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INTERNATIONAL NEWS

Global Textile Manufacturers See 33% Sales Downturn

Textile makers foresee bottom-line turmoil ahead.

The International Textile Manufacturers Federation (ITMF) conducted a third survey from April 16-28 among its members and affiliated companies and associations about the impact the coronavirus pandemic's impact on the global textile value chain, finding an expected worldwide sales downturn this year of 33 percent on average compared to 2019.

Among the 600 textile companies from around the world that participated in the survey, current orders were down 41 percent on average. Orders in East Asia were down 28 percent, while all other regions were seeing declines of 40 percent or more.

"It can be assumed that this region, which was hit first by the corona-crisis, is also recovering first from it," ITMF said, especially China and South Korea. "In the last few weeks, most Chinese textile companies have ramped up production significantly. Likewise, off-line retail stores have reopened and consumption is picking up again in East Asian countries."

Companies in Europe are expecting sales in 2020 to be down "only" 22 percent, significantly better than the 33 percent decline reported in the second survey conducted by ITMF on March 28-April 6.

Companies in East Asia are expecting sales to be down 26 percent, which is close to the 22 percent falloff reported in the second survey. Companies' sales expectations in Southeast Asia and South Asia, on the other hand, have deteriorated significantly. These regions were hit later by COVID-19, delaying the full impact. Compared to 2019, expected sales for 2020 were down 38 percent in Southeast Asia and 31 percent in South Asia.

Sales expectations in Africa, South America and North America have not changed much since the second survey, when they were forecast to be down 45 percent, 41 percent and 29 percent, respectively.

Companies said they were increasingly thinking about diversification, currently focusing on medical textiles, streamlining organization and production processes, accelerating the reassessment of existing supply chains, accelerating digitization and investing in sustainable production.

Many companies said they receive little to no help from government programs, citing areas such as loans with low interest and deferred repayment, delayed tax payments and delayed social security payments and plans to reduce of power costs.

“The biggest relief comes when retailers/brands discuss adaption to the unwinding crisis with their suppliers instead of cancelling orders unilaterally,” ITMF respondents said.

Source: sourcingjournal.com – May 04, 2020

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Former WTO chief: Globalization to look different after COVID-19

Former World Trade Organization (WTO) Director-General Pascal Lamy is not worried about "deglobalization" after COVID-19, but believes it will be different.

What's inevitable is the impact of COVID-19 on globalization, Lamy said during an online webinar hosted by China Europe International Business School in April while sharing his views on how the global pandemic will change the world economy. He's also a distinguished professor at China Europe International Business School.

He began his speech with four "more" and two "less." He said the world will face "more governments, more precautions, less growth, more digital, more inequalities among countries and less inequalities within countries."

"I do not believe a post COVID-19 world will be deglobalized," Lamy used some strong words at the very beginning of the meeting, predicting that globalization is going to look a bit different.

"There will be some reconfiguration of production chains," he said, adding that value chains will be shortened in the future and production will be more localized.

Be careful of 'precaution'

Lamy warned that the world should be careful about the rise of "precaution."

"Precaution is a sort of risk management between what's good and what's bad," he said, stressing that different countries have different views on good and bad, and "precaution is much more linked to cultural cognitive differences."

A world with more precaution will be more heterogeneous, Lamy said.

As of April 23, a total of 80 governments have completely banned or partially restricted the export of masks, personal protective equipment, medicines and other medical products, according to the World Health Organization (WHO).

According to WHO data, only 10 countries in the world account for 75 percent of the world's total exports of medical products. Crucial supplies for COVID-19 such as medical masks, ventilators and rubber gloves, about 65 to 80 percent of global imports, are often provided by just three countries.

Even though those export restrictions are under WTO rules when justified by "resource shortage" or "health threat," Lamy pointed out in an earlier online conference hosted by the Center for China and Globalization that the move will not only damage the country's importers and exporters, but also disrupt global supply chains and harm countries that are vulnerable to medical resources shortage.

"We will need more international cooperation," said Lamy. "We will need more multilateralism and we will need more discipline in order to avoid this post COVID-19 world to become the law of the jungle."

WTO needs more comprehensive rules

Emergency measures have always existed in global trade, and WTO's Agreement on Safeguards is one of them.

Safeguard measures are defined as "emergency" actions with respect to increased imports of particular products, defined WTO on its official website, where such imports have caused or threatened to cause serious injury to the importing member's domestic industry.

However, on export side, there is no such "Agreement on Safeguards" in WTO. Lamy said the WTO should have a similar agreement allowing countries to take emergency measures in exporting, but the key is how to define and contain these exceptions to prevent abuse.

Source: news.cgtn.com- May 04, 2020

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AGOA critical for US apparel sourcing: USITC

A newly released study by the U.S. International Trade Commission (USITC) suggests that the African Growth Opportunity Act (AGOA) and its “third-country fabric provision” are critical for US apparel sourcing from sub-Saharan Africa (SSA). Specifically:

U.S. apparel imports from SSA grew faster than the world average. During 2016–19, U.S. apparel imports from SSA enjoyed a compound annual growth rate (CAGR) of 11.8 percent (compared with 1.3 percent CAGR of all countries), from $1.0 billion in 2016 to $1.4 billion in 2019. However, SSA overall remained a small apparel supplier to the U.S. market, accounting for only 1.7 percent of the market shares in 2019 (lower than 2.7 percent in 2004, but was a record high since 2015).

The report suggests that the duty-free preferences awarded under AGOA and the liberal rules of origin available for apparel under the “third-country fabric provision”* are the key competitive advantages of SSA serving as an apparel sourcing destination for U.S. companies.

Due to limited yarn and fabric production in SSA, the third-country fabric provision remained critical for SSA exports of apparel to receive duty-free entrance to the United States. Notably, nearly all U.S. imports of apparel from SSA countries entered under AGOA (98 percent). Of these imports, virtually all of them (95.8 percent) used the third-country fabric provision in 2018.

Source: fashionatingworld.com - May 04, 2020

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China's sewing machinery exports decline

According to the recently released data by General Administration of Customs, China's sewing machinery exports escalated by 1.27 per cent in 2019 to $ 2.49 billion in 2019.

The export was dominated by industrial sewing machines in 2019, which accounted for around 49.37 per cent of the total export; however, it marked a Y-o-Y decrease of 4.21 per cent to clock US $ 1.23 billion revenue.

The Asian countries continued to see growth in importing sewing machines from China. Vietnam topped the tally with US $ 373.21 million worth of sewing machines imported from China in 2019, marking 11.48 per cent growth on Y-o-Y basis.

Of overall import by Vietnam, industrial sewing machines accounted for US $ 193.94 million, noting 14.38 per cent growth.

India's imports increased by m 23.17 per cent to $ 297.68 million. The share of industrial sewing machines was $ 114.58 in overall import value, which declined by 0.85 per cent on the yearly basis.

Affected by Sino-US trade war, China's sewing machine export to USA declined by a massive 28.30 per cent to $ 109.95 million of which industrial sewing machines contributed just US $ 32.38 million, falling 12.75 per cent.

On the other hand, exports to Bangladesh plunged by 1.56 per cent to $ 99.27 million.

Source: fashionatingworld.com - May 04, 2020

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US warns China of very significant consequences for not honouring trade deal

US Treasury Secretary Steven Mnuchin on Monday warned China of "very significant consequences" for not honouring the trade deal signed between the two countries early this year.

"I have every reason to expect that they honour this agreement. And if they don't, there would be very significant consequences in the relationship and in the global economy as to how people would do business with them," Mnuchin told Fox News.

Mnuchin's warning to China came a day after President Donald Trump said that he will terminate the trade deal with Chin, if they do not honour the commitment of buying an additional USD 200 billion worth of agricultural products from the US.

Under the US-China trade deal signed in January, Beijing agreed to buy at least USD 200 billion more in US products and services in 2020-2021 two-year period than it did in 2017.

Responding to a question, Mnuchin said that Trump is reviewing all issues with China very carefully.

"He's been very clear, he is working with the intel agencies to understand what they knew and what they didn't know. The president's number one focus right now is the health of the American public and the US economy, but he is studying the China issue very carefully," Mnuchin said.

In a joint op-ed, Andy Puzder and former Ambassador to Japan Bill Hagerty said that Trump and his administration have done an extraordinary job in slowing the spread of the coronavirus by taking early action to ban travel with China and providing detailed guidelines to both mitigate the spread of the virus and reverse its devastating economic impact.

"This isn't the first time it has been necessary for President Trump to stand up to the Communist Chinese regime," they wrote.

Senator Ted Cruz has said that the coronavirus pandemic shows that China is the greatest geopolitical threat to the US.

"The most important long-term, national-security-informed policy consequence of this coronavirus pandemic is going to be a fundamental reassessment of the US' relationship with China. China is the most significant geopolitical threat to the United States for the next century," he said.

"If you look at the pandemic itself, the communist government in China bears enormous responsibility, enormous direct culpability for this pandemic. We know they covered it up. We know that when heroic whistleblower doctors tried to draw attention to it last December, the Chinese government shut them up and punished them," Cruz said.

Source: economictimes.com - May 04, 2020

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ICAC Makes 'Cotton This Month' Free to All for Three Months due to Pandemic

As part of its Covid-19-focussed communications strategy, the International Cotton Advisory Committee (ICAC) is making one of its flagship publications, Cotton This Month, free to all for the months of May, June and July. It includes the major report, which is released the first business day of each month, as well as the mid-month update.

The ICAC, recognising the serious threat to the global cotton supply chain, is foregoing the revenue from the publication because the organisation believes it's more important to keep all cotton and textile stakeholders informed and connected.

'Once the world gets the coronavirus under control, the cotton and textile industries will face the serious challenge of restarting their stalled global supply chains', said ICAC Executive Director Kai Hughes.

'To minimise the suffering of so many vulnerable people, we will need to be ready to get back to work as quickly and safely as possible — and that can only happen if all stakeholders stay informed and connected throughout the crisis. Making some of our information free will help stakeholders make informed strategic decisions to ensure that happens'.

Other initiatives in the ICAC's Covid-19 communications strategy are:

- A video interview series called 'Cotton Connects', in which the ICAC Secretariat interviews global cotton and textile industry leaders to get advice and updates;
- A Twitter campaign to publicly recognise those global brands and retailers that are meeting their responsibilities by paying for, or agreeing to pay for, all orders that have been completed or are under construction; and
- Driving and coordinating global support for the much-anticipated World Cotton Day on 7 October 2020, in which individuals, associations and businesses will celebrate and show their support for cotton, the world's most important natural fibre.

Source: icac.org - May 02, 2020

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Supply Chain's 'Next Normal' Means Radically Reshaped Sourcing Strategies

The year 2020 may go down as fashion's worst, as the discretionary category fields blows from all sides in the crisis brought on by COVID-19.

And as the industry moves further into the second quarter, conditions are only expected to worsen.

"From a revenue perspective 2020 is looking grim for the global fashion industry," according to a new report, 'Time for Change,' informed by a McKinsey and Company survey executed in collaboration with Sourcing Journal. "Following five years of positive growth, we estimate that revenues for the apparel and footwear sectors will contract by 27 to 30 percent in 2020 year-on-year with even deeper declines in some sub-sectors and geographies."

The past two months have been marked by mounting pressure as stores sit closed amid lockdowns and inventory piles up in line, so retailers have backed out of factory orders for product they don't know what to do with, putting both the facilities and the garment workers who support them at risk of destitution. And the vicious cycle of virus-prompted reactions will take its toll on the industry in the next two months.

"The impact will hit sourcing volumes fully in the second quarter of 2020, when two-thirds of fashion sourcing executives expect a cut in volumes by at least 20 percent," the survey found.

Twenty-two percent of the supply chain stakeholders who responded expect their sourcing volumes will be halved this quarter, though the shrinkage may ease in the back half of the year, with just 7 percent of sourcing executives expecting their volumes to be cut by more than half.

Forty-nine percent, however, do expect their sourcing volumes to contract between 20 percent and 50 percent in the second half of 2020, making it a far cry from smooth sailing for all links in the supply chain.

The state of sourcing affairs

At present, fashion brands and retailers are struggling to find best paths forward for survival, and an overwhelming majority have taken to canceling orders.

According to the McKinsey and Sourcing Journal survey, 75 percent of respondents have canceled existing production orders. Collectively, those actions are weighing heavily on often cash-poor manufacturers, many of which can't survive a sustained no-revenue period. In Bangladesh, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) says the liability for factories has already reached $10 billion. While just 8 percent of retailers have canceled more than half of their orders, the effect has still been severe in Bangladesh and beyond.

Examining the matter by geography, fashion players in North America have relied more heavily on the cancellation option than their European counterparts. While one-third of European companies say they haven't cancelled any existing orders, only 13 percent of U.S. businesses can say the same. The discrepancy, McKinsey says, could be owed to the difference in assortment structure and sourcing mix—something U.S. businesses will have to consider as they move forward from here.

"Smaller European players often draw on a more varied set of sourcing countries, including significant nearshoring options," the report noted. "Some are also more advanced than their North American peers with regards to flexibility and in-season reactivity."

With retailers themselves strapped for cash in a dashed demand scenario (clothing and footwear spending in the U.S. sank more than 28 percent in March), many are also looking to amend how they pay for their orders. Seventy-one percent of respondents in the survey said they're paying less than half of their existing orders as agreed, and 18 percent are not paying as agreed at all. What's more, as many as 41 percent are renegotiating payment terms on more than half of their orders, and 25 percent are deferring payment on half of their orders.

In somewhat of a concession to factory partners, more than half of fashion players (55 percent) now say they are taking responsibility for paying for already purchased, and in some cases, already used raw materials. Just 13 percent have agreed to pay production workers' wages for more than half of their orders.

By all accounts, and at all points in the chain, funds are tight.
Fifty-six percent of respondents from global fashion businesses have taken measures to manage operating costs: 18 percent have reduced salaries, 26 percent reported furloughing or temporarily laying off staff, and 9 percent have shed some staff permanently.

"More and more companies will be moving into distress unless their cashflow is secured, resulting in a possible shakeout of retailers and fashion brands," McKinsey said. "Many of their suppliers may not survive either. Most fashion retailers and brands report that at least 25 percent of their suppliers are facing financial distress. The situation is set to get worse, with 45 percent of sourcing executives expecting more than half of their suppliers to be in financial distress in six months' time."

Sourcing's 'next normal'

Survival mode for sourcing now means more than just putting out present fires or finding innovative solutions for offloading mounting inventory, it's going to be about embracing the supply chain's next normal, a long-necessary move for an industry that has still been spinning the wheel of it old ways.

"Fashion brands will need to operate more flexibly across the value chain—including the product development process—to cut down lead times and adapt more responsively with a deeper understanding of consumer trends and needs," McKinsey said. "Crucial ingredients in a demand-driven supply chain include segmented assortments with smaller batch sizes, increased transparency, removal of functional silos, utilizing highly efficient processes supported by tools and analytics, and making use of dual sourcing and nearshoring."

As much as 76 percent of the international sourcing community think the pandemic will finally propel speed and flexibility models for the industry, the survey found. Of that three-quarters collective, 52 percent expect to see a "high acceleration" of flexible product development with shorter lead times and smaller batch sizes. Sixty percent think they'll see an acceleration of on-demand production.

"For fashion companies to tackle the prevalent overstocking issue and provide an attractive assortment to customers, they will need to invest in these areas as a key priority," McKinsey said. "Digital escalation is another repercussion of the crisis—as online channels gain share, they will contribute to a more volatile sales curve in the future. In this next normal, it will be paramount to improve full-price and product margin, while managing sourcing costs, and this will require fashion companies to achieve the demand-driven paradigm shift."

And, perhaps surprisingly, sustainability will be critical in that shift.

The nice-to-have has evolved to necessary in recent years as the world clued into fashion's environmental impact, but with coronavirus forcing consumers to reflect on essentials versus excess, many are growing more interested in consuming responsibly from businesses that embrace sustainability.

In a separate McKinsey consumer survey conducted recently, 40 percent of consumers in Europe and North America indicated a favorable preference for brands somehow aiding in the COVID-19 crisis. More than 20 percent said they want to curb their clothing consumption, and when they do buy, they want to spend more on local businesses. Sixteen percent of European consumers and 13 percent of their North American counterparts said they'll be buying more "socially and ecologically sustainable clothing" in their post-pandemic lives.

"Though sustainability has moved down the executive agenda in recent weeks as fashion retailers and brands struggle to secure their existence, it is expected reemerge at the top of the executive agenda—and stay there," McKinsey said. "Sustainable sourcing at scale was a new must-have pre-

COVID-19; social and environmental sustainability is becoming mainstream in the next normal."

In the face of criticism over a lack of commitment to suppliers in developing countries and workers with no other livelihood, plus public pleas for brands to #PayUp for their orders, the social errs surfaced amid the pandemic are sizable, so retailers can't risk stepping back on sustainability.

"The move to a new, and possibly better, normal has begun and executives need to bring sustainability back onto the agenda now," McKinsey said. The survey with Sourcing Journal revealed that 70 percent of respondents believe the pandemic will fuel closer partnerships between buyers and suppliers, and 60 percent think it will finally push sustainable materials into the mainstream.

"The crisis has disrupted old ways of working and given rise to new tools and processes being piloted out of necessity," McKinsey said. "This presents an opportunity for fashion companies to learn from these unprecedented times and reshape their sourcing practices—instead of reverting back to the old ways post-crisis."

Neither status quo, nor a slow crawl toward change will work for companies hoping to be around in a post-crisis world.

"The most fundamental shift the crisis has brought to fashion sourcing is the massive acceleration of change. Supplier consolidation, sustainable sourcing, control over Tier 2+3 supply, digitization of processes–all these trends existed before COVID," McKinsey senior partner Karl-Hendrik Magnus said. "The difference is that these will now shape up within months rather than years."

Source: sourcingjournal.com- May 04, 2020

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USA: J.Crew Files for Bankruptcy

J.Crew Group Inc. on Monday filed a voluntary petition for bankruptcy court protection in order to deleverage its balance sheet, with a plan to keep its denim-centric Madewell concept under its corporate umbrella.

The company said the Chapter 11 petition was filed in a federal bankruptcy court in Richmond, Va., and that Libby Wadle will continue in her role as Madewell CEO.

Prior to the filing, the company had planned to spin off Madewell and used the initial public offering proceeds to help pay down debt. But there were rumblings late last year that some potential investors were concerned about business projections and weren't so keen on estimated valuations. Then stock market volatility in March prompted the company to pull the IPO, with a re-evaluation planned for the end of April. Meanwhile, all J.Crew and Madewell retail stores shut down in mid-March as COVID-19 spread across the U.S.

Word of a bankruptcy filing resurfaced in earnest last week as the end-of-April timeline for the IPO re-evaluation grew closer to the start of May.

J.Crew said on Monday that it has reached an agreement with 71 percent of its term loan lenders and 78 percent of those holding its IPCo Notes, as well as financial sponsors, to restructure its debt. That agreement has its lenders converting $1.65 billion of the company's debt into equity.

The company also has secured $400 million in a debtor-in-possession financing facility for use during its bankruptcy proceeding, as well as committed exit financing. The funds are provided by J.Crew's existing lenders: Anchorage Capital Group, GSO Capital Partners and Davidson Kempner Capital Management, among others.

"This agreement with our lenders represents a critical milestone in the ongoing process to transform our business with the goal of driving long-term, sustainable growth for J.Crew and further enhancing Madewell's growth momentum," Jan Singer, J.Crew CEO, said.

"Throughout this process, we will continue to provide our customers with the exceptional merchandise and service they expect from us, and we will continue all day-to-day operations, albeit under these extraordinary

COVID-19-related circumstances," Singer added. "As we look to reopen our stores as quickly and safely as possible, this comprehensive financing restructuring should enable our business and brands to thrive for years to come."

Kevin Ulrich, Anchorage Capital's CEO, described J.Crew and Madewell as "two classic American brands with deeply loyal customers."

"We look forward to supporting Jan, Libby and the management team to recognize their full potential," Ulrich added. "The significant deleveraging contemplated by this agreement, coupled with J.Crew Group's strategy to strengthen its robust e-commerce platform to drive continued growth in its direct-to-consumer segment, will position the company for future success."

The company's Chapter 11 petition, filed under the name Chinos Holdings Inc., he name of the corporate umbrella, listed estimated assets and liabilities each at between $1 billion to $10 billion. Seventeen affiliates, include J.Crew Group, J.Crew International Inc. and Madewell Inc., also filed petitions.

Among the top five unsecured creditors are: Deloitte Consulting, New York, N.Y., $22.7 million; Cosmic Gear Ltd., Kowloon Bay, Hong Kong, $14.3 million; Sterling Apparel, San Po Kong, in Kowloon, Hong Kong, $13.7 million; RMG Fashion Ltd., Kwai Chung, New Territories region, Hong Kong, $12.6 million, and Fashion Accessories, Gurgaon Haryana, India, $11.1 million.

Among those listed in the remaining top 30 unsecured creditors list, the majority appear to be apparel firms located across a wide range of Asian countries that include Taiwan, Vietnam, China, South Korea and Macau, although most were located in Hong Kong.

The company hired Lazard Frères & Co. as its investment banker, Weil, Gotshal & Manges as it bankruptcy counsel, Alix Partners as financial advisor and Hilco Real Estate as real estate advisor, among others.

The Virginia bankruptcy court still has to approve J.Crew's hiring of its advisors for the Chapter 11 proceedings, as well as its DIP financing.

Source: sourcingjournal.com- May 04, 2020

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Denim Mills Focus on Sustainable and Vintage Qualities in New Collections

Reducing chemical and water usage in the denim manufacturing process has been a top goal for years. But with the effects of COVID-19 causing both the fashion industry and consumers to further reflect on their environmental impact, these goals are turning into requirements.

At the Kingpins24 online event, China-based mill Prosperity Textile highlighted some of its key innovations propelling the industry further into sustainable denim production. Its Neo Vintage collection culls inspiration from the past—namely, the '60s, '70s and '80s—to create colors and constructions reflective of those decades. But while the resulting look may be from the past, the technology is anything but.

"This is 2020, so we have to think how we can do things in a better way," said Bart Van De Woestyne, Prosperity Textile's creative director. "This is how Neo Vintage was born."

Van De Woestyne called out the 1977 concept, which is made with recycled yarn for a lower impact on the environment. It also has a hint of stretch—just 15 percent—which allows for an authentic vintage look with some additional comfort that isn't typically found in the often-rigid denim of the past. Its "union blue" color is a mid-cast pure indigo with a pepper-and-salt wash down.

Vintage denim was also a source of inspiration for Officina+39, which presented its own adaptations in a separate video. The Italian chemical company highlighted its Recycrom Eco Marble solution, which gives the look of acid wash without using any harmful chemicals. Similarly, its Recycrom Dirty uses minimal water to achieved a distressed, vintage look.

Prosperity Textile also presented its Biostretch innovation, which provides a plant-based, biodegradable alternative to polyester—a fiber that's often petroleum-based and therefore destructive to the environment. Van De Woestyne called out several different innovations within the collection that each provide ultra-soft stretch denim that's more responsibly made.

The mill also presented Hybrid X4J, its new fabric technology that uses less than half the energy required in other leading stretch technologies. Its breathable fiber has a round shape that feels smooth to the skin and offers high compression and sculpting properties. It's also solvent-free, making it one of the most sustainable stretch fabrics currently on the market.

Source: sourcingjournal.com- May 04, 2020

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Kohl's, Macy's, Gap, Belk Are Among The Retailers Delaying Payments To Their Suppliers

Landlords and employees are not the only people getting stiffed by retailers desperate to conserve whatever cash they can get their hands on.
They are now also telling their suppliers the check is most certainly not in the mail.

With their stores closed and revenue at just a fraction of pre-pandemic levels, many of America's big retailers are struggling to find a way to survive the coronavirus economic collapse. First they began laying off—furloughing is the nicer way they have put it—their employees, putting more than one million retail workers out of jobs. Then they told their landlords they wouldn't be paying their rents in April—and maybe beyond.

As for the companies that supply them with all the products they sell, many giant retailers first began canceling any new orders. They then stepped up their game by refusing to accept any incoming shipments that had been previously ordered and were arriving at U.S. ports.

And now, they've dropped the third shoe: They are simply not paying for goods already delivered and accepted, telling their vendors they have unilaterally extended the payment terms out from the standard net-30 days to 60 or 90 days. Some are now going even further, with reports saying they won't pay their bills for as long as 120 or even 180 days. For those who are calendar-challenged, that's half a year—and counting.

And while it's one thing to tell giant corporations like P&G or consumer electronics vendors they aren't getting paid, many of these suppliers are smaller companies that themselves are running out of cash, not to mention patience. We've all heard the predictions of the number of retailers that won't survive into the post-pandemic period, but less well reported are the hundreds, perhaps thousands, of suppliers that will go under, too.

In a recent Retail Dive report on the subject, Dennis Cantalupo, CEO of Pulse Ratings, said, "We have compiled a growing list of 30+ retailers who have sent communications to suppliers dictating new payment terms."

He added, "What is surprising is that some very healthy retailers have extended terms, which we feel places an unfair burden on their supplier partners who are also desperately trying to manage cash flow during this crisis."

The number of retailers taking this approach includes many high-profile names. "We previously announced that we extended payment terms for vendors to 120 days," a Macy's spokeswoman told one online publication.

A vendor who wished to remain anonymous and does business with Kohl's said he received a curt letter from the retailer saying it would be taking 180-day terms for all outstanding payments. He said it was not negotiable.

JC Penney said last month that it was "extending the terms for payment of goods and services" but has not shared details on how far out it has pushed its payments to vendors. A vendor said Belk has also told its suppliers it was taking extended terms but did not specify for how long.

Gap may be among the most troubled retailers out there, issuing dire forecasts on its continued existence. It stopped paying rent in April and has said it could run out of cash if this shutdown continues. It has not specified publicly how it is paying its vendors, but at least one said terms have been extended.

In the U.K., apparel retailer New Look went even further and told its suppliers it was suspending payments for existing merchandise "indefinitely." It said vendors could pick up their goods if they wanted, which would seem to be an impractical solution to the problem.

Another British retailer, Arcadia Group, which owns Topshop among other brands, took its terms to 90 days and told its suppliers that "we are able to cancel any order at any stage," saying it was "not responsible" for any of the costs associated with producing the goods. It did say it would "bring in any order at a 30% discount" that was in transit on March 17.

Not all retailers are stiffing their suppliers. Discounters like Walmart and Target that have remained open are reportedly paying on time, as are some other stores that have closed, including Nordstrom. Others, including the

TJX group and H&M, initially held off paying for existing goods but have resumed payments and are current, several vendors said.

The retailers that are suspending payments are not just creating financial havoc for their vendors. Much of the merchandise involved in these orders was produced by third-party factories in Asia, often smaller manufacturers that have seen their orders dry up over the past 90 days and don't have the cash reserves to remain in business.

Even as parts of the U.S. economy start reopening, or talk about reopening, the repercussions of this pandemic are likely to reverberate up and down the supply chain for months, even years, to come.

Source: forbes.com- May 03, 2020

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Prospects for the textile and clothing industry in Mexico, 2020

Mexico's textile and clothing industry covers the entire production chain--from cotton growing and man-made fibre production to the manufacture of yarn, fabric, finished clothing, and accessories.

The industry employs an impressive 639,000 workers directly and provides livelihoods for many more people indirectly in support activities.

Mexico is a key supplier of textiles and clothing to the USA and it sends a large proportion of its textile and clothing exports to the USA. However, it faces fierce competition from China, which remains the largest supplier of textiles and clothing to the US market. Moreover, Mexican textile and clothing imports from China have become a significant force in Mexico's domestic market.

The position of Mexico in the US import market has become more stable following the signing of the United States-Mexico-Canada Agreement (USMCA), which is expected to enter into force in 2020. The industry is also seeking to expand its reach in other markets--including EU countries and the UK.

In addition, there is scope for higher sales in the domestic market. Mexico has a population of 129 million people who are becoming increasingly prosperous. Also, large proportions of this total are in younger age groups who tend to spend more on clothing than their older counterparts do.

This report looks at the development of the textile and clothing industry in Mexico, its size and structure, and its production and consumption of fibres, textiles and clothing.

The report also features: a geographical, political and economic profile; a detailed look at the country's imports and exports of textiles and clothing and its domestic market; a review of the policies and investment incentives provided by the Mexican government; an analysis of foreign direct investment (FDI) in the textile and clothing industry; an appraisal of the country's infrastructure and human resources, and an analysis of how these affect the textile and clothing industry; and an examination of the industry's strengths, weaknesses, opportunities and threats (SWOT).

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Italy begins Phase 2 of lockdown de-escalation

Italy on Monday began Phase 2 of its COVID-19 lockdown de-escalation, which will see some measures easing and the restart activities.

Manufacturing of products like textiles and fashion items, construction and the wholesale trade linked to active sectors will resume activities with 4.4 million people expected to return to work, reports Efe news.

However, bars and restaurants can only resume business with home deliveries or takeaways. They are expected to reopen on June 1 if the progression of infections and deaths continues a downward trend.

Meanwhile, all shops that have not already been authorized to operate (currently food, personal hygiene, kiosks, pharmacies, tobacconists, bookstores, children's and baby clothing stores, and plant and flower shops are the only open shops), will remain closed until May 198.

The government has also allowed people to visit relatives, although a ban on gathering remains in place. The measure however, excludes friends.

Travel for the existing authorised reasons, which include work and health, will only be allowed within the same region of a person's residence.

Students or workers who were caught in another city or town when the lockdown was implemented will now be able to return to their home or primary place of residence.

Once they do so, they will not be able to return to the region they travelled from. The rules that will determine the reopening of transport services will be managed regionally although respecting social distancing is obligatory across the country.

Fewer numbers of passengers on vehicles and trains will be the norm and all users will have to wear masks and in some regions disposable gloves.
As of Monday there will be no timeframes for doing sports or going on walks.

The rules that forced people to stay close to home on outings have also been lifted. Travel to visit green areas for a walk, run, or any other form of physical exercise will be allowed.

Source: daijiworld.com- May 04, 2020

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'Made in Portugal' masks ready for export market, says economy minister

'Made in Portugal' masks are now being turned out by national producers at the rate of a million a day. The idea has always been to supply the internal market, but now things have moved on to the point we're getting ready for export.

Said economy minister Pedro Siza Vieira on Sunday, plans are increasingly to produce reusable masks instead of models that can only be used safely once.

Practically every region of the country already has private individuals and groups creating beautiful reusable masks for sale over the internet. The industry Siza Vieira was referring to involves much larger companies producing masks with a certified seal of approval from medicines authority INFRAMED.

And in line with the prime minister's thinking about the development of new supply lines as a result of this crisis (click here), Siza Vieira stressed the importance of Portugal – a great producer when it comes to textiles and clothing – taking this opportunity to cater for a need "that will become very necessary in Europe, the United States" possibly even other markets.

"We cannot be dependent on China which has traditionally been the main supplier with regard to this kind of equipment", he said, suggesting that Portugal's beverage sector will also be taking the lead from this crisis to diversify production towards alcohol-based hygiene products.

Key in the government's plans are supply and price accessibility. Masks for instance will be made widely available through pharmacies, supermarkets, and vending machines as their use from today is mandatory in all public 'closed' spaces.

Source: portugalresident.com- May 04, 2020

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Vietnam: Against wind, tide and coronavirus, exports grow

Amid a decline in international trade due to the Covid-19 pandemic, Vietnamese exports grew 4.7 percent from January to the end of April, the General Bureau of Statistics reported today.

In the first four months of this year, foreign sales reached 82.9 billion dollars, the agency indicated.

It said that during this period 15 groups of products with sales exceed one billion dollars were reaffirmed as the mainstay of exports, headed by cell phones and their spare parts with 16.2 billion.

It was followed by electronics, computers and their components (12.4 billion dollars); textiles and clothing (8.9 billion); equipment and machinery (6.9 billion) and footwear and leather goods (5.5 billion). These and the other exportable items above one billion dollars generated more than four-fifths of the income in the period.

The harassment of the new coronavirus and its aftermath - business closures, sales limitations to ensure national food security, transportation difficulties, health restrictions and others - were not the only obstacles Vietnamese foreign trade had to overcome to achieve those figures.

Vietnam also had to face, and still faces, an African swine fever epidemic, a severe drought in much of its territory, salt intrusions in the Mekong Delta (the country's breadbasket), and other climatic adversities that reduced its export capacities.

The government, however, ordered that the first thing to do was to contain the pandemic and ensure the health of the population even if it was at the cost of a temporary decline in the economy.

Source: plenglish.com - May 04, 2020

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Bangladesh: Closed Factories: RMG owners refuse to pay over 60pc salary

Despite repeated calls from the union leaders for paying the workers of closed factories at least 65 percent of their gross salaries for April, the owners at a meeting yesterday refused to offer any more than 60 percent. The factory owners said they would have another meeting in the middle of this month and might consider increasing the amount next month.

The workers will receive 60 percent of their gross salaries for April as per last week's decision, said Mohammad Hatem, vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). Hatem told this to The Daily Star after the meeting attended by union leaders, factory owners and government high ups with Monnojan Sufian, state minister for labour and employment, in the chair at Sramabhaban in the capital.

The association leaders asked the member factories not to terminate or layoff any workers during this crisis moment. "We do not agree with the owners' decision to pay cut during the crisis. The decision is unlawful," said Amirul Haque Amin, president of National Garment Workers Federation. Amin was also present in the yesterday meeting.

Sufian last week asked the factory owners to pay 60 percent gross salary to the workers for April. The decision was taken as many workers could not join their workplaces after the operation was resumed.

Bangladesh Garment Manufacturers and Exporters Association and BKMEA sent letters to their member factories on May 2 and 3, asking them to prepare the salary sheets of the workers as per the decisions taken in the previous meetings. The workers will receive salaries in their mobile financial service accounts.

Prime Minister Sheikh Hasina in her speech to the nation on March 25 announced a stimulus package of Tk 5,000 crore for the export-oriented sectors to pay the workers' salary and allowances.

The factory owners will receive interest-free loans under this package with a 2 percent service charge.

Source: thedailystar.net- May 05, 2020

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NATIONAL NEWS

We are helping Maharashtra cotton farmers, says Centre

The Ministry of Textiles on Monday reassured local farmers that it was well geared up and ready to implement the minimum support price (MSP) operations of the government of India in Maharashtra.

In wake of media reports regarding problems being faced by farmers in selling Kapas in agricultural produce market centres (APMCs) in the State, the Ministry of Textiles highlighted various steps it had taken to clear the outstanding payment to the farmers for the procured Kapas. It mentioned that out of total procurement value, a sum of ₹4,987 crore had already reached the farmers.

The Ministry of Textiles said that MSP procurement was on in Maharashtra since October 2019 and that as on March 25, Cotton Corporation of India (CCI) had already procured 91.9 lakh quintals of Kapas equivalent to 18.66 lakh bales of cotton valuing ₹4,995 crore from cotton farmers in Maharashtra through 83 centres.

This was being done through CCI along with its agent the Maharashtra State Cotton Growers' Marketing Federation Ltd.

Till March 25, around 77.4% of total Kapas produced in Maharashtra had arrived in the markets and been sold to CCI and private traders. At the time of lockdown around 22.6% of cotton was yet to arrive.

Out of this outstanding Kapas, the ministry said it is estimated that around 40% to 50% of Kapas valuing approximately ₹2,100 crore may be of fair average quality grade and growers may wish to avail of MSP rates due to traders not offering better price in view of the pandemic situation.
The MSP operations are continuing and CCI's procurement is on at 34 centres currently and a total of 36,500 quintals of Kapas equivalent to 6,900 bales have been procured in the State during the lockdown.

The procurement is regulated by the State APMCs and 27 centres are coming under red zones as identified by the district administration wherein procurement is expected to pick up after May 3.

In the remaining 22 centres, the State government has been approached by the CCI for issue of passes/tokens to farmers to bring Kapas and the matter is being constantly monitored by the Ministry of Textiles through daily status reports on arrival of farmers and Kapas procurement in the APMCs.

The necessary coordination of the CCI with the officials of Maharashtra government is being done through frequent conferences for troubleshooting of emerging issues. The Textiles Ministry has also issued an advisory to the State government to make appropriate arrangements in APMCs for facilitating access to the cotton farmers to avoid distress selling.

Steps have been taken by the CCI to clear the outstanding payment to the farmers for the procured Kapas. Out of total procurement value of ₹4,995 crore, a sum of ₹4,987 crore has already reached the farmers.

Source: thehindu.com- May 05, 2020

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Cotton Corporation purchases record 7.5L bales from Gujarat growers

With prices continuously going southward, the Cotton Corporation of India (CCI) is proving to be the saviour for Gujarat cotton-growers. CCI has already purchased over 7.5 lakh bales (170 kg per bale) in the current season – the highest procurement by any central government agency in the state in the past 12 years.

According to an official source, CCI had purchased more than 13 lakh bales in 2008 as that year too, cotton prices had nosedived due to the global recession. “CCI is purchasing cotton from farmers at the MSP of Rs 5,500 per quintal decided by the central government,” the official said.

The price of cotton in Gujarat’s market yards is hovering around Rs 900 per 20 kg or Rs 4,500 per quintal, said Avadhesh Sejpal, president of All India Cotton, Cotton Seed and Cotton Cake Brokers Association, adding that domestic as well as international demand has plummeted by over 30% during the lockdown.

Despite the bulk purchase by CCI, farmers wouldn't be able to get good prices for their produce in the wake of a bumper cotton crop in Gujarat, Sejpal said. In anticipation of at least Rs 1,200 per 20 kg, state farmers had increased cultivation this year, but thanks to the corona pandemic, they were left disappointed.
Though farmers started selling cotton from November 2019, nearly 35% cotton crop is still piled up with them, according to market sources.

Source: financialexpress.com- May 05, 2020

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Maharashtra govt withdraws decision to allow sale of BT Cotton seeds from May 1

The Maharashtra government has recalled its earlier decision to allow the sale of BT cotton seeds from May 1. The decision was taken after the state agriculture department approached the Central Institute of Cotton Research (CICR), Nagpur, seeking advice against the backdrop of the Covid-19 pandemic affecting the country.

VN Waghmare, director, CICR, a major research centre for cotton in the state, pointed out that taking the current situation into account, it has recommended that the government create awareness among farmers and educate them to desist from early sowing. Farmers should be told to opt for sowing operations only by mid-June to prevent a possible pink bollworm infestation of the crop, the institute said.

Waghmare said if BT Cotton seeds are made available early to the farmers and they go in for early sowing, the window of sowing gets longer and the chances of pink bollworm infestation is higher. The institute has recommended sale of seeds from May 25.

Cotton is an important kharif crop and Maharashtra normally sees around 40 lakh hectare area under the crop. Pink bollworm attack on cotton balls is considered dangerous. Experts say early cotton sowing leads to pink bollworm attack. The worm survives on cotton and develops during the high temperatures, they say.

Pink bollworm had caused huge damage to the cotton crop in Maharashtra in 2017, with farmers reporting huge losses. The state agriculture department has since taken up extensive outreach programmes to inculcate integrated pest management (IPM). IPM practices had discouraged early sowing and also talked about usage of pheromone traps (contraptions which trap the male moth by usage of 'lures', which have the female pheromone smeared on them).

Source: financialexpress.com- May 05, 2020

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MSME package: Loan guarantee, fund to clear dues to small units soon

As most small businesses remain on the brink of collapse due to the Covid-19 crisis, raising the spectre of unprecedented job losses, the government is considering a raft of relief measures, including setting up a Rs one lakh crore fund to expedite clearances of dues owed to MSMEs, guarantee on the enhanced limit of loans (up to 20%) and a mechanism to help them pay salaries to their employees.

Some of these proposals were discussed at a review meeting of the MSME sector, chaired by Prime Minister Narendra Modi last week, sources told FE. While the total amount of fiscal intervention for MSMEs still remains unclear, industry executives believe it could be worth Rs 2-3 lakh crore, including the guaranteed loan amount. The relief for MSMEs would be part of the next stimulus package that the government has been working on to prop up a battered economy.

In an interview to CNBC-TV18 on Monday, MSME and transport minister Nitin Gadkari said the proposal to grant official guarantee on the enhanced limit of working capital loans is being approved to increase credit flow and ease liquidity problems of small businesses. The Centre is also firming up a mechanism to facilitate the clearance of dues owed by various PSUs, central and state government departments and even private industries to MSMEs within one month. The minister refrained from specifying the dues amount but conceded that it remained "substantial". However, in March, Gadkari had said government and private undertakings owed MSMEs almost Rs six lakh crore.

Gadkari has also asked labour minister Santosh Gangwar to utilise the Rs 80,000 crore lying with the Employees State Insurance Corp (ESIC) to address the crisis faced by the MSMEs amid mounting pressure on them to pay April salaries. This proposal, too, would require approval of the finance ministry and the Prime Minister's Office (PMO). Wage payment to workers remains the most immediate and biggest concern among various cash-strapped MSMEs, especially when factories are shut, sales disrupted and most of the orders cancelled.

As for the fund to help clear MSME dues, the government is expected to pay the premium to insure this fund. It will also devise a formula for sharing the interest burden on loans to be made available from this fund to various entities for clearing their dues to MSMEs swiftly, sources said. The proposal will be sent to the Cabinet for clearance after the finance ministry gives its clearance.

The MSME ministry has also suggested the creation of a Rs 10,000-crore fund to buy up to 15% equity in crisis-hit, but otherwise well-rated, MSMEs that will list on bourses. The ministry has submitted this plan with the finance ministry.

Having exhausted cash reserves in paying the March salary to employees, MSMEs are unsure if they will be able to pay any longer without assistance. Liquidity may be in abundance but credit flow to most small and medium businesses, which are in greater need of loans than the large ones, still remains inadequate, in the absence of regulatory forbearance on bad loans or official guarantee on advances.

While the central bank had allowed a three-month moratorium on loan repayment, MSME bodies have asked the government to help extend the moratorium to 6-9 months. Of course, the loan restructuring window for MSMEs is open until December, even this facility may have to be extended if the crisis stretches longer, they have said.

In a report released last week, Kotak Institutional Equities said only 7% of SMEs surveyed thought they would be able to survive for more than three months if their business remained closed. While about 97% of the firms surveyed have paid their employees salary for March, as many as 34% of the SMEs say they won't be able to pay April and May salaries (in the absence of government intervention).

As such, more than a half of the SMEs reported a year-on-year decline in revenue in FY20, the Kotak report says, with more than 30% having reported revenue drop of more than 10%. This clearly shows the SMEs, which were already in deep trouble, saw their fortune plummet further after the pandemic hit them hard.

Source: financialexpress.com- May 05, 2020

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MSMEs in logistics hit hardest by lockdown; here's what govt can do to revive ailing small businesses

Logistics for MSMEs: As the world reels under the impact of the global COVID-19 pandemic, the situation remains gloomy, forcing countries across the globe to go under a complete lockdown. The countrywide lockdown in India, though a great move to curb the drastic effects of the novel coronavirus, is crippling industries across various sectors and the economy as a whole.

As the cascading effects of the pandemic continue to affect the global economy, upending trade and commerce with countries sealing borders to prevent the spread of the flu-like virus, the Indian logistics companies are finding it difficult to keep the business lines operational. According to the All India Motor Transport Congress, the daily movement of trucks has decreased to less than 10 per cent of normal levels. Road transport accounts for about 60 per cent of freight traffic in India, according to the Ministry of Road Transport and Highways.

The Impact on Supply Chain

Naturally, with many countries on lockdown, the global supply chain has virtually come to a standstill. As a result, shipments lie pending as factories and warehouses are shut in a prompt response to the global health emergency.

It remains unclear as to when the situation returns to normalcy. Before India implemented a mandatory lockdown to curb the far-reaching consequences of COVID-19, disturbances across the supply-chain management were already visible in some parts of the country. Gated societies in several cities banning access to delivery agents and work from home policies initiated early by many companies started impacting the overall delivery percentage since early March.

Though government authorities are helping in solving the impasse by engaging with stakeholders involved in the delivery of essential services, e-commerce players in B2B and procurement domains have been left stumbled. Indian Chamber of Commerce (ICC) has estimated losses to the logistics sector at about Rs 50, 000 crore.

Tough Time for MSMEs

The trade is down, production is halted, the supply chain has been disrupted and markets are bearish. MSME segment has perhaps been the hardest hit due to the prolonged lockdown. As the economic activities come to a halt, MSMEs are grappling with problems like cash flow, low liquidity and lack of workforce. In a move to curb the economic impact of the virus, the RBI has announced a moratorium on term loans, put off interest payment on working capital facilities and eased working capital financing. Additionally, many public sector banks and Small Industries Development Bank of India (SIDBI) have also introduced emergency relief measures.

While these measures have given hope to the MSME sector, there are a few more initiatives that the government can take to provide aid to the ailing business sector such as delay MSME loan repayment or extended tenure, an exemption in GST, subsidised warehouse or inventory management facilities, measures to mitigate the impact on MSME labour workforce, enhance access to credit and defer utility and social security payments.

Challenges

Major FMCG companies struggle to transport their goods due to shortage of trucks. Though the government has permitted the movement and delivery of essentials goods, accessibility remains a challenge since the logistics is not moving at a fast pace because of many restrictions in place.

There is a shortage of drivers since almost all of them have moved back to their hometowns. Unavailability of sufficient labour at loading and unloading points is also hampering the logistics operations in the country. Additionally, there is a huge number of daily wage earners who are grappling hard to survive the situation.

What is Foreseen?

The crisis situation calls for unprecedented coordination among industry, civic authorities and the public. It is essential that regulatory authorities recognise the logistics industry as essential services to keep critical supply chains running smoothly. It is the time when companies shall assess their supply chain risks and proactively develop mitigation plans such as exploring alternate channels of transportation or combination of it – small trucks, three-wheelers, two-wheelers etc. for last-mile essential goods delivery. Regional logistics companies should build capabilities to change with the change in demand at a short interval of time.

Though times are tough for businesses, it is a temporary phase. Once business operations resume, mass hiring of delivery personnel will become a need of the hour as pending orders along with the new ones will further stress the logistic network after the pandemic. The logistics network must prepare in advance for the sudden upsurge in consumer demand once manufacturing units spurt back into action. A stronger network will be an absolute requisite to deal with the scenario efficiently. Undoubtedly, the virus outbreak and the unfortunate turn of events will act as a wake-up call for companies across various sectors to implement business continuity plans to better survive such unplanned situations in the future.

Source: financialexpress.com- May 04, 2020

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Lockdown relaxation: Tirupur garment cluster to resume ops; units start getting queries from abroad

India's largest exporter hub, Tirupur garments/knitwear cluster, is all set to resume its operations after more than 40 days of lockdown due to Covid-19 pandemic.

Having lost their summer exports due to the pandemic across the globe, the exporting units numbering into over 1,200 are expected to begin their operations on Wednesday as per guidelines laid down by both the central and state governments and the local Collectorate.

The Tamil Nadu government has announced relaxations allowing industries, particularly export units, to resume operations with standard operating procedure (SOP) as suggested by the Union government.

"It is high time that we need to start our operations as the cluster had already lost its summer exports, worth more than Rs 2,400 crore. We have been getting enquiries to send sampling units from our decades-old buyers for spring summer, autumn, winter seasons," said Raja M Shanmugham, president, Tirupur Exporters' Association (TEA).

"Every other units here are gearing up to send samples as they cannot afford anymore to sit idle. With the competitors such as Bangladesh, Vietnam, Cambodia, Sri Lanka and China having started their operations in the last few days, it's inevitable for us to gear up fast or otherwise buyers will shift sourcing from India, particularly from this cluster," Shanmugham said.

"Exporting of garments/ knitwears is a continuous process. It's round-the-year business. It's a people's product and the demand for seasonal products has always been there, except for situation like the current Covid-19 one.

The buyers, primarily from the US and European Union, account for more than 70% of total business in Tirupur and equally keep enquiring us to send sampling products so that they can place orders for the ensuing seasons well in advance," he said, adding that while a few units have upfront orders, the rest will strive hard to grab the rising opportunities from across the world.

Responding to a question, Shanmugham said, those units situated within the corporation limits have started applying for permission with the Collectorate to resume their operations. Based on that, he said that an inspection would be done to ensure both their identity as well as procedures to be followed as prescribed by the state government. It will be gradual but certain that the units are ready to begin operations on Wednesday, he added. "For those units situated outside the corporation limits, they can begin operations without permission but will be inspected whether they follow SOP."

According to him, there must be some inventory with the units as they were forced to close down their units due to Covid-19 pandemic in the last week of March. But those are manageable and can be exported, too. All the units will begin with the manpower available locally in the radius of 2-5 km as it takes time to bring back migrant labourers from within the state and without and public transport is not allowed at this point of time.

For the fiscal ended March 31, 2020, Tirupur would have lost exports anywhere between Rs 1,000 crore and Rs 2,000 crore over the last fiscal's Rs 26,000 crore. Since majority of the units are yet to get their export payments for March, the actual loss in exports will be known in the next one or two months, he added. For the fiscal 2020-21, it's too early to predict the the quantum of business loss, but may take a hit of around Rs 5,000 crore to Rs 6,000 crore.

Source: financialexpress.com- May 05, 2020

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Cotton cultivation taking centrestage in North

Cotton cultivation is taking the centrestage in North India. On the back of last year's higher prices and purchases by the Cotton Corporation of India (CCI), farmers in Punjab, Haryana and Rajasthan are seen moving away from paddy and guar seed to the fibre crop this year.

Farmers in Haryana, Punjab and Rajasthan have taken to cotton cultivation primarily on two grounds – higher income over relatively less remunerative crops such as paddy and guar seed, and the labour shortage for paddy transplantation.

Labour shortage

For paddy growers, labour shortage is a major problem in the sowing season. Farmer leader Ajay Vir Jakhar says farmers are following their experience with cotton last year.

"Last year, cotton prices were good, yields were good, so they bet big on cotton this year too. Cotton does not require migrant labour even during harvest," Jakhar told Businessline.

Migrant labourers are needed mainly for transplantation of paddy, while cotton picking is usually done by labourers from Rajasthan.

Paddy growers, on the other hand, are seeking to advance the transplantation date by about 10 days, which is believed to ease the pressure on farmers. This would mean extending the transplantation time by about 25 per cent. So, the pressure on requirement of labour for paddy would reduce substantially.

Indicating a rise in cotton acreage across the region, Sushil Phutela, Vice-President of Indian Cotton Association Ltd informed that global factors such as China running out of cotton stocks, US and Australia likely to witness lower crop, may support cotton prices going forward.

"We are seeing positive outlook for cotton despite the short term impact following this trade disruptions due to coronavirus. Demand is going to be there and we believe even at MSP rates, cotton is still a better bet for farmers over paddy," said Phutela adding that initial indication point at about 10-15 per cent of the paddy area may switch towards cotton in the regions of Punjab, Haryana and Rajasthan.

Cotton was planted in 4 lakh hectares in Punjab, 7 lakh ha in Haryana and 6.44 lakh ha in Rajasthan during the 2019-20 season. Total North Indian acreage stood at 17.45 lakh ha while the all India cotton area was 127.67 lakh ha during 2019-20.

The rise in cotton acreage is also reflected in the cotton seed sales. "The demand for cotton seeds has been good so far. About 60-65 per cent of the seed sale has taken place and we expect it to may go up to May 15," said M Ramasami, Chairman of Rasi Seeds Pvt Ltd, the largest vendor of Bt cotton seeds in the country.

Based on the trends, the cotton acreage could go up by about a tenth in North India, mainly in Punjab and Haryana, Ramasamy added. The Attur, Salem-based Rasi Seeds dominates the North Indian cottonseed market with a share of over 50 per cent.

The North Indian cottonseed market is estimated at 90 lakh packets a year, while the total Indian market is about 4.5 crore packets. To overcome the challenges posed by the countrywide lockdown, the company used four railway rakes and twenty trucks to transport the cottonseeds from Salem to North India this year.

Source: thehindubusinessline.com- May 04, 2020

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Amazon sees demand for electrical devices, clothes, work-from-home enablers after relaxation

Amazon on Monday said the company is seeing demand for various kinds of smart devices and other products like electrical appliances, clothes and work from home enablers in the orange and green zones. The firm started accepting orders for non-essential items from May 4.

“Thousands of sellers have started receiving orders for the first time since the lockdown began in March and we are hopeful that this will help jumpstart the livelihood of many small sellers and their workforce,” Amazon said in a statement.

The ministry of home affairs (MHA) on Friday issued a notification allowing e-commerce firms to deliver shipments of non-essentials in areas apart from those designated as red zones even as the government extended the countrywide lockdown by two weeks. Online firms will continue to sell only essential items in red zones.

E-commerce firms have been urging the authorities to allow sale of non-essentials like smartphones, electronic and stationary items on the premise that access to the items have become necessary as corporate India shifted to work-from-home while students moved to online classes. Amazon last week said its India business had been the worst hit among its international operations.

“We urge the Government to allow an expanded list of priority products in the red zone as well, which will not only revive economic activity and serve urgent needs but will also ensure citizen safety in a high risk area,” Amazon said.

Source: financialexpress.com- May 05, 2020

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Lockdown easing: Surat textile units in fix as Guj govt runs contra to MHA

With the Gujarat government not permitting any lockdown relaxation, especially within municipal corporation limits of red-zoned areas, the revenue hit Surat-based synthetic textile industry has sought some clarity on the issue.

Led by the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC), several associations have made representations to the state government to allow some economic activity to resume in the diamond and textile city of Surat.

With Surat accounting for 45 per cent of total man-made fibre or synthetic textiles produced and synthetic textile yarn, fibre, fabrics and made-ups accounting for annual exports of $6 billion, SRTEPC has said sought some easing in order to revive the industry.

On Sunday, Gujarat government had issued a notification under which a total lockdown remainsin force over the next two weeks in areas falling under the municipal corporation limits of Ahmedabad, Vadodara, Surat, Gandhinagar, Rajkot and Bhavnagar. Large parts of these cities are in red zones due to high number of Covid-19 cases. This is contrary to Ministry of Home Affairs (MHA) guidelines on the extended lockdown till May 17 issued on Friday that permitted movement of individuals in private vehicles, reopening of private offices with 33 per cent strength, resumption of shops selling non-essential items even in red zones with certain restrictions.

According to a letter written to the government by SRTEPC, cities like Surat, Ahmedabad,Vadodara, Gandhinagar, Bhavnagar, Rajkot and certain areas mentioned in the notice issued by Government of Gujarat are highest contributor to state revenue and maximum number of industries and their offices with large workforce are situated in aforesaid cities.

"Since 22nd march no commercial activities have taken place which has big negative impact on trade and industry with respect to sales and revenue when almost 90-95 per cent commercial activities are in lockdown condition. How will industry provide salaries, wages, electricity charges, bank interest, bank repayments, loan instalments and other fixed expenses in absence of any revenue and survive if the lockdown is extended? We fear keeping in view huge number of unemployed workforce and absence of cash flow will create the state of anarchy in the area," SRTEPC has said in its representation to the government.

As such, since the entire textile is decentralized into spinning, weaving/knitting, merchant manufacturers, processing, value addition, wholesale trade, garment manufacturing and retail, the industry can only start if all the activities related to production and trading are started together, the industry body has stated.

Narain Aggarwal, chairperson of SRTEPC has also said that the industry body has asked the state government to allow as many migrant workers as possible to go back to their home states. "If they want to go back to their home states then they should be allowed. Anyway if relaxation is provided, units may not be able to resume operations at a higher capacity till some time," Aggarwal added.

Source: business-standard.com- May 04, 2020

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Work resumes in Bengaluru's garment factories amid nationwide lockdown

Work in garment factories of Bengaluru resumed on Monday following the government's orders allowing activities to resume in private industries.

The workers, before entering the factory premises, are being made to undergo thermal screening, sanitisation, and are also mandatorily being asked to wear masks at all times.

Salma Bano, a worker, at one such factory in an industrial area told ANI that all precautions were being taken at the factory where she works.

"I work as a tailor here, we are being given masks and all precautions and sanitisation activities are being carried out frequently. We also maintain social distancing at the workplace. The guards keep a watch in the premises and ensure that all people are wearing masks regularly," Bano said.

Reshma, another worker, added that social distancing norms were being strictly followed.

The Karnataka government had on Sunday issued an order to allow inter-district movement of individuals and vehicles to 'undertake permitted activities' during the lockdown.

The order is undersigned by Chief Secretary and Chairman Karnataka State Disaster Management Authority TM Vijay Bhaskar. The order will come into effect from May 4 for a period of two weeks.

It further says that for movement of individuals during night time curfew timings between 7 pm to 7 am, passes already issued for all essential activities only, shall continue to be valid. For IT, BT Industries, etc, Department Secretaries will recommend issue of curfew passes to the concerned DCPs in Commissionerates/Deputy Commissioners of the districts.

Source: newindianexpress.com- May 04, 2020

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Covid-19: IIT Madras startup eyes special method for coating textiles for PPEs

Indian Institute of Technology (IIT) Madras-backed startup, Muse Wearables, is developing novel and scalable methods for coating textiles with nanoparticles-based antimicrobial agents that can inactivate the human coronavirus on contact, the institute announced on Monday.

These coatings are expected to be effective up to 60 wash cycles, thereby making the textiles re-usable. The coated textiles can be primarily used to manufacture N95 masks, surgical masks, Personal Protective Equipment (PPE) and food packaging bags, among others, with inherent properties of inactivating the coronavirus.

Muse Wearables' current pilot machine can coat textiles of length up to 100 metres within a few minutes, thereby making it a viable commercial solution that can be deployed immediately.

Muse Wearables was incubated by IIT Madras Incubation Cell. Startup incubators are usually non-profit organisations that might be run by both public and private entities. Incubators are often associated with universities.

"Our startups are working on a range of products that are vital to India and its fight against Covid-19, from N95 masks to intubation boxes and ventilators to affordable testing kits. They have quickly mobilized and repurposed their offerings in response to the situation and are striving to make a positive contribution to the nation and its anti-virus efforts.

IITM Incubation Cell continues to assist its startups through these challenging times and hopes that industry support will help them ramp up their efforts in a more meaningful way," said Dr Tamaswati Ghosh, chief executive officer, IIT Madras Incubation Cell, in a statement.

Currently, Muse Wearables is assembling the coating machine and will shortly commence coating various textiles with different nanoparticle solutions. Their coated textiles is expected to be ready for testing by the first week of May 2020. The startup is also partnering with a mask manufacturing company to launch five-layered Antiviral N95 Masks.

"Our solution tries to solve the current pandemic problem at the root level by inactivating coronavirus permanently. As soon as it comes in contact with the coated nanoparticles, its structure is permanently destroyed by the nanoparticles. For example, people using masks made by our coated textiles will not transmit the virus to others or have less chances of the virus getting transmitted to them," said KLN Sai Prasanth, chief executive officer, Conzumex Industries, which operates the brand Muse Wearables.

"Our coating process is scalable, which means it can be deployed in any textile industry as a textile finishing process. The solution we are developing are not confined to a research laboratory but can be used for commercial purposes," he added.

What's the big deal about nano-particle coated textile?

- *Anti-microbial properties: it continuously captures and destroys viruses and other microbes upon contact

- *Other viruses as small as 30 nanometre can also be inactivated permanently

- *Does not leach while washing in water and is environment-friendly

- *At present can be coated on cotton, polyester and cotton–polyester

- *More fabrics will be tested soon
- *Non-toxic; can be safely used for making masks and other PPE

Source: hindustantimes.com- May 04, 2020

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To attract industry, stop hurting industry

Going by the series of meetings prime minister Modi held last week, it would appear he is quite worried—and rightly so—about how his government is putting off investors. Given there is yet another China opportunity, as foreign investors there are looking to leave, the anxiety is understandable. It is to be hoped that, this time around, Modi's ministers will act upon what he wants, but some basic rules will help: Keep It Simple, Stupid (KISS). And, since the prime minister is probably meeting as many doctors as economists in this coronavirus season, he probably recalls the part of the Hippocratic oath that says "first, do no harm".

The ministry of power, to cite a recent example of government policies that don't quite address the issue, has just come up with an elaborate new plan to bring state electricity boards (SEBs) on track after the last bailout (Uday) failed—expectedly, given it had more carrots than sticks. Some parts of the old policy that fostered competition—like open access and separation of 'carriage and content'—have inexplicably been watered down or dropped, with there being a new focus on the franchisee model and the state paying subsidies on time, as well as tariffs that reflect costs.

Given the complete failure to fix SEBs for decades despite a series of bailouts, it is not clear this one will work, but why not opt for a simpler solution? Empower RBI to automatically deduct SEB dues from the bank account in which the Centre deposits the states' share of taxes.

With their revenues at stake, states will automatically pay subsidies on time, ensure tariffs are raised, cut losses, and find other ways to raise efficiency. Indeed, a good example of how government policies are so convoluted is the spate of announcements and funds set up to help beleaguered real estate firms/NBFCs etc over the past year or two.

If Modi asks, he will find the funds have achieved little because there were so many caveats attached, in which case, why even announce a relief package? While this newspaper routinely gives examples of how performing investors have been repeatedly hit by government policy, the most recent example of this is the mindless rule—under the

Disaster Management Act—that prevents industry from laying off workers or cutting their salary. When industry has no turnover, how can it survive with such a stipulation? And, it is to the Supreme Court's discredit that it has not even stayed such a draconian and illogical order.

Equally draconian was the order put out by various states that an FIR would be filed against the CEO of a firm if there was any Covid-positive employee! In a generally anti-industry atmosphere, it is easy for such policies to get through.

If nearly 75 years after independence, the PM doesn't realise that India's rigid labour laws have pushed industry away to China, Vietnam, and Bangladesh, there is little point in him asking his ministers to pro-actively woo industry. And, how can he hope to boost the coal and mining sector when Indian royalties and other levies are so high compared to other countries, to say nothing of the never-ending environment and other clearances?

Instead of constantly touting, as he does, India's progress in the meaningless Ease Of Doing Business rankings, Modi needs to promise not to impose sapping price controls. Just see how much of Indian pharma production is exported as a result, and how this has prevented agriculture exports from realising their potential.

If something as basic as a telecom package hasn't been finalised despite the sector being on its knees for so long—and with such clear evidence of government policy being rapacious—it is really ambitious to expect India will be able to woo the bulk of the investment seeking to leave China.

Source: financialexpress.com- May 04, 2020

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Analyst Corner: Grasim Industries rating – 'hold'; COVID-19 has worsened outlook for VSF business

Lenzing believes apparel demand in the APAC region should reach pre-COVID levels by Q3CY20, while Europe and North America will reach those levels only in January 2021.

However, given the uncertainty surrounding the pandemic any assessment of the impact is fraught with risks. Lenzing had earlier guided for its 2020 results to be below 2019. However, current uncertainty has resulted in Lenzing suspending its guidance for 2020.

China VSF inventory at record levels

VSF inventory in China, which accounts for more than 50% of VSF production, has reached record levels with current inventory at 45 days; three times the long-term average of 15 days.

Prices have fallen further in the last two weeks in China with standard VSF currently trading at RMB9,200/t. Lenzing believes the situation remains dire for several VSF producers in China as they are making cash losses of more than RMB2,000/t at spot prices.

As a result, capacity utilisation continues to decline from 80% in January 2020 to 65% currently.

Lenzing believes there is a high probability of 500kt (c8% of global VSF capacity) expansion in 2020 getting deferred. However, the outlook for VSF prices looks challenging unless there are further capacity cuts or a sharp recovery in demand, as per Lenzing.

Source: financialexpress.com- May 04, 2020

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Artisans need urgent government support to craft a sustainable future

“This is the first time somebody has reached out to ask about us and our community of aari and sozni embroidery women artisans. It gives me great hope that you are thinking about small artisans,” said Zahida Amin, a craft entrepreneur from Sopore, Kashmir. Her organization Nai Kiran, based in Sopore, works with a community of 50 women; in season and when the demand is good, Nai Kiran also engages young women in neighbouring districts such as Budgam.

Artisans like Zahida make up the bulk of India’s rich and diverse craft and textile sector. Both self-employed artisans and highly skilled daily wagers (who they employ), have been completely left out of any conversations on relief and rehabilitation during the Covid crisis and the subsequent lockdown. The last two months has seen millions of workers dependent on daily wages, struggling to make ends meet.

There are very few media platforms that even cover the sector. According to a story by the People’s Archive of Rural India (PARI) which covers rural issues, handlooms and handicrafts are perhaps the second largest employer after agriculture - employing 3.5 million in handloom and over 70 lakh in crafts. According to the Fourth All-India Handloom Census,two-thirds (66 per cent) of weaver households earn less than Rs. 5,000 a month. The numbers highlight the gravity and scale of the crisis.

Craft sector workers ignored

While civil society organisations, individuals and the government have stepped in to provide relief to urban poor and migrants, craft sector workers have been largely ignored. Especially the job workers aligned to artisans who, like migrant workers in construction, live hand-to-mouth. Because they do not fall in the essential services category, they have had to stop production.

The multiplier effect of this is manifold: 40 - 50 per cent of the working population in each of the craft villages are in some way financially dependent on artisan families. But production cycles as well as order cycles - both crucial to economic sustainability of the entire village - have completely snapped, putting entire village economies at risk.

The Export Promotion Council for Handicrafts (EPCH) spring fair 2020 (the biggest platform for artisans to get overseas orders) has been cancelled. EPCH estimates a Rs 8,000-10,000 crore loss to the sector and closure of 60-80 per cent units this year. While bigger artisans use other retailers and exports to reach their markets, cancellation of regular, calendarised exhibitions by the government, Crafts Council of India, Dastkar, Dastkari Haat and private players has taken away the primary sales channel of numerous small artisan units.

Piling up of summer stock

In the month of March, weavers and printers were ready with their summer lines to catch the season's demand. The sudden lockdown has resulted in the piling up of this summer stock with no immediate avenues to reach buyers. Adding to their woes, B2B orders have either been cancelled or deferred and payments have not been released. All of this has led to cash inflows down to zero, and funds blocked in stock.

Further adding to their hardship is the crunch in working capital which will affect long term sales. The months from April to June are high production months for dyeing, printing and weaving, building stock and fulfilling past orders. With near zero sales now for over a month (since March), artisans currently have no savings to restart production, and also face other production challenges like unavailability of raw materials or access to water. This would result in their not being able to service orders and customers even when the lockdown is lifted and demand slowly starts to pick up.

Despite the bleak scenario, our artisan partners from Ajrakhpur and Nirona near Bhuj, Chandauli and Kutwan near Banaras, Pedana in AP, Sopore in Kashmir, Akola near Udaipur and others are generously supporting their communities. They have been sharing their limited resources - be it through distribution of rations or through payment of wages to their job workers. But they will soon run out of resources and what then?

Need state sponsored help

How will the millions of daily wagers aligned to the craft sector survive without state sponsored help? Craftspeople like Zahida need help to restart production and sales, and each day they delay will have a long term impact on their incomes, the incomes of their artisan communities and the village economy.

In the long run it could lead to entire craft clusters getting wiped out and third and fourth generation artisans moving to other occupations to sustain themselves financially, leaving generations of knowledge of family craft traditions to fall by the wayside. A very real fear is that eventually, our craft heritage of thousands of years will be lost to us forever.

To address these challenges, it is imperative to ensure the cycle of production, demand and generation of new orders continues. The immediate and dire need is disbursement of relief taken forward at the cluster level for survival of daily wagers in craft. Simultaneously artisans should have easy access to a minimum of two months of working capital - either given as a grant or a zero interest loan to be repaid when their cash flows stabilise.

The longer intervention must be focused on nudging demand in a slow and recovering economy by using innovative ideas and avenues, keeping in mind that Indian craft clusters are scattered across the length and breadth of the country and no one solution can adequately address their unique needs. We should be looking at covering more ground and quickly - with awareness campaigns, online opportunities, localised events, haats, fairs which travel swiftly across locations - bringing in newer audiences.

The purpose of these interventions must be to take our artisans one step closer towards sustainability through direct sales and new order cycles, while simultaneously building resilience in the face of this crisis.

We are over a month into the lockdown, and are still awaiting an acknowledgment of the crisis in this sector. The plight of the craft communities needs much more attention and urgent intervention.

Source: thehindubusinessline.com- May 04, 2020

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Exporters want 12-hour shifts

The Apparel Export Promotion Council (APEC) has requested the state government to extend working hours of export units to 72 hours from 48 hours per week as they anticipate a huge labour shortage.

APEC chairman A Sakthivel in a memorandum to chief minister Edappadi K Palaniswami said that certain states like Gujarat have made amendments to the factories Act so that workers are allowed to work for 72 hours.

“Tirupur is also witnessing a huge manpower shortage as much of the migrant workers have gone to their native places. It will take time for them to return since there are no adequate transport facilities now,” he said.

Source: timesofindia.com- May 05, 2020

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