**NEWS CLIPPINGS**

<table>
<thead>
<tr>
<th>No</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China: Jul’20 cotton yarn imports may increase 7.47% m-o-m to 151kt</td>
</tr>
<tr>
<td>2</td>
<td>Japan's textile and apparel imported from China increased year-on-year in Jun</td>
</tr>
<tr>
<td>3</td>
<td>China: Cotton yarn mills slog amid narrow spread with cotton</td>
</tr>
<tr>
<td>4</td>
<td>US retail bankruptcies reach a record high</td>
</tr>
<tr>
<td>5</td>
<td>Turkish denim mills discuss strategies for post COVID-19 growth</td>
</tr>
<tr>
<td>6</td>
<td>Egypt’s garment exports decline 24% in H1 2020</td>
</tr>
<tr>
<td>7</td>
<td>Asia to remain the dominant sourcing base for US fashion companies: Survey</td>
</tr>
<tr>
<td>8</td>
<td>EU-Vietnam trade deal may help rescue European, Asian economies – Leaders</td>
</tr>
<tr>
<td>9</td>
<td>Bangladesh: Pandemic triggers big job losses in BD’s RMG sector: WTO</td>
</tr>
<tr>
<td>10</td>
<td>Bangladesh's global clothing exports share rises to 6.8 per cent: WTO</td>
</tr>
<tr>
<td>11</td>
<td>Bangladesh remains the third largest apparel sourcing country: Survey</td>
</tr>
<tr>
<td>12</td>
<td>Bangladeshi apparel exports to US drop 20% in H1'20</td>
</tr>
<tr>
<td>13</td>
<td>Pakistan: Commerce Ministry working for Textile Policy 2020-25 approval</td>
</tr>
<tr>
<td>14</td>
<td>Pakistan: Punjab allows businesses to run 24/7</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th></th>
<th>NATIONAL NEWS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>'Balanced trade': Piyush Goyal wants FTA to be tweaked to lower trade deficit with Japan</td>
</tr>
<tr>
<td>2</td>
<td>Promote handloom products: Textile ministry to e-comm cos, retail firms</td>
</tr>
<tr>
<td>3</td>
<td>RBI extends provisions of restructuring of MSME loans for borrowers with loan upto Rs 25 cr</td>
</tr>
<tr>
<td>4</td>
<td>'Include revised definition for restructuring MSME debt'</td>
</tr>
<tr>
<td>5</td>
<td>India may allow low threshold for beneficial owner under the new FDI rule</td>
</tr>
<tr>
<td>6</td>
<td>DGFT undergoing an overhaul to boost trade post-Covid pandemic</td>
</tr>
<tr>
<td>7</td>
<td>National Handloom Day: Express solidarity with weavers</td>
</tr>
</tbody>
</table>
INTERNATIONAL NEWS

China: Jul'20 cotton yarn imports may increase 7.47% m-o-m to 151kt

1. Imported cotton yarn arrivals to China assessment

Imported cotton yarn arrivals to China assessment in Jul 2020 (5205)

Imported cotton yarn arrivals to China in July 2020 are estimated at 151kt, down 7.36% y-o-y and up 7.47% m-o-m. In mid-May, a wave of ordering appeared on the market, and the cargoes were delivered successively. Due to much lower cost, this batch of cargos will bring profits to traders if sold at current market price. But as China cotton yarn price moves down, the profits will tend thin.

Cotton yarn imports assessment in Jul by countries and regions

Unit: kt

- Vietnam, 70.4
- Pakistan, 25.2
- India, 20.0
- Uzbekistan, 15.0
- Indonesia, 7.0
- Other, 8.0
- Taiwan, 5.0
According to foreign shipment data in June, cotton yarn imports of China from Vietnam in Jul are estimated at 70.4kt; from India 20kt; from Pakistan 25.2kt; from Uzbekistan 15kt; from Indonesia 7kt; from Taiwan 5kt; and from other regions and countries at 8kt. (The export data of foreign cotton yarn is lost much and large deviation may exist.)

2. Traders' reflection

Traders' feedback on imported cotton yarn arrivals in Jul

![Pie chart showing the percentage of rise, flat, and fall in cotton yarn imports.]

Major traders and L/C issuing companies expected that Jul arrivals will be flat with Jun ones.

3. Imported yarn stocks and supply and demand outlook in Aug

![Graph showing imported cotton yarn stocks in China.]
The stocks in the ports are estimated at 215kt, of which in Jiangsu and Zhejiang are 86.9kt, in Guangdong and Fujian are 89kt and in Shandong and Hebei are 28kt. In Jun-Jul, arrivals of imported cotton recovered. Amid soft demand, traders’ sales moved slowly and their stocks increased to historical high, weighing on cotton yarn price.

Looking from demand, operating rate of fabric mills weakened obviously in Jul than that in Jun. It was mainly because that in Guangdong, Shandong and Hebei remained low and in Jiangsu and Zhejiang declined obviously. Entering Aug, demand in China local market and overseas market recovered slightly and orders in Foshan and Ningbo increased a little, but there was no sign of improvement trend. In addition, fabric mills mostly held bearish attitude to market outlook.
In Jiangsu and Zhejiang, the operating rate of fabric mills declined. That in Changzhou and Nantong was about 30% and in Lanxi 40-50%. In Guangdong, that kept at about 30% and the market did not show obvious improvement.

In North China, the operating rate was plain. In Weifang, it was at about 30% and in Gaoyang, it remained low.

At present, except imported cotton yarn stocks stayed at historical high level, China domestic cotton yarn inventory reached 1-1.5 months. Under sustained bearish demand, the pressure on the market enlarged gradually.

Cotton yarn price has been in downtrend, especially high-count cotton yarn. Except oversupply, buying sentiment was soft too.

After inventory accumulation in Jun-Jul, cotton yarn price is likely to keep weak in Aug. Cotton yarn may be undersold as domestic spinners and imported cotton yarn traders are burdened by capital pressure.

The good news is that, due to high inventory and huge losses, domestic spinners may cut production further and imported cotton yarn traders will also place orders cautiously, thus, the pressure of cotton yarn supply side in Sep-Oct may reduce.

Cotton yarn demand in Aug-Oct has large potential to turn better on the month, so at that time, the market will see game between high inventory and demand recovery. Currently, the large amount of stocks are hard to be consumed.

Source: ccfgroup.com– Aug 06, 2020
Japan's textile and apparel imported from China increased year-on-year in Jun

Japan's textile and apparel imports in Jun

1. Japan's textile and apparel import volume dropped month-on-month

The latest data shows that Japan imported 178,000 tons of textile and apparel (HS code 50-63) in Jun, down by 6.1% year-on-year and 7.1% month-on-month; the volume from China was 95,000 tons, down by 1% year-on-year and 15.4% month-on-month. During Jan to Jun, Japan's cumulative textile and apparel imports reached 1217,000 tons, down by 4.9% year-on-year, and that from China was 633,000 tons, down by 2.1% year-on-year.

<table>
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<tr>
<th>Import volume and value of Japan's textile and apparel</th>
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<tbody>
<tr>
<td>import volume(unit:kt)</td>
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<tr>
<td>-------------------------------------------------------</td>
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<tr>
<td>Total</td>
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<tr>
<td>1-Jul-19</td>
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<td>1-Aug-19</td>
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<td>1-Sep-19</td>
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<td>1-Apr-20</td>
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<td>1-May-20</td>
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<td>1-Jun-20</td>
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<tr>
<td>Jan-Jun 2020</td>
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</table>

In terms of value, the import value of Japan's textile and apparel in Jun reached 252.98 billion yen, down by 3.4% year-on-year and 26.1% month-on-month; while that from China reached 147.01 billion yen, up by 6.1% but down by 42.8% month-on-month.

From the perspective of the proportion of import volume and value of Japan's textile and apparel imported from China in total imports, both the volume and value dropped in Jun compared with that in May. The value reached 58.1% and the volume accounted for 53.3%. 
2. Japan's apparel import volume increased month-on-month

From Japan's apparel imports, the imports volume of apparel in Jun was 51,600tons, down 15.8% year-on-year but up by 5.6% month-on-month; that from China was 30,800tons, down 15.3% year-on-year and 4% month-on-month. During Jan to Jun, the imports volume of apparel was 405,000tons, down 12% year-on-year, and that from China was 238,000 tons, down by 13.9% year-on-year.

<table>
<thead>
<tr>
<th>Month</th>
<th>Total import volume (unit: kt)</th>
<th>Y-o-Y change</th>
<th>Total import value (unit: billion yen)</th>
<th>Y-o-Y change</th>
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<td>from China</td>
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<tr>
<td>1-Jul-19</td>
<td>89.75</td>
<td>54.27</td>
<td>1.3%</td>
<td>7.6%</td>
</tr>
<tr>
<td>1-Aug-19</td>
<td>108.02</td>
<td>69.00</td>
<td>-0.3%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>1-Sep-19</td>
<td>117.65</td>
<td>79.60</td>
<td>-0.5%</td>
<td>-4.8%</td>
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<tr>
<td>1-Oct-19</td>
<td>113.87</td>
<td>73.17</td>
<td>-8.0%</td>
<td>-12.0%</td>
</tr>
<tr>
<td>1-Nov-19</td>
<td>95.40</td>
<td>52.95</td>
<td>-8.7%</td>
<td>-11.3%</td>
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<tr>
<td>1-Dec-19</td>
<td>83.22</td>
<td>51.41</td>
<td>5.6%</td>
<td>4.9%</td>
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<tr>
<td>1-Jan-20</td>
<td>97.07</td>
<td>62.38</td>
<td>6.4%</td>
<td>7.6%</td>
</tr>
<tr>
<td>1-Feb-20</td>
<td>43.77</td>
<td>14.22</td>
<td>-32.3%</td>
<td>-64.4%</td>
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<tr>
<td>1-Mar-20</td>
<td>80.51</td>
<td>44.58</td>
<td>-2.3%</td>
<td>-6.1%</td>
</tr>
<tr>
<td>1-Apr-20</td>
<td>83.13</td>
<td>53.93</td>
<td>-1.4%</td>
<td>3.7%</td>
</tr>
<tr>
<td>1-May-20</td>
<td>48.89</td>
<td>32.08</td>
<td>-29.2%</td>
<td>-23.2%</td>
</tr>
<tr>
<td>1-Jun-20</td>
<td>52.00</td>
<td>31.00</td>
<td>-16.8%</td>
<td>-13.2%</td>
</tr>
<tr>
<td>Jan-Jun 2020</td>
<td>405.00</td>
<td>238.00</td>
<td>-11.8%</td>
<td>-13.8%</td>
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</tbody>
</table>
In terms of value, the import value of Japan's apparel in Jun reached 150.65 billion yen, down by 18.1% year-on-year but up by 10.4% month-on-month; while that from China reached 79.35 billion yen, down by 19.1% year-on-year and 6.5% month-on-month. During Jan to Jun, the imports value of apparel was 1189.08 billion yen, down 14.3% year-on-year, and that from China was 649.52 billion yen, down by 16.9% year-on-year.

In the second quarter, the import of epidemic prevention materials such as masks contributed a lot.

In Jun, Japan's apparel imports accounted for 29.1% of the total textile and apparel imports, with the value accounting for 59.6%.
Japan’s apparel imports value proportion was much more than the volume, which showed that the added value of apparel was high and the unit price played an important role.

However, the situation was different from April to June this year, and the proportion of apparel has decreased significantly, not least because the import volume and value of textiles increased significantly amid the epidemic, among which those of anti-epidemic materials such as masks moved up greatly.

In the second quarter, the import volume and value of HS code 6307900 increased evidently, especially in Apr-May. Although the volume and value decreased month-on-month in June, there was still a large YoY increase.

According to statistics, the volume and value of the products decreased by 53.1% and 71.8% month-on-month in Jun, among which the volume and value from China dropped by 56.2% and 74.2% respectively.

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<tr>
<th>Import volume and value of HS code 6307900</th>
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<tr>
<td><strong>import volume (unit: kt)</strong></td>
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<td>1-May-20</td>
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<td>1-Jun-20</td>
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<td>Jan-Jun 2020</td>
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With the growth of domestic production capacity of epidemic prevention materials and the control of the epidemic, the import volume of epidemic prevention materials in Japan decreased month-on-month in June, but there was still a large YoY growth. The contribution rate of these products to the total imports of textile and apparel was still large.

Source: ccfgroup.com– Aug 06, 2020
China: Cotton yarn mills slog amid narrow spread with cotton

Cotton price has been rising since Apr while cotton yarn price keeps weakening, leading to narrowing price spread and deteriorating losses of cotton yarn mills. Coupled with accumulating inventory, the mills suffer more. What is more depressing is that cotton price may not improve till mid-to late-Aug. If the orders arrive intensively in Sept, cotton yarn may stop falling and tend stable.

1. Cotton price goes opposite to cotton yarn price.

Cotton price rebounded from bottom at 10,470yuan/mt in end-Mar, and then kept volatile upward to current 12,400yuan/mt. On the contrary, cotton yarn price moved down by about 1,200yuan/mt cumulatively from end-Mar. From the chart below, it can be seen that the gap between cotton and cotton yarn kept narrowing to 6,095yuan/mt, down 34% from that in end-Mar.

Cotton and cotton yarn price trend

The sustained transmission of COVID-19 pandemic restrains textile and apparel demand, and further weakens the sales of cotton yarn. As a consequence, cotton yarn mills have to lower prices continuously amid inventory accumulation despite higher cost. High-grade carded 32S prevailed at 18,400-18,800yuan/mt and carded 40S at 19,400-19,800yuan/mt at present. With bearish downstream demand, cotton yarn price is likely to keep dropping in short term.
2. Losses of cotton yarn mills continue to aggravate.

According to research by CCFGroup, cotton inventory in small and medium cotton yarn mills remain at 7-15 days and that in large mills is less than one month, a relatively low level. Take producing high-grade carded 32S as an example. Cotton yarn mills suffered losses over 1000yuan/mt by using spot cotton in production, about 400yuan/mt based on one-month cotton inventory and about 400yuan/mt by using state reserved cotton. These are theoretical profits. In fact, most mills have stocks of raw materials and the actual profits also differ. But currently, cotton yarn mills cannot get rid of losses under the background of strong cotton and weak cotton yarn. In addition, with capital pressure increasing, more production cuts and suspension are seen.

**Comprehensive theoretical profit of Chinese carded 32S**

![Diagram showing profit trends over time]

**Will this situation sustain?**

**Looking from cost support:** cotton price shows strength and has little potential to decline, but it also may not increase largely. In addition, new cotton will come to the market intensively until Oct. Therefore, in short term, cotton cost will be difficult to decline. But due to sustained bearish demand, cotton yarn price faces challenges to climb up.

**Looking from inventory of cotton yarn mills:** cotton yarn inventory in the mills piled up obviously due to soft sales. It has reached 33.9 days overall by now, with that of many varieties with poor sales at 1.5-2 months. Cotton yarn market is covered with pessimistic atmosphere. Most mills
believe that even though demand will welcome improvement in end-Aug, it will be limited, so the inventory will keep rising in short term and the price will stay weak; the mills are likely to sell products with stable prices in order to consume the stocks even if the demand turns better later.

**Looking from downstream demand:** current orders to weavers are sporadic and price inquiries and sampling are rarely seen. They mostly prefer to stay on the sidelines regarding dropping cotton yarn price. Besides, the inventory of weavers has averaged at 33.7 days, so even if end-user demand recovers, it is hard to reflect in cotton yarn.

**Conclusion:** *amid divergent cotton and cotton yarn prices, most cotton yarn mills suffer huge losses. Cotton yarn price may stay tough until mid-to late-Aug amid rising inventory and inadequate downstream demand despite robust cotton. Thus, it is key for mills to control sales ratio. If the orders come intensively in Sept, cotton yarn price may tend stable or rebound slightly.*

Source: ccfgroup.com– Aug 06, 2020

US retail bankruptcies reach a record high

As the pandemic stretches on, retail bankruptcies have reached an all time high in a decade. COVID-19 is bleeding the US retail industry with around 43 retailers filing for bankruptcies so far, says S&P Global Market Intelligence report.

Latest retailers to go into administration include Le Tote, owner of Lord & Taylor, and Tailored Brands, parent company of Men’s Wearhouse.

There have already been more retail bankruptcies in the US this year than in the past eight years, reveals S&P Global.

The pandemic has compounded retailers’ challenges already facing a dip in sales due to consumers growing preference for online shopping.

What’s more the list retailers who filed for bankruptcy in the last few months include some of the biggest names and brands.
Brooks Brothers

The men’s apparel maker Brooks Brothers filed for bankruptcy on July 8, listing liabilities of between $500 million and $1 billion. Simon Property Group and Authentic Brands Group hope to salvage at least 125 stores of the apparel maker’s stores through their $350 million bid.

Ascena Retail Group

Listing more than $1 billion in liabilities, Ascena Retail Group, filed for bankruptcy 11 on July 23, 2020. It plans to permanently close majority of its Justice stores along with a few Ann Taylor, Loft, Lane Bryant and Lou & Grey stores. It will also close all of its plus-size Catherines stores.

Le Tote

The fashion rental start-up and owner of department store Lord &Taylor filed for bankruptcy on July 2. It listed between $100 million and $500 million in estimated liabilities. It is currently looking for a new owner, but will continue to sell merchandise online and in stores.

Tailored Brands

Tailored Brands, owner of clothing brands like Men’s Wearhouse and Jos A Bank, plans to reduce the company’s funded debt by at least $630 million through its restructuring.

Neiman Marcus

When Neiman Marcus filed for bankruptcy, it had over 40 stores across the US. The upscale department store chain Neiman Marcus filed for bankruptcy on May 7, listing liabilities of more than $1 billion.

JC Penney

Planning to emerge as a smaller company, Texas-headquartered department store chain JC Penney filed for Chapter 11 bankruptcy protection on May 15, listing more than $1 billion in liabilities.

The company closed over 150 stores besides laying of 1,000 employees. It now plans to sell itself to avoid liquidation.
**Pier 1 Imports**

The Texas-based home décor specialist, Pier 1 Imports was forced into liquidation as its plans to find a buyer proved unsuccessful. The retailer filed for Chapter 11 bankruptcy protection on February 17, listing $340.6 million in liabilities.

**Modell’s Sporting Goods**

American’s oldest sports goods retailer, Modell’s Sporting Goods was already facing a stiff completion from Amazon and had suffered a poor 2019 season. The pandemic forced the retailer to file for Chapter 11 bankruptcy protection on March 11. The retailer listed liabilities between $1 million and $10 million in its filings.

**Lucky Brand**

With more than 200 stores in shopping malls across the country, denim brand Lucky brands plans to close 13 locations permanently. The Los Angeles based company filed for Chapter 11 bankruptcy on July 3 as it liabilities over $100 million.

Source: fashionatingworld.com– Aug 06, 2020

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**Turkish denim mills discuss strategies for post COVID-19 growth**

Executives from four Turkish denim mills discussed their strategies for navigating through the pandemic, sustainability investments and how the denim industry may change as a result of COVID-19 at a recent webinar.

Hurriyet Ozturk, Product Development Manager, Kipas believes the importance of Turkish denim mills is likely to grow post COVID-19. These mills can offer smaller runs, allowing brands with the flexibility to adopt a just-in-time manufacturing model that limits overstock risks.

Their flexibility can also be extended to their dealing with clients. For instance, after closing temporarily in March, Bossa and Calik Denim were back in business offering extended payment terms to their clients.
These mills are innovating in the midst of a crisis. They are using this break in production as an opportunity to rethink products and marketing. They are adjusting to a blend of physical and digital interactions and moving towards seasonless collections, said Dr Sedef Uncu Aki, Executive Director, Orta.

Taking consumers’ needs into account, these mills are working on a number of concepts including denims made from more durable materials. They are using comfortable and CBD-infused fabrics along with biodegradable and recycled materials. Their investments in solar power and technology can reduce the amount of water needed in processing, he added.

Pinar Demirel, Marketing Communications Manager, Calik Denim said the lockdown period has helped the brand to analyze consumer needs and trends deeply.

Source: fashionatingworld.com– Aug 06, 2020

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**Egypt's garment exports decline 24% in H1 2020**

Exports of ready made garments from Egypt fetched $614 million in the first six months of 2020, registering a decline of 24 per cent year-on-year compared to $806 million earned in the same period of the previous year, the country's Readymade Garments Export Council (RMGEC) said in a report. The US, EU and Arab countries were the main export destinations.

Around 58.4 per cent or $359 million of ready made garments from Egypt were imported by the US, followed by $164 million of apparel by the EU countries, $31 million by Arab countries, and $713,000 by African nations, data from the RMGEC report showed. Exports to the remaining countries were around $60 million.

In June 2020, however, Egypt's clothing exports grew by 2 per cent year-on-year to $128 million.

Source: fibre2fashion.com– Aug 07, 2020

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Asia to remain the dominant sourcing base for US fashion companies: Survey

The ‘2020 Fashion Industry Benchmarking Study’ says despite the changing business environment due to COVID-19, Asia’s position as the dominant sourcing base for US fashion companies remained unshakeable.

The study found the top 10 most-utilized sourcing destinations for US companies in 2020 remained the same as last year and eight Asian countries, including Bangladesh, saw a higher utilization rate this year than 2019.

Fifty-five per cent of fashion brands in the United States expressed their interest to expand sourcing from Bangladesh in the next two years while around half of the companies plan to modestly increase procurement from Indonesia, Vietnam, and India.

Benefiting from US fashion companies’ reduced sourcing from China, Vietnam and Bangladesh are expected to play a more significant role as primary apparel suppliers for the US market, the survey said. This benchmarking study was based on a survey of nearly 25 executives working at leading US fashion companies from April to June in 2020.

Around 29 per cent respondents indicated they would source more from Vietnam than China in 2020. Bangladesh became the third top sourcing destination for US fashion companies with an 85.7-per cent usage rate among respondents, up from 60 per cent in 2019, identified the benchmark study of the US Fashion Industry Association.

Source: fashionatingworld.com– Aug 06, 2020
EU-Vietnam trade deal may help rescue European, Asian economies – Leaders

The new EU–Vietnam free trade agreement (EVFTA), which came into effect on Aug. 1, on Wednesday opened up opportunities to boost Vietnam’s economy, Prime Minister Nguyen Xuan Phuc and Vietnamese business leaders said.

Phuc, however, urged authorities to ensure international labour standards were met and measures taken to protect the environment.

He also expressed hope that the treaty would ensure Vietnam’s products met European standards and increase jobs. “The EU is a market with strict requirements on quality.

“Therefore, the free trade agreement opens up opportunities for Vietnam to innovate its growth model. “Encourage businesses to improve, accept new and stricter rules as well as creating new jobs,” he said.

EVFTA had been described by Brussels as its most ambitious agreement with a developing country. The agreement with Vietnam will eliminate 99 per cent of all tariffs on both sides, cut non-tariff barriers and open up Vietnamese services and public procurement markets to EU companies.

Phuc also hoped the trade deal would mitigate economic damage brought about by the pandemic. “Major economies and leading partners of Vietnam such as the U.S., China and Japan have all suffered record declines in economic growth.

“Even the EU has suffered a decline in GDP in 2020.” Jean-Jacques Bouflet, Vice Chairman at the European Chamber of Commerce in Vietnam, claimed in a recent survey that 74 per cent of European business leaders said the EVFTA would have a positive impact.

“Currently, worldwide business activities are seriously affected by COVID-19. “EVFTA will promote trade and investment, create long-term opportunities and shape the relationship between the EU and Vietnam over the next ten years.”

He said EVFTA would provide EU enterprises with the chance to access one of the most vibrant consumer markets in South-East Asia.
Bouflet added that EVFTA would bring about healthy competition on equal terms with other countries that have signed free trade agreements with Vietnam like Japan and Korea.

Vietnam, a nation of 96 million, is currently going through a second wave of the virus and is facing severe economic impacts, with over 30,000 businesses having suspended operations since the beginning of the crisis.

The approval of the EVFTA, however, is expected to buoy up a country aiming to avoid recession and hit the 2.7-per-cent GDP prediction for 2020 set by the IMF in April.

The Chairman of the Vietnam Chamber of Commerce and Industry (VCCI), Vu Loc, expressed delight over the VCCI and the Vietnamese business community. “We are now in a very unstable situation with COVID-19 and the trade war.

“All of these affects our economy. “I think the Vietnam-EU free trade agreement will provide a foundation for our economic development and integration.

“Now, Vietnam enters a new period of development. We will like to improve quality and increase the value of Vietnam in the world’s supply chains and introduce progressive technologies and management,” he said.

EVFTA will eventually help Vietnam, which is regularly among the world’s fastest-growing economies, to increase its export turnover to the EU by about 44 per cent by 2030.

According to the Chief Executive of Vietnam National Textile and Garment Group, Le Truong, at this time in Vietnam, the textile industry is the second biggest for export.

“And for us, we have three major markets. The first one is the U.S., the second is the EU and the third is Japan. “But in the total global textile supply chain, Vietnam is number three, we have a global market share of around 6 per cent.

“It means we still have a weak point in the EU.

“We hope the EVFTA will support a new dynamic for the business community and expand our share in the EU.”
However, the deal was considered an economic boon for Vietnam, assisting the country to gain access to a market of over 500 million people and potentially increase its annual GDP by between 2.18 and 3.25 per cent over the coming years.

Source: naija247news.com– Aug 06, 2020

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Bangladesh: Pandemic triggers big job losses in BD’s RMG sector: WTO

The Covid-19 pandemic has triggered huge job losses, especially for women, in the ready-made garment (RMG) sector in Bangladesh exposing the sector's sensitivities by destabilising global supply chains and leading to a decline in demand, according to the World Trade Organization (WTO).

“Orders received by Bangladesh's RMG factories declined by 45.8 per cent over the first quarter of 2020, with an 81 per cent contraction experienced in April alone,” said an information note of the WTO secretariat in Geneva.

Titled as ‘The effects of COVID-19 on Bangladesh's ready-made garment sector’, a box item in the information note pointed out that the demand contraction and order cancellation led to a marked effect on employment.

“Recent surveys indicate that more than a million garment workers in Bangladesh have already been dismissed or furloughed due to future order cancellations and customer refusals to pay for current orders,” it added. The information note, titled as ‘The economic impact of Covid-19 on women in vulnerable sectors and economies’, released on Tuesday.

“The global garment and textile industry, which employs a large number of women, has been heavily impacted by a large number of order cancellations and the temporary closure of retail shops resulting in many factory shutdowns in countries such as Bangladesh, Cambodia and Viet Nam,” it added.

It pointed out that as a large amount of spending on clothing is driven by seasonal factors, many winter and spring sales were permanently lost during the lockdown.
“The apparel and accessory store revenue losses have translated into job losses and financial hardship for people, many of whom are women, across the global supply chain, from those picking fibres and making textiles to those selling the finished fashion product, whether in physical shops or online,” it explained.

Giving especial focus on the RMG sector in Bangladesh, the note mentioned that the annual export revenue generated by the sector encompassed 84 per cent of the country's aggregate export value for 2019.

“In addition, the sector functions as a significant employer of women, with female employees representing 80 per cent of the 4.0 million employed in RMG production,” it added. “However, women tend to occupy the lower rungs of the production chain, with limited representation in managerial roles,” it added.

The WTO report, quoting a number of studies, added that women account for four out of every five production line workers, but just one out of every 20 supervisors. “The significant representation of female employees in the RMG sector, coupled with the fact that they tend to be employed at the lower end of the production chain, exposes them to a higher degree of job risk relative to other social groups,” it observed.

Source: thefinancialexpress.com.bd– Aug 06, 2020

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Bangladesh's global clothing exports share rises to 6.8 per cent: WTO

According to the World Trade Statistical Review 2020, published by the World Trade Organization (WTO), Bangladesh’s share in global apparel exports increased by 0.4 percentage point to 6.8 per cent in 2019 after a slight fall in the previous year.

The country performed better than previous year due to opportunity presented by the US-China trade war. The fall in global market also boosted its market share, says Faruque Hassan, Former Vice President, BGMEA.

Economists also think China shifting helped Bangladesh to gain more in the export market. The country currently holds a 7 per cent share in the global
apparel market and continues to grow. It helps the country to reduce the gap with China, the largest exporters of clothing goods, affirms Khondaker Golam Moazzem, Research Director, Centre for Policy Dialogue (CPD).

However, Bangladesh’s success in retaining its market share will depend on how much the country can benefit from the China relocation. Moazzem suggests focusing on producing products, which are being produced by China that are currently withdrawn by manufacturers due to relocation of investment.

Manufacturers have demanded policy support to retain the market share as the COVID pandemic has hit the sector badly. If the government continues provides financial support as working capital and in other forms, the industry will be able to retain the growth momentum, adds Abdus Salam Murshed, President, Exporters Association of Bangladesh (EAB).

Source: fashionatingworld.com.– Aug 06, 2020

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Bangladesh remains the third largest apparel sourcing country: Survey

According to the seventh edition of the survey report, conducted jointly by the United States Fashion Industry Association (USFIA) and the University of Delaware, Bangladesh became the third largest sourcing country for the US-based apparel and fashion companies in 2020, advancing from its last year's sixth position despite the COVID-19 pandemic, according to a latest study. Bangladesh's position improved mainly due to the 'most competitive price' it offers and exports similar products over the years, the study revealed.

Around half of the respondents revealed plans to modestly increase sourcing from a few Asian countries in the next two years including Bangladesh, Indonesia, Vietnam, and India. Bangladesh accounted for 9.4 per cent of US apparel imports in the first five months of 2020, which was a record high and up from 7.1 per cent in 2019.

The report indicated Bangladesh exported similar products to the United States from 2015 to 2019, its export to the US increased despite the COVID-19 and the US-China tariff war. The report also found Bangladesh offers the
most competitive price, followed by Vietnam, Indonesia, Cambodia, India, and Sri Lanka. Other than the factor of labor cost, the strong capacity in cotton yarn and fabric production locally contributed to the cost advantage of ‘Made in Bangladesh’ products, it said.

However, respondents still regard sourcing from Bangladesh involving relatively higher compliance risks in general, with the rating score for the country at 2.0, the same as last year.

Some respondents explicitly expressed their concerns about the dissolution of the Alliance and the Accord, a move that is widely viewed as not helpful with building more confidence in Bangladesh’s social responsibility practices.

Source: fashionatingworld.com.– Aug 06, 2020

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**Bangladeshi apparel exports to US drop 20% in H1'20**

Apparel goods export to the United States of America, the single largest export destination for Bangladeshi clothing products, declined sharply by nearly 20% to $2.47 billion in the first six months of 2020.

However, the overall exports to the US declined by 19.94% to $2.56 billion in the January-June period of this year.

According to the US Department of Commerce’s Office of Textiles and Apparel (Otexa) data, Bangladesh’s export earnings from apparel products from the US saw a 19.73% fall to $2.47 billion during January-June period of 2020, which was $3.07 billion a year ago.

As per the data, total imports of clothing products to the US also declined by 30.37% to $27.88 billion in the first half of 2020, which was $40 billion in the same period last year.

Vietnam, Bangladesh’s closest competitor and second largest exporter to the US after China, has seen an 11.12$ decline to $5.65 billion. China, the world’s largest exporter of apparel goods, also registered a 49% fall to $5.76 billion in the first half of the year 2020.
Bangladesh’s others competitors India saw a decline by 32.09% to $1.53 billion, followed by Indonesia with 20.33% to $1.81 billion, Mexico 37.21% to $1 billion, Sri Lanka 23.56% to $693 million and Pakistan 17.27% to $585 million.

However, Cambodia exceptionally performed well and posted a 3.44% gain to $1.25 billion, which was $1.20 billion a year ago. Economists and exporters largely blamed the Covid-19 pandemic for the sharp plunge in US import, which disrupted the supply chain and slashed demands.

“From the beginning of the year, exports were in the downtrend. During April-May period, the fall was expedited by the Covid-19 pandemic as the US witnessed the worst case of infection of coronavirus,” Mohammad Hatem, first vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), told Dhaka Tribune.

In addition, the economy of the country is going through crisis, which cut people consumption and expenses for clothing products, he adds. “Price competitiveness is a big challenge for Bangladesh in the global markets and it is applicable to the US market as well,” Exporters Association of Bangladesh (EAB) president Abdus Salam Murshedy, told Dhaka Tribune.

As a result, export earnings are falling and we are being beaten by our competitors due to policy support and incentives offered by their respective governments,” said Salam.

**Bangladesh losing competitiveness**

While Bangladesh exports fell by 19.73%, Vietnam saw an 11.12% decline and reduced the gap with China, the number one exporter to the US market. On the other hand, Cambodia, another competitor posted a 3.44% gain.

“The ongoing pandemic has adversely impacted the demand of goods, while manufacturers, especially woven products, are losing competitiveness to its competitors,” Prof Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD), told Dhaka Tribune.

"The concern is our competitors, especially Vietnam, who is doing better even amid the pandemic. They are trying to retain the market shares and gaining more from China's losing market share," said Rahman.
He also stressed on product diversification, exchange rate management and focusing on man-made fibre products as the demands are on the rise in the US market.

China’s lost market shares have been picked up mostly by other Asian suppliers, particularly Vietnam (18.9% YTD in 2020 vs. 16.2% in 2019) and Bangladesh (9.4% YTD in 2020 vs.7.1% in 2019).

**Turnaround hoped for in January next year**

Amid the gloomy situation and ongoing pandemic, there is hope for the Bangladeshi apparel makers, as most of the US buyers want to source more from Bangladesh in the next two years.

According to the “2020 Fashion Industry Benchmarking Study”, 55% of US fashion brands have expressed their interest to expand sourcing from Bangladesh in the next two years. Meanwhile, the manufacturers also think, this year exports will remain in the negative territory but will turn around by the end of the year.

“Compared to European markets, work order from the US market is better now. We are hoping for a comeback in the US market from the beginning of next year,” said Hatem.

However, the economist opined that success depends on attracting buyers, who are relocating from China and reducing dependency on a single country.

“As buyers keep relocating their businesses from China to more competitive countries, Bangladesh needs to focus more on attracting these buyers and on new foreign investment” CPD research director Khondaker Golam Moazzem said.

In the pandemic world, brands and buyers will focus on reducing dependency of China and Asian nations especially Bangladesh, Vietnam and Cambodia will be in focus, said the economist. "We have to ensure a congenial business environment and should welcome buyers with a diversified product basket to capture the opportunity," he added.

Source: dhakatribune.com.– Aug 06, 2020
Pakistan: Commerce Ministry working for Textile Policy 2020-25 approval

The Commerce Ministry is on toes for getting approval of Textile Policy 2020-25 from ECC and unless and until the textile policy is approved and implemented the massive increase in exports is not possible, Adviser to Prime Minister on Commerce, Textile Abdul Razak Dawood stated this to The News here on Thursday.

The adviser said that he himself is trying from pillar to post to get notified the regional tariff of electricity and gas for the export industry for the current fiscal 2020-21 and the demand of the textile sector for continuation of the regional tariff for next three years is quite justified.

He said that Prime Minister Imran Khan has already accorded approval to Textile Policy 2020-25 in terms of policy directives on production and diversification of exports. However, the ministry is working on the processes and procedures on how to implement the Textile Policy and ensure the dividends out of it.

To a question Dawood said that in the last fiscal 2018-19, he managed to get notified the regional electricity and gas tariff for the export sector at 7.5 cents per unit and $6.5 per MMBTU respectively. He said that he is also trying his best to get notified of the same regional tariff for the export industry for the current financial year 2019-20.

However, top sources said that Commerce Ministry is to soon prepare a summary for ECC seeking the approval of regional tariff of gas at $6.5 per MMBTU and electricity tariff at 7.5 cents per unit for the current financial year 2020-21. Power Division also prepared the summary which has been asked by the authorities to withdraw and instead Commerce Ministry will pitch the summary in ECC to this effect.

Meanwhile Shahid Sattar, Executive Director of All Pakistan Textile Association (APTMA) said that approval of the Textile Policy 2020-25 is a key to accelerate the textile exports in a big way, but it has not yet been approved by ECC and Federal Cabinet despite the fact that prime minister has approved it many months back.

He said that textile exports have increased by 14.5 percent in the month of July, 2020 while overall exports have increased by 5.8 percent and if the
textile policy is approved and implemented then the sky is the limit in terms of jacking up the exports.

He said that the electricity bills which the textile industry are currently being sent by DISCOs at Rs24 per unit against the agreed tariff of 7.5 cents per unit. He said if the textile policy 2020-25 is approved, then for next three years, the electricity and gas tariff will be at regional level which will help increase massively the textile exports of the country, but the current situation has created uncertainty in the sector.

“The approval of textile policy is the only way to ensure more investment in textile sector as huge investment is in the pipeline but is awaiting the approval of textile policy.”

Source: thenews.com.pk– Aug 07, 2020

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Pakistan: Punjab allows businesses to run 24/7

The Punjab government on Wednesday allowed industries and construction-led businesses to operate round the clock and for seven days a week.

Previously, some of the construction-led businesses were not allowed to work due to the measures taken to contain the spread of Covid-19. Mostly, these were retail outlets, which sold construction material.

The decision to allow them to work 24 hours a day has paved the way for the entire chain of the construction sector to become functional. The announcement has been made due to a sudden drop in Covid-19 cases in the province. On Sunday, the Punjab government had already announced the end to the months-long lockdown.

A notification said that all businesses had to follow proper SOPs (standard operating procedures), defined by the authorities. “Businesses that failed to follow the SOPs will be closed immediately,” the notification said.

Large-scale industries, especially export-oriented textile mills, were already exempted from the time restriction. According to the All Pakistan Textile
Mills Association Punjab chairman, their units have been fully functional for three months and this notification is not for them.

However, other retail and wholesale markets of the province will continue to follow the previously announced working hours until the government decides new timings for them.

Meanwhile, other businesses like marriage halls, restaurants (for dine-in), etc have still not been allowed to reopen. A summary has been moved by the provincial government to the National Disaster Management Authority (NDMA) to allow them to open their businesses as well.

Association of Builders and Developers North Zone Chairman Akbar Sheikh, while hailing the decision taken by the provincial government, said “this is a good decision, which is supported by the latest Covid-19 figures”.

“Eid festivities are over and there is no reason to restrict construction-led activities when Covid-19 figures are encouraging,” he said, adding “construction sites were already operational along with related industries but retail outlets, which sell these materials, were closed, thereby creating problems for the construction-led businesses.”

Speaking about cement sales in July, which soared by a healthy 38%, Sheikh stated, “These numbers are encouraging, we didn’t expect such a rapid increase in domestic cement offtake; we hope that other construction-led industries will follow the pattern.”

The Punjab government in April this year had released a report, stating that the provincial economy may lose around 4% of its GDP per month due to the lockdown.

It was also observed that if the lockdown continued for three months, the cumulative provincial GDP loss would stand around 10-12% or approximately $18-$20 billion in the worst-case scenario with a loss of five to eight million jobs and the economy would not be expected to recover quickly because businesses would struggle to re-open.

Source: tribune.com.pk– Aug 06, 2020
'Balanced trade': Piyush Goyal wants FTA to be tweaked to lower trade deficit with Japan

India on Thursday pitched for greater Japanese investments but at the same time called upon Tokyo to reduce its huge trade surplus of about $8 billion with New Delhi and move towards “balanced trade”, hinting possibly at the need to review an existing free trade agreement (FTA) between the two sides. This is in tune with New Delhi’s new policy thrust on reducing the sticky and yawning trade deficits with some of its trading partners, most notably China.

Commerce and industry minister Piyush Goyal addressed a virtual seminar for Japanese companies looking to invest in India.

He said: “You will appreciate that the world today is looking at balanced trade. And just as we have pressure from some countries to reduce our surplus with them, we would also like to work with Japan to balance Indo-Japanese trade. So let’s work together in this spirit of partnership.”

Japan’s minister for economy, trade & industry (METI), Hiroshi Kajiyama, said, Japanese companies have over 200 investment plans for India but many of these have been delayed in the wake of the Covid-19 outbreak. Shigehiro Tanaka, Japan’s vice-minister for economy, trade and investment, cited a survey to say Japanese companies think India has great potential to be a global export hub but it has to remove obstacles such as price competition, quality issues of certain products, and weakness in its logistics systems. Elaborating on price competition, he said increasing labour costs in India and stringent rules of origin sometimes prevent companies to take advantage of the benefits of an FTA.

To ensure that issues flagged by the Japanese companies are sorted out at the earliest, Goyal said an inter-ministerial group of Indian officials, preferably of the joint secretary level, will resolve the investors’ concerns on logistics, export procedures, customs clearance and quality parameters.

This group will meet 50 Japanese companies — 25 of whom are already operating here and 25 potential investors — and submit their assessments with Goyal. The group will have officials from the ministries of commerce, industry, finance, railways and road transport.
While Indian imports from Japan stood at $12.43 billion in FY20, its exports were to the tune of only $4.52 billion. Japan is the fourth-largest FDI source for India, with cumulative inflows of over $33.5 billion, or 7% of the total, between April 2000 and March 2020.

Massive merchandise trade imbalance has forced India to rethink its FTAs with ASEAN, Japan, South Korea and Malaysia, more so after its pull-out in November 2019 from the 16-nation RCEP trade deal talks.

In recent years, India has been pressured by the Trump administration to bring down its trade surplus with the US. India’s main imports from Japan are capital goods, electronics, iron & steel, plastics and copper products.

Speaking at the same event, organised by Invest India, department for the promotion of industry and internal trade (DPIIT) secretary Guruprasad Mohapatra said that a proposed single-window system, with a one-stop solution for all industrial licences and clearances, will be fully functional by April 2021.

Mahapatra also said India is planning to set up the 13th Japanese industrial township in Assam, which will further promote domestic manufacturing and bilateral ties.

Typically, these townships are integrated industrial parks, with ready-to-move-in infrastructure facilities, with world-class infrastructure, plug and play factories, pre-approved licences and investment incentives exclusively for Japanese companies, he added.

Source: financialexpress.com – Aug 07, 2020

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Promote handloom products: Textile ministry to e-com cos, retail firms

The government on Thursday said it has asked e-commerce entities, retail companies and designer bodies to promote Indian handloom products.

“The e-commerce entities, retail companies and designer bodies have also been requested to promote and amplify the efforts of ministry of textiles to promote handloom products,” textiles ministry said in a statement ahead of the National Handloom Day on August 7 when it would launch a mobile app and backend website for Handloom Mark Scheme, My Handloom Portal, a Virtual Fair and showcase of Craft Handloom Village, Kullu.

The ministry said that August 7 was chosen as the National Handloom Day to commemorate the Swadeshi Movement which was launched on the same date in the year 1905.

Source: economictimes.com– Aug 06, 2020

RBI extends provisions of restructuring of MSME loans for borrowers with loan upto Rs 25 cr

The Reserve Bank of India (RBI), in its second bi-monthly monetary meet held on August 6 provided a fresh lifeline to millions of stressed small businesses by extending the provision of restructuring of loans.

A restructuring framework for MSMEs that were in default, but were standard on January 1, 2020 is already in place.

“The scheme has provided relief to a large number of MSMEs. With Covid-19 continuing to disrupt normal functioning and cash flows, the stress in the MSME sector has got accentuated, warranting further support,” said RBI governor Shaktikanta Das.

Accordingly, the six-member monetary policy committee (MPC), headed by Das has decided that stressed MSME borrowers will be made eligible for restructuring their debt under the existing framework, provided their accounts with the lenders were classified as standard as on March 1, 2020.
“This restructuring will have to be implemented by March 31, 2021,” said Das.

The conditions stipulated by the RBI include:

- The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed Rs 25 crore as on March 1, 2020.
- The borrower’s account was a ‘standard asset’ as on March 1, 2020.
- The restructuring of the borrower account is implemented by March 31, 2021.
- The borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-registration. This shall be determined on the basis of exemption limit obtaining as on March 1, 2020.
- Asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between March 2, 2020 and date of implementation may be upgraded as ‘standard asset’, as on the date of implementation of the restructuring plan. The asset classification benefit will be available only if the restructuring is done as per provisions of the circular.
- As hitherto, for accounts restructured under these guidelines, banks shall maintain additional provision of 5% over and above the provision already held by them.

The Central Bank kept repo rate untouched at 4 per cent; and reverse repo rate at 3.35 per cent. “In the MPC’s assessment, global economic activity has remained fragile and in retrenchment in the first half of 2020.

A renewed surge in COVID-19 infections in major economies in July has subdued some early signs of revival that had appeared in May and June,” the RBI Governor said.

Source: economictimes.com– Aug 06, 2020
'Include revised definition for restructuring MSME debt'

While welcoming the Reserve Bank of India's (RBI's) announcement of providing a framework for restructuring of MSME debt, the Indian Texpreneurs Federation (ITF) has requested the country's central bank to include the scheme as per the revised definition of MSMEs notified by RBI vide circular dated July 2, 2020, as it will benefit the spinning sector.

Post-COVID-19, there is immense opportunity for Indian textile companies due to the favourable transition as preferred export destination coupled with strong manufacturing capabilities.

To utilise this opportunity, improvement in liquidity is the only catalyst required for the textile companies, and this requirement also materialises with today's RBI announcement of framework for restructuring MSME debt, ITF convenor Prabhu Dhamodharan said in a statement.

"We estimate around 30-40 per cent of companies in our sector (based on a survey of 1,800 companies whose liquidity position is precarious) would benefit immensely through the implementation of restructuring scheme and this could kickstart a revival for the textile industry itself," Dhamodharan said.

"Our only request would be to include this scheme for MSMEs as per the revised definition notified by RBI vide circular dated July 2, 2020, which would enable a comprehensive coverage of companies. This change is much needed for the spinning sector to get eligibility for the scheme," he added.

The key features of the resolution framework, for exposures other than personal loans, announced by the RBI today include constituting an Expert Committee on Resolution of Stressed Assets, with KV Kamath as its chairman.

The Expert Committee will make recommendations to the RBI on the required financial parameters, along with the sector specific benchmark ranges for such parameters, to be factored into each resolution plans.

Source: fibre2fashion.com– Aug 06, 2020
India may allow low threshold for beneficial owner under the new FDI rule

India may prescribe a low threshold for beneficial ownership under the foreign direct investment (FDI) policy, which was recently amended to require prior government approval for investments originating from China and other neighbouring countries.

Policymakers have deliberated both a 25 per cent and a 10 per cent limit but are veering around to the lower one. A final call will be taken at the highest level of government, officials said. The 10 per cent limit is consistent with the definition of beneficial ownership in the Companies Act.

The Department for Promotion of Industry and Internal Trade (DPIIT) has already held inter-ministerial consultations as well as discussions with other stakeholders. Cabinet approval may be sought for the final proposal, a government official familiar with the deliberations told ET.

The lower limit will ensure that while small and financial investments will not face scrutiny, significant investments from China and other countries covered by the new regime will face checks.

On April 18, India tightened its FDI policy for countries with which it shares a land border, putting investments from them on the approval route. This change meant that any direct investment from Bangladesh, China, Pakistan, Nepal, Myanmar, Bhutan and Afghanistan required government clearance. The restrictions also covered FDI routed via entities set up in other jurisdictions.

The FDI policy, however, does not prescribe any investment threshold for such approval, implying that a project involving even small amounts would require approval. Moreover, it could also cover investment by venture capital and private equity investors if their funds in turn had Chinese involvement.

A defined beneficial ownership threshold will exempt investments below that level from scrutiny. Investors have so far relied upon definitions for beneficial ownership in other Acts. The Companies Act defines significant beneficial owner as an entity that holds indirectly, or together with any direct holding, not less than 10 per cent of the shares or voting rights in
shares or has a right to exercise significant influence or control in any manner other than direct holding alone.

Under the Prevention of Money Laundering Act (PMLA), it is defined as controlling ownership interest in a company of more than 2 per cent of shares and 15 per cent in case of a partnership. A Department of Expenditure order on July 24 imposing restrictions on bidders for government procurement pegged beneficial ownership at a 25 per cent threshold.

The DPIIT, in the press note issued on April 18, said the FDI policy review was aimed at "curbing opportunistic takeovers/acquisitions of Indian companies due to the current Covid-19 pandemic".

Source: economictimes.com– Aug 06, 2020

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**DGFT undergoing an overhaul to boost trade post-Covid pandemic**

The Directorate General of Foreign Trade (DGFT) is undergoing an overhaul, with many changes being introduced to respond to the challenges the Covid-19 pandemic has brought to the trade scene, a senior official said on Wednesday.

"By the end of this year, we hope to complete the overhaul and many changes will be brought about to address the trade barriers and to ensure ease of doing business," said Director General of Foreign Trade Amit Yadav.

He also suggested the DGFT portal be supplemented by the portal of the Directorate General of Commercial Intelligence and Statistics to get a clear picture of the government policies and other import–export data and procedures.

Exporters have long been demanding that the DGFT portal be made more comprehensive and its online services more interactive and customer-focused.

Speaking at a webinar organised by the Electronics and Computer Software Export Promotion Council (ESC), Yadav said industry consultations are
going on to reduce import and accelerate exports. In the case of ventilators, there were shortages and now focus would be more on creating manufacturing capacities and exporting them, he said.

He added that several other electronics and hardware items are also on the government’s radar for augmenting domestic manufacturing and exports.

Source: business-standard.com– Aug 06, 2020

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National Handloom Day: Express solidarity with weavers

On the occasion of the 6th National Handloom Day today, Union textiles minister Smriti Irani has appealed to all Central Government ministers, Lieutenant Governors, Chief Ministers of states, Members of Parliament and eminent industrialists with friends and family to express solidarity with the weaving community through their social media accounts.

The textiles ministry has extended a similar request to Secretaries to the Government of India and equivalent level officers. Besides, all the secretaries of the states, exports promotion councils, sister textile bodies like Central Silk Board, National Jute Board have been requested to amplify the social media campaign under the common hashtag and inspiring associates and employees to embrace handloom fabric, a textiles ministry press release said.

E-commerce entities, retail companies and designer bodies have also been requested to promote and amplify the efforts of ministry of textiles to promote handloom products and motivate others to do the same.

Handloom sector is a symbol of the country’s glorious cultural heritage and an important source of livelihood in the country. The sector is key to women empowerment as over 70 per cent of handloom weavers and allied workers are women.

7th August was chosen as the National Handloom Day to commemorate the Swadeshi Movement which was launched on the same date in the year 1905. The objective is to generate awareness about handloom industry amongst public at large and its contribution to the socio-economic development.
The first National Handloom Day was held on 7th August 2015 by Prime Minister Narendra Modi in Chennai. On this day, the handloom weaving community is honoured and the contribution of this sector in the socio-economic development of the country is highlighted.

"The resolve to protect our handloom heritage and to empower the handloom weavers and workers with greater opportunities is reaffirmed. The Government endeavours to ensure sustainable development of the handloom sector thereby empowering our handloom weavers and workers financially and instilling pride in their exquisite craftsmanship," the release said.

Prime Minister Modi has urged that "it should be an endeavour on part of all of us to use Indian handlooms and handicrafts and also communicate to other people about them. The more the world knows about the richness and diversity of these products, the greater our artisans and weavers will benefit."

Source: fibre2fashion.com– Aug 07, 2020