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INTERNATIONAL NEWS

Chile seeks to resume FTA negotiations with South Korea

Rodrigo Yañez, the undersecretary of Chile's Undersecretariat for Trade Economic Relations, recently visited South Korea, the country's fifth-largest trading partner, and its first Asian partner in a free trade agreement, with the intention of resuming the negotiations to update the FTA between both countries that were interrupted by the pandemic.

The Korea-Chile Free Trade Agreement entered into force in 2004 and it stimulated a significant increase in bilateral trade. In 2018, the bilateral trade amounted to more than 6.2 billion dollars, and Korea's imports from Chile reached 4.5 billion dollars. The bilateral trade in 2019 amounted to $ 5.2 billion, according to the Korean Customs Service.

Update

Korea and Chile agreed to start negotiations to update the FTA in 2016 and held three rounds of negotiations in 2018 and 2019. This year, however, the process was interrupted by the COVID-19 pandemic.

"We deeply believe that our bilateral negotiations to improve the FTA are an opportunity for our business relationship to achieve ambitious results," Yañez said in an interview with The Korea Herald during his visit to Korea last August.

Yañez stressed that these efforts were in line with what President Moon Jae-in and President Sebastián Piñera discussed in September 2018, when they met in New York City on the sidelines of the UN General Assembly.

Boosting the digital economy

Chile has witnessed the accelerated digital transformation due to the pandemic and the country is taking the health crisis as an opportunity to diversify and expand exports and markets so that its trade is more resilient, he said.

In this sense, Chile seeks to cooperate with Korea to promote the digital economy and electronic commerce. "Considering Korea's development of the digital economy, Chile looks forward to cooperating with Korea. We have proposed organizing a virtual meeting between our technical experts to identify opportunities and possibly establish a roadmap for bilateral work in this area," he said.

Yáñez also said that Chile had strongly supported Korea's attempt to become an associate member of the Pacific Alliance, a trading bloc that includes Chile, Colombia, Peru, and Mexico.

Source: koreaherald.in– Sep 04, 2020

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US August jobs report likely to point to a still-slow recovery

The United States keeps regaining more of the jobs that vanished when the viral pandemic flattened the economy early this spring. Yet so deep were the layoffs that began in March that millions of Americans remain burdened by job losses that might prove permanent. Economists have forecast that employers added 1.4 million jobs in August and that the unemployment rate fell from 10.2 per cent to 9.8 per cent, according to a survey by data provider FactSet.

That rate would still be just below the peak unemployment level of the 2008-2009 Great Recession. The Labor Department will issue the August jobs report at 8:30 a.m. Eastern time Friday. While a monthly gain above 1 million would show that some businesses are still willing to add workers, it would take many months to return to pre-pandemic job levels even if that pace could be sustained.

And many economists think hiring is slowing. The economy still has roughly 13 million fewer jobs than it did when the coronavirus struck in March. Friday’s jobs data will be the second-to-last employment report for most voters, the most visible barometer of the economy before Election Day, November 3.

President Donald Trump faces the daunting task of seeking re-election in the worst economic downturn since the 1930s. Yet voters in surveys have generally given him higher marks on the economy than they have on other aspects of his presidency. The jobs report coincides with growing signs that more companies are making permanent job cuts rather than temporary furloughs.

That trend could keep the unemployment rate persistently high. It is typically harder for an unemployed worker to find a new job at a new company or in a new industry than to return to a previous employer. Casino and hotel operator MGM Resorts, slammed by declines in travel and tourism, said last week that it's eliminating 18,000 jobs. Coca Cola, which derives half its sales from stadiums, theaters and other venues that have been largely shut down, is offering buyouts to 4,000 employees. Salesforce said it is cutting 1,000 jobs. Bed, Bath & Beyond will shed 2,800.

A Federal Reserve report this week based on anecdotal reports from businesses found rising instances of furloughed workers being laid off permanently as demand remained soft.

Roughly 29 million Americans are receiving state unemployment aid, although their total benefits, on average, have shrunk by more than half since the expiration of a USD 600-a-week federal supplement more than a month ago.

The Trump administration has set up a program that will provide some of the unemployed with USD 300 a week. But new rules and requirements will make many of the unemployed ineligible. Only people who receive at least USD 100 a week in state unemployment aid will qualify for the USD 300 federal supplement a requirement that could exclude at least 850,000 Americans.

The ongoing job losses and economic slump have left a rising share of Americans out of work for longer periods. From June to July, the number of people who were unemployed for 15 weeks or longer tripled to more than 6 million.

One consequence is that rising stress and anxiety are evident at therapists' offices and mental health hotlines around the country. Calls from March through July to the U.S. government-funded Disaster Distress Helpline, which offers counseling and emotional support, surged 335% from the same period last year.

And half of U.S. adults reported at least some signs of depression, such as hopelessness, feelings of failure or an inability to derive pleasure from daily activities, in a survey published Wednesday in the medical journal JAMA Network Open. That amounted to twice the rate from a survey two years ago.

“Not many days go by where I don’t have a couple where one partner or both are not working or furloughed, said Todd Creager, a therapist in Southern California who treats mostly middle- to upper-middle-class adults. What’s more, the economy appears to be operating on two tracks, resulting in an uneven and unequal recovery.

Manufacturers are enjoying a solid rebound in demand for cars, appliances and electronics, with factory orders nearly back to pre-pandemic levels. Home sales are also booming. So are home prices. Sales of existing homes surged by the most on record in July and are now nearly 9 per cent higher than a year ago.

In addition, wealthier and well-educated workers have been far less likely to lose jobs to the pandemic than lower-income and minority workers have, in part because of a greater ability to work from home. The coronavirus has also reshaped much of the consumption of affluent households: While spending less on restaurants and at shops and movie theaters, they are buying new homes to gain more space or renovating their houses to serve as workplaces as well as homes.

Source: financialexpress.com– Sep 04, 2020

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Global trade of home textiles slightly down

The global export of home textiles increased 1.89 per cent to $95,725.27 million in the year 2019 compared to export of $93,952.83 million in 2017. However, total exports declined 2.66 per cent in 2019 over the previous year, according to data from TexPro. The export is expected to move up to $98,350.54 million in 2022 with a rate of 2.74 per cent from 2019.

The global import value of home textiles was $64,876.16 million in 2017, which rose 5.64 per cent to $68,534.93 million in 2019, according to Fibre2Fashion's market analysis tool TexPro. Total imports plunged 0.73 per cent in 2019 over the previous year and is expected to rise to $72,638.11 million in 2022 with a rate of 5.99 per cent from 2019.

China ($32,561.11 million), Turkey ($9,334.65 million), India ($6,873.76 million) and US ($6,244.21 million) were the key exporters of home textiles across the globe in 2019, together comprising 57.47 per cent of total export.

These were followed by Pakistan ($4,117.56 million), Germany ($3,519.27 million) and Vietnam ($3,465.89 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by Turkey (19.63 per cent), China (10.11 per cent) and India (8.33 per cent).

US ($18,913.32 million), Germany ($5,437.93 million), Japan ($4,434.63 million), UK ($3,487.48 million) and France ($3,168.81 million) were the key importers of home textiles in the globe in 2019, together comprising 51.71 per cent of total import. These were followed by Netherlands ($2,455.82 million), Canada ($2,161.21 million) and Australia ($1,734.59 million).

From 2016 to 2019, the most notable rate of growth in terms of import value, amongst the main importing countries, was attained by US (13.75 per cent), Japan (11.28 per cent) and Germany (9.19 per cent).

Source: fibre2fashion.com– Sep 04, 2020

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Macy's Q2 FY20 result: sales $3,559 mn; net loss $431 mn

Macy’s, a US-based premier omni-channel fashion retailer, has reported 34.7 per cent sales decline to $3,559 million in its second quarter (Q2) for fiscal 2020 ended on August 1, compared to sales of $5,546 million in the same period previous fiscal. Net loss for the quarter were $431 million compared to net income of $86 million in Q2 FY19.

“Macy’s performance for the quarter was stronger than anticipated across all three brands: Macy’s, Bloomingdale’s and Bluemercury, driven largely by the sales recovery of our stores. Restarting our stores’ business was our top priority, and we successfully accomplished that while also ensuring that our digital business remained strong,” Jeff Gennette, chairman and chief executive officer of Macy’s, said in a press release.

Digital sales for the quarter grew 53 per cent over Q2 FY19. Selling, general and administrative expenses for Q2 FY20 were a loss of $1,398 million (Q2 FY19: $2,177). Operating loss were $631 million compared to operating income of $155 million.

"We are encouraged by our second quarter performance; however, we continue to approach the back half of the year conservatively. Our immediate priority is successfully executing Holiday 2020. We are also focused on laying the groundwork for 2021 and beyond," Gennette said.

"We plan to invest in fashion, digital and omnichannel, work with agility, and galvanise the resources of the company to serve our customers and move the Macy's business forward."

Source: fibre2fashion.com– Sep 04, 2020

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Organic cotton production is projected to rise 10 per cent: 2020 Organic Cotton Market Report

The organic cotton production is projected to rise 10 per cent in the just completed 2019/20 crop season based on pre-COVID estimates in the '2020 Organic Cotton Market Report.

Organic cotton production rose by 31% over the previous period for the harvest year 2018/19. Built on 418.935 hectares of soil in 2018-18,222.134 farmers produced 239,787 metric tonnes in 19 different countries.

Furthermore, there was a conversion to organic 55,833 hectares of cotton cultivating land to satisfy increasing demand.

Organic cotton is commonly referred to as non-genetically engineered cotton with the exception of those approved by certified organic labeling, and without the use of synthetic agricultural chemicals, such as fertilisers or pesticides.

The results estimate that 7 countries have developed about 97% of global organic cotton: India (51%), China (17%), Kyrgyzstan (10%), Turkey (10%), Tajikistan (5%), and Tanzania (2%) and the US (2%). The route is led by India and Pakistan, followed by Turkey, Greece and Tajikistan, of the 55,833 hectares of land converted into organic.

Source: textilefocus.com– Sep 04, 2020

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Vietnam emerges the new hotbed of textile and apparel production

Data from Ministry of Industry and Trade of Vietnam indicates, the export turnover of Vietnam's textiles and apparel sector, in the first seven months of 2020, dropped 12.1 per cent to $16.18 billion compared to the same period in 2019.

Many businesses have almost no orders for the last two quarters of the year, especially high-value products such as suits or high-end shirts. Prices of masks and protective goods have fallen sharply due to oversupply globally.

Vietnam Textile and Apparel Association (VITAS) has recorded 30-70 per cent order cancellations leading to inventory pile up and increasing pressure on businesses to pay wages.

Vietnam displaces Bangladesh in apparel exports

Despite this, Vietnam is fast replacing Bangladesh as the world's leading textile and apparel exporter. Vietnamese textile and garment industry has managed to surpass Bangladesh by emerging as the second largest garment and textile exporter in the first half of 2020.

The country earned $13.18 billion revenues from its textile and garment exports in the first six months of the year, In contrast, Bangladesh earned only $11.92 billion, shows data from the General Statistics Office of Vietnam and the Bangladesh Export Promotion Bureau,

Mohammad Hatem, Vice President, BKMEA, says, Bangladesh's exports have been heavily influenced by the pandemic. Mustafizur Rahman, Fellow, Centre for Policy Dialogue (CPD), says, Vietnam is trying to retain market share and gain more from China's loss of market share.

Vietnam's enterprises on expansion spree

Vietnamese garment enterprises are urging for the EU-Vietnam Free Trade Agreement (EVFTA). One such garment enterprise is the Dony Garment Company. Established in 2009, the subsidiary of Dony International Corporation manufactures workwear, sportswear and outdoor clothes in Vietnam.

The company plans to expand in the European market over the next one or two years. For this, it has standardized its production process besides obtaining ISO 9001, ISO 13485, ISO 14001 certifications. It is currently undergoing the Business Social Compliance Initiative (BSCI) assessment and Wellness Recovery Action Plan (WRAP).

Focusing on basic fashion products and uniforms, Dony was one of the first Vietnamese enterprises to divert business to the production of face mark and other producing protective gear export, helping it to maintain business operations and stabilize jobs for workers.

The transition is helping the company expand its scale, purchase advanced equipment, and upgrade its production chain. According to Pham Quang Anh, Director, the company needs to work harder to improve skills and find new ways to meet the requirements of difficult markets.

The Vietnam advantage

Though it suffered initial losses, Dony was able to bag some orders from Japan and upgrade manufacturing process and product quality. Anh opines, Vietnam's garment industry offers many advantages like modernized and upgraded machinery, penetration in most garment markets, close relationships with major customers and global buyers, abundant cheap labor, stable socio-political and macroeconomic environment of Vietnam is stable, is the foundation which helps it to attract foreign as well as a domestic investment, long tradition of the garment industry and favorable conditions to develop support industries such as cotton and mulberry growing, raising of silkworms, production of preliminary and artificial fibers, boosting production of raw materials, especially fabrics and clothing.

Source: fashionatingworld.com– Sep 04, 2020

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Sri Lanka: Govt to expand Galle, Trinco, KKS Ports for regional, global exports

The Government will expand the ports of Galle, Trincomalee and Kankesanthurai which will be geared to accommodating the increased exports to both regional and global destinations.

State Minister of Container Warehouse Facilities, Container Yards, Port Facilities, and Boat and Shipping Industry Development Jayantha Samaraweera told Daily News Finance that the expansion of these three ports would be useful in the light of the Ports of Colombo and Hambantota would be congested in the future.

He also said that one of the top priorities of the Government was also to use the rail transport network for the transport of containers which would ease the congestion in both the City of Colombo, the outstations and the immediate Colombo suburbs as well, which was a proposal which was conceived by the Strategic Enterprise Development Agency (SEMA) around two decades ago.

Another area of interest which has also caught the attention of the Government would be the development of warehouses in the Colombo suburbs such as Ratmalana and Peliyagoda and outstations such as Veyangoda, Kurunegala, Deniyaya et al.

He said that the network will also help the storage of exportable products until they are transported to reach their due destinations. These warehouses will also be able to accommodate the containers which will be transported through the railway systems which will also slash the transport costs and transit times as well.

He said that these warehouses could also store some of the coconuts and value added coconut based products which will be based for exports.

Similarly, tea and value added products which will be manufactured by the teas grown by Small Holders in the Southern belt such as Deniyaya, Elpitiya, Galle and others could be stored within the warehouses there and could be exported from the Galle Port without even having to go through the inconvenience of transporting those cargoes to Colombo.

The Minister also added that the construction of these warehouses will be done on the basis of Private- Public Sector Partnerships in which the private sector component could be even Foreign Direct Investment or originating from the local private sector.

The State Minister also explained that the boat industry was also going to be developed on a three- fold basis. One was for the tourism industry, the other was for the benefit of the local transport industry and the third was for export. This also would be also done on the basis of Private – Public sector partnerships where the private sector partnerships could also attract foreign investments.

Source: maritimegateway.com– Sep 04, 2020

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Intertextile Apparel to make use of digitised solutions

The organisers of Intertextile Shanghai Apparel Fabrics are determined to make use of digitised solutions and provide support to exhibitors and visitors who originally intended to participate in the Spring edition of Intertextile in Shanghai this March, as well as those unable to join the upcoming Autumn edition of the fair from September 23-25.

This month's fair is expecting about 3,400 exhibitors from over 20 countries and regions. With the Intertextile mobile app, an online business matching platform and more, Intertextile continues to utilise its diverse network in the textile industry to help address sourcing needs and generate new business opportunities.

"While we have been closely in touch with overseas exhibitors and visitors to prepare for the Autumn edition of Intertextile, we are mindful that some may not be able to travel to China in September.

We understand that alternative solutions are necessary at this time to help our exhibitors and visitors overcome the obstacles set by the outbreak of COVID-19, thus we have evaluated the online tools and services we currently have, as well as sought new ways to digitally connect the industry," said Wendy Wen, senior general manager of Messe Frankfurt (HK) Ltd.

"Our digitised solutions will cater for all scenarios – domestic and overseas suppliers and buyers who have been eager to connect with each other since missing out on the Spring Edition of Intertextile, while serving as pre-event promotion, business and networking opportunities for the Autumn Edition. This will facilitate a seamless exchange of information for doing international business online and offline before, during and after the fair to truly support the industry's recovery," said Wen.

Intertextile's digitised solutions will allow exhibitors to gain access to its valuable database – more than 100,000 buyers from over 100 countries and regions. To reach out to domestic buyers, exhibitors can download Intertextile's mobile app and proactively upload product information and photos. They can interact with buyers by sharing their latest business updates, developments and sales promotions.

Exhibitors will also have access to buyers' contacts so that they can schedule online or onsite meetings in advance via the app's built-in messenger function. The mobile app contains information about the fair, such as map, traffic and fringe programme updates, making it an all-in-one tool for exhibitors to enjoy convenience at the fair while gaining extra exposure not limited to the 3-day show period.

As a special measure in response to COVID-19, Intertextile is extending its offer for exhibitors and visitors to access its online business matching platform, Connect Plus, which is normally used to schedule onsite business meetings in advance of the fair. Connect Plus is now available for online business matching before and after the fair. Based on data-driven intelligent recommendations, exhibitors can check out overseas buyer profiles from Intertextile's valuable database and proactively send out requests to connect.

With instant messaging and video call functions, this platform will be useful for exhibitors to connect with overseas buyers who are unable to attend Intertextile, serving as an ideal tool for post-event business matching and for enhancing sourcing efficiency. Sponsorship packages are also available for exhibitors to advertise on the platform and increase their exposure.

The team at Intertextile is preparing for more pre-event content sharing in the form of webinars called the 'Textile e-Dialogue' series. By promoting exhibitors' pre-event webinars through the fair's e-newsletters and website, this will allow the online audience to catch up with the latest industry news while being able to interact with exhibitors via Q&A sessions.

During the fair, fringe programme events such as product presentations will also be livestreamed with real-time Q&A for onsite buyers and online audience. Presentations will be recorded and made available for viewing and sharing on social media platforms, so that overseas exhibitors and buyers in different time zones can learn about the fair's highlights at their convenience.

Intertextile Shanghai Apparel Fabrics – Autumn Edition 2020 will be held concurrently with Yarn Expo Autumn, CHIC and PH Value from September 23 – 25 at the National Exhibition and Convention Center (Shanghai). The fair is co-organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Centre.

Source: fibre2fashion.com– Sep 04, 2020

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For Bangladesh's Beleaguered Garment Workers, a Glimmer of Hope

There's hope for Bangladesh's embattled garment industry yet.

Textile exports rebounded by nearly 50 percent as factories kicked into production to fulfill orders from predominantly Western brands and retailers, local officials reported Tuesday.

Shipments of ready-made clothes topped $3.3 billion, up from $2.3 billion a year earlier, according to the Bangladesh Garment Manufacturers and Exporters Association, the South Asian nation's largest trade group of garment factory owners.

Retail giants such as H&M, Primark and Walmart have reinstated garment orders that were previously canceled or put on pause in the early days of the pandemic, giving Bangladesh a much-needed shot in the arm amid the ongoing health crisis, BGMEA spokesman Khan Monirul Alam Shuvo told AFP.

The second-largest exporter of clothing after China, Bangladesh's garment sector employs roughly 4 million people and accounts for 84 percent of the country's export revenue. At least 1 million garment workers were laid off or furloughed because of scuppered production, according to the Center for

Global Workers' Rights at Penn State University. Some factories now say, however, that they're looking to hire thousands of workers to manage the recovering workflow.

As the outbreak progressed to a full-fledged pandemic in March, panicked brands and retailers, fearful of their own cratering bottom lines, invoked contractual force-majeure clauses to rescind $3.1 billion worth of garment orders from Bangladeshi suppliers, the BGMEA said.

Shipments followed a similar trajectory, nosediving 83 percent in April—the same month the government initiated a nation-wide lockdown—and more than 50 percent in May, when factories reopened on a limited basis.

"Some 80 percent of those orders have since been reinstated," Shuvo said. "Still, we have to wait another five months to see a clear picture."

While Covid-19 has battered apparel sales over the past few months, signs are emerging that consumers who had shifted dollars to essential items may be ready to shop for clothing again. According to William Blair & Company's "Weekly Consumer Pulse," roughly 30 percent of the consumers it polled bought clothing recently, nearly double the number in April.

Bangladesh's Hannan Group, which exports clothing to brands such as Casamoda and Esprit, said it has enlisted nearly 1,600 workers in the past two months.

"I think the worst is over. Some retailers have placed new orders and revived some old orders," ABM Shamsuddin, chairman of Hannan Group chairman, whose factories employ 12,000 people, told AFP. " We need new workers to make the shipment deadline."

Source: sourcingjournal.com– Sep 04, 2020

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Bangladesh: Trade policy overhaul critical for post-pandemic recovery

The year 2020 will be recorded in history as the year when the world population lived dangerously—under the onslaught of an unknown killer virus that did not discriminate between rich or poor, developed or developing countries. The health pandemic is compounded by the consequential economic aftermath that has left the global economy in disarray. Covid-19 is the trigger for a present crisis comparable to the Great Depression of the 1930s.

What is now certain is that the negative shock to global output and trade is going to be deep and widespread in 2020—trade could be down 12-32 percent, according to WTO. The crisis has hit hardest regions that are our leading export destinations—USA, EU.

Our exports are already down 17 percent in FY2020, though merchandise trade (export and import of goods) is down only 2 percent, after reaching a total of USD 95 billion in FY2019. There is too much uncertainty riding on our expected recovery in FY2021.

Trade is the means through which our economy integrates with the rest of the world. In light of the global shock in output and trade, the big question is, can our exports recover without a big shake up in our trade policy. Trade policy is also at the centre of the debate about what works and what does not in our quest for the elusive goal of export diversification.

Our producers have a binary choice between selling in two markets—export market or the domestic market, except for RMG producers who are mandated to export only. To illustrate, export subsidies or other support mechanism (e.g. concessional loans for export) create incentives for production geared to the export market. Likewise, policies that tax or restrict competing imports create incentives for production of import substitutes for domestic sale.

When the balance of incentives favour exports, trade policy is export-oriented. When tariffs (that raise prices of imports and import substitutes) and import restrictions (to reduce import competition) make sale in the domestic market more profitable than exports, the incentive regime is biased in favour of import substitution. The bottom line: to incentivise export, the price received from export must be higher than what the producer were to receive from selling that product in the domestic market.

PRI research confirms that despite the widespread presumption that export is highly incentivised by cash subsidies and other support measures, high tariff protection given to import substitute production raises profitability of domestic sales well above incentives given to exports. Result? The price an exporter receives for his/her product is much less than what the domestic market has to offer. That indeed is the crux of the trade policy dilemma in Bangladesh.

Covid-19 pandemic has exacerbated the trade part of the economic shock. Is trade policy up and ready to cope with the trade-related developments and also provide the impetus to fuel rapid economic recovery once we have gotten a handle on controlling the virus and returning life to normalcy?

All international agencies predict a sluggish global economic recovery. The projected global slowdown (which is beyond our control) could dampen import demand for Bangladesh exports in major markets, with significant impacts on RMG exports.

But all is not lost in a global economy that is constantly evolving. First, the "Walmart effect"—a term used to refer to the economic impact felt by local businesses when a large company opens in the area—could sustain demand for basic garments to prop up RMG exports. Second, Bangladesh stands to capture export demand as a fallout from US-China trade tensions.

Third, for non-RMG exports of Bangladesh, where export market shares are infinitesimal, demand is not a constraint, ensuring export incentives and competitiveness are. Fourth, China has offered duty-free access to Bangladesh for over 90 percent of tariff lines with similar facilities already in Japan, Australia and New Zealand. East Asia and Pacific, with a market size of USD 22 trillion (larger than EU or USA) is now an export destination to fight for.

In this backdrop, a revamped trade policy for stimulating post-pandemic economic recovery should take the following route, beginning with the recognition that we have essentially two trade policy tracks, one for RMG exports and another for the rest. RMG operates in a "free trade" enclave (zero tariffs), nearly immune to the high tariff and protection regime that creates significant anti-export bias for non-RMG exports. That is the crux of the problem. This trade policy dualism has got to change.

Unless trade policy for non-RMG exports is brought to par with RMG, export diversification has no chance. Until such time as we can unify the two tracks of trade policy, our only option is to revamp the twin tracks of trade policy for post-pandemic recovery, along the following lines:

First, the biggest challenge to export diversification comes from the high protection regime in the domestic economy. The problem with non-RMG exports (firms are not 100 percent exporters), like footwear, plastic, agro-processing products, light engineering, is that domestic tariff-induced protection is so high, making domestic sales so profitable, that exporting is not an attractive option.

To get any traction on export diversification, this perverse incentive system must be turned around. The over-arching challenge in future trade policy lies in making exporting activity more attractive than selling in the domestic market. But that is easier said than done.

Second, prepare a vigorous plan for geographical diversification to break into new markets in East Asia and the Pacific (e.g. China, Japan, S Korea, Australia, New Zealand).

Third, all out measures will have to be undertaken to enhance export competitiveness, based on comparative-advantage-following (CAF) strategies, including improved trade infrastructure, access to finance, ease of doing business, and so on.

Until such time as the two trade policy tracks are brought to par with each other, all non-RMG exporters will have to be given bonded facilities to get world-priced (zero-tariff) imported inputs in order to compete on a level playing field.

Fourth, while recognising that RMG export prospects globally are not fully exhausted, efforts should continue to improve competitiveness by raising quality, efficiency, productivity, and compliance in the RMG sector and its backward linkage industries.

Fifth, as part of the export diversification strategy, diversify into intermediate goods production for exports (e.g. automotive and electronic parts and components) by vigorously seeking FDI to integrate with global value chains (GVC). Emulating Vietnam's experience would be worthwhile.

Finally, robust export performance requires two common traits for the exchange rate: (a) flexibility, and (b) strict avoidance of overvaluation. Recognising that it would be well-nigh impossible for the economy to export and grow its way out of the Covid-19 slump with an already proven overvalued exchange rate, the crisis presents a timely opportunity for "compensated" depreciation of the exchange rate (i.e. depreciation associated with complementary measures to neutralise inflationary or other negative effects) to give a boost to post-pandemic export performance and its diversification.

A crisis is a terrible thing to waste. Following the political-economic crisis in 1990, Bangladesh launched the deepest trade policy reforms in its history, indeed completely changing direction from an inward-looking restrictive trade policy to an outward-looking export-oriented one, that paid huge dividends in terms of trade and export expansion, growth acceleration, and poverty reduction. The current health-cum-economic crisis presents yet another opportunity for changing course and revamping trade policy to fuel a robust recovery.

Source: thedailystar.net– Sep 05, 2020

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NATIONAL NEWS

Exports, imports are showing positive trends: Piyush Goyal

The country's exports as well as imports are showing positive trends as the outbound shipments are approaching the last year's levels, after making a sharp dip in April this year due to the COVID-19 pandemic, Commerce and Industry Minister Piyush Goyal has said.

The minister said this during his meeting with various export promotion councils (EPCs) on September 3.

The meeting was held to discuss the issues concerning the country's global trade, ground-level situation, and problems being faced by the exporters.

On imports, Goyal said that inbound shipments of capital goods have not declined, and the reduction has been seen mainly in crude, gold and fertilisers.

He added that the trade deficit is reducing drastically and India's share in the global trade is improving due to resilient supply chains.

He also said the ministry is trying to generate more reliable and better trade data so that the nation can do better planning and frame policies accordingly.

"The country's exports as well as imports are showing positive trends. The exports are approaching the last year's levels, after making a sharp dip in April this year due to the pandemic," an official statement said on Friday quoting the minister.

Further, Goyal said 24 focus manufacturing sectors have been identified that have the potential to expand, scale up operations, improve quality, and lead enhancement of Indian share in global trade and value chain.

These sectors have capacity to do import substitution and push exports.

On the issue of recent changes in the Merchandise Export from India Scheme (MEIS), the minister said that the capping of Rs 2 crore will not affect 98 per cent of the exporters who claim benefit under the scheme.

The government has already announced the Remission of Duties or Taxes on Export Products (RoDTEP) scheme for exporters to replace MEIS.

This new scheme would reimburse the embedded taxes and duties already incurred by exporters. He said that special economic zone (SEZ) issues are being taken up with the finance ministry.

In a separate statement, export promotion council for SEZs and export-oriented units (EOU) said it raised matters such as resolution of incentives under the SEIS (Service Exports from India Scheme) for the exports made during 2019-20 and this financial year.

“In order to boost domestic manufacturing and check imports, there should be exemption from five per cent health cess on medical devices manufactured in SEZ/EOU units and supplied to the domestic market,” it said.

Contracting for the fifth straight month, India’s exports slipped 10.21 per cent to USD 23.64 billion in July, on account of decline in the shipments of petroleum, leather and gems and jewellery items.

Source: financialexpress.com– Sep 04, 2020

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24 spokes of manufacturing chakra to make India a global tiger; cut imports, raise exports

Commerce Minister Piyush Goyal today said that 24 focus manufacturing sectors have been identified which have the potential to expand, scale-up operations, improve quality, and increase India’s share in global trade and value chain. Piyush Goyal added that these sectors have the capacity to substitute imports and push exports.

India is being seen in the world as a trusted and resilient partner in the global value chain, he further said. Earlier, the government had identified “champion sectors” including leather, gems and jewellery, renewable energy, pharma, and textiles, to facilitate investment with a focus on improving India’s manufacturing capabilities.

Piyush Goyal underlined that India's exports and imports are showing positive trends and the trade deficit is narrowing. Indicating the revival in exports, he said that the exports are approaching the last year's levels. Regarding imports, he added that the positive thing is that the capital goods imports have not declined, as the fall is mainly in crude, gold, and fertilizers. The government is in the process to generate more reliable trade data so that there can be better planning and frame policies accordingly.

The commerce minister was meeting with the heads of various Export Promotion Councils (EPCs), to discuss the issues concerning India's global trade, ground-level situation, and problems being faced by the exporters. The minister highlighted that the capping of Rs 2 crore will not affect 98 per cent of the exporters who claim benefit under the Merchandise Export from India Scheme (MEIS).

He said that the government has already announced the Remission of Duties or Taxes on Export Products (RoDTEP) scheme for exporters to take the place of MEIS, and a Committee has also been set up to determine the ceiling rates under the RoDTEP scheme. The new scheme is expected to reimburse the embedded taxes and duties already incurred by exporters.

Source: financialexpress.com– Sep 04, 2020

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CCI tweaks cotton price to spur sales

Cotton Corporation of India (CCI), which made a record procurement in excess of 107 lakh bales of the fibre crop during 2019-20 season, has managed to liquidate about half its stocks in the past couple of months.

The state-run entity, which has rationalised the price beginning September, after its discount scheme ended on August 31, expects sales to pick up ahead of the new harvest season.

Discount structure

"We have sold over 55 lakh bales in the past couple of months. The average discounts have been rationalised in the price itself so that every category of buyer can take advantage of the price, irrespective of the quantity bought," said CCI Chairman PK Agarwal.

In the earlier scheme, the bulk buyers benefited the most from the discount structure. The rationalised cotton prices are lower by ₹400-1,000 per candy of 356 kg, depending on the quality, length and the location from where it is sold. The prices for September ranged from ₹35,300-37,200 per candy.

“Demand is coming up and we want more mills to participate in the tender process,” Agarwal said. CCI has offered an additional discount of ₹300 per candy for MSME mills.

CCI, which has stocks of about 60 lakh bales, expects the carry forward stock to be not more than 10 lakh bales for the next season. “We expect good mills to cover the dry cotton at least up to December,” he said. The monthly consumption by spinning mills is 26-27 lakh bales.

Source: thehindubusinessline.com– Sep 04, 2020

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Digitise Indian trade to protect it against future supply-chain disruptions

The pandemic has not spared India, and its effects on our economy have been catastrophic. To bounce back, we need to reinvigorate industrial production, business activity, and consumer confidence. One step that must be considered is the pursuit of trade modernisation through digitisation. Though Digital India has been a focus of the government for a few years now, evidence suggests that India lags still lags developed countries in this area.

In fact, a report by Research and Information System for Developing Countries, from 2019, found that India’s digital transformation has neglected trade infrastructure and that the lack of value-adding digital services is hampering India’s international competitiveness.

Covid-19 and the ensuing closures laid bare the problems that this lack of digitisation has caused in maintaining supply-chains. Far too many of the processes involved in trade, including customs clearance, must be conducted in person, including the need to sign documents, obtain postage, and hand over paper pouches to customs officials.

Examples of documents that have been traditionally requiring paper-based transactions to process include commercial invoices, packing lists, bills of lading, freight manifests, arrival notices and insurance policies, and many more. In short, when India works from home, trade cannot continue, to the detriment of countless jobs, livelihoods, and economic revival.

Fortunately, there are signs of movement on this issue with several steps taken by Customs to digitise the processes. In late April, the government also fast-tracked its approval process for digitised Bills of Lading. By accepting digital versions of these documents, India will take a major step forward in terms of its trade sector's digital competitiveness.

If we take the Bill of Lading as an example—it is a document that must travel from carrier to shipper to consignee and back to the carrier at the destination and, on the way, potentially go through several other stakeholders.

By digitising this document, it is possible to transfer it in the right sequence from one stakeholder to the next with just a click of a button. And, on certain platforms, this document can go through blockchain that ensures there is an immutable audit trail and "permissioned" transparency.

A study from the consultancy QBIS shed some light on just how costly this lack of competitiveness is, using the specific example of imports and exports through Nhava Sheva, India's largest port. The consultants estimate that trade digitisation could save Nhava Sheva importers up to Rs 17 billion each year. Nationwide, the estimate of savings from trade digitisation could be as much as Rs 65 billion.

While the pandemic has been devastating, it has also presented the opportunity for transformational change. Manufacturers are looking to diversify their sourcing operations; initially, most were evaluating Vietnam, Taiwan, and Thailand, but India is now gaining traction as a strong alternative.

Research suggests that fuller participation in global value chains would lead to the creation of an estimated 40 million new jobs by 2025 and 80 million by 2030. These numbers come from pre-pandemic research, but point to the potential if better, more modern trade practices continue to be embraced.

For rebuilding India's economy, modernising our trade infrastructure so that India's importers and exporters are not further strapped by long customs waits is key. The government should move more quickly on the digitisation of trade infrastructure. This will not only help India's economy weather future supply-chain disruptions but also help bring about more production, jobs and prosperity.

Source: financialexpress.com– Sep 03, 2020

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India an attractive global investment destination: Modi at USISPF

Atmanirbhar Bharat is about transforming India into an active manufacturing hub at the heart of global value chain, he said

`Atmanirbhar Bharat' (self-reliant India) is about transforming India from being just a passive market to an active manufacturing hub at the heart of the global value chain, Prime Minister Narendra Modi has said.

"1.3 billion Indians have embarked on one mission to make an 'Aatmanirbhar Bharat' (self-reliant India). 'Aatmanirbhar Bharat' merges the local with the global. It ensures India's strengths act as a global force multiplier," the PM said, speaking at the leadership summit of the US India Strategic and Partnership Forum (USISPF) on the theme 'Navigating New Challenges'.

On the disruptions caused by the Covid-19 pandemic world over, the PM said that the pandemic had also shown the world that the decision of developing global supply chain should not be just based on your cost but also be based on trust. Along with affordability of geography, companies are now looking for reliability and policy stability, and India has all these qualities, Modi added.

"As a result, India is becoming one of the leading attractions for foreign investment, be it from the US, the Gulf, the EU or Australia. The world believes in us," he said. The PM pointed out that India had received over $ 20 billion foreign investment flows during this year, and companies like Google and Amazon had announced long term plans for India.

"India offers a transparent and predictable tax regime. Our system encourages and supports honest taxpayers. Our GST is a unified fully IT enabled indirect tax system," he said, adding that the Insolvency and bankruptcy code has reduced risks for the financial system and labour reforms reduced compliance burden for employers.

Modi said the road ahead was full of opportunities in both the public and private sectors. "They cover core economic sectors as well as social sectors. Recent sectors opened include coal, mining, railway, defence, space and atomic energy," he said.

Elaborating on the support being provided to key sectors, the PM said the production linked incentive schemes that have been launched for industries like mobile, electronics and pharmaceuticals had been very well received. "Such schemes are being planned for other champion sectors," he said.

The reforms in the agriculture market and $14 billion agriculture financing facilities also offered several opportunities.

On the handling of the pandemic in India, Modi said that although it is a country with 1.3 billion people and limited resources, it has one of the lowest death rates per million in the world and the recovery rate is also steadily rising.

Stressing that India's goal was working for global good, the PM said that despite our large local needs during the pandemic outbreak, India did not shy away from its global responsibility of being the largest producers of generics and ensured constant supply to the world.

Source: thehindubusinessline.com– Sep 03, 2020

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Exports, imports doing well, export benefit cap to not affect 98% exporters: Piyush Goyal

Commerce and industry minister Piyush Goyal said that India's exports and imports are doing well, and the capping of export incentives under the Merchandise Exports from India Scheme (MEIS) at Rs 2 crore will not affect 98% of the exporters who claim benefit under the scheme.

In a meeting with export promotion councils, he also said that the ministry is taking up issues related to Special Economic Zones (SEZ) with the finance ministry and while certain sectors- which depend on discretionary spending- are under "severe stress", India's overall exports and imports are showing positive trends especially exports which are approaching last year's levels.

"The exports are approaching the last year's levels, after making a sharp dip in April this year due to pandemic. Regarding imports, the positive thing is that the capital goods imports have not declined, and the reduction in imports has been seen mainly in crude, gold and fertilizers," the ministry quoted Goyal in a statement.

As per the statement, Goyal added that the trade deficit is reducing drastically and India's share in the global trade is improving, and that the government is trying to generate more reliable and better trade data for improved planning and policy making.

The government has identified 24 focus manufacturing sectors which have the potential to expand, scale-up operations, improve quality, and lead enhancement of Indian share in global trade and value chain. "These sectors have capacity to do import substitution and push exports," he said, and called upon exporters to engage with the Steering Committee set up to promote Indian manufacturing.

Separately, the government has already announced Remission of Duties or Taxes on Export Products (RoDTEP) scheme for exporters to replace MEIS, and a committee has also been set upto determine the ceiling rates under the RoDTEP scheme. This new scheme would reimburse the embedded taxes and duties already incurred by exporters.

Source: economictimes.com– Sep 04, 2020

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Manufacturing exports from SEZs down 45% on year till June: SEZ council

The Export Promotion Council for EOUs and SEZs (EPCES) on Friday said that the manufacturing exports from Special Economic Zones (SEZs) have decreased around 45% on-year till June even as software and service exports grew 5%.

Manufacturing exports from the units were Rs 41,699 crore till June compared to Rs 75,346 crore in the same period last year. Software and services exports rose to Rs 1.11 lakh crore till June 2020 from Rs 1.05 lakh crore last year.

India's exports contracted 10.2% in July at $23.64 billion while imports dipped 28.4% to $28.47 billion.

The council suggested that as part of Atmanirbhar Bharat mission, SEZs and export-oriented units (EOU) should be allowed to manufacture goods and supply them to domestic market without any import duties.

At present import duties are imposed on all supplies from SEZ units to domestic market. It also said that these goods manufactured in SEZ and EOUs and supplied to domestic market should be treated as exports as import substitution.

"These imported goods may include defense products, health products and other non-essential goods, which can be identified," the council said in a statement on Friday.

It sought permission for job work by SEZ units for units in domestic area for better capacity utilisation especially during the ongoing pandemic, exemption for manufacturing units from payment of lease rentals and integration of SEZ online with ICEGATE system of Customs.

Export incentives

Citing uncertainty about incentives under Merchandise Exports from India Scheme (MEIS), the council said that benefits under the MEIS and Rebate of State and Central Taxes and Levies (RoSCTL) schemes should be extended to apparel/ garment sector for exporters in SEZ and EOUs.

"It will be difficult for the exporters to properly price their products now which would be exported post December 31, 2020," EPCES said.

The government has capped the benefits under the MEIS at Rs 2 crore per exporter on exports made between September 1-December 31, 2020 without changing the coverage of the scheme and the applicable rates.

It also said that the new Import Export Code (IEC) obtained on or after September 1 will be ineligible to submit any MEIS claim for exports, and the ceiling would be subject to a downward revision to ensure that the total claim doesn't exceed the allocated Rs 5,000 crore for the period.

Source: economictimes.indiatimes.com– Sep 04, 2020

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India Sees Surge in Clothing Manufacturers Fleeing China

India has been waging a boycott campaign against China and trying to persuade international corporations to do business with India instead.

The watershed moment described by TOI was when German leisurewear maker Marc O'Polo placed a major order with an Indian vendor called Warsaw International instead of the usual Chinese supplier.

"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," said Warsaw International owner Raja Shanmugam. The little detail that those gates might open because of a company named after the explorer Marco Polo deciding to do business with India instead of China would be icing on the cake.

"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," said a representative from another garment export company, KRP Mills.

TOI reported that one of the biggest companies shifting to India from China appears to be Carter's, a major brand in babywear. Carter's has tasked Indian supplier SP Apparels with developing a new fabric, and if the Indian company can deliver – with some help from Taiwanese and South Korean partners, plus support from the Indian government – it could be a "huge opportunity."

"Chinese firms are learning a painful lesson. And, that is, the foreign policy of China has hijacked their business. China's geopolitics with India has led to a nationwide fallout for Chinese firms," analyst Abishur Prakash of the Canada-based Center for Innovating the Future told CNBC on Friday.

China's response to India's attempts to decouple and boycott has included a great deal of arrogant sneering that India is entirely dependent on Chinese goods and investment capital, but CNBC noted that India is aggressively marketing opportunities to other business partners, including the United States, to fill the void left by banned Chinese products. That includes the void created by India's growing blacklist of dodgy Chinese smartphone apps, including some that were tremendously popular and profitable in India.

"Both India and U.S. are seeing their interests converge. Prime Minister Modi's biggest rule is self-reliance. From defense to e-commerce, he doesn't want India reliant on anything foreign. And, while India has built its own domestic software industry, it lags in hardware, like chips.

At the same time, U.S. firms are looking for a new base to build hardware and a new consumer base to take their products to. It's a win-win," Parkash said, perhaps unintentionally borrowing one of the Chinese Communist Party's favorite phrases.

India Today cautioned in July that Indian textile manufacturers still have a great deal of scaling-up to do before they can truly compete with China, the world's largest exporter of garments. India currently ranks second in textiles worldwide and fifth in exports of finished apparel. In 2018, Chinese textile and garment exports were valued at $269 billion, while India's were only about $40 billion. Chinese firms can typically underbid Indian competitors by 15 to 20 percent, given the current disparities in manufacturing costs.

"The textiles sector in India is beset by under-productivity, outdated machinery and a distorted duty structure that encourages import of high-value apparel instead of raw cloth that can be turned into value-added garments for the international market. Wages, too, have been on the rise in India, adding to costs," India Today noted.

"Moreover, India continues to focus on cotton fabric when the world is moving toward man-made fiber that is both convenient and cost-effective," the article added. The deal struck by India's SP Apparels with Carter's babywear involves man-made fibers.

Source: breitbart.com – Sep 04, 2020

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Demand for Indian apparels declines in the US, Europe

Take-off of retail demand in the US and Europe, India's key markets for apparel exports, has been downsized from June. Buyers have revised demand projections by 30 to 40 per cent. They have also delayed orders for Indian ready-made garments for the next spring season by 15-20 days.

Spring collections start arriving at retail stores in the Northern hemisphere closer to January. Orders for these are usually placed by mid-August or early September and goods are shipped by November.

However, Gautam Nair, Managing Director, Matrix Clothing says downward revision of orders was specific to a few buyers and it was still early to generalize it as a decline across the board. Another manufacturer point out retailers may also be carrying leftover stock from last spring as sales were hampered due to the onset of pandemic.

India exports ready-made garments to some leading high-street labels, departmental stores and supermarket chains overseas. These include H&M, Banana Republic, JC Penney, J Crew, Neiman Marcus, and Target.

Exports declined by over 50 per cent in April-July of this fiscal year to $2.5 billion, according to data from Apparel Export Promotion Council (AEPC).

Source: fashionatingworld.com– Sep 04, 2020

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Cargo owner solely liable to pay storage/demurrage charges to port trusts after goods land

The vessel and its agents are absolved from all liabilities once the goods pass into the port's custody in exchange for a receipt. Only the owner of the goods or person entitled to the goods is liable to pay storage or demurrage charges to the port trusts and not the ships or its agents known as steamer agents, the Supreme Court has ruled in a judgment that settles a long-standing conflict within the shipping industry over the matter.

The statutory scheme of the Major Port Trusts Act 1963 is crystal clear, a three-member larger Bench of the top court led by Justice RF Nariman wrote in a August 5, 2020, order.

"Until the stage of landing (of goods) and removal to a place of storage, the steamer's agent or the vessel itself may be made liable for rates payable by the vessel for services performed to the vessel," the top court said.

"Post landing and removal to a place of storage, detention charges for goods that are stored, and demurrage payable thereon from this point on, i.e., when the Port Trust takes charge of the goods from the vessel, or from any other person who can be said to be owner as defined under Section 2(o), it is only the owner of the goods or other persons entitled to the goods (who may be beneficially entitled as well) that the Port Trust has to look to for payment of storage or demurrage charges," the Bench that also included Justice Navin Sinha and Justice Indira Banerjee, concluded.

Arebee Star Maritime case

The apex court order came on an appeal filed by Cochin Port Trust against a September 27, 2011, order of the Kerala High Court involving Arebee Star Maritime Agencies (P) Ltd.

The court was asked to decide on whom the Port Trust has to fasten the liability for payment of storage/demurrage charges — the consignee or the steamer agent.

"The correct position in law is that after the Port Trust takes charge of the goods, and issues a receipt therefor, and thereafter stores the goods in a place belonging to it, such storage charge cannot be to the account of the vessel or an agent of the vessel," the court ruled.

The bill of lading being endorsed by the steamer agent is different from the bill of lading being endorsed by the owner of the goods, it observed.

"In the first case, the endorsement leads to delivery; in the second case, the endorsement leads to passing of title (over the goods). For the reasons mentioned in the judgment, both stages are irrelevant in determining who is to pay storage charges — we have held that up to the point that the Port Trust takes charge of the goods, and gives receipt therefor, the steamer agent may be held liable for Port Trust dues in connection with services rendered qua unloading of goods, but that thereafter, the importer, owner, consignee or their agent is liable to pay demurrage charges for storage of goods," the court said.

Based on this, the top court disposed of the appeal filed against the Kerala High Court order.

Shipping industry sources said that vessels and steamer agents can now be "confident and certain" that once goods are landed at a port and pass into the port's custody in exchange for a receipt, the vessel and its agents are absolved from all liabilities towards the cargo, including for payment of storage and demurrage charges levied by the port trusts.

"Irrespective of whether delivery orders are issued or not, any charges accrued on the cargo once custody of the cargo has passed to the Port Trust, will be to the account of the cargo owner and not to the vessel and her agents," said a steamer agent.

Source: maritimegateway.com– Sep 04, 2020

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Cotton consumption to revive in the long run: Vardhaman Textiles

S K Jhamb, Director-Materials, Vardhaman Textiles, expects cotton consumption to revive in the long run though the company expects reduction in cotton consumption in the short run. The company foresees an increase in consumption of the US upland cotton in the contamination control knit wears, white application and light shades cotton fabrics. Prime demand will be for fine shirting fabric and home textile application, he says.

Vardhman Textiles offers the widest range of specialized greige and dyed yarns in cotton, polyester, acrylic and a variety of blends. It also manufactures value added products like organic cotton, melange, core spun yarns, ultra yarns (contamination controlled), gassed mercerized, super fine yarns, slub and cellulose yarns and fancy yarns for hand knitting.

The company consumes 93 to 95 per cent of Indian origin cotton and imports about 5 to 7 per cent of the cotton from the US, Brazil, Australia and Egypt. The company consumes US cotton mainly for the manufacturing of contamination-controlled textile products. It also uses US Upland and ELS cotton Pima to meet the tag- driven demand of the customers/ brands.

Source: fashionatingworld.in– Sep 04, 2020

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