recognized by. The symbol of Taiwan Excellence was established in 1992 by Taiwan's Ministry of Economic Affairs, and the Taiwan Excellence Selection was launched the following year.

In honoring the latest award winners, Taiwan Excellence wants to convey this message to the globe: "Taiwan can help. Taiwan is helping."

"The Covid-19 pandemic has boosted worldwide demand for high quality products, and Taiwanese enterprises have answered the call with excellent and reliable solutions as well as innovations that feature top IoT technologies," said TAITRA president and CEO, Walter Yeh during the event.

Source: sourcingjournal.com– Sep 04, 2020

HOME

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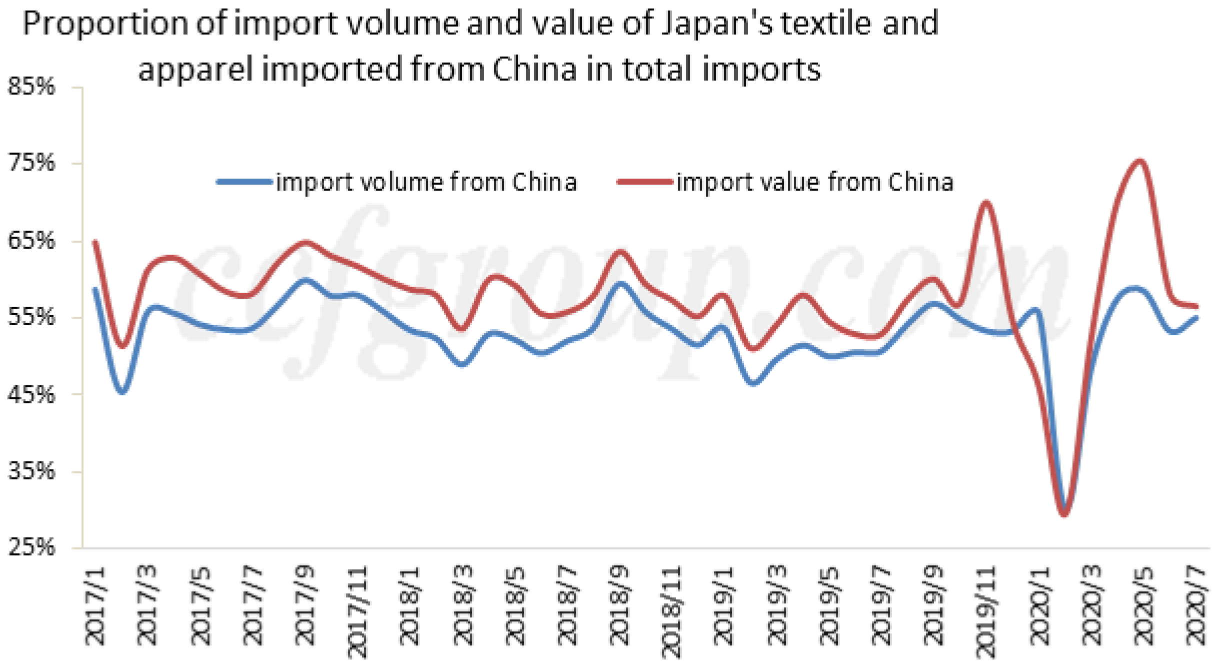
Japan's textile and apparel import demand still shrank year-on-year in Jul

The latest data shows that Japan imported 210,000 tons of textile and apparel in Jul, down by 12% year-on-year but up by 18.2% month-on-month; the volume from China was 116,000 tons, down by 4.6% year-on-year but up by 21.9% month-on-month. During Jan to Jul, Japan's cumulative textile and apparel imports reached 1,427,000 tons, down by 6% year-on-year, and that from China was 748,000 tons, down by 2.5% year-on-year.

In terms of value, the import value of Japan's textile and apparel in Jul reached 307.59 billion yen, down by 14.9% year-on-year but up by 21.6% month-on-month; while that from China reached 173.89 billion yen, up by 18.3% month-on-month but down by 9.1% year-on-year. During Jan to Jul, Japan's cumulative textile and apparel imports reached 2210.43 billion yen, down by 1.4% year-on-year, and that from China was 1271.37 billion yen, up by 3.8 % year-on-year.



From the perspective of the proportion of import volume and value of Japan's textile and apparel imported from China in total imports, volume inched up by 1.7% and value decreased by 1.6% in Jul compared with that in Jun. The value reached 56.5% and the volume accounted for 55%. During Jan to Jul, proportion of import volume and value of Japan's cumulative textile and apparel imports reached 52.4% and 57.5% respectively.

Japan's apparel import volume saw the bigger decline than that of textile and apparel

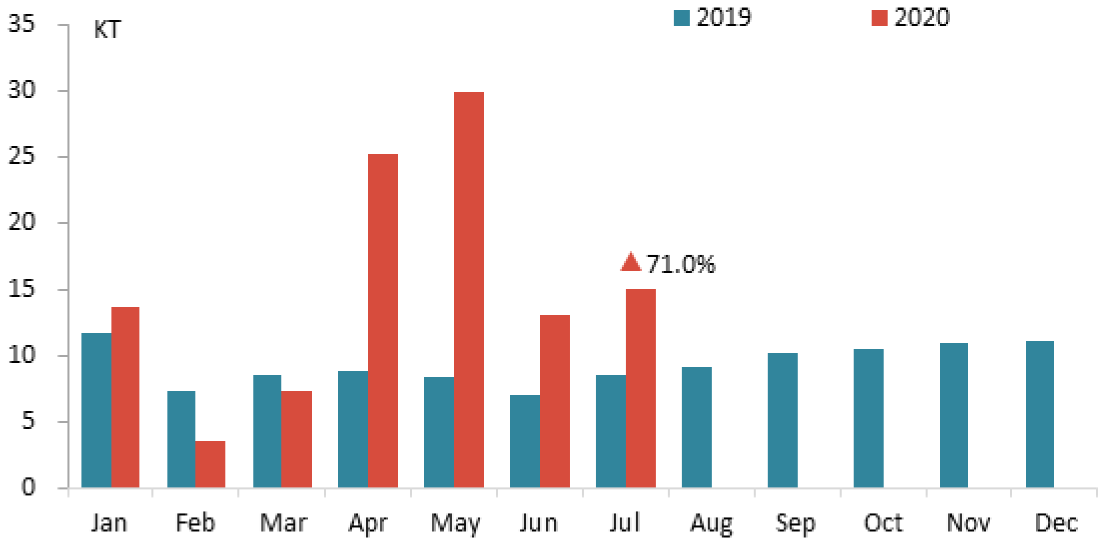
From Japan's apparel imports, the imports volume of Japan's apparel in Jul was 74,000tons, down 17.8% year-on-year but up by 43% month-on-month; that from China was 45,000tons, down 17.7% year-on-year but up by 45% month-on-month. During Jan to Jul, the imports volume of apparel was 479,000tons, down 12.9% year-on-year, and that from China was 283,000 tons, down by 14.5% year-on-year.

Import volume and value of Japan's apparel

	import volume(unit:kt)				import value(unit: billion yen)			
	Total	from China	y-o-y change total	y-o-y change from China	Total	from China	y-o-y change total	y-o-y change from China
1-Jul-19	89.75	54.27	13.2%	7.6%	273.15	146.83	6.3%	0.0%
1-Aug-19	108.02	69.00	-0.3%	-0.9%	307.79	179.99	-4.7%	-6.1%
1-Sep-19	117.55	79.60	-0.5%	-4.0%	312.08	192.50	-4.7%	-10.0%
1-Oct-19	113.87	73.17	-8.9%	-12.0%	296.49	171.57	-14.7%	-19.0%
1-Nov-19	85.40	52.95	-8.7%	-11.1%	229.48	127.04	-11.5%	-16.2%
1-Dec-19	83.22	51.41	5.6%	4.9%	233.49	128.29	0.6%	-1.8%
1-Jan-20	97.07	62.38	6.5%	7.0%	288.69	171.96	5.0%	5.6%
1-Feb-20	43.77	14.22	-39.4%	-64.8%	140.63	40.36	-37.3%	-65.8%
1-Mar-20	80.51	44.58	-2.3%	-6.1%	239.78	125.17	-4.7%	-9.5%
1-Apr-20	83.13	53.93	-1.0%	3.7%	232.89	147.86	-6.7%	-1.3%
1-May-20	48.89	32.08	-29.2%	-23.3%	136.44	84.81	-33.0%	-26.4%
1-Jun-20	52.00	31.00	-15.8%	-13.9%	150.65	79.35	-18.1%	-19.1%
1-Jul-20	74.00	45.00	-17.8%	-17.7%	212.53	113.61	-22.2%	-22.6%
Jan-Jul 2020	479.00	283.00	-12.9%	-14.5%	1401.61	763.14	-15.6%	-17.8%

In terms of value, the import value of Japan's apparel in Jul reached 212.53 billion yen, down by 22.2% year-on-year but up by 41.1% month-on-month; while that from China reached 113.61 billion yen, down by 22.6% year-on-year but up by 43.2% month-on-month. During Jan to Jul, the imports value of apparel was 1401.61 billion yen, down 15.6% year-on-year, and that from China was 763.14 billion yen, down by 17.8% year-on-year.

JAPAN'S TEXTILE AND APPAREL UNDER HS CODE 6307900 FROM CHINA



In Jul, Japan's apparel imports volume and value accounted for 35.1% and 69.1% of the total textile and apparel imports, and that from China accounted for 38.7% and 65.3% respectively. Compared with last month, the proportion of both the total apparel import and that of textile and apparel from China increased.

Japan's apparel imports value proportion was much more than the volume, which showed that the unit price played an important role. Proportion of apparel decreased, indicating that the proportion of textiles rose and the impact of textile import demand was less than that of apparel. What is the status of HS code 6307900 (including masks) in 2020?

Import volume and value of HS code 6307900

	import volume(unit:kt)				import value(unit: billion yen)			
	Total	from China	y-o-y change total	y-o-y change from China	Total	from China	y-o-y change total	y-o-y change from China
1-Jan-20	15.60	13.76	15.7%	17.1%	15.44	12.46	9.7%	10.8%
1-Feb-20	4.89	3.51	-44.0%	-51.5%	5.85	3.25	-40.0%	-52.9%
1-Mar-20	9.16	7.34	-9.0%	-13.7%	18.44	14.26	62.1%	63.8%
1-Apr-20	27.52	25.21	164.8%	186.4%	116.29	110.24	913.1%	1135.1%
1-May-20	31.97	29.93	215.8%	258.8%	148.75	143.21	1165.7%	1552.6%
1-Jun-20	15.00	13.00	77.1%	86.8%	42.03	36.96	328.0%	400.0%
1-Jul-20	16.00	15.00	60.2%	71.0%	33.07	28.46	175.0%	211.7%
Jan-Jul 2021	121.00	107.00	68.6%	78.5%	379.86	348.85	373.3%	472.1%

In Jul, the import volume and value of HS code 6307900 increased apparently, but the growth rate slowed down compared with that in the past months. The total import volume and that from China moved up by 9.5% and 11.5% respectively; while the value moved down by 21.3% and 23% respectively.

From the above data, we can see that Japan's textile and apparel import demand was still shrinking, of which the apparel shrinkage was greater than that of textile; and the import demand of HS code 6307900(including masks) still maintained a substantial growth, but the average unit price was falling sharply.

Source: ccfgroup.com– Sep 03, 2020

HOME

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Vietnam's textile-garment exports dip by 12.1% in Jan-Jul

The export turnover of Vietnam's textiles and apparel sector in the first seven months of this year is estimated at $16.18 billion—a fall of 12.1 per cent over the same period in 2019, according to the ministry of industry and trade, which said as of July, many businesses had almost no orders for the last two quarters, especially in high-value products.
Meanwhile, the price of masks and protective goods has fallen sharply due to oversupply globally.

The Vietnam Textile and Apparel Association (VITAS) recorded an average rate of cancellation of orders at businesses in the industry at about 30-70 per cent. A strong drop in orders led to a rise in inventory along with the pressure to pay wages, which increased difficulties faced by businesses. However, some positive developments in sector include Vietnam surpassing Bangladesh to become the second rank holder in global garment and textile exports during the first half of 2020.

Data from the General Statistics Office of Vietnam and the Bangladesh Export Promotion Bureau show that Vietnam earned $13.18 billion in the first six months of the year, while Bangladesh earned only $11.92 billion, according to a press release from Dony Garments.

Source: fibre2fashion.com– Sep 04, 2020

HOME

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Cotton Business Sectors Face Challenges in Rebuilding

From agriculture through to the fashion industry, the cotton supply chain is a vital job-creating sector. Yet with COVID-19 creating a dent in the economy with about 30 million people on unemployment benefits in the United States, figuring out how to grow the economy is a serious challenge.

Growing the manufacturing sector such as textiles should be seriously inspected. The textile industry should develop near to long-term strategies to diversify and grow.

In India, over 45 million people are employed directly in the textile sector that contributes about 2% to the country's GDP, highlighting the industry's importance to employment and the economy. More importantly, the cotton sector cuts across two major areas of the economy – agriculture and manufacturing.

A discussion with preeminent people whose experience spans the fields of cotton economics, genetics, cotton spinning and communication provided valuable information. Innovation surfaced prominently, highlighting the need for both basic and applied research in the textile and allied sectors.

"Managing the cost of production and developing innovative uses are vital," stated Kater Hake, Vice President of Agriculture & Environmental research at Cotton Incorporated.

COVID-19 has brought much attention to advanced textiles products, particularly PPE. Research reports shine light on the value of cellulosic materials towards virus destabilization, breathability and comfort. "These positive aspects should spill over to traditional markets where the bale volume is higher," pointed out Jon Devine, an economist at Cotton Incorporated.

Although masks may not move the bar much with regard to consumption, new applications – particularly in the medical field – bring due attention to the fibers, which will influence the consumption and support for natural fibers.

"Non-traditional products may not consume a large quantity of cotton, but they allow cotton to reach new and untapped markets," agreed Eric Hequet, a cotton geneticist and Associate Vice President for Research at Texas Tech University.

While mission-linked research and lower cost of production are valuable tools, proper messaging about the advantages of cotton also plays a critical role. Cotton is not a medicine, but it is an important fiber that goes into inner wears. Improving the production efficiencies by carefully planning cotton procurement and reducing wastes, the overall cost could be controlled. This is important to compete against low cost synthetics.

“Given the current situation with damped consumer confidence, getting a breakeven is a positive aspect for a spinning mill,” stated Shanmugam Velmurugan, general manager of South India-based Jayalakshmi Textiles, which produces fine count cotton yarns. “With proper government intervention that takes care of the interests of farmers and manufacturers, the industry can look forward to diversifications.”

The cotton sector has positive messages such as biodegradability and microplastic issues that must be relayed to stakeholders. “The microplastic issue is a once in a hundred years opportunity for the sector,” stated Hake.

Again, the pandemic has brought timely and genuine interest in natural fibers. Such renewed enthusiasm will help with the consumption of environmentally friendly products.

“The pandemic has reminded everyone that we live in a giant ecosystem, and we need to pay more attention to the planet,” stated Devine. Hequet added, “We should not be shy about advertising the advantages of natural fibers.”

“Communication is essential for everything else to succeed,” pointed out David Perlmutter, Dean of Texas Tech’s College of Media & Communication.

Seizing the opportunity at hand, supporting innovative ecosystems, looking for cost savings and – more importantly – timely messaging are the tools in the cotton sector’s toolbox. The cotton industry should innovate, look for new markets and enhance the use and value of fibers for industrial applications.

Source: cottongrower.com– Sep 03, 2020

HOME

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Global exports of baby wear significantly down

The global export of baby wear was has reportedly decreased 6.40 per cent to $8,987.88 million in the year 2019 compared to export of $9,602.90 million in 2017. The total exports slipped 8.02 per cent in 2019 compared to the previous year. Further, baby wear export is expected to move up to $9,290.05 million in 2022 with a rate of 3.36 per cent from 2019.

The global import value of baby wear was $11,023.01 million in 2017, which decreased 9.98 per cent to $9,922.53 million in 2019, according to Fibre2Fashion's market analysis tool TexPro. Total imports plunged 12.01 per cent in 2019 over the previous year and is expected to rise to $10,707.40 million in 2022 with a rate of 7.91 per cent from 2019.

China ($2,640.52 million), India ($1,157.67 million), Spain ($621.42 million) and Cambodia ($542.40 million) were the key exporters of baby wear across the globe in 2019, together comprising 55.21 per cent of total export. These were followed by Vietnam ($389.19 million), France ($300.57 million) and the UK ($293.48 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by Spain (169.50 per cent), Cambodia (32.00 per cent) and India (22.38 per cent).

US ($2,224.78 million), UK ($1,035.89 million), Spain ($959.21 million), France ($724.64 million) and Germany ($614.87 million) were the key importers of baby wear in the globe in 2019, together comprising 56.03 per cent of total import. These were followed by Italy ($580.46 million), Netherlands ($329.32 million) and Poland ($322.17 million).

From 2016 to 2019, the most notable rate of growth in terms of import value, amongst the main importing countries, was attained by Spain (98.44 per cent), UK (59.16 per cent) and Germany (8.62 per cent).

Source: fibre2fashion.com– Sep 03, 2020

HOME

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AAFA, trade bodies urge USTR to support CBTPA renewal

The American Apparel & Footwear Association (AAFA) along with a dozen other trade bodies recently urged US trade representative Robert E Lighthizer to support Congress to renew the Caribbean Basin Trade Partnership Act (CBTPA) as soon as possible. The act, which celebrated its 20th anniversary on May 18 this year, is set to expire on September 30.

Since its inception in 2000, CBTPA has become an important element of the effort to develop and facilitate trade within the Caribbean Basin region, most notably with Haiti. Overall, CBTPA is structured in a fashion that reasonably balances the interests of US textile manufacturers with those of textile and apparel manufacturers in the region, the organisations said in their letter to Lighthizer.

CBTPA requires the use of US or CBTPA-regional yarns and fabrics, which implies Haiti, as the main country still participating in the CBTPA, has become an important export market for US textiles.

Along with the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act, and the Haiti Economic Lift Program (HELP) Act, the CBTPA now increases US exports to strategic allies in the Caribbean Basin, the letter said.

Not only have these programs supported numerous US textile, apparel, and footwear jobs, but they have also supported economic development in the region, advancing key US foreign, security, and immigration policy goals, it said.

Specifically, the CBTPA continues to play a direct and critical role in advancing the industry partnership that currently exists between the United States and Haiti. In 2019, cent per cent (by volume) of apparel that was imported into the United States under the CBTPA was imported from Haiti.

And US apparel imports from Haiti continue to grow. In fact, the total US garment imports from Haiti grew by 13.4 per cent in 2019.

The benefits of this Act are now threatened because of questions surrounding the renewal of the CBTPA. These concerns come on top of the considerable pain, costs and uncertainty the industry is already trying to manage as a result of COVID-19 and the accompanying economic crisis, the letter said.

Signatories of the letter include the Council of Fashion Designers of America, the Footwear Distributors & Retailers of America, the National Retail Federation, the Outdoor Industry Association, the Retail Industry Leaders Association, the Travel Goods Association and the US Chamber of Commerce.

Source: fibre2fashion.com– Sep 03, 2020

HOME

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ROK, Cambodia conduct 2nd round of FTA talks

South Korea and Cambodia are conducting the second round of free trade agreement (FTA) negotiations this week to expand its export portfolio to cushion the economic fallout from the novel coronavirus pandemic. The four-day virtual meetings will discuss the scope of products and ways to enhance bilateral economic ties. The first round was held in late July.

The talks will end on September 3.

At least two more rounds of FTA negotiations are needed to finalise the pact before the end of this year, secretary of state in the Cambodian commerce ministry Seang Thay was quoted as saying by the country's media.

The talks came after Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, proposed the bilateral free trade pact during his summit with South Korean President H.E. Moon Jae-in in Phnom Penh in March 2019.

The bilateral trade volume between the two countries reached an all-time high of $1 billion in 2019, up 6 per cent from a year earlier, according to a South Korean news agency. Cambodia exported $336 million worth of products to South Korea and imported $697 million from the country. Cambodia is South Korea's 58th-largest export destination.

Source: fibre2fashion.com– Sep 03, 2020

HOME

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WHO backs Bangladesh to produce standardised fabric masks

Bangladesh has set up guidelines for local producers with minimum requirements for production of non-medical fabric masks for community use with expertise of the World Health Organisation (WHO). The guidelines, incorporating specifications and quality control parameters, have already been provided to local manufacturers and non-governmental organisations.

The standards have been developed in coordination with Directorate General of Drug Administration (DGDA) with support from several other global agencies, a press release issued by the UN office in Dhaka said.

Filtration efficiency, breathability of the fabric mask and properties of the material are the key parameters in the guideline of mask production for community use.

“We welcome the new set of standards which will make it easier for national manufacturers and NGOs to produce washable masks at an affordable price. This way we can avoid disposable masks adding to the waste problem.” said Mia Seppo, United Nations resident coordinator in Dhaka.

In addition to support for elaborating the standards of mask production, the United Nations is also working closely with the Bangladesh government for implementation of information campaigns aimed at increasing awareness about the importance and correct use of fabric masks, together with other protection measures such as maintaining physical distance and observing hand hygiene.

Source: fibre2fashion.com– Sep 03, 2020

HOME

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Pakistan: FPCCI calls for policy makeover to stimulate textile exports

The government must formulate long-term, durable, and consistent policies to bring up textile manufacturing and exports that have been stuck in a downward spiral for a longtime, an industry official said on Thursday.

“Since 1950s, the textile sector has been the main driving force of our economy, with more than 60 percent share in our total exports and offers employment to almost 40 percent of our work force,” said Sheikh Sultan Rehman, Vice President of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) in a webinar.

The online interactive session titled “Textile Industry of Pakistan: Challenges & Way Forward” was organised by FPCCI Karachi via video link.

“However, there has been a decline in our manufacturing as well as exports of textile products in recent years.”

Rehman said the government must take immediate measures for the timely refunds of sales and income tax, issuance of income tax exemptions on utility bills, and resolve issues faced by this export-oriented sector.

During the discussion, Naqi Bari, CEO Bari Textile Mills, said, “The decline in the production of cotton has increased the cost of manufacturing textile products which have ultimately affected our exports Pakistan”.

“We must increase our cotton production along with value addition to increase our exports,” Bari added.

Danish Javed, Convener FPCCI Standing Committee on Bedwear, said, “Bangladesh learned from our success in the textile sector and implemented effective policies, which helped their textile sector and economy to grow a lot”.

Javed said the government should exempt import of spare parts for textile machinery from duties and restore zero-rating to get the exporters out of the ongoing liquidity crunch.

Chaudhry Muhammad Nawaz, Chairman All Pakistan Cotton Power Looms Association, said, “This sub-sector mainly comprises SMEs that are severely affected in present times and need special support from government to revive again”.

Nawaz highlighted that commercial banks were reluctant to extend financing to SMEs particularly in Faisalabad.

A representative from All Pakistan Textile Mills Association (APTMA) said, “Issues of regionally uncompetitive industrial tariffs as well as high turnover taxes are one of the few major reasons of continuous decline in the manufacturing of textile in the economy”.

“We should learn from the examples of Bangladesh and Vietnam that timely addressed these issues and now their textile sectors are playing an important role in their economic development,” the APTMA official said.

Qaisra Sheikh, Coordinator Women Entrepreneurs FPCCI, said, “The FPCCI is the most relevant platform for the business communities to address these issues”.

Shagufta Rehman, Senior Vice President Women CCI Lahore stated the government must extend support to women entrepreneurs particularly belonging to textile sector. Taking the opportunity, she also identified the issue of commercial banks’ reluctance to release the loans to women entrepreneurs.

Source: thenews.com.pk– Sep 04, 2020

HOME

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NATIONAL NEWS

India needs to build platform with like-minded countries to promote new-age businesses, says Piyush Goyal

Industry must engage with youth to encourage entrepreneurship by providing skills and mentorship: Commerce Minister

The Centre is willing to partner with the Indian industry in its initiative to promote future businesses by building a platform with like-minded countries, Commerce & Industry Minister Piyush Goyal has said.

"We need to build a platform with like-minded countries and trusted partners to promote new-age businesses in India, " Goyal said at the launch of the 'Future Business Group' by industry body CII on Thursday.

The group includes young founders of India's successful new-age businesses and aims to support the emergence of new-age businesses, build companies of global scale, attract global investment in new businesses in India, create a future-ready talent pool and establish a dynamic and forward-looking ecosystem to catalyse the emergence of new innovative businesses.

"We have a huge start-up ecosystem in India. It is more about recognising our capabilities, uplifting our entrepreneurs. Some of the ideas that youngsters have come up with are truly revolutionary," he said.

Pool of capital

The Minister pointed out that the Indian industry can come together to create a pool of capital that can be utilised towards supporting new businesses and research. He said industry should engage with youth to encourage entrepreneurship, through providing skills and mentorship.

Some of the countries and regions identified by the CII for bringing into a global platform to work collectively include the US, Japan, the EU, South Korea, Australia and Singapore.

The Minister said that within the EU, countries like Sweden and Norway could be focussed on as they had a lot of traction for new businesses. One could possibly look at emerging areas such as South Africa and Brazil, he added.

Goyal was also open to the idea of forming a Joint Working Group of Department for Policy on Industry and Internal Trade and CII to formulate National Strategy for Future Businesses and initiate policy reforms. According to CII, the objective of the group could be to position India as a preferred investment destination for new businesses, design attractive sectoral incentives for the identified key sectors and incentivise SEZ creation and upgradation in States.

Innovation hub

Talking about the improvement in India's rank from 52 to 48 in the Global Innovation Index, the Minister said that all should work together to truly make India an innovation hub."We have a huge start-up ecosystem. I have no doubt that the spirit of the industry will even encourage the government to proactively go forward with new ideas and processes to make it easier and simpler to do business in India," he said.

Source: thehindubusinessline.com– Sep 03, 2020

HOME

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ECLGS for MSMEs: 24 lakh units benefitted so far out of targeted 45 lakh; disbursal stood at 37%

Banks and non-banking financial companies (NBFCs) under Modi government's Rs 3 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) has disbursed credit to 24 lakh Covid-hit MSME accounts – 53 per cent of the targeted beneficiaries till date. The government had said that "45 lakh units can resume business activity and safeguard jobs" in its schemes for MSMEs announced as part of the Atmanirbhar Package in May this year.

The amount disbursed, as on September 3, 2020, was Rs 1.11 lakh crore – 37 per cent of Rs 3 lakh crore in targeted disbursement. The data was tweeted by the Finance Ministry on Thursday following Nirmala Sitharaman's meeting with the heads of banks and NBFCs to review the progress of schemes including partial credit guarantee and sub-ordinate debt apart from ECLGS.

Sitharaman also asked banks to roll out the debt resolution or recasting schemes by September 15 for Covid-related stress among businesses. The minister said that Covid related distress must not impact the lenders' assessment of their creditworthiness as and when the moratorium on loan repayments is lifted. FM Sitharaman also focused on ensuring banks and NBFCs "immediately putting in place Board-approved policy for resolution, identifying eligible borrowers and reaching out to them."

The Reserve Bank of India (RBI) had last month allowed lenders a one-time dispensation to restructure loans affected due to the pandemic. Companies and individuals with loan accounts in default for not beyond 30 days as on March 1, 2020, can apply for the one-time restructuring. FM Sitharaman had offered working capital support of 20 per cent of the outstanding credit for MSMEs as on February 29, 2020. MSMEs are required up to Rs 25 crore outstanding and turnover of up to Rs 100 crore. The operational guidelines for the ECLGS scheme were issued by the Department of Financial Services on May 23 following the approval from the Cabinet on May 20, 2020. The ECLGS Fund was registered on May 26, 2020.

Source: financialexpress.com– Sep 03, 2020

HOME

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Capital crunch, changing regulations threaten Indian apparels and textiles

With dwindling number of large retailers in the US, domestic textile and apparel firms heavily dependent on contracts from discount stores, Narendra Modi -led government's push for a self-reliant India has further complicated problems for small and mid-sized exporters as they now have to certify the origin of imported inputs.

Though these rules aim to prevent Chinese goods from being routed in via Asean countries, they could cause sourcing problem for Indian companies. The government's focus on import substitution and its FTA re-strategization could result in many labor-intensive export firms being liquidated this year.

Acute need for non-farm jobs needed

In the last five years, India's leather exports have declined to $4.8 billion, textiles and garments exports have declined to $32.3 billion while gems and jewelry exports have fallen to $35.8 billion. These trends were mostly seen in July when gems and jewelry exports declined by 50 per cent year-on-year and leather and man-made yarn by about a quarter.

Sebastian Morris, Professor-Economics, IIM-Ahmedabad, India opines, India fails to protect its labor-intensive industries To arrest the growth of under-employed labor in the country, the country needs to create jobs at a record pace, says a new McKinsey & Co report. According to his report, India needs to create around 140 million non-farm jobs by 2030.

Focus on exports

The return of US buyers lost to Chinese manufacturers augers well for Indian suppliers though high raw material costs puts them at a disadvantage against larger factories. Tirupur garment exporters are not sure of surviving without imports as they already face delays in routine reimbursements from New Delhi to compensate for fuel taxes and other central and state government levies.

Even though the government acknowledges the need to increase India's exports, it is confident of micromanaging industrial development. On August 26, the Centre released a report assessing the export preparedness of different states. It highlights the government's aim to increase electronic exports over the next five years as smartphone giants and component makers are likely to shift about a tenth of global production to India.

Capital-crunch increases risk of decline

Often, labor-intensive exporters in India are overlooked by Indian government as decisions are made on the merits of a free trade agreement with the European Union. An FTA with the EU would help garment exporters compete against Bangladesh. The government should also reflect on why apparel business is going to other countries, says Sunit Jain, Ratan Textiles. Morris attributes this to the squeezing of India's smaller exporters between China and Asia's new export-led economies.

Indian exporters have to perennially struggle with ever-changing government regulations, inflation and an overvalued rupee as well as severe competition from Vietnam and Bangladesh. They have very little money to upgrade their business which increases their risk of decline over the next few years, says Morris.

Source: fashionatingworld.com– Sep 03, 2020

HOME

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Cap on benefits: Export bodies seek review, say large exporters to be hit hard

A day after the government capped benefits under a key scheme at just Rs 2 crore per exporter for outbound shipment made during the September-December period, exporters' bodies on Wednesday sought a review of the decision, saying medium and large exporters who are primarily responsible for driving growth will be badly hit by the move.

Exporters are also upset that even this limit can be revised down, as the government has limited the overall outgo under the Merchandise Export From India Scheme (MEIS) to just Rs 5,000 crore between September and December.

They have also sought an extension of the MEIS by three months to make it co-terminus with the current foreign trade policy, the validity of which will continue up to March 31, 2021.

Earlier, starved of resources following the Covid-19 outbreak, the revenue department had capped the outlay for the MEIS at just Rs 9,000 crore for the April-December period, which meant that exporters might be deprived of over two-thirds of the benefits they usually get under this scheme. This forced the commerce ministry to block the online module for claiming the MEIS benefits since July 23. With Tuesday's notification on MEIS benefits, the online module has been reactivated.

The MEIS outgo was about Rs 40,000 crore in FY19 and Rs 42,500 crore in FY20. According to a commerce ministry estimate, about 98% of the exporters who claim MEIS will remain unaffected by the changes and less than 2% are likely to be impacted as per analysis of claims in the relevant period of 2018-19.

Sharad Kumar Saraf, president, Federation of the Indian Export Organisation, said the "sudden imposition" of a cap is going to "seriously affect exporters, whose numbers may not be very large, but their contribution to exports warrant a revisit to the imposition of cap".

Saraf said that the orders for exports to be made during the September-December period have already been negotiated earlier factoring the existing benefits. "These benefits are part of the export competitiveness and, therefore, the sudden change will affect the exporters financially, as buyers are not going to revise their prices upward," he said.

Bhuvnesh Seth, vice-chairman, Export Promotion Council for Export-oriented Units and Special Economic Zones, said: "This sudden change in trade policies needs to be avoided at all costs as it brings uncertainties in decision-making and pricing policies of exporters." The cap of Rs 5,000 crore "would create an uncertainty, as that means that scheme can be withdrawn even earlier than December 31, 2020", he said.

The notification also suggests that there will be no change in the coverage of MEIS and the applicable rates (up to 5% of the consignment value). However, exporters obtaining new export-import codes on or after September 1 will be ineligible to submit any MEIS claim for exports made during the four months through December.

Merchandise exports witnessed a record 60% crash year-on-year in April, although the contraction narrowed to 37% in May, 12% in June and 10% in July, as lockdown curbs were lifted from June. However, risks to exports from external headwinds still remain very strong.

Source: financialexpress.com– Sep 03, 2020

HOME

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Garment cos shift from China to India

When German leisure wear brand Marc O'Polo called its Indian vendor Warsaw International to place an order for supply of some jerseys, proprietor Raja Shanmugam knew this order was different. The same product was supplied by his competitor in China to Marc O'Polo all these years. "We have a huge order. It's a litmus test for us and the country. If we crack it, then gates open for more global brands to increase their India sourcing," Shanmugam said.

"This season (normally begins September 1), we expect a lot more sourcing from India as brands realise that they need to look at alternatives. We only wish that the 6-month moratorium is extended as we are in very early days of restart and we need handholding and support from the government," Shanmugam, who also heads the Tirupur Exporters Association, said. "I expect a 25% increase in sourcing this season."

P Nataraj, MD of KPR Mills, a leading garment exporter and among the largest yarn exporters from India, echoed similar views. "Our buyers have told us that this year sourcing from India will be much higher than last. We will know about the actual size of increased orders in a couple of weeks. We are just opening up after the lockdown," he said.

Similarly, Carter's — once the world's largest baby wear brand — has asked SP Apparels in neighbouring Avinashi in western Tamil Nadu to work on developing a new fabric (using man-made fibres) as it wants to shift significantly from China to India.

"Carter's is working with us to develop a new fabric. If it clicks, then it's a huge opportunity," said P Sunder Rajan, MD of SP Apparels. "Beating China is tough as they have the scale, but looks like a beginning has been made this time. We will need a lot of support on labour, financial and infrastructure from the government," Rajan added.

Industry body Apparel Export Promotion Council (AEPC) too is chipping in. "We are in negotiations with Taiwanese and Korean entities for a joint venture, which will work on developing the fabric with man-made fibre. We are very strong in natural fibres, but the opportunities in man-made fibre is humongous.

We need assistance, which is why we are looking at joint ventures for fabric development. The talks are progressing well," said A Sakthivel, chairman of AEPC. The contours of the discussion are to get the fabric ready for sports wear and lounge wear.

Garment exports from Tirupur dropped to Rs 25,000 crore for the year ended March 2020 from Rs 26,000 crore in the previous year as the Covid pandemic wiped away most March exports. The target was to export garments worth Rs 28,000 crore. Domestic sales were flat at Rs 25,000 crore for the fiscal. The town employs 6 lakh workers, half of whom are from other states.

Source: timesofindia.com– Sep 04, 2020

HOME

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Indian Cotton Group Wrestles with U.S. Over Who Gives Better Forecasts

Grumblings from an Indian cotton industry group have been growing louder against the U.S. Department of Agriculture over who is the more accurate forecaster for the fiber in the world's largest producer.

The Cotton Association of India, or CAI, says the USDA stockpile estimate for India is overly bearish. The group has written to the U.S. agency, and has also asked Prime Minister Narendra Modi's government to intervene to "restrict the damage" over the perception that there's a supply glut.

Meanwhile, the USDA says it includes bales, such as those undelivered by farmers during the pandemic, that the Indian group doesn't incorporate, and doesn't make adjustments for what may be seen as good or bad for producers.

According to the USDA's estimate in August, cotton stockpiles in India reached 19.2 million U.S. bales (217.7 kilograms each) by the end of July. However, the Indian group recently put the nation's inventories at just 11.2 million U.S. bales at the end of the same month.

"Due to this, the buyers are reluctant to buy Indian cotton as they feel that there is ample availability of cotton in India," the group said in a letter to the Indian Textiles Minister.

Stephen MacDonald, chairman of the USDA's cotton estimates committee, said because of the pandemic, state-run Cotton Corp. of India may no longer be holding an earlier estimated 13 million Indian bales (of 170 kilograms each), but that cotton is still in India and has neither been consumed nor exported.

Atul Ganatra, president of the Cotton Association of India, says the group's inventory estimate includes fiber held by farmers and government agencies, as well as the Cotton Corp. of India.

"When our estimates come in with a higher level of production or stocks, all else equal, that's somewhat bearish for the market," Robert Johansson, chief economist at the USDA, said in a telephone interview. "We try to provide the best information we can. We see that as good for producers because they can make good management decisions."

Mind the Gap
USDA and CAI arrive at different numbers for India cotton in 2019-20

	USDA Estimate	CAI Estimate
Opening reserves (On Aug. 1. 2019)	9.3	3.6
Stockpiles (As of July 31, 2020)	19.2	11.2
Production (2019-20)	30.5	27.7
Consumption (USDA figure for Aug.-July; CAI for Oct.-Sept.)	20.0	19.5
Exports (USDA figure for Aug.-July; CAI for Oct.-Sept.)	2.9	3.9
Imports (USDA figure for Aug.-July; CAI for Oct.-Sept.)	2.3	1.2

Sources: USDA, Cotton Association of India
** All figures in million U.S. bales (of 217.7 kg each)
Bloomberg

"I can see that producers are unhappy that demand is falling and that production is up relative to demand, which generally pushes the market down," Johansson said. "It's not just on cotton or for Indian stakeholders but we hear from farmers in the U.S. as well."

Storage Space "The USDA has historically assumed considerably more storage space for cotton in India than India says exists," said O.A. Cleveland, professor Emeritus, agricultural economics, at Mississippi State University, who's studied the market for more than four decades. "It's a long running disagreement that the USDA should at least recognize, but historically has only paid lip service to

The USDA said it was good to have independent voices providing their opinions and analysis. "It's not like we ignore those, we also look at them. But ultimately we have to stand by our estimates and the data we are getting from India and other countries," said Johansson.

Cotton prices in India were down more than 20% from a year earlier during the summer, before partially recovering, owing to a slump in demand from millers in the country because of the coronavirus and a drop in international prices.

Prices of the fiber in the South Asian nation will likely be under pressure as better-than-normal monsoon rains have boosted plantings this year. The area under cotton climbed to 12.84 million hectares (31.7 million acres) as of Aug. 28 from 12.49 million hectares a year earlier, according to the farm ministry.

Cotton prices for December fell as much as 1.3% to 64.15 cents per pound on ICE Futures U.S. in New York on Thursday. "Cotton farmers are definitely suffering everywhere," said MacDonald. "I would argue that is not because of the USDA. It's because of the stocks, the demand destruction caused by Covid. Everybody's stocks have gone up."

Source: bloombergquint.com– Sep 04, 2020

HOME

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Essential goods to fuel retail industry's growth in the next 2-3 quarters: Report

With gradual unlocking, consumer spends in terms of average bill value go up

As the country continues to grapple with Covid-19 pandemic, essential goods are expected to fuel the retail industry's growth in the coming quarters as consumer expenditure continues to remain focused on essentials, particularly in the food and grocery segment, according to a report.

With economic activities on the rise post gradual unlocking, consumer spends in terms of average bill value have also risen by 1.5 times to ₹900 per basket from ₹650 per basket in early March, according to a report by Anarock and Retailers Association of India (RAI) titled 'Indian Retail – Certainty Despite Headwinds'.

Besides food and grocery, categories such as apparel, electronics, home furnishings, fast moving consumer durables and QSR are expected to witness a 'V-shaped recovery within the next 2-3 quarters'. Beauty, personal care, wellness and home essentials are expected to take longer with 4-6 quarters to recover fully, the report added.

While organised retail and e-commerce segments are on an upswing, rise in digitally influenced purchases has also led to retailers increasingly switching to omni-channel retailing, the report said.

Omni-channel

Kumar Rajagopalan, CEO, Retailers Association of India (RAI), said, "Omni-channel was gaining importance even before the pandemic. The pandemic has enhanced the importance of retailers having an omni-channel strategy since concepts of digital browsing, click and collect, curbside delivery, video shopping etc. have gained importance.

The pandemic has propelled consumers to purchase based on convenience either as delivery to home or by shopping at offline nearby stores or by time scheduled shopping."

Omni-channel retailing is evolving rapidly with brands collaborating actively to enhance their reach. "Many are using malls or in-mall stores as urban warehouses to ensure a faster delivery to customers and are tying-up with existing e-commerce/delivery portals to leverage their existing network and ensure reduced additional cost," added Anuj Kejriwal, MD & CEO - ANAROCK Retail.

"Covid-19 will work as a catalyst for the growth of organised retail and e-commerce in India. Online spending is on a marked rise with online shoppers projected to increase from 15 per cent in 2019 to 50 per cent of the total online population by 2026," he said.

Malls and retail stores have also stepped up focus on hygiene and sanitation measures. At the same time, mall owners are looking to minimise touch points by going digital and sanitizing cars before letting them in the parking spots. "With valet services, cars are sanitised before and after the car is returned to a customer. Sanitisation of customers' belongings before mall entry also figures high on the list," the report added.

Source: thehindubusinessline.com– Sep 03, 2020

HOME

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Domestic textile market to remain subdued in 2020 – Arvind Ltd

Arvind Ltd, one of India's biggest textile and garment manufactures, said its business revenue was down about 37% in August compared to the previous year due to the impact of the Coronavirus lockdown and it expects domestic market to remain subdued till early 2021.

Revenue in August was at Rs 414 cr in August, compared to the average of Rs 611 cr for January and February — before the lock-down was imposed.

Revenue had started falling in March, when it recorded sales of Rs 417 cr, impacted by the lock-down. Monthly revenue then fell to Rs 52 cr in April and to Rs 201 cr in May due to the lock-down, Arvind said.

Since export volumes have bounced back faster, the denim division has seen a faster recovery versus the woven business.

Monthly sales were only 10% below yesteryear levels in the denim division in August, while they were still down 38% year-on-year in the woven division.

Business continued to be impacted quite sharply at the garments division, where volumes were down 37% year-on-year in August, improving slightly from the 41% dip seen in July.

In terms of revenues, denim was down 21% in August, while woven was down 46% and garments were down 26%.

Cash profit (EBITDA) margins, which had fallen to 8.9% of revenue in May, had bounced back to pre-COVID levels at 12.6% in the garments division and 11.1% for the company as a whole by August, it added.

2020 WASHED OUT

Samir Agrawal, chief business officer of Arvind Composites, pointed out that the company was hit hard by the lock-down as it deals in a discretionary purchase item — clothes.

Besides the need to 'conserve cash' that hurt discretionary purchases, the sale of clothing has also been hurt by the fear of consumers to enter air conditioned shops.

"COVID-19 and associated lockdown have had a deep impact on most businesses in practically every geography around the world," Agrawal said. "Arvind's core business being tied to discretionary consumption got really hit hard. Domestic market is still quite challenged, and we are seeing a demand recovery only to the tune of 30% to 40% across various segments.

"Further, a large part of recovering demand in India isin the rural and semi-urban areas, which traditionally buy value merchandise. Urban India is yet to resume apparel consumption in a substantial manner also reflected in the results of major apparel brand and retailers in the country," he added.

Jayesh Shah, chief financial officer, said its likely that big apparel retailers in are now likely to start taking stock from manufacturers like Arvind Ltd only by Jan-Mar 2021, after liquidating their existing stocks during the Diwali season (Oct-Nov).

“There is challenge both for the end consumer like B2C businesses where we supply fabrics or garments to branded apparel companies and retailers where the sales have been quite affected. Similarly, our retail sale of fabric is also impacted because of that, so the goods which we sold in the last quarter of Q4 or last quarter of last financial year are still not really sold out by them because most of the period so far has been under the lockdown, so they are holding inventories. They have postponed purchases.

“We believe that most branded apparel and retailers will not purchase, they will skip a buy for one season and I believe they will start buying in Quarter-4, so we will see a gradual reduction in inventory levels of our customers over next three to six months, particularly in Quarter-3, where the it is a Diwali festival season, where we believe that a lot of inventory will get pushed out. They will not be buying something new for next four to five months, so the demand from domestic market will remain subdued for the domestic consumption,” he said.

The company also said that it is too early to see any impact from attempts by international clothing brands to diversify away from China into markets such as Bangladesh and India.

“Most of these big customers are relooking at their entire supply chain, and as a country-risk mitigation strategy, they are definitely looking at India as one of the destinations. However, what happens is that at this point of time, these customers are planning for their fall 21 assortments.

So, definitely, there’s a flow of enquiries, but this will result in real business in the fourth quarter of this financial year [Jan-Mar 2021],” said Ashish Kumar, CEO of garments and advanced materials division at Arvind Ltd.

Source: ultra.news– Sep 03, 2020

HOME

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Apparel exports to register 40 per cent expansion this fiscal, claims AEPC

Apparel Export Promotion Council (AEPC) on Thursday claimed that the apparel exports from India will expand by about 40 per cent this fiscal.

“We are working with a target to achieve a 40 per cent increase in apparel exports this financial year with major focus on new medical textiles. This will take our total apparel exports up from USD 15.4 billion last fiscal to about USD 22 billion in 2020-21,” said Chairman Dr A Sakthivel while addressing the members at the 41st Annual General Meeting of the Council.

The chairman said that though Covid-19 is the most disruptive health crisis in modern human history, India and the world will achieve faster progress and new quality of development post Covid as “every adversity presents multiple new opportunities”.

Congratulating Minister of Commerce and Industry Piyush Goyal for announcing India’s readiness to sign the initial limited trade package with America, Dr Sakthivel said the trading atmosphere in the US is looking good and there are positive sentiments for engaging with India as a reliable partner in the global value chain.

The chairman said that the council has already requested the government for a Free Trade Agreement (FTA) with the US and this initial limited trade package could be a precursor for the much desired bilateral FTA.

Besides, the AEPC has requested the government to thoroughly review all the existing trade pacts with the EU, UK, US, Australia and Canada to remove the disadvantages. FTA with USA, UK and EU along with CEPA with Australia and Canada can help double apparel exports in three years, he said.

Dr Sakthivel also thanked Minister of Textiles Smriti Zubin Irani for taking several bold and pragmatic initiatives to help the industry. Besides urging international buyers to do ‘Commerce with Compassion’ and honour their export orders, the Minister facilitated the Apparel Industry’s foray into production of Personal Protective Equipment (PPE) making India the second largest producer of medical textiles within a short span of a few months since the outbreak of coronavirus.

While recognizing medical textiles as a new source of business for the Apparel Industry and forex earner for India, now that the government has lifted the export ban on many of the PPE items, the chairman exhorted the members to get into Man Made Fibre (MMF) based garments in a big way going by the global demand pattern.

"The need of the hour is to quickly engage in product diversification into MMF. We plan to sign MoUs with a number of MMF manufacturers, including Reliance Industries Ltd, to improve the sector. MMF is the key to increasing India's textile exports to the global market," Dr Sakthivel said, stressing on the need to improve design and processing.

Source: knnindia.co.in– Sep 03, 2020

HOME

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August Services PMI at 41.8, against July's 34.2

India's services sector showed some improvement in August as the Purchasing Managers' Index (PMI) rose to 41.8, against 34.2 in July. This is the highest reading since March.

Nevertheless, the latest reading, by coming in below the 50.0 neutral value again, indicated a continued decline in business.
The performance of the services sector is critical to gauge the economic situation as it accounts for nearly 54 per cent of the GDP — the greatest among the three sectors, i.e. Services, Industry and Agriculture.

India's Services PMI is compiled by economic research agency IHS Markit from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable.

The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

Challenging conditions

Commenting on the latest reading, Shreeya Patel, Economist at IHS Markit, said that August highlights another month of challenging operating conditions in the Indian services sector. Sustained periods of closure and ongoing lockdown restrictions in both domestic and foreign markets have weighed heavily on the health of the industry, she added. Output and new work continue to fall at solid rates, while restrictions meant that firms were often unable to complete projects. Backlogs of work accumulated to the greatest extent in almost 15 years of data collection. That said, the survey showed signs of a potential recovery, she said.

“Business sentiment was neutral after being negative in the previous three months and employment fell at the softest pace since March. Additionally, there were efforts to protect profit margins, firms raised their selling prices to pass on higher expenses to customers and recover lost revenues after a period of closure,” she added.

Increase in charges

According to report accompanying the PMI, the latest reading indicated a slower rate of decline in business activity across the Indian service sector during August. The ongoing pandemic restrictions continued to adversely impact client demand and business operations. New business and output continued to contract at marked rates, albeit slower than the records seen in April and May. Restrictions also contributed to a record increase in outstanding business. Meanwhile, sustained revenue losses through the second quarter and increasing cost burdens led companies to raise charges for the first time since March.

Reduced business activity saw the Indian service sector operating below capacity. As a result, firms reported job shedding for the sixth consecutive month. The fall in employment was only modest, however, and much slower than July's record. Ongoing Covid-19 restrictions and temporary business closures meant that firms were unable to process previously-placed orders, which led to incomplete work increasing for a third month running. Moreover, the pace of increase was substantial, and the fastest since the survey began in December 2005.

Source: thehindubusinessline.com– Sep 03, 2020

HOME

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SVP Group inks MoU with Rajasthan govt to invest Rs 4,000 crore in aviation, textile sectors

The Rajasthan government signed a Memorandum of Understanding (MoU) with ShriVallabh Pittie (SVP) International Group for development of facilities related to aviation, defence and textile sectors.

Investment of Rs 4,000 crore is estimated under the projects which would generate employment for more than 4,000 people, an official release said.

The MoU was signed between the company representatives and state industry department officials in presence of Chief Minister Ashok Gehlot.

The company representatives made a presentation at a meeting chaired by Gehlot which was also attended by Industry Minister Prasadi Lal Meena, Chief Secretary Rajeeva Swarup and others, it said.

The company proposed to develop a project for defence and aerospace, including aircraft maintenance, repair and overhaul (MRO) facility, aviation academy and a project related to textile.

The projects are proposed to be developed at mutually agreed locations in the state. The state government also directed to constitute a committee under the chairmanship of Principal Secretary, Industries for speedy implementation of the projects, the release said.

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Source: moneycontrol.com– Sep 03, 2020

HOME

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High transparency in quality and trade is a hallmark that encourages continuous buying of U.S. cotton

Over the years, GHCL Limited has grown into a leader in its area of operations, adhering to global standards and best practices recognized internationally. With its focus on customer & quality by providing latest modern infrastructure and conducive work environment, the company is aiming to achieve its prime mission of responsibly creating value for all its stakeholders.

The Textiles division at GHCL Ltd. is a fully integrated set up, starting from spinning yarn to finished products for home textiles on a global scale.

GHCL's spinning operations, has two units located in Paravai and Manaparai within the state of Tamil Nadu with a total installed capacity of 1,85,000 ring spindles, 3320 rotors, 480 Vortex positions and 5760 TFO spindles manufacturing 100% cotton, synthetic & synthetic blended yarns.

The home textiles operations of GHCL located at Vapi, Gujarat includes wide-width weaving, processing (dyeing, printing & finishing) & stitching made-ups to manufacture products like sheet sets and duvets. It has the flexibility to process both cotton and blended fabric. State-of-the-art textile machinery in spinning includes Rieter, Schlafhorst, Savio, Murata, Truetzschler and LMW. Home textiles facility is equipped with machinery like Tsudakoma, Picanol, Benninger, Kuesters & Monforts.

GHCL today is accredited with various certifications like ISO 9001, EMS 14001, OHSAS 18001, BCI, GOTS, OCS, GRS, CmiA, Cotton USA, Cotton Leads, Supima, Egyptian Gold Seal, etc.

Sustainable growth

GHCL acknowledges the risk of climate change and its implication. Efforts in energy efficiency measures and enhancement of renewable energy portfolio is our contribution towards mitigation of climate change. In addition to green energy, the company has embarked on GHG inventorisation project with an aim of developing business specific road map for GHG mitigation. GHCL is continuously focused on health and safety stewardship through the goal of "Zero Harm" i.e. to achieve zero injuries in producing products & services. Some examples on the company's commitment towards environment:

• 27 MW Wind Energy

• 2 MW of Solar Energy

• REKOOP:Bedding products made from forensically traceable recycled PET (rPET)

• CIRKULARITY: Bedding range that supports Circular Economy and centers around 'Reduce, Reuse and Recycle'

The yarn division produces a wide range of products with a monthly production of 2650 tons. At the Paravai location, 100% Cotton yarn is produced. The company's count range from Ne 30s to Ne 160s in Ring Spun from Indian Cotton, Pima, Egyptian Giza, US Upland, Australian and West African Cotton. In Open end spinning the count produced are from Ne 10s to Ne 30s.

In Manaparai location, 100% Synthetic and Synthetic blended yarn is produced in count range from Ne 20s to Ne 100s in Ring spun. In Vortex spinning the count range is from Ne 20s to Ne 40s. Major products are Polyester/Cotton, Polyester/Viscose, 100% VSF, 100% Modal, 100% Bamboo and its blend yarn.

So far as home textiles is concerned, GHCL manufactures range of bedding products like sheets and duvets ranging from 100% cotton to other blends in various thread counts starting from 144TC up to 1400TC.

GHCL is constantly looking for newness and has been a perennial innovator of quality bed linen. Its recently launched innovative brands include: REKOOP, CIRKULARITY and MEDITASI that also reinforce the company's commitment towards its four pillar strategy of innovation, traceability, sustainability and giving back to society.

Click here for more details

Source: indiantextilemagazine.in– Sep 03, 2020

HOME

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