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# INTERNATIONAL NEWS

## US Jeans Imports Show Some Bounce in August, as China Fades

U.S. jeans imports, sluggishly rebounding from the severe Covid-induced economic downturn, notched a second straight month showing a bump in shipments, but remained well below last year's levels.

The latest data from the Commerce Department's Office of Textiles & Apparel (OTEXA) showed imports of blue denim apparel were down 32.19 percent in value to $1.69 billion in the year to date through August. This was a bit better than the 35.26 percent year-to-year decline in the seven months through July.

Most denim brands and retailers have said they have focused on working through inventory stuck in warehouses and stores, while curtailing import orders. Levi Strauss & Co. said Tuesday in reporting its third quarter results that its inventory position had improved.

"The adverse impact on cash from operations related to the widespread temporary store closures and other significant adverse impacts of the COVID-19 pandemic was more than offset by the company's cost reduction initiatives and focus on working capital management, in particular managing inventories, including reducing and canceling inventory commitments and redeploying basic inventory items to subsequent seasons, as well as negotiating extended payment terms with suppliers, vendors and landlords, and vigorously pursuing collection of receivables," Levi Strauss & Co.

"Total inventories were up one percent compared to the end of the corresponding prior-year period, despite the sales decline of 27 percent, reflecting the company's aggressive inventory actions in response to the COVID-19 business disruption."

Cambodia and Vietnam continued to be the only major suppliers on the plus side of the ledger. Jeans imports from Vietnam increased 1.51 percent to $230.19 million in the first eight months of 2020, while Cambodia's shipments were up 23.2 percent to $89.03 million, according to OTEXA.

Denim apparel imports from now-top supplier Bangladesh were down 8.46 percent to $333.55 million in the period and No. 2 Mexico's imports have fallen 50.89 percent to $274.45 million. Both countries trimmed their year-to-date losses in August from the prior month.

China's plummeting market share continued, dropping to the No. 4 supplier in value behind Vietnam, OTEXA data revealed. Jeans imports from China were down 60.21 percent in the eight-month period, slightly better than the 63.23 percent decline a month earlier, to $205.94 million. Experts don't see China's slide slowing down much, even under a potential Biden administration, which is expected to continue a tough trade policy against the country.

Nicole Bivens Collinson, president of international trade and government relations at Sandler, Travis & Rosenberg, said Biden has said he may keep Trump's tariffs on China and has pledged to "insist on fair trade."

The rest of the Top 10 suppliers showed moderate improvement in the month, but shipments remained significantly down for the year. Imports from Pakistan were down 16.44 percent to $142.79 million, Egypt's were off 38.2 percent to $71.94 million, Nicaragua's have fallen 31.12 percent to $55.7 million, Sri Lanka's have dipped 17.49 percent to $31.06 million and Lesotho's have decreased 12.47 percent to $31.79 million.

Among the second-tier suppliers, three African countries were the only producers to register year-to-date increases. Jeans imports from Madagascar increased 22.17 percent to $20.55 million, shipments from Ethiopia rose 17.25 percent to $13.07 million and imports from Tanzania were up 7.02 percent to $9.29 million.

Source: sourcingjournal.com- 08, 2020

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## USA: Cargo Imports Set Record as Retailers Stockpile for Peak Season

Cargo imports reached an all-time high this summer, as retail sales bounced back somewhat from the pandemic and merchants replenished inventories and stocked up early for the holiday season, according to the monthly Global Port Tracker report released Thursday by the National Retail Federation (NRF) and Hackett Associates.

"After staying at home this spring, consumers are buying again and retail supply chains are working overtime to keep up with demand," Jonathan Gold, vice president for supply chain and customs policy at NRF, said. "Nothing about this year is predictable, but retailers are making sure their shelves and warehouses are well-stocked for the holidays. They are also stocking up earlier than usual because they know many consumers will be shopping early this year to avoid crowds and shipping delays. Some holiday merchandise that normally wouldn't arrive until Halloween is already here."

U.S. ports covered by Global Port Tracker handled 2.1 million Twenty-Foot Equivalent Units (TEU) in August. That was up 9.7 percent from July and 8 percent above year-ago levels. It was also the highest number of containers imported in a single month since NRF began tracking imports in 2002, beating 2.04 million TEU seen in October 2018 ahead of a scheduled tariff increase.

Container imports for September were estimated at 2.08 million TEU, a 10.9 percent year-over-year increase. September's actual total won't be known until next month, but could become the second-highest month on record, NRF said. October cargo shipments reaching U.S. ports are forecast at 1.86 million TEU, down 1.1 percent year over year.

Those numbers would amount to a record 7.96 million TEU during the July-October "peak season" when retailers rush to bring in merchandise for the winter holidays, topping 7.7 million TEU in 2018, NRF noted.

November shipments are forecast to be down 5.1 percent year-over-year to 1.61 million TEU, down, and December is expected to be down 11.2 percent to 1.53 million TEU. That would bring 2020 to 20.5 million TEU, a drop of 4.9 percent from last year to tie 2017 for the lowest annual total in three years. The first half of 2020 totaled 9.5 million TEU, down 10.1 percent from last year.

Hackett Associates founder Ben Hackett said the summer import growth reflects retail sales that have seen year-over-year gains each month since June, including 2.6 percent in August.

“Retail sales are a big part of consumer spending, so one would expect to see an increase when the economy improves and consumers are confident,” Hackett said. “But less than six months after the biggest decreases on record this spring, retail sales have bounced back to pre-crisis levels.”

Global Port Tracker provides historical data and forecasts for the U.S. ports of Los Angeles/Long Beach and Oakland, Calif., and Seattle and Tacoma, Wash., on the West Coast; New York/New Jersey; Port of Virginia; Charleston, S.C.; Savannah, Ga., and Port Everglades, Miami and Jacksonville, Fla., on the East Coast, and Houston on the Gulf Coast.

Source: sourcingjournal.com- 08, 2020

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## Textile industry to brace for more uncertainties: Ind-Ra

The US withhold release order (WRO) on cotton and apparel imports from specific producers in Xinjiang Uygur Autonomous Region (XUAR) may escalate global trade tensions and thus have negative implications for the Indian textile sector in the short run, according to India Ratings and Research (Ind-Ra), which believes it could, however, be beneficial in the medium term.

There is a risk of further sanctions by the US government on curbing imports of the products originating from or having linkages with XUAR, Ind-Ra said.

This action may have spooked China and it could resort to retaliatory measures. Cotton procurement from the United States could be delayed by Chinese mills, leading to favourable supplies from Brazil and India, both of which are likely to have high inventories.

China’s total apparel exports declined by 31 per cent year on year (YoY) in the first quarter of fiscal 2020-21 compared to a significantly higher decline for nations like Bangladesh and India. India’s cotton yarn exports declined by 28 per cent YoY in the last fiscal to ₹196 billion on account of a 53 per cent YoY decline in demand from China due to the US-China trade war.

While India's exports to China increased by 1.8 times YoY during June this year due to pent-up demand and restocking by Chinese players, the overall exports reduced by 29 per cent YoY during 1QFY21. India's yarn exports over the past three years have been around 1.2 million tonnes; it reduced drastically in FY20 to less than 1 million tonnes over the geo-political tensions and higher competition from ASEAN countries.

While demand from the United States could impact overall cotton demanded by China, the value-addition could gradually move out of China to other geographies. However, this is more of a medium term-phenomenon., said Ind-Ra in a press release.

Indian yarn players have high export dependence on China, which reduced to around 20 per cent for the three months ended June this year on account of a lower demand and growing competition from Vietnam and Pakistan.

The trade war extension and labour-related issues could lead to the creation of additional yarn and cotton demand from neighbouring countries to the tune of 0.5 million tonnes and 8-10 million bales (480lb) in India, Ind-Ra said.

The agency believes countries like Pakistan and Brazil have a pole position compared to India due to their preferential status. However, India can get a share of the pie, given the low-cost raw material availability and established presence of Indian textile players in the United States.

Ind-Ra believes the shift in demand could lead to a healthy recovery in credit metrics and ease of liquidity stress for exporters in fiscal 2020-21.

Given Vietnam's textile industry has strong dependency on China, it is equally vulnerable to have supply chain linkages with the tainted XUAR region. Vietnam may cater additional cotton yarn production of around 0.4 million tonnes to meet Chinese demand.

However, incremental cotton/yarn sourcing could be from India, given the logistics and cost advantage. During cotton year 2020, India exported 8 per cent of its total cotton produce to Vietnam.

Any impact on the Chinese textile industry would flow down to Vietnam directly, impacting capacity utilisations, Ind-Ra said. Vietnam had a total yarn production capacity of 2.5 million tonnes as of 2019, of which about 45 per cent is controlled by China and Taiwan.

Vietnam imports 55 per cent of its cotton requirements from the United States and exports 80-85 per cent of its total cotton yarn production to China. Also, it buys 55 per cent of its synthetic yarn requirement from China for its weaving and knitting industry, which leads to domicile linkages with China.

China's annual cotton consumption exceeds its domestic production and hence it depends on imports from countries such as the United States, Brazil, Australia and India. While the United States and Brazil share 60-65 per cent of the cotton imported by China, the share of India is below 10 per cent.

China imports cotton yarn majorly from Vietnam (30-35 per cent) and India (7-10 per cent) of its total import of around 2 million MT annually. The agency estimates the annual cotton yarn requirement for China at around 4.5-5 million tonnes for CY2201 with usage of cotton to man-made around 35:65 in fabrics and apparels.

Furthermore, US importers are likely to be concerned about any economic, legal or reputational concerns on any of their supply chains linked to XUAR. The United States imported $7.35 billion of apparel products from China during January-July 2020, while China exported around 20 per cent of its overall apparel exports to the United States in the first quarter of fiscal 2020-21.

China also depends on the United States for raw cotton. XUAR produces lion's share of the China's annual cotton production at 85 per cent and under 20 per cent of world's total. Also, 70 per cent of total cotton spun into yarn produced in China is originated from XUAR.

While Vietnam has risen significantly to the occasion by increasing the US apparel market share to 20.1 per cent in the first quarter of fiscal 2020-21 on account of China's loss of market share by 800 basis points (bp) year on year (YoY), India's market share dropped by 400 bp in the first quarter of fiscal 2020-21 due to lower shipments and tighter lockdowns in the country.

Source: fibre2fashion.com– Oct 08, 2020

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# US issues Withhold Release order on cotton and apparel imports from XUAR

The US recently issued a Withhold Release Order on cotton and apparel imports from specific producers in the Xinjiang Uygur Autonomous Region (XUAR) which may escalate global trade tensions.

The US imported $7.35 billion of apparel products from China during January-July 2020, while China exported around 20 per cent of its overall apparel exports to the US in first quarter of this fiscal, said an India Ratings and Research report.

On the other hand, China depends on the US for raw cotton. China may retaliate by cutting down on cotton procurement from the US, leading to favourable supplies from Brazil and India, both of which are likely to have high inventories. While demand from the US could impact the overall cotton demand in China, the value-addition could gradually move out of China to other geographies.

Indian yarn companies' dependence on China had reduced to about 20 per cent in the June quarter due to growing competition from Vietnam and Pakistan. India Ratings and Research believes Pakistan and Brazil have a pole position compared with India due to their preferential status. India's cotton yarn exports declined 28 per cent y-o-y in FY20 to ₹19,600 crore due to a 53 per cent fall in demand from China.

Moreover, severing of ties by global retail brands such as H&M and Lacoste with China on account of labour issues, along with the ongoing US-China trade war, have benefited Indian ready-made garments exporters in the form of additional orders.

The agency believes that the vacuum space created would be a positive for Indian garment exporters and help them tide over the impact of pandemic. Furthermore, the home textile segment has reported increased inquiries from the US for sourcing diversification.

Source: fashionatingworld.com– Oct 07, 2020

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# Morocco-Turkey FTA: Rabat restores tariffs on 1200 Turkish Products

The Moroccan Government approved on Thursday an amendment of the Morocco-Turkey Free Trade Agreement, increasing tariffs by up to 90 pc on 1200 Turkish goods for a five-year period.

The amendment falls under Bill No 54.20, which Morocco and Turkey signed on August 24 after the two countries reviewed their Free Trade Agreement.

The bill and the amendment aim to impose customs duties, for a five-year period, on certain Turkish industrial products listed in the agreement to reach 90% of the value of products from the most-favored-nation.

A most-favored-nation clause requires a country to provide any concessions, privileges, or immunities that it grants to one nation to all member states of the World Trade Organization. In short, the clause compels a state to respect the equal treatment of all countries.

The amendment is renewable for another five years. It aims to reduce $1.2 billion trade deficit with Turkey and fix trade imbalances. The Moroccan tax increase will apply to Turkish imports mainly textiles and clothing, leather, automotive, metallurgy, wood and electricity.

Rabat had requested a review of some clauses of the FTA deal signed with Ankara in 2004 after its local industries and businesses suffered a loss following entry into force of the accord in 2006.

The North African country's trade balance with Turkey has largely experienced a deficit since 2006.

In January, Minister of Industry Moulay Hafid Elalamy said Morocco loses $2 billion annually through its trade deal with Turkey. He added that the Turkish textile industry cost Morocco 44,000 jobs in 2017.

Moroccan authorities also complained about lack of Turkish investments in the Kingdom compared with other trade partners such as the European Union, USA…

EU investments account for over 71 pc of the volume of foreign investments in Morocco, while EU's support to Morocco increased to $2 billion between 2014 and 2020.

US investments in Morocco reached 6 pc of the total foreign investments, while US support for the North African Kingdom stood at $1.2 billion. However, the Turkish investments in Morocco represent less than one percent.

Source: northafricapost.com– Oct 09, 2020

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## COVID-19, no-deal Brexit may cost UK $174 bn/year: report

The COVID-19 pandemic and a failure to secure a post-Brexit trade deal with the European Union (EU) may jointly cost the United Kingdom around $174 billion each year in lost gross domestic product (GDP) for a decade, according to research by law firm Baker McKenzie, which said the pandemic will cut UK GDP by 2.2 per cent below the levels anticipated before the outbreak.

Prime Minister Boris Johnson has set a October 15 deadline for clinching a post-Brexit trade deal, which would become operational once the United Kingdom leaves informal EU membership at the end of this year.

The report, titled 'The Future of UK Trade: Merged Realities of Brexit and COVID-19', said Brexit, even with a trade deal, would cut GDP by 3.1 per cent in the long-run relative to a hypothetical scenario where the United Kingdom remained in the EU, while exports of goods would be 6.3 per cent lower.

But without a trade deal, the cost of Brexit would increase to 3.9 per cent of GDP in the long run, Baker McKenzie said.

"Despite businesses taking steps to offset the added costs of Brexit by reconfiguring supply chains, the decline in export revenues for UK manufacturers will be substantial," it said.

"With the costs of the UK's departure from the EU likely to be very high, the government will need to use all the tools at its disposal to help mitigate the economic damage," Baker McKenzie was quoted as saying by global newswires.

Source: fibre2fashion.com– Oct 09, 2020

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## Turkey ranks 6th in world for garment industry exports, minister says

Attending the 13th Istanbul Fashion Conference on Thursday organized by the Turkish Clothing Manufacturers' Association (TGSD) and Istanbul Apparel Exporters Association (IHKIB), Industry and Technology Minister Mustafa Varank said that Turkey ranks sixth among all countries in the world in terms of the garment and ready-wear industry exports.

Saying that the Turkish garment industry recorded a $16.5 billion (TL 130 billion) external trade surplus in 2019, Varank added that the industry has high added value in exports.

"Among the production and industry sectors, we have the most exports in ready wear. The unit price per kilogram of our ready wear sector has surpassed $13 while this figure is at an average of $1.30 in our other exports," he added.

"Since the 1980s when we started opening up, the ready-wear sector has rapidly developed itself and adapted to the ever-changing market conditions and reached a quality and productive level. Thus the garment industry can catch up with today's environment and continues to create economical value," he said.

Varank also underlined that over 1 million workers are directly employed in the industry and 68% of these employees are female.

"We have supported TL 7.5 billion of fixed investment with our incentive certificates. Thanks to that, 350,000 more jobs have been created," he said.

The minister also added that the government supports sectoral aggregations in many provinces and has set up organized industrial zones in northwestern Bolu, Bursa and Yalova, and southeastern Kahramanmaraş, Kilis and Diyarbakır.

Varank further underlined that the garment sector's research and development and innovation projects have been supported by the government through Turkey's top scientific body, the Scientific and Technological Research Council of Turkey (TÜBITAK), and the Small and Medium Enterprises Development Organization of Turkey (KOSGEB).

Source: dailysabah.com– Oct 08, 2020

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## Cambodian garment sector faces double blow

The Cambodian garment sector is facing a double blow of the COVID-19 pandemic and the partial withdrawal of the country's duty-free access to the European Union (EU) market, reports Cambodia Daily.

The country's apparel sales to the EU, including the UK, have plummeted by 31 per cent or $403 million in the first six months of this year compared to January-June period in 2019.

According to Patrick Lee, Legal Advisor, CENTRAL Cambodia, apparel export slump is by far the biggest drop in all goods exported by Cambodia in monetary terms.

He adds it is hard to say how much of that is due to COVID and how much is due to the withdrawal of the Everything But Arms (EBA) trade benefit.

Source: fashionatingworld.com– Oct 08, 2020

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# EVFTA facilitates Vietnam's textile and garment exports to EU

Formalized on August 1, the EVFTA enables Vietnam to promote trade and investment, especially form new supply chains. The agreement allows textile-garment, leather-footwear and seafood businesses to export products to the EU.

Ministry of Industry and Trade's Agency of Foreign Trade reveals, authorized agencies granted 7,200 certificates of origin (C/O) form EUR.1 for goods exports to the EU worth $227 million, including footwear, seafood, plastics and plastic products, coffee, textiles and garments, bags, suitcases, fruits and vegetables, and rattan and bamboo products. Importers included EU countries with seaports and distribution centers - Belgium, Germany, the Netherlands, and France.

While opportunities are available for businesses to participate in value chains, Vietnam's support industries remain underdeveloped. The number of Vietnamese companies joining the global value chain is small. As per a study by the Japan External Trade Organization (JETRO), Japanese companies in Vietnam buy about 32.4 percent of input goods and services they need from Vietnamese suppliers, compared to 67.8 percent in China, 57.1 percent in Thailand, and 40.5 percent in Indonesia.

Vietnam has about 20 automobile assembly companies but has only 81 level-1 suppliers and 145 level-2 and level-3 suppliers. The average revenue of Vietnamese manufacturing enterprises was only $2.9 million per year, while businesses still need to have an annual minimum turnover of $5 million in order to join the EU market.

Local firms are not willing to make greater investments to join the global value chain, says Ngo Chung Khanh, Deputy Director, Multilateral Trade Policy Department.

Source: fashionatingworld.com– Oct 08, 2020

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## Bangladesh earns $307.5 mn from jute exports in July-Sept

Bangladesh earned around Tk 2,460 crore ($307.5 million) in the first quarter (July-September) of this fiscal from jute exports due to government action plans while the sector secured the second position in exports replacing the leather industry, according to textiles and jute minister Golam Dastigir Gazi, who recently said the sector is now playing an important role in the economy.

The earned amount is 39.26 per cent higher than that earned in the corresponding period in the last fiscal, the minister told a meeting of the officers' forum of the Bangladesh Jute Mills Corporation at his ministry.

Cooperation is being offered to motivate jute growers and extend jute industries considering its demand both on domestic and international markets, he was quoted as saying in an official release by bangla media reports.

A five-year project on production and extension of higher technology-based jute and jute seed has been taken up by the directorate of jute to increase quality jute production and attaining self-sufficiency in jute seed production. The project is being implemented in 230 sub-districts in 46 districts.

Source: fibre2fashion.com– Oct 09, 2020

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## Bangladesh: RMG export to US falls by $594m in Jan-Aug

Bangladesh's readymade garment exports to the United States in January-August this calendar year fell by 14.56 per cent or $594 million compared with that in the same period of 2019 as consumption still remained slow in the destination due to the impact of coronavirus pandemic.

The US apparel import from Bangladesh in the first eight month of this year decreased to $3.48 billion from $4.08 billion in the same period of last year, according to the US Department of Commerce's Office of Textiles and Apparel data.

Although the country's export earnings from the US declined due to the pandemic, the inquiry for apparel products from global buyers increased by 86 per cent year-on-year in September by the continuing influx of US buyers, according to a recent global report.

Experts and exporters said that this was the scenario of global business due to the pandemic and it was not clear whether the major markets of apparel would rebound within the short time.

The data, however, showed that the US apparel import from Bangladesh in August, 2020 increased by 15.7 per cent or $80.50 million to $594.76 million from $514.25 million in the same month in 2019.

The impact of COVID-19 on US's apparel import started since January this year, which turned catastrophe during April-June, and since July the scenario has started improving, Bangladesh Garment Manufacturers and Exporters Association president Rubana Huq told New Age on Thursday.

'Until June, US's clothing import from Bangladesh was not showing any sign of recovery, where import from world declined by 43 per cent in June, the decline from Vietnam and Bangladesh were 20 per cent and 57 per cent respectively,' she said.

So, Bangladesh's recovery in the US market, significantly throttled by reinstatement of cancelled goods, is visible since July, Rubana said.

During January-August 2020, the unit price of apparel import by the US from Bangladesh declined by 3.17 per cent, which was as high as -3.70 per cent in the month of August year-on-year, the BGMEA president said.

The data showed that the US demand for apparel in January-August 2020 dropped by 29.52 per cent to $40.38 billion from $57.30 billion in the same period of last year.

According to the data, Bangladesh's apparel export to the US in August this year grew by 20.1 per cent in volume (million square metre) whereas the export in value increased by 15.7 per cent.

'It means unit price of product is compromised in the US market due to the effect of the coronavirus pandemic,' Policy Research Institute of Bangladesh executive director Ahsan H Mansur told New Age on Thursday.

He said that Bangladesh was still producing the orders which were previously halted by the buyers due to the pandemic.

Growth future in the US and the European Union are gloomy as the markets are mature and their economies remain under ‘life support’ due to the pandemic, Ahsan said.

He recommended that Bangladesh should devise policy keeping in mind the growing market of Asia and manufacturers would have to go for forward looking transformation.

Vietnam’s apparel export to the US in the January-August of 2020 fell by 9.77 per cent to $8.17 billion from $9.06 billion in the same period of 2019.

Cambodia’s RMG export to the US in eight months of this year increased by 4.20 per cent or $89 million to $1.80 billion from $1.72 billion in the same period of 2019.

The US apparel import from China in the period decreased by 47.91 per cent to $9.16 billion from $17.59 billion in the same period of 2019, the data showed.

A recent study conducted by QIMA, supply chain compliance solutions provider, showed that Bangladesh saw its demand for textile and apparel inspections surging by 86 per cent year-on-year in September.

It said that the demand for inspections and audits in South Asia rose across the board in July-September, as the tentative recovery that had begun in June continued and progressively accelerated for three consecutive months (inspection demand volumes climbed by 7 per cent year-on-year in July, 10 per cent in August and 28 per cent in September).

‘This recovery is being led by South Asia’s textile powerhouses such as Bangladesh, where demand for textile and apparel inspections surged 86 per cent year-on-year in September, propelled, among other factors, by the continuing influx of US buyers as they continue diversifying their apparel supply chains away from China,’ the report read.

Source: newagebd.net– Oct 08, 2020

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# Pakistan: Punjab millers lament delay in textile policy announcement

All Pakistan Textile Mills Association (APTMA) Punjab Chairman Abdul Rahim Nasir has urged the government to immediately announce a new textile policy to attract investment in the textile industry, warning that a delay in forming the policy may result in lost investments.

“The textile value chain is being affected badly due to a delay in the announcement of the new textile policy,” he lamented.

In a statement issued on Wednesday, Nasir appealed before Prime Minister Imran Khan and Adviser on Commerce and Investment Abdul Razzak Dawood for an early announcement of the policy so that the industry could avail its benefits through its implementation.

Currently, Nasir said, Pakistan is short in production capacity and many exporters are refusing export orders due to this reason. “A clear long-term policy will give investors a clear vision that the government is ready to support the textile chain on a long-term basis.”

According to the APTMA Punjab chairman, the new textile policy carries the potential of taking the textile sector out of the prevalent crisis-like situation.

He said that APTMA’s leadership has been making efforts to secure an export-led textile policy. In this regard, he added, a team led by former APTMA chairman Ahsan Bashir has submitted a draft for a five-year policy to the PM which has addressed the shortcomings in the previous policies.

Appreciating the Pakistan Tehreek-e-Insaf (PTI) government’s interest to resolve industry issues in order to achieve export and growth targets, Nasir said the textile industry is hopeful for an upsurge in exports once the government implements the entire policy in letter and spirit.

He maintained that the timely implementation of a long-term policy would not only bring new investments in the country but also enable the industry to achieve the target of $30 billion exports in the next five years.

According to APTMA Punjab chairman, Pakistan has an export potential of $50 billion provided the local industry is facilitated with regionally competitive energy tariffs and business-friendly environment.

He said 2020 was a challenging year both for the government and the industry due to the pandemic which plunged the global economy to the worst recession. This pandemic is fraught with risks of losing on massive export orders in the wake of the closure of markets, he added.

“The local industry strived hard for its survival in this testing time; we all stood like an iron wall against the challenges and it all resulted in regaining the lost market at a fast pace,” he concluded.

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

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# NATIONAL NEWS

## World Bank says India's GDP may contract 9.6 per cent

*Calls for continuing critical reforms to reverse the sudden, steep impact of Covid-19 on economy*

The World Bank on Thursday said India's GDP may contract 9.6 per cent this fiscal. The bank has advised the country to continue with critical reforms to reverse the sudden and steep impacts of Covid-19 on its economy.

In June, it had projected contraction to be 3.2 per cent.

The latest projection is higher than S&P's forecast of 9 per cent but less than 11.5 per cent by Moody's.

In its South Asia Economic Focus report, released on Thursday, the World Bank forecast a sharper- than-expected economic slump across the region, with regional growth expected to contract by 7.7 per cent in 2020, after topping 6 percent annually in the past five years.

"India's economy, the region's largest, is expected to contract by 9.6 per cent in the fiscal year that started in March 2020. India's growth is projected to rebound to 5.4 per cent in FY22, mostly reflecting base effects, assuming Covid-related restrictions are completely lifted by 2022," the report mentioned. Further, weak activity, domestically and abroad, is also likely to depress both Indian imports and exports.

Hartwig Schafer, World Bank Vice-President for the South Asia Region, felt Indian Government's response to pandemic was swift and comprehensive. The government implemented a national lockdown to contain the health emergency.

This was followed by a comprehensive policy package to mitigate the impact on the poorest through various social protection measures as well as liquidity and financial support for small and medium enterprises. "The World Bank is partnering with the government to strengthen policies, institutions, and investments for building back better," he said.

According to Junaid Ahmad, World Bank Country Director in India, India is undertaking far-reaching reforms in its safety nets program. This will help the country to preserve its hard-won gains against poverty as nearly half of all households are vulnerable and the majority of the workforce lacks formal social security benefits. “We are also encouraged by the recent amendments to India’s social security laws that will help provide coverage to groups of people who were earlier left out from government-assisted programs,” he said.

**Economic opportunities**

World Bank feels the pandemic has also brought to the forefront new economic opportunities where digital technologies can play an essential role, providing new growth levers for South Asian countries, including India.

Three-quarters of all workers in South Asia depend on informal employment. While the poor have faced rising food prices, the CovidD-19 crisis has also affected informal workers in the middle of the income distribution who experienced sharp drops in earnings.

Informal workers are not generally covered by social insurance and few have savings or access to finance. Recognising these challenges, India is reworking its social protection architecture to protect its workers, particularly informal sector workers, hit hard by the Covid-19 pandemic.

“Government is creating a safety net platform that caters to the diverse needs of both rural and urban population, is portable and ensures food, social insurance and cash support across state boundaries,” the bank said.

Source: thehindubusinessline.com– Oct 08, 2020

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# Shri Piyush Goyal calls upon American businesses to look at India as their next investment destination

The Union Commerce & Industry and Railways Minister Shri Piyush Goyal has invited American businesses to be a part of Prime Minister’s vision, and look at India as their next investment destination. Addressing the India Chamber of Commerce USA's Summit on Global Financial & Investment Leadership on Wednesday virtually, he said that the Indian Government is committed to being bold, open, and change. “Let's work together in the spirit of oneness. Let's engage with each other & I am sure we have a bright future for the shared prosperity of the people of the US & India.”

Stating that the US-India relationship will grow from strength to strength in the years to come, Shri Goyal said that we are at the cusp of a very enduring relationship. He said that the US & India have a long journey ahead of us working together leveraging on huge reform measures that Prime Minister Shri Narendra Modi has taken under Aatmanirbhar Bharat.

He said that the potential between the US & India is boundless. “We are partners who trust each other & we can make rapid strides to provide a trusted source to American businesses to work with a country which is transparent where there is rule-based trading & dialogue. The bilateral trade between US & India grew from $126 billion dollars in 2017 to $145 dollars in 2019. The target we have set of $500 billion dollars in the next 5 years is eminently doable.”

The Minister said that India today is moving out of the past into a mindset of high-quality products, greater global engagement, and greater share of world trade. He said that this isn't time for a conservative approach, it's time for bold decisions & bold investments. Shri Goyal said that the Modi Government has a very holistic approach.

“We are moving from red-tape to red-carpet. We are moving out of the shackles of the past into a more open & liberal foreign investment destination. As the Prime Minister has said, "We have to take the Indian economy out of command & control & take it towards plug & play."

Describing the reforms being undertaken in the country, Shri Goyal said “India is undertaking efforts to reform the Indian systems of Governance, policies & laws around mining, space technology, defence, banking, financial sectors, labor & agriculture reforms. We have embarked on a new journey which will take India to levels never seen before. We are looking at logistics reform to bring down the cost of logistics. We are doing several tax reforms. We have insolvency laws in place. India's corporate tax is amongst the lowest in the world. My own Ministry is working at 'plug & play' & cluster development. We are looking at a genuine single-window system which makes it easy for companies & businesses to work in India. We are focusing on improved infrastructure. We promise faster registration, easier availability of infrastructure."

Shri Goyal, mentioning about the close relationship between the two countries, said that India & the US have come to each other's help at every possible juncture in the last two decades, be it India's membership into Nuclear Suppliers Groups or in the UN Security Council or be it America's requirement for necessary medicines at the peak of COVID pandemic.

He said that a great reflection of India-US relation is the bilateral discussion that US Secretary of state Mr M.Pompeo & Indian Foreign Minister Dr S Jaishankar had in Tokyo on the sidelines of the QUAD & the fact that 3rd India-US 2+2 dialogue is expected to take place later this month on 26th & 27th October.

Source: pib.gov.in– Oct 08, 2020

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## India's premium cotton would be known as 'Kasturi Cotton': Textile Minister

India's premium Cotton would be known as 'Kasturi Cotton' in the world cotton trade said Smriti Irani, Union Minister of Textiles on the occasion of second World Cotton Day.

The Minister for Textiles said, "The Kasturi Cotton brand will represent Whiteness, Brightness, Softness, Purity, Luster, Uniqueness and Indianness."

Union Textile Minister Smriti Irani launched the first brand and logo for premium Indian cotton at a virtual event jointly organised by the Confederation of Indian Textile Industries, Cotton Corporation of India, and Cotton Textiles Export Promotion Council.

Highlighting the importance of cotton in the Indian economy, the minister said "Cotton is one of the principal commercial crops of India and it provides livelihood to about 6.00 million cotton farmers."

India is the second-largest cotton producer and the largest consumer of cotton in the world. India produces about six million tons of cotton every year which accounts for 23 percent of the world's cotton, the Ministry of Textiles said in a release.

The country produces about 51 percent of the total organic cotton production of the world, it added.

Source: kovaidaily.com– Oct 08, 2020

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## CITI hails launch of Indian Cotton Brand "KASTURI" on 2nd World Cotton Day

The Hon'ble Union Minister of Textiles and Woman and Child Development, Smt. Smriti Zubin Irani launched the first-ever Indian Cotton Brand and Logo "Kasturi" on the 2nd World Cotton Day being celebrated world-over.

The Hon'ble Minister said, "India's premium Cotton would now be termed as 'Kasturi Cotton' in the world cotton trade and will be famous for its Whiteness, Brightness, Softness, Purity, Luster, Uniqueness and Indianness". She was speaking at the Webinar jointly organised by Confederation of Indian Textile Industry (CITI), The Cotton Textile Export Promotion Council (TEXPROCIL) and The Cotton Corporation of India Ltd (CCI), along with Ministry of Textiles on the theme of "NEW-LOOK COTTON".

The Hon'ble Minister said, "Cotton is one of the principal commercial crops of India and it provides livelihood to about 6.00 million cotton farmers. India is the 2nd largest cotton producer and the largest consumer of cotton in the world.

India produces about 6.00 Million tons of cotton every year which is about 23% of the world cotton.

India produces about 51% of the total organic cotton production of the world, which demonstrates India's effort towards sustainability". Hence, she pointed out that enhanced production and better utilisation of this cotton especially, Extra Long Staple (ELS) can enhance our share in the world cotton trade.

Shri T. Rajkumar, CITI Chairman welcomed the launch of National Brand for Cotton "Kasturi" – the first Indian cotton brand, which he said, "will help Indian textile manufacturers and exporters to draw better price realisation on their cotton products in the international markets". He also said, "Indian exporters at present do not get better prices on the cotton products due to poor quality of cotton fibre and contaminated cotton".

Hence, he stated that the launching of the Indian cotton brand by Hon'ble Minister will enable the Indian cotton value chain to improve the cotton quality and emerge as one of the best in the world and facilitate in producing high value-added products out of the same to sustain the growth. He also pointed out that our country accounts for 38% of the world area under cotton and the ongoing measures and various initiatives taken by the Government to improve productivity, quality and branding of Indian cotton and its products across the value chain will have a bright future and make Indian cotton globally competitive.

CITI Chairman opined that the World Cotton Day is more relevant for India as there has been a 25% to 30% drop in cotton consumption across the global as well as in India due to Covid-19 pandemic. He also stated that excess cotton stock to the tune of three to four times of normal stock level would be a challenge for India and our Ministry is already taking necessary steps to boost the exports of all products across the value chain apart from increasing the consumption domestically. For example, cotton face mask and cotton lining materials in PPE and increased medical textiles consumption have thrown very good opportunity for India.

Shri T. Rajkumar pointed out that CITI, erstwhile known as Indian Cotton Mills Federation (ICMF), has had been striving hard to boost the economy of the cotton community by partnering with the Central and State Governments. CITI's cotton development wing Cotton Development & Research Association (CDRA) and also SIMA Cotton Development & Research Association, a sister concern of our regional member Association, have been directly helping the cotton farmers and trade to improve cotton production, productivity and quality.

CITI Chairman appealed to the Hon'ble Prime Minister to announce the Technology Mission on Cotton in a revised format with the Mission Mode approach that has already been recommended by the Hon'ble Union Minister of Textiles.

CITI Chairman also said, "the textile industry was committed to undertake cotton contract farming especially for ELS cotton; several leading groups are already on the job and many more have shown interest to venture into contract farming on ELS cotton". He concluded by saying that he was sure that the new Agriculture Reforms would greatly benefit the cotton community to enable the country to be the leader in clothing the world with cotton textiles.

Source: textilevaluechain.in– Oct 08, 2020

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## Banks sanction Rs 1.87 lakh cr to 50.7 lakh MSMEs under credit guarantee scheme

The Finance Ministry on Thursday said banks have sanctioned loans of about Rs 1,87,579 crore to 50.7 lakh business units under the Rs 3-lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) for the MSME sector impacted by slowdown caused by the coronavirus pandemic.

Of this, about 27 lakh MSME units received cumulative disbursement of Rs 1,36,140 crore till October 5.

The scheme is the biggest fiscal component of the Rs 20-lakh crore Aatmanirbhar Bharat Abhiyan package announced by Finance Minister Nirmala Sitharaman in May to mitigate the distress caused by lockdown due to COVID-19 by providing credit to different sectors, especially micro, small and medium enterprises (MSMEs).

The latest numbers on ECLGS, as released by the finance ministry, comprise disbursements by all 12 public sector banks (PSBs), 24 private sector banks and 31 non-banking financial companies (NBFCs).

"As of 5 Oct 2020, the total amount sanctioned under the 100% Emergency Credit Line Guarantee Scheme by #PSBs, private banks & NBFCs to

#MSMEs & individuals stands at Rs 1,87,579 cr, of which Rs 1,36,140 cr has already been disbursed," the finance minister said in a tweet.

The loan amounts sanctioned by PSBs increased to Rs 81,648.82 crore, of which Rs 68,814.43 crore has been disbursed as of October 5, she said. At the same time, private sector banks have sanctioned Rs 86,576 crore of loans and disbursed Rs 59,740 crore, while NBFCs sanctioned Rs 3,032 crore with disbursement of Rs 2,227 crore.

"The ambit of the Scheme was expanded to include MSMEs with turnover of up to Rs 250 crore & individuals for business purposes. As of 05 Oct 2020, Rs 17,460 crore of loans to individuals have been sanctioned, of which Rs 5,939 crore has been disbursed," she said.

In another tweet, she said as many as 33 stranded housing projects with investment of Rs 4,197 crore were accorded final approval under the SWAMIH scheme.

"Special window for Affordable & Mid Income Housing Fund (SWAMIH) is working at a fast pace to provide relief to homeowners. As on 05.10.2020, 33 projects with investment of Rs 4,197 cr accorded final approval & will lead to completion of 25,048 home units," the finance minister said in tweet.

Overall, 123 projects have now been sanctioned, including final approval to 33 projects, with an investment of Rs 12,079 crore that would target to provide relief to 81,308 homeowners, she said. On May 20, the Cabinet approved additional funding of up to Rs 3 lakh crore at a concessional rate of 9.25 per cent through ECLGS for MSME sector.

Under the scheme, 100 per cent guarantee coverage will be provided by the National Credit Guarantee Trustee Company (NCGTC) for additional funding of up to Rs 3 lakh crore to eligible MSMEs and interested Micro Units Development and Refinance Agency (MUDRA) borrowers in the form of a guaranteed emergency credit line (GECL) facility.

For this purpose, a corpus of Rs 41,600 crore was set up by the government, spread over the current and next three financial years.

The scheme will be applicable to all loans sanctioned under GECL facility during the period from the date of announcement of the scheme to October 31 or till the amount of Rs 3 lakh crore is sanctioned under GECL, whichever is earlier.

Source: financialexpress.com– Oct 08, 2020

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## Interest subvention for MSMEs: Modi govt extends scheme validity to March 2021

Ease of Doing Business for MSMEs: In order to further provide interest relief of 2 per cent per annum to MSMEs, Modi government has extended the validity of the Interest Subvention Scheme for MSMEs till March 31, 2021, the Reserve Bank of India (RBI) said in a notification on Wednesday. "The validity of the scheme has been extended till March 31, 2021.

Accordingly, fresh or incremental term loan/working capital limit extended by co-operative banks with effect from March 3, 2020, will be eligible for coverage under the scheme," the notification read. The government had announced the scheme on November 2, 2018, to offer interest relief on loans to the extent of Rs 1 crore and implemented for FY19 and FY20 and now up to FY21.

The announcement comes nearly 10 months after the government had approved amendments in the scheme in December 2019. The notification included modifications such as acceptance of claims in multiple lots for a given half-year by eligible institutions permitted, the requirement of Udyog Aadhar Number dispensed with for MSMEs eligible for GST instead of UAN GSTN numbers earlier mandatory; MSMEs, which are not required to obtain GST, allowed to either submit Income Tax Permanent Account Number or their loan account must be categorised as MSME by the concerned bank; and trading activities without UAN allowed to be covered. The notification was addressed to heads of all urban co-operative banks, state co-operative banks, and district central co-operative banks.

The changes, however, were already part of the amendments approved in December that also included "50 per cent of the estimated claim amounts may be released to eligible institutions (at least to those belonging to Public Sector Banks), based on data/information to be furnished by them and the Utilisation Certificate duly certified by respective statutory auditor to submitted by June 2020," as per an MSME Ministry statement on December 16, 2019.

According to an update by the MSME Ministry, out of the total corpus of Rs 975 crore, Rs 825 crore (including SIDBI administrative fee) was released to SIDBI for claim settlements as on September 30, 2020. SIDBI had received and settled the claims of Rs 825 crores from 57 banks/NBFCs. SIDBI is the nodal implementation agency for the interest subvention scheme for MSMEs.

Source: financialexpress.com– Oct 07, 2020

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## Double-digit rise in exports helps India nearly halve trade gap with China

India's robust double-digit exports growth to China, coupled with sharp contraction in imports, nearly halved the trade gap between the two trading partners in the first five months of the current fiscal year (2020-21, or FY21) over the same period of 2019-20 (FY20).

The restriction on imports from China, along with the Atmanirbhar Bharat campaign, has shrunk India's trade deficit with the neighbouring country to $12.6 billion between April and August of FY21, from $22.6 billion in the year-ago period.

India's trade deficit with China stood at $23.5 billion in the corresponding period of 2018-19 and at $26.33 billion in 2017-18.

Exports to China saw sustained double-digit growth for the fourth straight month in August, led by eightfold rise in iron and steel shipments. In the April-August period, outbound shipments to Beijing expanded 27 per cent, compared to 9.5-per cent expansion in the same period last year.

Imports contracted 27 per cent in the first five months to $21.5 billion and shrunk 21 per cent in August alone.

India's exports to China grew 15 per cent in August, with shipments worth $1.68 billion, revealed the data by the Department of Commerce. Exports growth to Beijing peaked in June at 78 per cent and expanded 48 per cent in May and 23 per cent in July.

India's exports basket to China mainly accounted for iron and steel, which rose 833 per cent to $1.8 billion till August this year, compared with $192 million last year. China accounted for 35 per cent of India's iron and steel outbound shipments in the first five months of the fiscal year, against 5.3 per cent in the corresponding period last year.

China also made up for 90 per cent of India's exports of iron ore worth $1.6 billion, a fourth of exports of organic chemicals worth $809 million, and 16 per cent of exports of marine products worth $351 million during the five months.

The import basket is largely dominated by telecom instruments, organic chemicals, and industrial equipment for dairy, etc.

Biswajit Dhar, professor, Jawaharlal Nehru University, said that exports to China have grown on account of two reasons. First, it is the only economy that is growing, while others are contracting. Second, there will be some diversion of exports from other destinations to China.

Dhar said this narrowing of trade deficit may not be sustainable. Domestic demand is currently squeezed, which explains the lower imports. "Doing away with the dependence on China for critical items like active pharmaceutical ingredients may not happen overnight, but will take years and require medium-term strategy," he added.

In FY20, exports to China were down 0.83 per cent at $16.6 billion, accounting for 5.3 per cent of total outbound shipments. For this fiscal year, China accounts for 9.1 per cent of India's total exports till August, behind US at 17 per cent.

The United Arab Emirates (UAE) has been displaced to the third largest export destination for India this fiscal year, accounting for 5.29 per cent of total outbound shipments.

Arpita Mukherjee, professor, Indian Council for Research on International Economic Relations, also pointed out that the artificial import restrictions may not really work — it simply results in rerouting of items from other markets like Hong Kong or the Association of Southeast Asian Nations.

She, however, added that China has also been putting in efforts to narrow the trade deficit gap with India and buying ayurvedic products and health supplements. "China is trying to be accommodative to India to narrow the trade deficit. It seems to be directly sourcing items from India," said Mukherjee.

Among India's top five export partners, China is the only destination showing growth. Exports to the US are down 24.6 per cent. In the case of UAE, they are down 59.2 per cent. Shipments to Singapore also contracted 24.2 per cent and 26.7 per cent, respectively.

Incidentally, China's exports continued to expand in August, growing 9.5 per cent. In absolute terms, it was at the third-highest level ever exported by the country in a month at $235.3 billion on account of sustained demand for medical equipment and electronic items.

Source: business-standard.com – Oct 08, 2020

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## Fashion and lifestyle retailers witness uptick in biz as festive season approaches

Fashion and lifestyle retailers say October went off to a relatively good start with the best uptick in business over the weekend compared to any other weekend so far during the pandemic as consumers have started shopping for the upcoming festive season. However, the recovery is still very slow and will take another six months to bounce back from the Covid-19 damages, many of them said.

"Last three days (between) 2nd to 4th (October) we saw the best sales post Covid," said J. Suresh, managing director of Arvind Fashions that sells brands including US Polo, Flying Machine, Aeropostale among other labels.

"There was some amount of optimism in Kolkata because of the Puja season," said Siddharath Bindra, managing director of ethnic-wear brand Biba.

Retailers say this is an encouraging sign especially after business in September was flat or grew merely by about 10% over August for most of the retailers despite September was relatively free from any mini-lockdowns or other periodic closures by local authorities that have been hampering business for months.

In August, lifestyle retailers had reported almost 20% growth – the best since outlets reopened in June after months of lockdown - compared to July. A month-long deep discounting season and two weeks of bumper business in the first week of August due to Eid Ul Azha and Rakhi festivals had propped up sales that month.

“August was been quite good but September has been lull,” said Bindra of Biba.

Malls are reporting slight improvements in footfalls in recent weeks as the festive shoppers have started to come out, albeit still in small numbers.

Logix Mall in Noida said its foot traffic this weekend doubled to about 15,000 compared to the previous weekends.

Retailers are keeping their fingers crossed as this month is the beginning of their make-or-break festive season that accounts for the biggest chunk of their annual business, especially in a year when they are saddled with mountains of unsold inventory.

“It is bouncing back (but) very slowly,” said Janne Einola, country manager of H&M India who said the overall business for the Swedish fashion brand is still hovering around half of last year’s numbers. “Customers are still not confident of going to the malls.”

Without sharing numbers Einola said H&M’s online business has performed very well and it has added about 60% new customers since India in June allowed resumption of fashion e-commerce business.

Abhishek Bansal, executive director of Pacific Mall in west Delhi said fashion stores in his mall are still only doing 50% of last year’s level. He expects fashion retailers to recover up to 65% of their last year’s business only by December.

“At 60-65% business you are just kind of surviving. Your real money and margins start to come when your business recovers around 80% of business,” he said. “That will be a big challenge and I am not sure it will happen before March.”

Source: economictimes.com– Oct 07, 2020

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