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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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INTERNATIONAL NEWS

Rules of Origin in International Trade:”Spaghetti bowl” to “Kill rules”!

Rules of origin in international trade is like a passport required for travel overseas. These are used to determine the “nationality” of goods traded in the global market place. Yet, ironically no internationally agreed-upon rules of origin exist.

Products exported by member states of the World Trade Organization (WTO) generally face lower import barriers in other member states than do the exports of countries that do not qualify for Most Favoured Nation (MFN) treatment. Many bilateral and regional trade agreements exempt the products of member countries from various requirements.

Rules of origin are needed in all such cases because the identity of the producing country cannot be reliably inferred from the point of entry. These can also be used to interpret statutes governing labelling requirements, such as “Made in…” stickers, and to assist in compiling bilateral trade statistics.

Each country or jurisdiction that administers a regional trade agreement e.g. the USMCA and the EU, has established its own rules of origin. These are divided into two categories: (1) rules relating to preferential treatment and (2) rules relating to non-preferential treatment. The former has two additional subsets: (1) rules on general preferential treatment for developing countries, and (2) rules relating to regional trade agreements.

With respect to trade, rules of origin should theoretically play a neutral role. However, they sometimes are used for protectionist ends: origin rules that are too restrictive or that are enforced arbitrarily expand improperly the coverage of trade restrictions.

In general, rules of origin have not been adequately addressed at the international level. For many years, the GATT contained no specific provisions on rules of origin other than Article IX, which deals with marking requirements (i.e., “marks of origin”). The Agreement reached in the Uruguay Round provided a programme for harmonizing rules of origin and applying them to all non-preferential commercial policy instruments, including MFN treatment, anti-dumping and countervailing duties. It also established disciplines that individual countries must observe in instituting or operating rules of origin, and provided for the framework for harmonizing rules and dispute settlement procedures.

Aside from the GATT, the International Convention on Simplification and Harmonization of Customs Procedures (the Kyoto Convention), concluded under the aegis of the WCO, contains an Annex on rules of origin. In 1999, the WCO amended the Kyoto Convention for the first time in around 25 years.

The WTO has sought to render those restrictions more precise and to harmonize rules across countries by building on the Agreement on Rules of Origin adopted by the GATT in 1994. The GATT, which the WTO superseded, required that rules of origin be transparent and administered in a consistent, uniform, impartial, and reasonable manner. Since 1995, the WTO expanded its perspective on rules of origin.

In the recent past, when there was an increased push by several countries to pursue Foreign Trade Agreements (FTA) throughout the world, concern mounted over the so-called ¨spaghetti bowl phenomenon¨ where varying rules of origin and varying tariff schedules based on origin around the world as noodles in a bowl.

The tariff reductions in several rounds of trade negotiations and strengthening of disciplines in anti-dumping sectors and others, rules of origin could potentially be used as hidden trade-restrictive measures. It raises concern that these are increasingly being formulated and administered in an arbitrary fashion to achieve protectionist policy objectives.

The running joke in Geneva was that an entire rainforest in Indonesia could have been saved if it wasn’t for the writing and production of tomes of Rules of Origin negotiations reports!Many accused Customs officials (negotiators) of having a vested interest in continuing these interminable discussions as these provided perks of free travel to Alpine sojourns and would not be surrendered that easily – pure gallivanting.

NAFTA was designed primarily to benefit firms and workers in North America, it was clear that goods manufactured elsewhere could not be allowed to circumvent tariffs simply by being trans-shipped through one NAFTA member country on their way to another. In an era of global manufacturing, final products are frequently assembled from components originating in many different countries. Precise legal standards—specific rules of origin—vary widely across countries, but most use an ad valorem criterion based on the percentage of value-added and computed in a prescribed manner.

As these became increasingly controversial as the preferential tariff regions and antidumping arrangements that require them mushroomed. This led to specific criteria being negotiated for specific products in trade negotiations. To counter China and EU taking benefits of NAFTA, in the area of textiles the US amended rules of origin and came up with “Fabric Forward Policy” to make clothing eligible under the agreement. As long as the particular goods are originating in the NAFTA territory, the goods were quota-free and duty-free when they entered U.S. customs territory.

Under USMCA this provision has been further strengthened, it still adopts the “yarn forward” rules of origin. This means that fibres may be produced anywhere, but each component starting with the yarn used to make the garments must be formed within the free trade area. Further, USMCA now requires that some specific parts of an apparel item (such as pocket bag fabric) need to use inputs made in the USMCA region so that the finished apparel item can qualify for the import duty-free treatment.

As far as fabric forward provisions in NAFTA/USMCA are concerned, this is not exclusive to these agreements. In respect of other FTAsAndean Trade Preference Act, African Growth and Opportunity Act, Caribbean Basin Initiative, U.S.-Singapore Free Trade Agreement, US-Chile Free Trade Agreement have similar provisions.

India’s apparel import from Bangladesh in 2016-17 was the US $ 140 million, while in 2018-19 the same was the US $ 365 million – that’s an incredible jump of 161 per cent. The Indian textiles industry has been recently requesting the Government that it is essential to impose necessary safeguard measures like Rules of Origin, Yarn & Fabric Forward Rule to prevent the cheaper imports. Efforts are on explore how India’s fabric export to Bangladesh can be increased as far as import of apparel from there into India under SAFTA is concerned.

The USMCA includes important protections and updated rules of origin. In order to qualify for duty-free treatment under the USMCA, goods imported into the United States must conform to the Rules of Origin set forth in Chapter 4 of the USMCA. Imported goods that “originate” in Canada or Mexico and those otherwise meet USMCA requirements are extended preferential treatment.

For textiles, under USCMA the Uniform Regulations provide further guidance on the treatment of various textile and apparel products. They establish a de minimis rule for non-originating materials, whereby a good will be treated as originating in the USMCA territory if the total weight (and not value) of the non-originating materials is 10% or less of the total weight of the good and the foreign elastometric content does not exceed 7% of the total weight. USMCA's textile and apparel rules of origin are some of the most complex. Additionally, USMCA fixes the Kissell Amendment Buy American loophole, ensuring that a significant amount the Department of Homeland Security spends annually on clothing and textiles for the Transportation Security Administration benefits domestically produced products.

Welcoming USMCA, Kim Glas, president of the National Council of Textile Organizations (NCTO) said, "Sustaining the $20 billion in apparel and textile trilateral trade between the U.S., Mexico and Canada is absolutely critical at this time. USMCA, which makes several key improvements over the former North American Free Trade Agreement (NAFTA) will go a long way to increasing the textile industry's exports, as well as investments and capacity in the U.S. We need to maintain and expand a Western Hemisphere supply chain to meet national emergencies head-on in the future."

The requirements for eligibility are very complex and technical. Countries and articles are periodically added to or removed from the eligible countries and products lists. Duty rates and quota limits can change from time to time. However, in an increasingly globalised world, supply and value chains becoming a reality it is often difficult to have precise Rules of Origin. GATT and WTO have long grappled with this issue with limited success.

During the Uruguay Round, participating countries recognized the necessity to provide transparency of regulations and practices regarding rules of origin, in order to prevent unnecessary obstacles to the international trade flow.In his keynote speech at the WCO Council in June 2011, Pascal Lamy, then Director-General of the WTO, highlighted preferential rules of origin as an area of critical importance. He noted that as long as the origin of a good has a great impact on the duties to be collected, the door is open to fraud. He added that the solution could be to "kill the rules of origin". He focused on the WTO initiative "Made in the World" and stated that at present, international trade flows are computed by attributing the full commercial value of a product to the last country of origin. This needs to change as business increasingly locates the different stages of its activities in a way that optimizes its value-added chain.

The WTO Agreement on Rules of Origin lays down the work programme to harmonize non-preferential rules of origin within three years from the initiation, i.e. by 20 July 1998. Due to the complexity of many issues raised during the work, the intended time schedule in the agreement was extended several times. The negotiations are still on-going but without a formal deadline or time schedule.

In this age of "save paper, save tree & save the world", unfortunately, many more rainforests of not just Indonesia but elsewhere will be lost too until the cows come home on Rules of Origin!

Source: financialexpress.com – Jul 07, 2020

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USA: Trade Deficit Continues Climb but Export, Import Declines Slow

The U.S. trade deficit in goods and services climbed again in May, up 9.6 percent, but decreases in imports and exports were markedly lower than the previous month.

According to trade statistics released July 2 by the Department of Commerce, the monthly trade deficit of $54.6 billion reflected decreases of 4.4 percent in exports to $144.5 billion and 0.9 percent in imports to $199.1 billion. DOC states that the deficit was down 9.1 percent from May 2019 as exports fell 14.0 percent and imports fell 13.1 percent.

The deficit in goods trade rose 5.8 percent from April to May to $76.1 billion. Imports of goods were down 0.8 percent to $166.0 billion, compared to a 13.2 drop from March to April. Imports fell by $3.0 billion in passenger cars, $600 million in automotive parts and accessories, and $400 million in computers.

However, there were also increases of $1.8 billion in textile, apparel, and household goods and $1.2 billion each in cell phones and other household goods, non-monetary gold, and finished metal shapes.

Exports of goods were down 5.8 percent to $90.0 billion, compared to a 25.2 percent plunge the previous month. Decreases included $1.6 billion in other petroleum products, $700 million in crude oil, $600 million in fuel oil, $400 million in semiconductors, and $300 million in computer accessories.

Country/region	Deficit	% Change	Surplus	% Change
China	$27.9 billion	+7.3		
European Union	$12.7 billion	-11.2		
Mexico	$4.2 billion	+27.3		
Germany	$3.9 billion	-2.5		
Japan	$3.2 billion	-11.1		
Taiwan	$2.6 billion	+18.2		
South Korea	$1.9 billion	-17.4		
Singapore	$1.6 billion	+45.5		
Italy	$1.4 billion	-30.0		
India	$1.2 billion	-63.2		
Canada	$1.2 billion	+200.0		
France	$1.1 billion	-21.4		
Saudi Arabia	$0.1 billion	Change from $0.3 billion surplus		
South/Central America			$1.9 billion	-34.5
Brazil			$0.4 billion	-50.0
United Kingdom			$0.2 billion	Change from $0.4 billion deficit
Hong Kong			$0.1 billion	0

The services surplus was down 2.7 percent to $21.5 billion, with imports down 1.5 percent to $33.1 billion and exports down 2.0 percent to $54.5 billion.

Source: strtrade.com– Jul 08, 2020

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Eurozone retail trade volume up 17.8% in May

The euro area retail trade volume rose 17.8% in May on a monthly basis, according to the European Union's statistical authority on Monday.

The retail trade volume was also up 16.4% in the EU in May versus April, Eurostat noted.

In April, the volume saw a 12.1% drop in the eurozone and 11.4% fall in the EU, due to the pandemic's effects on the economy.

The eurozone/euro area or EA19 represents member states that use the single currency, euro, while the EU27 includes all member countries of the bloc.

The volume of retail trade was up 38.4% for automotive fuels, 34.5% for non-food products, and 2.2% for food, drinks and tobacco, in the euro area.

On the EU side, the volume of retail trade fell 31.9% for automotive fuels, 30.2% for non-food products, and 2.1% for food, drinks and tobacco.

"It can be noted that the volume of retail trade in textiles, clothing and footwear rose by 147% in the euro area and by 130.7% in the EU," it said.

Retail trade via mail order and internet rose 7% in the eurozone and 4.7% in the EU in May versus April.

In the month, while all member countries saw rises in retail trade, it was unchanged in Bulgaria.

"The highest increases were registered in Luxembourg (plus 28.6%), France (plus 25.6%) and Austria (plus 23.3%)," Eurostat said.

Annual comparison

The annual figures of both eurozone and the EU also dropped in May.

"In May 2020 compared with May 2019, the calendar-adjusted retail sales index decreased by 5.1% in the euro area and by 4.2% in the EU," Eurostat said.

On a yearly basis, the volume of retail trade fell 27.4% for automotive fuels and 9% for non-food products in the eurozone, while it dropped 24.3% for automotive fuels and 6.9% for non-food products in the EU.

"The largest decreases were registered in Bulgaria (minus 20.4%), Luxembourg (minus 19.7%) and Spain (minus 17.9%). The highest increases were observed in Germany (plus 7.2%), Denmark (plus 6.6%) and Austria (plus 4.8%)," it added.

Source: dailysabah.com– Jul 07, 2020

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Value of Vietnam's textile and garment exports declines 15.5 per cent

Vietnam’s General Statistics Office says, the total value of Vietnam's textile and garment exports in the first half of this year declined 15.5 per cent year-on-year to nearly $12.8 billion.

The country exported majority of its products to the United States, the European Union, Japan, South Korea and China. In June alone, its textile and garment exports tumbled by 23.6 per cent on-year to $2.2 billion, reported Xinhua.

The Vietnam Textile and Apparel Association blamed complex developments of the COVID-19 pandemic for the reductions in new orders, forecasting that export revenue this year would fall significantly amid decreasing global demand.

The country had recorded an export turnover of roughly $32.6 billion in 2019, up 6.9 per cent from 2018, according to the statistics office.

Source: fashionatingworld.com– Jul 07, 2020

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Beginning of new Asia trade balance accelerates the end of 'Made in China' label

A new study by Coresight Research indicates, with the negative sentiment prevailing amongst American consumers against Chinese products it could accelerate the end of 'Made in China' label.

The survey conducted in early June indicated around 47.8 per cent of Americans are urging retailers to source fewer products from China. Around 39.7 per cent also expressed less willingness to buy Made in China products.

Negative sentiments, government initiatives to hasten China exodus

There is a growing mistrust among US consumers about China-made products. In May this year President Trump allowed United States International Development Finance Corporation to finance companies producing emergency goods and services in the country. Legal experts are also incentivizing US companies with tax breaks and subsidies to uproot their China-based supply chains.

Along with growing negative sentiments amongst consumers, these initiatives could hasten the exit of many brands and retailers from China. Kearney's most recent USB Reshoring Index notes a sharp decline in US manufacturing imports from China. The index states, between 2018 and 2019, US imports from China dropped 17 per cent, and the shift has only accelerated as the trade war rages on.

Latest data from the Office of Textiles and Apparel (OTEXA) also reveals a 41 per cent decline in US imports of textiles and apparel from China upto April this year, leaving China with only 30.53 per cent share of the global market. Of the $31 billion US imports that shifted from China to other Asian low-cost countries in the 2018-2019 period, around 46 per cent of went to Vietnam.

Global restructuring remaps supply chains

A new Asian trade balance is taking hold with companies restructuring their global supply chains with an eye toward increased resilience, as well as lower risks and costs. This restructuring is also prompting companies to ramp up their supply chain remapping efforts.

The most recent example of this is German footwear brand Von Wellx which plans to move all of its production from China to India. Apple is also planning to move 20 percent of its production from China to India while. Japanese consumer goods company Iris Ohyama has received a government subsidy to move its manufacturing from China and to Japan.

In future, more companies could move their production out of China, says Coresight Research. Hence, instead of paying attention to political issues, retailers and brands should focus on consumer demands and the importance they give to the sourcing of products.

Source: fashionatingworld.com– Jul 07, 2020

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USA: Cotton Incorporated surveys track consumer attitudes on home textiles

When Cotton Incorporated fielded its international consumer survey in February, it didn't particularly have COVID-19 in mind.

At that point, few could foresee that major markets around the world would go into a lockdown, let alone one that would last for weeks. As it happened, the winter survey across 12 countries caught consumers in something of a pre-pandemic mindset – and a follow-up survey in late April pointed to how some of their thinking had changed.

"Seventy-eight percent of U.S. consumers just want to curl up in a cozy bed right now," said Melissa Bastos, Cotton Incorporated's director of consumer research, pointing to the spring polling.

That's a higher proportion than China (61%) and Mexico (53%)." Not surprisingly, U.S. consumers overwhelmingly made their most recent home textiles purchase in a physical store (76%), but almost two-fifths (38%) say they have browsed or purchased clothing or home textiles since the start of COVID-19.

Among those who have shopped, 38% said they have bought sheets and/or bedding, and 33% said they have browsed sheets and/or bedding without making a purchase.

“About 43% are spending less, and 33% are saving money,” said Bastos.

At the time of the April survey, six in 10 consumers were still wary about returning to physical stores to shop. The majority of U.S. consumers (55%) said they were delaying purchases in general, not just home textiles, because of the pandemic.

Among those delaying purchases, 52% said they plan to buy delayed purchases once the outbreak has decreased (25%) or is over (27%) in the U.S.

Purchase drivers are fairly consistent across bedding and bath, she noted.

The top drivers for sheets and bedding include:

- Comfort, 90%
- Quality, 86%
- Durability, 83%
- Softness, 83%
- Price, 80%

The top drivers for bath towels are:

- Quality, 86%
- Durability, 85%
- Softness, 84%
- Price, 80%
- Absorbency, 77%

Cotton continues to maintain as strong standing with consumers, with 73% saying they look for all-cotton products when shopping for home textiles, according to the survey.

“Right now, life revolves around home,” said Bastos. “Retailers that have the ability to communicate quality, softness and durability will win.” Highlights from Cotton Incorporated’s “Supply Chain Insights” survey on home textiles are available on the organization’s website.

Source: hometextilestoday.com– Jul 07, 2020

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Turkish Textile Sector Struggles in Wake of Pandemic

In mid-March, suddenly, there was radio silence. Then, slowly, the requests began to creep in. “We must cancel our order”; “Those goods aren’t my responsibility”; “I don’t care what we agreed, if you don’t drop the price, we’re not paying for that.”

As Europe and the U.S. began to close down in the grip of the coronavirus, attempts by beleaguered international fashion brands to delay, reduce or cancel payments to Turkish manufacturers became an avalanche. Worse still were those remaining silent as the pandemic grew, leaving suppliers hanging on, wondering if they were ever going to get rid of finished goods, pay their own suppliers or, even, go bankrupt.

When most of Europe and many U.S. states were in lockdown and retailers shut up shop, the knock-on effect on Turkey’s booming clothing manufacturing industry looked enormous.

“We were left all alone with $1.5 billion to $2 billion worth of stock,” said Seref Fayat, chair of the clothing committee at Turkey’s main industry group, TOBB.

The sector had shrunk by around 30 percent just at the end of March. By the end of April, it had contracted by a record-breaking 65 percent. Hadi Karasu, head of the Turkish Clothing Manufacturers Association, put it even more bluntly. “I said then that brands were wrecking our industry, and I stand by that,” Karasu, who is also a new vice president of Euratex, the European trade body, told WWD. “I’m not being emotional. This happened. In March, with all that panic, all talk of things like solidarity, sustainability, code of conduct went right out of the window.”

When textile companies came to call, manufacturers were asked to pay for goods nominated by foreign brands. Utility bills started to come in. Concerns over cash flow loomed. The potential fallout was huge for an industry that directly sustains more than 1.5 million workers — a further 3.5 million including families — with an equally large number of associated jobs in sectors such as marketing, distribution and cotton growing.

“They didn’t seem to understand that for so many people it was a life-and-death situation. We were just all in shock,” said Karasu. “If they had continued like that we would be left with a huge disaster.”

The clothing and textile industry is vital to the economic health of Turkey, second only to the automotive sector. The world's sixth biggest exporter of textiles and Europe's third biggest source of ready-to-wear, Turkey is a rare net exporter — contributing up to 15 percent of the country's exports.

In April and May, worried clothing associations began to issue calls for calm and pleas for cooperation between buyers and suppliers as the TGSD's Coronavirus Help Desk flooded with messages of concern and complaint.

Things began to stabilize. Big fashion groups such as Inditex and H&M discussed solutions. Levi Strauss & Co., Adidas and Nike Inc. cooperated, prompting others to follow suit. Payments were made or rescheduled. Slowly, Western governments supported industries and workers, allowing their brands to give assurances to suppliers. The inventory affected dwindled to around $200 million to $300 million worth and the situation has been improving. But problems continue.

"Some brands still aren't paying up. And this includes well-known names," Fayat, who is also chairman of the board at System Denim, told WWD. He pointed out that Turkish government support was less comprehensive than in Europe and the U.S., as it is mostly loans and limited wage support, rather than furlough schemes, interest-free lending and grants. Yet that didn't stop the pleading and bargaining.

"You think, how can we possibly be in better shape than you?" Fayat said. "I get maybe 5 to 10 percent of the price that these goods are sold at. They sell at multiples of 30 or 40 times cost. I know this. I put the price tags on."

Nobody is yet willing to name and shame offenders — although Karasu said he may well have to after the next round of talks — but all agree that there has been a lot of "bad behavior."

Asked about the main culprits, fingers point unanimously to the U.K. and the U.S. According to Mustafa Gültepe, head of the Istanbul Apparel Exporters Association, Europeans eventually behaved well. "The best were the Germans. The French, the Spanish were OK."

There was trouble from Californian brands, he said, but they finally agreed to postpone payments and deliveries. "The worst were the British — and this goes across the board," Gültepe said. "There was a lot of opportunism as they forced discounts and threatened not to pay at all. The British are always harsher. Brands are all very keen on talking about ethics but they need to show they are being ethical themselves."

Told that British stores had reopened and queues were pictured outside retailers such as Primark, one source said: "Good, they better start selling so they can start paying. We know Britain didn't manage the coronavirus well and that retail there was already in trouble. We sympathize, but they didn't have to act like this."

The timing has been particularly unfortunate for Turkish manufacturers as their COVID-19-related problems began when the industry saw itself in good shape following years of economic setbacks caused by a range of issues, including a coup attempt in 2016 and several terrorist attacks. Then came diplomatic rows with countries such as key trade partner Germany, and the freezing of Turkey's European Union accession process over concerns for the rule of law.

The economic woes had produced one upside. The lira lost value, helping Turkey to become competitive against developing countries and still aim to secure a reputation as a quality producer. Faced with ever-cheaper competition from Asia, Turkey has been focusing on sustainability and higher-end production, promoting its status as a vertically integrated industry with a skilled workforce.

It was working. Last year Turkish ready-to-wear exports hit $17.7 billion. Exports in January and February totaled $3 billion. Talk was all about increased capacity, new factories and innovation. In late February, trade minister Ruhsar Pekcan praised the prospects for the industry, highlighting a 2020 export expectation of $19 billion: "Our goal is no longer to sell cheaply but to sell high-quality products with added value."

When the outbreak started in China, orders began migrating to countries such as Turkey. Manufacturers moved fast to capitalize amid hopes that the disease would remain localized. They had expected a bonus 10 percent growth due to the outbreak. This in turn boosted hopes that Turkey would meet an expectation for apparel and textile exports of $30 billion by 2023, the 100th anniversary of the Turkish Republic's creation from the defunct Ottoman Empire. Now this target looks difficult, if not impossible.

There are still grounds for hope. One saving grace — although only a small portion of Turkey's output — was the growth of online sales, with a rash of orders from companies such as the U.K.'s Asos and Germany's Zalando.

Turkish businesses have increased their own online capabilities. “We have achieved in three months what was planned for three years,” said Fayat.

Digital is the way to go, said Gultepe, citing projects already in motion — such as an EU-funded business-to-business project to make the latest technology available to Turkish businesses, enabling them to design and show collections on virtual models in a digital setting without the need for samples. “We aim to build the digital infrastructure, especially for SMEs in both manufacturing and retail,” he said. Increasing digital capabilities, and quickly, was key to reshaping the way the sector does business and meeting customer expectations.

There is less of a chance domestic demand will plug gaps. High streets are slowly recovering, but stores in shopping malls are arguing with landlords over rent and contracts, while achieving only 25 to 30 percent of their usual sales at most.

International trends offer more succor. The pandemic exposed the danger of large orders, long lead times and sprawling shipping routes at a time of uncertainty. This sped up moves for closer, more flexible supply chains, putting the focus on Turkey, Eastern Europe and the Mediterranean. Turkish brands are already in talks to pick up orders that would have gone farther afield.

Karasu believes his senior role at Eurotex is also meaningful, as it puts Turkey on a top table as “the supply chain is reconstructed after the coronavirus.”

Turkish fashion leaders expect international buyers to try to push prices down, but they warn of pushback. “You have to stop somewhere,” said Karasu. Brands can no longer just pay lip service to ethics and sustainability. “We have to see this in their purchasing practices.”

Turkey’s government is already considering plans for “green clusters” of renewable energy-driven hubs of businesses, with eco-friendly water treatment and waste management, although COVID-19 has put a pause on that.

The fallout from the trade war with China helped refocus the mind of Americans, manufacturers said, to the benefit of Turkey. Many have offices there, including Ralph Lauren, Levi’s and the Newtimes sourcing group. More are expected.

But the emphasis is Europe, thanks to proximity and growth potential. Fayat pointed out that 72 percent of Turkey's clothing exports go to Europe. "Yet this constitutes only 6 percent of their imports — so our 72 percent is their 6 percent. Imagine increasing our supplies to just 10 percent of their imports — that would effectively mean doubling our sector. There's a lot to be gained."

Fayat expects the sector to contract by 20 percent this year, recovering some of the worst early losses, with a return to pre-pandemic numbers by the first quarter of 2021 and renewed growth by the second quarter. "Online sales are coming to the fore and that's all about working with small orders and moving fast. I think Turkey will do well out of this at least until 2025," he said.

But it depends on the pandemic. If there is a second wave, all bets are off.

Source: wwd.com– Jul 07, 2020

HOME

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Levi's Agrees To #PayUp, As Advocates Demand More For Garment Workers

Levi's CEO Chip Bergh boasted recently about the company's legacy of "doing the right thing." Some of those "right things" include issuing a strong statement in support of Black Lives Matter, dedicating an Instagram Live series to queer culture and antiracist education, and donating $1 million to garment worker relief.

Yet, in early June, the 167-year-old brand credited with inventing blue jeans—a wardrobe staple of the counterculture—quietly appeared on a list of apparel giants not treating garment workers responsibly during the Covid-19 crisis. As of last week, Levi's has settled its disagreements with suppliers, worker advocates say, but the dispute shows that brands are under increasing pressure to do more for the people who make their clothes.

Levi's declined to comment for the story, but a public statement confirms that they've changed their financing to help at-risk factories.

Back in March, with stores shuttered and consumer demand at historic lows, numerous big brands refused payment for clothing orders that were already sewn and shipped, to the tune of an estimated $40 billion. Factories were left with mountains of clothing, huge bills for the unwanted goods, and, more troubling, no way to pay staff. More than a million garment workers lost their jobs in Bangladesh as a result of canceled orders.

Levi’s is not by any means the worst offender in the cancellation crisis (Sears, for example, owes $40 million to garment factories in Bangladesh and is now being sued by suppliers.) Comparatively, the jeans-maker is merely delaying payments to factories for completed goods up to 90 days after they’re delivered, a common but unfortunate practice in an industry where brands wield inordinate power over factories.

As I mentioned in a previous column, apparel suppliers run on razor-thin margins and rely on timely payment for orders to keep the lights on. The delays in payments were stressful enough that one of Levi’s large Southeast Asian suppliers reached out to labor rights activists and shared screenshots about the situation in hopes of getting the company to reform its position. These screenshots were shared with me.

“Many of these companies are legally in the right, but are they ethically correct in doing this?” asks Urooj Khan, Associate Professor of Business at Columbia Business School. Khan says that Levi’s is well positioned to pay on time for orders because its jeans and t-shirts are seasonless, and unused merchandise can continue to sell throughout the year. They can also afford to pay on-time, unlike some competitors who are facing dire financial outlooks. In its Q1 Earnings Call, Levi’s revealed a total liquidity of $1.8 billion, which means it should be at the head of the back in terms of rebuilding the garment industry around stronger labor rights.

Levi’s works with hundreds of factories, mostly in Asia and South America, and indirectly employs more than 300,000 garment and textile workers, compared to just 15,100 direct employees in its retail stores and corporate offices. While companies typically distance themselves from the women and men in their supply chain, the pandemic has forced them to take greater responsibility.

To consumers, being less bad than your competitors is no longer good enough, says Khan. “Coming out of this crisis, if you're a retailer that’s going to do well, you better have a purpose and know why you're there, what you’re selling, and what your values are.”

Consumer activists flooded the Levi's Instagram in recent weeks, often commenting under posts addressing corporate diversity and inclusion, with demands that the company #PayUp, a hashtag and rapidly-evolving social media campaign that calls for brands to honor commitments to garment workers. As I've noted in previous columns, I have joined calls for brands to #PayUp.

After a month of campaigning by consumers, the complaints from Levi's factories have now been addressed, according to Nova and a public statement by the brand. Although the company is sticking with its delayed payment timelines, it has agreed to extend low-cost financing to all suppliers who need it while they wait. It's a compromise that protects workers in the near-term, just as declining demand for apparel is impacting suppliers moving forward.

It's ancient history now but worth remembering: Levi's was once itself a manufacturer of apparel. Two decades ago, fashion moved from an industry that manufactures to one that advertises and markets clothing as a lifestyle. In fact, when Levi's shuttered its last U.S. factory in 2003, devastating communities across North America, its CEO said bluntly that the jeans maker was becoming a "marketing company." That decision included driving down costs by using contract manufacturers in cheaper countries and directing more money into ads and PR spin.

But the company softened the blow by handing out generous severance packages to laid-off workers. Today, there are few garment workers in the world that earn what the lowest-paid Levi's garment worker earned a quarter century ago.

As the world debates performative activism and scorns brands for absorbing progressive messages and selling them back to us, we can't forget that fashion's "product" is the selling of our values and lifestyles back to us. The industry pays for this disorienting hall of mirrors by hoarding profits away from apparel's essential workers. But as the pandemic shines a light on inequality and racism, that could finally change.

Since the WRC launched its brand tracker and the #PayUp consumer campaign began in late March, the list of brands committing to pay for orders has expanded to 18 apparel giants, including H&M, Zara, Target, Ralph Lauren, Lululemon, Nike and now Levi's. The amount of money promised back to factories now tops an estimated $19 billion globally. Even social media stars like the Bangladeshi-American YouTuber Nabela Noor have taken up the cause for fair treatment of garment workers.

With several victories under their belts, labor activists are already eyeing the next goal, which is deeper accountability and long-term protection for garment workers. “Given Levi's public commitment to worker wellbeing, I hope the company focuses on the provision of direct emergency relief, lends support to public funds going into the hands of garment workers and commits to living wages and social protections in the near future,” says Ayesha Barenblat, Founder of Remake, a consumer advocacy non-profit that’s helped spearhead the #PayUp campaign. Even that $1 million the brand is giving for health, food, and safety falls far short of what’s needed, advocates say.

As the cancellation crisis enters its fifth month and apparel demand remains troublingly low, it’s time for the industry to move beyond the bare minimum and put together a proper bailout for garment workers, so they can survive—literally—through the downturn. The industry also needs to make reforms that creates a social safety net for all apparel workers, so that when the next crisis hits it’s not just corporations that stand a chance at survival.

“Levi’s was never among the worst performers, but its decision to delay payments to suppliers, while failing to provide all suppliers with access to low-cost loans, placed workers at risk,” says Scott Nova, Executive Director of the Worker Rights Consortium, a non-profit that’s tracking brand promises to pay for canceled orders.

Levi’s appearance on the WRC’s list of misbehaving brands might seem unduly harsh. Why lump the company in with businesses like Kohl’s, which owes an estimated $1 billion to factories for canceled orders while it paid millions in dividends to shareholders? Or with Arcadia Group, the conglomerate that owns Topshop and Peacocks and is pushing at least one factory towards bankruptcy because it refuses to pay for orders?

Levi’s made the list because the public is demanding far greater corporate responsibility, and because garment workers, who make up the majority of the fashion industry’s massive global labor force, are bearing the brunt of the coronavirus economic crisis. Some are already going hungry and social-media savvy consumers know what’s going on. It’s not enough to give the appearance of doing the right thing or to simply follow the letter of the law when apparel’s essential workers can’t eat.

Source: forbes.com– Jul 06, 2020

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RI to boost export to Australia as IA-CEPA enters into force

The Indonesian government and industry players are gearing up to boost export of key products to neighboring Australia, amid slowing trade during the ongoing health crisis, as the trade pact between the two countries took effect on July 5.

The Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), which was signed last year and ratified by the House of Representatives in February, eliminates trade tariffs between the countries.

The Trade Ministry expects a boost in the export of some Indonesian products to Australia, such as textiles, automotive products, electronics, fish products and communication tools, as the trade pact is now in effect.

The Indonesian Textile Association (API) expects the IA-CEPA to raise the value of Indonesia's annual textile export to Australia by 2 to 7 percent from the level before the trade deal, according to Rizal Tanzil Rakhman, the secretary-general of the association.

"We welcome the IA-CEPA and hope it can grow our export to Australia," Rizal told The Jakarta Post via text message on Monday. "Although its population is relatively small, its income per capita is high and it is a potential market for high-end clothing."

As global trade was disrupted by the COVID-19 pandemic, Indonesia's export fell 28.95 percent year-on-year (yoy) to $10.53 billion in May. However, the country's export to Australia still rose 15.69 percent yoy to $920 million in the January-May period, when export to major trade partners was mostly down.

The value of Indonesia's textile export to Australia was slightly down by 1 percent to $250.9 million in 2019 from a year earlier, according to the API, quoting data from the Australian Bureau of Statistics.

The trade deal was expected to help the post-pandemic economic recovery of both countries, in terms of trade and investment. Bilateral trade between the two countries was worth US$7.8 billion in 2019.

The government also issued three new regulations this year to support the implementation of the deal, including a finance ministerial regulation on customs tariff, the Trade Ministry stated on July 5.

The trade deal is also expected to reduce the input cost of many Indonesian businesses that buy their raw materials or intermediate goods from Australia, such as the food and beverage industry.

Australia imported $2.11 billion worth of Indonesian products, 1.36 percent of the latter's total non-oil-and-gas exports, throughout 2019.

On the other hand, Australia shipped $4.67 billion worth of commodities to Indonesia, resulting in a trade deficit of $2.56 billion on Indonesia's side.

Unlike the textile industry, the auto industry may not immediately benefit from the trade deal because it prioritizes trade of electric vehicles (EVs), which Indonesia has not produced, according to Kukuh Kumara, the secretary-general of the Association of Indonesian Automakers (Gaikindo). The Jokowi administration has set a target to start producing EVs in 2021 or 2022.

"We do not have the products with a specification that Australian consumers need," Kukuh told the Post in a phone interview on Monday.

Indonesian auto industries mostly produce multi-purpose vehicles (MPV) or sedans like the Toyota Camry, while Australians prefer sport utility vehicles (SUV), Kukuh added.

Australian ranchers, among others, also benefit from the trade deal, which guarantees a live male cattle export quota from Australia to Indonesia at 575,000 heads in the first year of the implementation. The quota will grow by 4 percent every year.

The trade deal, therefore, solves the uncertainty issue that Australian ranchers face in planning production since they need two to three years to raise a cattle until it is ready to be slaughtered, according to Valeska, the country manager of Meat & Livestock Australia's (MLA) Indonesia office.

"An uncertainty, either in the form of regulation or the trade situation, will make it difficult for the ranchers to make a long-term plan," Valeska said in a virtual discussion on Monday.

Australia was Indonesia's largest source of beef import. The value of Indonesia's beef import from the country grew 12.5 percent to $362.2 million in 2019 from 2018.

Institute for Development of Economics and Finance (Indef) economist Bhima Yudhistira warned that with Indonesia's past trade pacts, such as the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), only around 35 percent of the country's business players had utilized it to boost their exports.

"Has the information been disseminated well? Do small and medium businesses get a chance to export [their products] to Australia?" he told the Post on Tuesday.

Bhima said there was also a chance that the trade deal would widen the trade deficit, as Australia seemed to be more ready to export to Indonesia.

"Indonesian products that are exported to Australia are still fragmented, unfocused," he said. "Australia is focused, in livestock and agriculture. I fear that the trade deficit will increase after the IA-CEPA."

Source: thejakartapost.com– Jul 07, 2020

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Pakistan: Cotton exports fall 9.93pc in eleven months

Raw cotton exports from the country during the first 11 months of FY20 registered a decrease of 9.93 per cent compared to raw cotton exports of the corresponding period of last year.

During July 2019 to May 2020, about 12,776 metric tonnes of raw cotton worth $17.005 million were exported, compared to the export of 11,790 metric tonnes of raw cotton worth $18.879 million in the same period of last year.

During the period under review, the export of cotton yarn registered a negative growth of 13.12 per cent, and was recorded at 376,286 metric tonnes valuing $910.582 million compared to the exports of 403,580 metric tonnes of cotton yarn worth $1.048 billion in the same period of last year.

In comparison, during the 11 months of FY20, the exports of art, silk and synthetic textile grew by 6.45 per cent to $290.525 million compared to $272.910 million in the same period of last year.

Overall exports of the textile sector during eleven months of FY20 went down by 6.06 per cent and were recorded at $11.567 billion compared to $12.313 billion during the same period of last year.

The negative growth in textile sector exports was mainly due to the global spread of Covid-19 pandemic which has negatively affected foreign economies as well as the local economy.

However, exports of other textile material witnessed a 6 per cent growth and stood at $412.333 million during the first eleven months of FY20, compared to $359.627 million, during the same period of last year.

Source: profit.pakistantoday.com.pk– Jul 07, 2020

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Pakistan: Business remains stable on cotton market

Local cotton market remained stable on Tuesday. Market sources said that quality of the Phutti was affected due to rains in Sindh.

Cotton Analyst Naseem Usman told that trading volume remained low. The rate of cotton witnessed a little bit downward trend. The mills were involved in limited buying according to their needs because of the decreasing trend in the demand and price of cotton yarn.

Meanwhile, Pakistan Cotton Ginners Association has written a letter to the Director General Agriculture Department Quetta requesting him to restrict transportation of seed cotton (Phutti) through poly bags. In a letter the association said that transportation through poly bags is the root cause of contamination in cotton. The Cotton Control Ordinance applied in Punjab and Sindh strictly restricts transportation of seed cotton in plastic bags.

Naseem Usman told that monsoon season has started. He also said that rains are good for cotton crop. According to the metrological department it is expected that there will be heavy rainfall in the areas of Sindh including Karachi, Badin, Thahtha, Hyderabad and Mirpurkhas. He also said that international companies were taking interest in the buying of both old and new cotton.

Naseem told that according to the experts in the previous federal budget, withdrawal of SRO 1125 and imposition of 17 percent General Sales Tax on the export oriented sectors has increased the cost of doing business to unsustainable levels as consequences of pending refunds, liquidity squeeze and bleak industrial production and bulk of industry's investible capital being soaked up by the sales tax refund cycle.

While President Bahawalpur Chamber of Commerce and Industry had written a letter to Governor State Bank of Pakistan requesting to wave of the mark up of the ginners during March 20 to June 20. It is proposed that renewal of bank limits of cotton ginners for the next season to be done keeping in view of COVID 19 pandemic and facilitate ginners by relaxing the banking rules to enable them to operate their units.

Moreover, Trading Corporation of Pakistan may please be advised to buy the remaining stock of cotton balls lying with the ginners. Due to the non-availability of the buyers and lack of demand ginners are under pressure and it is difficult to start procurement of new crop from lower Sindh.

Naseem said that while addressing a meeting in Multan agriculture minster Punjab Malik Noman Ahmad Langrial said that government is trying it's best to achieve the target of production of 75 lac bales of cotton.

He told that 1600 bales of Tando Adam were sold in between Rs 8350 to Rs 8450 while 400 bales of Tando Adam were sold at Rs 8375-8400, 1000 bales of Sanghar were sold at Rs 8350-8400 and 200 bales of Kotri were sold at Rs 8400 per maund.

He also told that 1000 bales of cotton from the areas of Balochistan including Lasbela, Sakraan, Wander and Doreji were available at Rs 4300 to Rs 4350 per maund.

Naseem Usman also said that rate of new cotton of Sindh is Rs 8300 to Rs 8350 per maund while in Punjab the rate of new cotton is in between Rs 8600 to Rs 8650.

He told that Phutti of Sindh was sold in between Rs 4000 to Rs 4300 per 40 kg. The rate of Phutti in Punjab is in between Rs 4000 to Rs 4400 per 40 kg. The rate of Banola in Sindh was in between Rs 1950 to Rs 2100 while the price of Banola in Punjab was in between Rs 2000 to Rs 2240. The spot rate remained unchanged at Rs 8400 per maund. The polyester fiber was available at Rs 157 per kg.

Source: brecorder.com– Jul 07, 2020

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Turkmenistan exports 70% of its textile products

Turkmenistan presently exports more than 70% of its textile products to foreign markets, Business Turkmenistan reports.

The Ministry of Textile Industry of Turkmenistan operates more than 70 enterprises, including for the production of various types of cotton and mixed yarns, fabrics, jeans, knitted fabrics, and finished products from these fabrics. The companies have installed equipment from companies of Japan, Italy, Germany, Belgium and Switzerland. The operation of several large textile industries within the framework of the "raw materials - finished products" principle has shown that this method is more effective, the report said.

The Ashgabat Textile Complex (ADT), which is one of largest enterprises in the Central Asian region of its kind, fully supplies the country's domestic markets, producing a variety of export-oriented products.

The distinguishing feature of the products manufactured by enterprise is that no chemical additives are used in the dye or softening agent. The enterprise names its company's products "home textiles".

ADT specialist Azatdurdy Berjanov said “the products of our textile complex are presented to the public with the trademarks ADT, Goza and Vada. At the beginning of the year, the tailors also started decorating their products with the symbol "Turkmenistan – Home of Neutrality".

Last year, the textile complex also set up a department specializing in soft toys production. The range of toys made today is steadily increasing. Soft toys are made from scraps of handkerchiefs.

Source: akipress.com– Jul 07, 2020

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Need for Technology in Textiles Production

The world of textiles is well-established, generally sophisticated and expanding globally in recent years. While one side innovations are happening on materials including woven, knitted and nonwoven fabrics in forms from natural, synthetic, inorganic, including bio-polymer materials, on the other side, companies are adopting new technologies that are helping the factories smarter, efficient and more productive.

Business Standard recently held a webinar 'New Learnings in Textiles Technology in the post-COVID World' along with TEXPROCIL. Speakers are of the view it is time to look at new possibilities, leveraging technology.

K V Srinivasan, Chairman, TEXPROCIL said that we have come a very long way and many innovations have led to improving efficiency and productivity levels through the years. As we speak today much has been said about how the nation can use the COVID-19 opportunity to redefine its future.

The industry needs to join hands to reinvest and modernise to improve efficiency and productivity. It is time for the industry to introspect, move away from the lament-stuck narrative of the textiles sector and bring in scientific temper. It is time to look at new possibilities, leveraging technology.

Ashwini K. Agrawal, Institute Chair Professor and Head Department of Textile and Fibre Engineering at IIT Delhi said factors of growth would be fashion and lifestyle, rising demand from new application areas, varying consumer preferences, environment/climate change and global warming. He presented some case studies of Indian and global companies and also said that cotton is going to stay here as it is soft and breathable, safe to wear and easy care.

He concluded saying innovation, sustainability, social responsibility, verifiable claims (tracking) and branding should be the new thinking to create a special space.

After narrating and giving examples of how AI and IoT can reduce cost and improve efficiency, Prof. Asim Tewari from Department of Mechanical Engineering, Indian Institute of Technology Bombay, Mumbai said AI can provide a decisive business advantage, while IoT is needed to generate data to feed AI Domain knowledge is needed to monetize AI Cheaper, better, faster. MSME is best suited for IoT AI deployment for local customised solutions (supervised learning), cost-effective, technology agile.

Rohan Patodia, Co-founder, Ducit Materials said that like every sector and industry globally, the textile sector needs to evolve and move forward with the times, it has done so in the past and will do so in the future. People usually compare India with China, massive capacities and mass production.

Barring a few players who have reached that scale in India, the MSME sector can benefit by creating and innovating through technology. This technology can be defined by AI and IOT systems which make factories smarter, more efficient and operationally better.

The second is product technology, unique finishes and partnerships can help India use its Raw Material base advantage and promote products in niche markets and niche brands which are starting to dominate the foreign landscape. Customers want smarter clothes, more multi-functional wear. There are more markets than just the fast fashion markets to compete in.

"I hope the MSME sector rises to the challenge and create immense value for its customers with the existing infrastructure they have. These value additions will create in the long-term competitive and strategic advantages for the entire value chain from cotton farming to garment making," he said.

Source: business-standard.com– Jul 07, 2020

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Maharashtra, UKIBC sign MoU to foster sustainable ties

At a recent virtual roundtable in Mumbai, United Kingdom-India Business Council (UKBIC) managing director Kevin McCole signed a memorandum of understanding (MoU) with Maharashtra Industrial Development Corporation (MIDC) chief executive officer P Anbalagan to help the state proactively improve its business environment and strengthen its collaboration with British businesses.

Speaking on the occasion, Kevin McCole, UKIBC, said: "This, I think, is vitally important because, as our economies and societies recover from the COVID-19 pandemic, the need for expanded trade, investment, and collaboration between the UK and India only increases."

"Maharashtra state looks forward to further strengthen its business relations with the UK, by diversifying and expanding the activities and with a thrust on manufacture of engineering components, capital goods and industry 4.0," B Venugopal Reddy, principal secretary, industries in the Maharashtra government, said.

Discussion at the roundtable focused on the economic and social contribution UK businesses make to Maharashtra, their future investment plans, the state's plans to re-grow the economy, and on the importance of international trade, according to a UKBIC press release.

The UKIBC's annual Doing Business in India report found that Maharashtra is the top destination for improved business environment in India and the most common state that UK companies are looking to expand in. Thirty per cent of British companies running operations in India, including industry giants like Perkins Engines and Diageo, are based in Maharashtra.

UKIBC will support interactions between UK businesses and the state government to provide direct feedback from business on the ease of doing business and market access. These interactions will take the form of dialogues, annual ministerial meetings and various delegation visits.

Source: fibre2fashion.com– Jul 07, 2020

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Govt eases export, import process; lays out 'Turant Customs' plan for faster clearance

In an effort to smoothen the process of imports and exports in India, the government has introduced a contactless process, which would enhance the in-house testing capability of the customs. M Ajit Kumar, Chairman, Central Board of Indirect Taxes & Customs (CBIC) unveiled new and modern testing equipment inducted into the Central Revenues Control Laboratory (CRCL), aimed at making imports and exports clearances faster, said a statement by the Ministry of Finance. Under the CBIC's flagship programme — Turant Customs — the government has equipped the testing facilities of the CRCL with state-of-art equipment, costing about Rs 80 crores.

With the new upgradation, the exporters can self manage changes in their bank account and AD Code through ICEGATE as well as register on ICEGATE without having to approach a Customs officer. The facility of an automated debit of bonds for importers has also been announced today. It has also been decided that the balance in the bond would be indicated in the import document, which would help importers in planning their imports.

The government has further planned to set up Turant Suvidha Kendra (TSKs) to all the customs formations from 15 July 2020, which will be the sole physical interface point with customs formations whenever physical submission of documents is necessary. With the contactless procedures, not only the process of imports and exports will fasten, but the social distancing will also be respected amid the ongoing coronavirus pandemic.

Meanwhile, along with the speed and social distancing, the upgraded instruments will help the customs to make a more strict check of goods that are being traded. The customs have recently cracked an illicit trade of around 30 kg of gold from an air cargo meant for the UAE consulate in Thiruvananthapuram. It was for the first time in the country that the customs had seized gold from diplomatic baggage meant for the staff in the United Arab Emirates Consulate General in Kerala. The gold was smuggled into the state through a chartered flight.

Source: financialexpress.com– Jul 07, 2020

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Covid and the paradox of India's trade surplus

The RBI has released India's balance of payments data for the fourth quarter (January-March) of 2019-20. It shows that during this quarter, India has managed a small current account surplus which is around 0.1 per cent of the GDP. Breakup of the data show that the surplus in the current account is largely driven by a lower trade deficit. This trend has continued and data from the Commerce Ministry show that for the months of April and May 2020, India's trade balance has improved further and has turned positive after many months.

This is a rare occurrence because since 1976-77, there has not been a single year when India did not incur a substantial merchandise trade deficit. A high trade deficit tends to pose a concern for both the government and the RBI. Thanks to the surplus on account of invisibles, emanating mainly out of services exports and remittances, India's substantial trade deficit turns into a moderate current account deficit (comprising both merchandise trade and invisibles).

But why do we always tend to have a trade deficit? Tautologically, our inability to export more and import less can be held responsible. Our lack of export dynamism in comparison with our East Asian neighbours is well-known.

On the other hand, large imports of oil, gold, and electronics have chronically inflated our import bills. Thus, any news of a reduction in trade deficit is often greeted with an expectation that it may represent some dynamism of the Indian economy. Is such exuberance connected with a reduction in trade deficit always justified? Current trends in international trade raise some serious questions.

Recently released trade data from WTO show that the Covid crisis has had a severe impact on international trade. As the world went into a lockdown, it severely affected economic activities everywhere. Estimates by the WTO suggest that for the second quarter of 2020 — a period when the lockdown was in place — the global trade is likely to suffer a year on year drop of around 18.5 per cent. This is one of the steepest falls in international trade on record. Along with the lockdown, the WTO attributes this decline to the growing geopolitical and trade tensions.

India's trade also suffered. India's merchandise trade (exports plus imports) has gone down from around $66 billion (average of January and February 2020) to $27.48 billion in April before recovering to around $41.25 billion in May (see Table).

India's trade data

In comparison, India's total merchandise trade in May 2019 was $75.25 billion, implying around a 45 per cent decline in May 2020 compared to the same month last year. Merchandise exports declined by around 36.3 per cent, but merchandise imports suffered a more significant decline and shrunk by more than 51 per cent. Though the numbers in May 2020 show an improvement in trade performance compared to April 2020, it is possible that some of the increases in May are due to the release of held-up consignments at the ports.

The impact on trade in services, however, is much less severe. After all, services trade in India is dominated by IT/ITES exports, that are less susceptible to disruptions in logistics. The average trade in services for January and February 2020 was around $33 billion. The corresponding figures for April and May are $28.3 and $24.2 billion, respectively. Compared to the same month last year, services exports declined by 13.7 per cent, and services imports declined by 26.12 per cent.

Given that the Covid-19 crisis has led to an almost complete shutdown of some major service sectors like airlines, hospitality, and travel and tourism, this relatively moderate decline in services trade is a relief. However, unlike merchandise trade, India's trade in services shows a decrease in May compared to April.

Warning sign

Overall, India's trade balance in April and May 2020 have turned positive. Some sections are lauding this 'achievement' of India. However, as the Table shows, this improvement in trade balance has been driven mainly by a sharper decline in imports. This is a warning sign for the economy as the decline in imports, especially in merchandise goods, points towards a contraction of demand in the real economy.

A look at the details behind the import contraction suggests that the decline in imports in May 2020 was led by mainly by a sharp decline in imports of gold (-98.4 per cent), petroleum goods (-72 per cent), coal (-44.9 per cent), electronics (-40.3 per cent) and machineries (-34.4 per cent). While declining petroleum prices and rising gold prices have affected the import patterns, the sharp decline in imports of fuel and machinery do indicate a severe demand slowdown in the economy.

Covid-19 is going to have a heavy toll on the economy. The foreign trade numbers give us an early warning of the impending slowdown. The World Economic Outlook of the International Monetary Fund, released on June 24, has indicated that India's GDP is projected to contract by 4.5 per cent during 2020; if this turns into a reality, then this is going to be the second most severe contraction in post-Independence India. We are keeping our fingers crossed.

Source thehindubusinessline.com– Jul 07, 2020

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Boycott of Chinese products should be done in calibrated manner: Traders' body

Amid a call for boycott of Chinese goods after the Ladakh face-off, a national trading body in a letter to Prime Minister Narendra Modi has said, it should be done in a calibrated way and not until alternatives are in place.

The trading body also sought fiscal support from the government to encourage traders to import goods from other countries instead of China.

The Federation of All India Vyapar Mandal (FAIVM) said, though they support stopping the import of Chinese goods for creating a roadmap to reduce dependence on Chinese products but any action should not endanger" the ongoing domestic business.

China exports products worth USD 74 billion to India annually.

Leaders in the trading community are of the opinion that our industries could be endangered due to non-availability of ready stock due to disrupted supply from China for industrial products such as machinery parts, bearings and other parts," FAIVM general secretary V K Bansal said in a letter to the Prime Minister.

The traders have also expressed apprehension about the landed cost of imports from other countries as normally Chinese products are cheaper by 30 per cent to 70 per cent as compared to other countries, he mentioned in the letter.

The FAIVM claimed to be active in 18 states across the country.

A trader dealing with chemicals said, currently the entire requirement of citric acid in the country is met through Chinese imports.

"We have written to the Prime Minister highlighting the reality even as we all support reduction of Chinese imports. But that should be in a calibrated way and not until alternatives are in place. Based on feedbacks from our members on July 4, we put forward some of the suggestions," Bansal told .

Asked about the demand of some other national trade bodies seeking blanket ban, Bansal said, "we are not in favour of such a ban."

In view to reduce India's dependence on Chinese goods, the government should provide some financial support and incentives for imports from other countries instead of China.

"Financial support may include import duty exemption, cash subsidy on imports from other countries to maintain the level of cost of Chinese products," the FAIVM suggested in the letter.

President of the Confederation of West Bengal Trade Association Sushil Poddar said, "Our own manufacturing may take 1-2 years time to produce goods that can be a substitute for Chinese items. However, during the intervening period we need some other supply source."

The Federation of Indian Export Organisations had said, boycotting of Chinese products may not be feasible for India as domestic industry is dependent on input from there.

The JSW Group said the conglomerate would stop annual imports from China worth USD 400 million in the next 24 months.

Source: economictimes.com– Jul 07, 2020

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Assam govt invites textile firms to invest in state

The Assam government has invited textile companies to invest in the state, assuring customised support to their business ventures.

With the advancement of the Act East policy, Assam is now the centre of Southeast Asia with access to eight crore people, Industry and Commerce Minister Chandra Mohan Patowary said.

Participating from Assam in the 'Exclusive Investment Forum' webinar organised by the Union Ministry of Textiles in collaboration with Invest India on Monday, Patowary said the state's robust infrastructure makes it an ideal investment destination for textile and apparel companies.

"As per the fourth All India Handloom Census, Assam has the highest number of looms and weavers in India. With 10.9 lakh weaver households and 10.19 lakh looms, the cottage industry provides huge employment opportunities to the people.

The state has a textile park and is contemplating to set up another such park," he said.

Apart from Assam, representatives of Gujarat, Maharashtra, Madhya Pradesh and Telangana participated in the webinar.

Chairing the webinar, Union Minister for Textiles, Smriti Irani, highlighted the centuries-old history of textile in India. She said India has a vast textile market, abundant raw materials and investor-friendly policies.

Assam produces 4,650 tonnes of Eri silk, 156.96 tonnes of Muga silk and 59.50 tonnes of mulberry every year, state Industries and Commerce Department Commissioner and Secretary K K Dwivedi said.

Source: livemint.com– Jul 07, 2020

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Indian yarn industry grapples with 4Cs

The Indian yarn industry is currently grappling the problem of 4Cs that include China, COVID-19, Consumption and Collection.

The clash at the borders has the entire nation calling for boycotting Chinese goods and cancelling import contracts with Chinese businesses.

However, the government is unlikely to take any step against trade with China as India has a largest trade deficit with China. The trade deficit between the countries in 2018/19 was $53.5 billiion.

But the government's move o ban 59 Chinese apps has definitely, albeit temporarily, soured the sentiments regarding shipping yarns to China at this juncture. Suppliers are thinking twice about risking their shipment. .

The fear psychosis is preventing any lift off in consumption in the country. Until people freely go for buying new clothes, the demand for yarns is unlikely to pick up. Brands also have large unsold inventories to clear. Hence, they are not likely to order for more yarns

Yarn prices haven't changed much over the last fortnight. In some verticals, they have in fact eased a bit. Higher prices are not able to find any support.

Low production capacity utilization at spinning mills is helping prices stay afloat. Factories are not running at full capacities and and LCs are delayed too. European buyers have booked decent quantities and so has Egypt.

Source: fashionatingworld.com– Jul 07, 2020

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US apparel imports from India decline by 83%: OTEXA

US import of apparels import from India has sharply declined in May ’20, acceording to OTEXA. The country imported 19.63 million SME garments from India in the month of May which was worth $62.98 million.

In the same month of 2019, the US imported 111.62 million SME garments worth $387.32 million. Hence, the decline registered in May ’20 was 82.45 per cent in volumes and 83.74 per cent in values, on Y-o-Y basis.

The fall in May ’20 over April ’20 was also substantial as shipment from India declined by 70.17 per cent in volumes on monthly basis and 71.44 per cent in values. This was the highest fall of any top country in the list exporting apparels to USA.

Cumulatively in January-May ’20 period, the fall experienced by India’s apparel shipment was 27.08 per cent in values and the country clocked $1,424.63 million revenue as against$1,953.74 million in the same period of the prior year.

It’s worth mentioning here that the US imported $23.92 billion worth of apparels in Jan.-May ’20 period, marking 27.76 per cent decline on yearly basis. India’s share to the US, however, remained unchanged as it was 5.93 per cent in the current year, while the share in the corresponding period of the previous year was 5.91 per cent, in value terms.

Furthermore, unit prices of India’s shipment to the US also decreased to $3.50 in the review period of 2020 from $3.56 in the review period of 2019, noting 1.74 per cent decline.

The lockdown in April and May have clearly hurt the Indian shipment of apparels of USA. The factories in India have started resuming operation from June first week and the reflection of the same will be seen in the subsequent months.

Source: fashionatingworld.com– Jul 07, 2020

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Telangana Textile Policy best in India, says KTR

Telangana's Textile Policy is the best in the country and the government will provide assistance to companies if they come forward to invest in the State, said IT and Industries Minister KT Rama Rao.Rama Rao, who was participating along with Union Textiles Minister Smriti Irani in a webinar, hosted by Invest India Exclusive Investment Forum under the title 'Textile and Apparel Sector Edition', on Monday, mentioned about Telangana's Kakatiya Mega Textile Park and said that it was the largest textile park in India.

He also said that the government was providing round-the-clock power and water supply to companies in the State. He said under the Mission Bhagiratha, 10 per cent of the water was allocated to the industries.

He said there were 60 lakh acres of cotton plantation in the State and the Southern India Mills Association had declared that the cotton quality of Telangana was the best not only in India but across the world. He gave an overview of the industrial policies and single-window clearance system under TSiPASS. Rama Rao also mentioned that industrial parks are coming up in the Textile sector in Telangana.

During the session, Welspun CEO Dipali Goenka appreciated the Telangana government and stated that Telangana was the best destination for industries. Telangana has a visionary leadership and hence offers the best industrial policies, suitable for business, Goenka added.Union Minister Smriti Irani said Telangana had been successful in attracting major investments in last six years with its unique policies. She appreciated the thoughts and inputs given by Rama Rao during the session.

24,000 PPE kits for GHMC staff soon

As the number of Covid cases are rising in the city, Municipal Administration and Urban Development (MAUD) Minister KT Rama Rao distributed PPE safety kits to frontline workers of Greater Hyderabad Municipal Corporation (GHMC) at the Animal Care Centre in Fathullaguda near Nagole, on Monday. The GHMC Commissioner DS Lokesh Kumar said,"As many as, 24,500 safety kits would be distributed among the workers within the next three weeks."

The kits will be distributed among sanitation, entomology and veterinary staff of GHMC. Lokesh Kumar said so far, 1,80,000 cloth masks, 27,000 pairs of hand gloves and 25,000 litres of hand sanitisers had been distributed to the GHMC workers. The Minister thanked Greater Hyderabad Municipal Corporation workers for keeping the city clean and in controlling the spread of Covid-19. “It is also your responsibility to look after your family members and keep them safe,” Rama Rao said.

Source: newindianexpress.com– Jul 07, 2020

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Gujarat farmers going nuts over groundnut

The area covered under the oilseed has already touched an 11-year peak

Betting big on higher prices, coupled with good rains and improved water availability, farmers in Gujarat are making a record of sorts in groundnut cultivation — the area covered under the oilseed has so far touched an 11-year peak.

As per data from the Gujarat government’s agriculture department, groundnut sowing in the State has touched 18,27,519 hectares as on July 6, 2020.

This is about 18 per cent higher than the three-year average of 15,40,078 hectares. It was last in 2009 that Gujarat had recorded groundnut cultivation on an area of 18.22 lakh hectares. All-India area under groundnut was 25 lakh ha as on July 3.

Farmer sources indicate that improved prices for the oilseed is the key factor for farmers turning to groundnut from other oilseeds such as castor and fibre crop of cotton. For the most part of the last year, groundnut prices in the spot markets have hovered above the minimum support price (MSP) of ₹5,090 per quintal for 2019-20.

On Tuesday, groundnut (bold) prices quoted at ₹5,555 per quintal at Gondal market. For the current kharif season 2020-21, the Centre has hiked the MSP to ₹5,275 per quintal, which is making the oilseed more attractive to farmers. The current spot prices, however, are off the recent peak of ₹6,255 per quintal in the past season.

Higher off-take

According to a Gujarat government district agriculture officer from one of the districts in Saurashtra — heartland for groundnut — of the key kharif crops such as cotton, groundnut and castor, farmers found better price prospects in groundnut, looking at its export potential and off-take as compared to the other two commodities, which have struggled for most part of last year with suppressed prices.

Recent data released by the Agriculture and Processed Food Exports Development Authority (APEDA) showed groundnut shipments were up sharply for the year 2019-20. The data showed groundnut exports jumped 51 per cent to $716 million ($474 million in 2018-19) on growth in volumes and pricing due to improved demand from countries such as Vietnam. Groundnut shipments jumped to 6.64 lakh tonnes for 2019-20 as against 4.89 lakh tonnes reported in the previous year.

This was not the situation with castor and cotton, for which farmers are believed to be holding unsold stocks of the previous season. Spot castor prices hovered at ₹3,830 per quintal as against ₹3,620 per quintal in June. However, in December 2019, prices hovered at ₹4,379 a quintal, which was lower by 15-18 per cent over the previous year.

The State, which is the largest grower of castor, has seen kharif castor cultivation abysmally low at 1,927 hectares as on July 6 as against the three-year average of 6,23,291 hectares.

Cotton, on the other hand, has been in the grip of a glut situation following the unsold stocks piled up at each level of the value chain, from ginned cotton to yarn to textiles and garments. Spot cotton quoted at ₹3,880 per quintal, which is much lower than the MSP of ₹5,515 per quintal for medium staple quality. As per Gujarat government data, cotton cultivation is completed on 18,25,276 hectares, which is about 32 per cent lower than the three-year average of 26,72,892 hectares.

Source: thehindubusinessline.com– Jul 07, 2020

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Waiting for Maharashtra government's economic package for MSMEs, says Chandrakant Salunkhe, founder of SME Chamber of India

MSMEs employ 16 crore people. This is excluding the additional 10 crore people that are employed unofficially, stated Chandrakant Salunkhe, founder and president of SME Chamber of India in an interview to FPJ's Jescilia Karayamparambil. So, to revive a sector, which creates millions of jobs, the state and the central governments will have to devise a strategy that will help the sector to recover, he added. Below given is edited excerpts:

How is COVID-19 challenges different or similar from pre-COVID-19 challenges?

Pre-COVID-19, there were plenty of issues already, particularly in raising funds, limited access to skilled manpower and other infrastructure issues. In addition, the economic downturn hit the medium, small and micro enterprises (MSMEs). This was followed by many clients cancelling export orders since September last year. Other than this, the taxation issue was also there.

Already SMEs were burdened with pre-COVID-19 issues when COVID-19 struck. The biggest issue was migrant labours leaving the city. This reverse migration took place because there was no support for their survival.

Due to COVID-19, the supply chain management was completely disturbed, manufacturing came to a standstill, transportation was an issue (at least in the first month of lockdown) and there was no access to skilled manpower. Even minimal machinery work was not possible, due to the lockdown.

It was only after the lockdown was lifted partially, companies were able to operate. In Maharashtra alone, there are around 19.5 lakh companies, of which nine lakh are service-oriented companies and around 10 lakh are manufacturing industries. So, the government is claiming that 75,000 companies have started and I do not think that is a big achievement for the government. The government's effort can only be appreciated if they were able to reopen a few lakh companies.

The Maharashtra government has not even announced a package for MSMEs in the state. In the case of the central government, it has announced Rs 3 lakh crore economic package particularly for those MSMEs that are enjoying facilities from banks already. Many MSMEs have approached the bank for working capital needs but no avail and other MSMEs are stuck in paperwork formalities.

The factories are allowed to function but there is no transport for workers to travel. Such issues crop up and there are no solutions to them yet.

What are the challenges faced by MSMEs in raising capitals?

In the last financial year 2019-2020 (since September), the growth in manufacturing activity and exports has been upside down. So, if a company with Rs 100 crore turnover, and annual growth of 20-30 per cent, was not able to achieve its target due to the economic slowdown in the last two quarters of FY 2019-2020, then the banks are not giving the companies the funds that they essentially require.

In addition, these companies have lost business in the first quarter of FY 2020-2021. So, it will be further difficult to raise working capital requirements from banks and other financial institutions.

Other issues that were raised are related to state government.

The Maharashtra government had announced on May 1 that there will be an economic package for the industry that are facing challenges and for rural areas. But nothing has happened there.

How do you see banning import and export of Chinese products and services hit Indian MSMEs?

MSMEs import large electrical equipment, chemicals, machinery etc from China. We are not capable of fighting with Chinese manufacturers. We depend heavily on China for most of the products that we import from China, as against our exports. Our imports are double the exports. Our industry is not an innovative industry (about 75 per cent of MSMEs). The sector only produces products and sells them in the market. MSMEs do not set aside money for research and development. This issue is not limited to MSMEs alone. Despite having funds, large companies do not support research and development units. In China, MSMEs' productivity is huge which is driven by innovation; also supported by a highly-productive labour force.

What policy level changes are you expecting from the government authorities?

The government should empower Indian SMEs by providing a level playing field. Funding should be made available easily and at low cost.

There is a need to put more efforts into the export promotion by finding new markets or new supply opportunities. At this time of the pandemic, we should see this as an opportunity.

Another policy level change should be to encourage industrialisation that should take place in rural India, rather than limiting these activities to metros.

There is a need to encourage entrepreneurship in the manufacturing sector. The government should encourage job creation and get labour forces back.

The government should also look at extending ease of doing business not just to foreign players but to India counterparts as well. The government should not provide red carpet treatment to foreign companies and offer red-tapism to Indian companies.

Would increasing the working hours of labour and annulling labour laws help MSMEs?

People working on the shop floors can hardly work for 10-12 hours. By increasing the working hours, the productivity of the workforce will come down. So instead of quantity, quality work should be the focus. If you make people work for long hours, the health of the people will deteriorate. So, encouraging long working hours is not a feasible option.

Would that mean MSMEs will forgo their employees and focus more on automation?

This is not possible for SMEs as they lack funds to invest in capital-intensive goods, advance machinery and technology among others. To achieve digitisation and automation, the banks will have to come forward to support MSMEs by offering loans at the rate of six per cent.

The Maharashtra government announced the new website to promote local talents. How will it help MSMEs?

The website was to help employers and employees find their match, but it will take some time before it becomes smooth. This website will not just help industries in Mumbai but in other parts of Maharashtra.

While this project is mainly for bhumiputra (sons of the soil), it has to be noted that these are not the types of jobs that the sons of the soil are looking for. So, we will end up depending on migrant labourers. In the past, there were few programmes that were run to encourage participation from sons of the soil but there is no clarity how much has that helped the state government.

Source: freepressjournal.in– Jul 08, 2020

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'Global Bharat': SAP's new tech initiative to make MSMEs globally competitive

The economic impact of the Covid-19 pandemic has been felt majorly by micro, small and medium enterprises (MSME) across the country. "Being a potential contributor to India's GDP (29%) and providing employment to over 111 million people, it is imperative to strengthen the sector for the revival of the country's economy," said Deb Deep Sengupta, president and managing director, SAP Indian subcontinent.

The enterprise software maker's 'Global Bharat' programme is designed to enable MSMEs to augment business operations and re-access critical processes that overcome inefficiencies and make them globally competitive by equipping them with digital technologies. In association with Nasscom Foundation, United Nations Development Programme (UNDP) and Pratham InfoTech Foundation, the programme compliments the government's vision to empower MSME sector by providing them access to global marketplace, digital skilling for the workforce and transforming business processes. Global Bharat will enable Indian MSMEs to become future-ready while driving greater efficiencies by adopting these three initiatives:

Gaining access to global marketplace: MSMEs will have open access to SAP Ariba Discovery where any buyer can post sourcing needs and any of the four million suppliers on Ariba Network can respond with their ability to deliver the goods and services required with no fees through December 31,

2020. Ariba Network is the largest digital B2B marketplace where more than $3.3 trillion in global commerce flows annually.

Digitally skilling workforce: Business owners will have access to SAP India's digital skilling initiative, Code Unnati. MSMEs will be provided accessibility to 240 courses on digital financial, soft skills, productivity technologies that will digitally skill the workforce and help adapt to the new working environments. The courses will be made available through a mobile application for people to access via their Android smartphone devices.

Digitally transform businesses: Global Bharat brings affordable and accessible enterprise technology for MSMEs. Through Bharat ERP initiative, they can adopt SAP's ERP; Business One Starter Pack on the cloud. We understand from SAP's partner ecosystem that this cloud offering will be available for `3,999 per user per month with accessibility for maximum of five users per MSME.

Source: financialexpress.com– Jul 07, 2020

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Donear Group invests around Rs 10 crore to grow its antiviral fabric business

Donear Group is planning to go big in the antiviral fabric business along with expanding in medical textiles, said Rajendra Agarwal, managing director of Donear Group in an interview with FPJ's Jescilia Karayamparambil. He further revealed the company has invested around Rs 10 crore on textile technology — HeiQ Viroblock NPJ03. Donear Group's NEO TECH in partnership with HEIQ Viroblock has come up with this technology. Given below is the edited excerpts from the interview

Are you supplying HEIQ Viroblock fabric to airline players?

We have an existing partnership with Go Air. We are supplying healthcare shields and not the fabric. In the past, we have supplied fabric to airlines like Spicejet and Indigo. We regularly service these companies for their uniform.

In the case of NEO TECH fabric, this is promoted by our three brands — GBTL, OCM, Donear. This product development is the stimulation of the research and development team. This fabric is very much effective against

SARS-CoV-2 (COVID-19) virus. Our partners have tested this fabric. An Australian laboratory has found the fabric effective against the virus.

How is the demand for the fabric so far?

We are not the only company but there are other Indian companies namely Arvind, Rajasthan Spinning and others that have also opted for this technology. In the case of fabric over the counter, we have started supplies. This fabric has received a very good response, so far.

In the clothing line, Zodiac has purchased our fabric. The company's managing director, Salman Noorani has informed us that the first lot of fabric has been sold completely. He has placed another order and he is expecting a good response.

Do you see retail business picking up?

As far as metros are concerned, the business is completely shut. But in the northern states like Punjab, Haryana, and Uttar Pradesh among others except for metros, about 70-80 per cent operations have resumed. But the sales over the counter is 20-25 per cent. The sales online, especially for apparels and clothing business, is hardly 15-20 per cent. Due to the buying behaviour of India consumers, the demand for apparels and fabrics has a decent offline demand as well.

For our online business, we have tie-ups with Amazon and Myntra. Though we are selling regular fabric, we have not started manufacturing garments even though we have retail showrooms. So, our garments are yet to come out. As soon as the anti-COVID-19 garments are out, it will be marketed online as well.

Can people purchase antiviral fabric online?

No, fabric business is 90 per cent offline. Only garment and clothing can be online. Madura garments are planning to come online with garments (made from Donear's Neo Tech technology). Zodiac is more active offline. So, it got good responses offline.

We are assuming this product to become popular in e-commerce sites.

How much has the group set aside for this fabric?

We have invested Rs 10 crore for this fabric. This investment has gone in chemicals, machine modification and marketing activities among other areas.

How are you managing your working capital? Have you managed to raise funds from banks?

We are the most conservative company. In the last 40 years since the group started banking, we have never defaulted. We started banking in the year 1977. As we never had any default, the banks have displayed confidence in us and thus, these institutions have cooperated with us.

In tough times, we also bring in promoters' funds into the company. During this difficult time as well, the company has raised a good sum from the promoters.

Does that mean capital is not a constraint for you at this time?

Yes, we make sure that capital is not a constraint for any of our projects. It is because as a company we calculate the financial requirement before venturing into new projects. We as a company strongly believe that running a project halfway is more dangerous than not running.

What is the production capacity of the fabric? How much has been dispatched so far?

At present, we started manufacturing around 3 lakh meters a month. We have been able to dispatch 2 lakh metres. This is because the production of this fabric started in the month of June. There are more orders in the pipeline. So, for the next two months, there will be a fairly good amount of dispatches. In the year 2020, we expect 10 per cent business out of the COVID-19(resistant) fabric.

With work from home gaining momentum, do we see you venture into that area?

This can be a good opportunity for people who are already there in this business. Textile or garment business looks similar but every business is a special business. We are not thinking about venturing into that business. We want to focus on apparel business which is for formal and casual wear and is not for home wear.

Is the Donear Group considering expanding in any new areas looking at the opportunities created by COVID-19?

We are planning to go for technical textile for healthcare in a bigger way. We have decided to venture into polyester filament yarn (this will not be regular but speciality yarn) in a larger way.

We are eyeing these two businesses in a big way. In the case of technical textile, we are already doing a small amount of business but we want to grow further in that area. Keeping the growth plans in the mind, we have already aligned our senior professionals to take care of this business. In the next six to eight months, there will be a positive impact of this on our overall business.

What is your current presence like in technical textile?

We have had a presence in medical textile for the last three-four years. We are supplying to American institutions already. This is the reason we were able to come with this antiviral fabric on April 21. We already know the way medical textiles operate. But now the plan is to increase our market share by concentrating further in this space.

As part of our expansion plan, we plan to export largely to the United States. But having said that, I would like to add, we already export to the European Union and Latin America.

Do you import anything from China?

Since we are a composite company, we do not buy anything from China. This is mainly because we have everything in-house. Thus, the supply chain management issue is not a pain point for us compared to other companies.

Are you looking at positive growth or flat growth this year?

Since all the companies have lost two quarters already, such parameters should not be considered. One should try to reduce the impact of this loss in their bottom line and focus on increasing the market share. That is the principal focus of the company as well. Due to cost control measures adopted by the company, we hope to become a lot more efficient in terms of optimisation of resources. The benefits of all the measures will be enjoyed next year in a better way. This will improve next year's top line and bottom compared to previous years.

Did Donear cut jobs as a cost-cutting measure?

We have not cut jobs. However, there were few non-performers who were in the hit list of the organisation. They have been asked to leave. This is hardly 2-3 per cent. But at the same time, we have extended our support to those employees. In case they are in shortfall of any basic necessities, they can come to the company for help. We will take their responsibility until September 2020.

Are you looking at policy support from the government?

If India creates some benefits, like China, then we can compete in the export market in a better way. That is the only way the textile industry and India can grow in a faster way.

How is the impact of COVID-19 in the textile industry?

This year the textile industry is expecting 70 per cent of the turnover this year compared to the last year.

Do you think the Indian textile industry can capture markets where Bangladesh has a good presence?

For that to happen, the SAARC agreement will have to be modified. At present, Bangladesh imports fabric from China and does garments in Bangladesh. And retail companies are importing those products duty-free from Bangladesh. As a country, we should make sure Indian-made fabrics that are stitched in Bangladesh enjoy the duty-free benefit.

Source: freepressjournal.in– Jul 07, 2020

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Indian textile makers are trying to survive Covid-19 by launching "anti-virus" fabrics

Textile companies in India are relying on fretful consumers to revive their hobbled businesses.

In recent weeks, several firms, including Aditya Birla Group's Grasim Industries, Mumbai-based textile company Ruby Mills and suitings brand Donear, among others, have launched fabrics that promise to keep clothes virus-free.

On June 19, Grasim Industries launched its "antimicrobial" textile fibre, which it had been developing well before Covid-19 spread in India. "It became more and more clear to us that...perhaps consumers would be looking for this kind of thing now because there is such a pervading fear of catching the disease," said Rajeev Gopal, chief sales and marketing officer at Grasim Industries.

"Antimicrobial" fabric is typically used for making bed covers, curtains, and surgical masks used in hospitals as it contains agents that prevent the growth of bacteria and viruses.

These fibres typically also contain an additional layer of protection that stops bacteria and viruses from settling on the cloth.

Companies, though, tend to use different techniques to produce such textiles. Grasim, for instance, injects the antimicrobial agent into fibres at the initial stage itself.

The agent then becomes an integral part of the textile, Gopal said. This fibre can last up to 50 washes.

Ruby Mills, on the other hand, introduces the antimicrobial agent at a later stage. Its "H+ technology" allows it to incorporate antimicrobial properties on a range of textiles like cotton and polyester when their fibres have already been processed.

"We had been working on such a product since 2016 to prevent the growth of Middle Eastern Respiratory Syndrome, so this product is not been an overnight development, but a tweak to our existing research," said Rishabh Shah, managing director of Ruby Mills.

Even as the product appears timely, there will be challenges to its success.

Pivot to survive

One of the many challenges facing India's textile industry, which contributed 2% to the country's GDP and employed 45 million people in 2019, is that consumers are afraid to step out and buy clothes. "Consumers don't want to roam around and shop like they used to before Covid-19," said Avinash Mane, commercial head South Asia business at Austrian fibre company Lenzing, which has tied up with Ruby Mills to introduce an antimicrobial fabric.

Experts, such as Rajat Wahi, partner at Deloitte India, said that the decline in shoppers stepping out has led to a 40% fall in consumption and could cost the textile industry almost Rs1 lakh crore ($13.37 billion) of business this year. "All the inventories of major apparel and textile brands are sitting in the stores," said Wahi. "These (challenges) will spur innovation."

For companies, it is a question of sink or swim. "You can survive in this situation only if you make something that is sellable," said Mane.

But are antimicrobial materials really the solution to revive these businesses?

Many medical professionals concur that it is highly unlikely for the Covid-19 virus to spread through clothes, leaving little room for such products to be useful.

"There's a lot we don't know about this virus, and we are learning more about it every day. But this is our current understanding: If you are out for a run in your neighbourhood or making a quick visit to the grocery store, it is highly unlikely that you would contract Covid-19 via your clothes or shoes. We don't believe shoes or clothing are a significant source of transmission," Dr Vincent Hsu, MPH, a board-certified internal medicine, infectious diseases, and preventive medicine physician at AdventHealth in the US, told Healthline.

But Deloitte's Wahi thinks Indian consumers may get lured because "right now everyone's scared." Considering the consumer sentiment, if such a fabric is introduced in the market, many might see it as an essential product," Wahi said. "If these products are genuine and if they are verified by reputed medical organisations, there will an uptick in terms of its usage."

Source: qz.com– Jul 07, 2020

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