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INTERNATIONAL NEWS

Falloff in US Jeans Imports Slows in October, But Still Down 27%

While the rate of decline has slowed slightly, U.S. brand and retailers imported 27.42 percent less denim apparel–the vast majority of which are jeans–in the year to date through October for a value of $2.31 billion compared to $3.18 billion in the same period in 2019.

This follows a 29.93 percent decrease in the year to date through September and a 32.19 percent drop in the first nine months of the year, according the Commerce Department's Office of Textiles & Apparel (OTEXA).

Among the Top 10 suppliers, Vietnam and Cambodia were again the only ones to post increases in shipments as merchants work off inventories and deal with lower demand from the Covid economy, although most countries were able to trim their losses.

Jeans imports from top-supplier Bangladesh were down 3.85 percent to $467.97 million in the 10-month period compared to a 5.57 percent decline through September. No. 2 Mexico's falloff was just slightly better, down 46.29 percent to $373.97 million from a 48.58 percent decline in the nine months.

Third-place Vietnam actually fell back a bit, with a 1.08 percent year-to-date increase to $309.07 million, after posting a 1.77 percent gain in the nine months through September. Then there's China, which saw its shipments to the U.S. nosedive 55 percent year to date to $276.68 million.

Dealing with longer-term sourcing shifts that resulted mainly from importers looking to reduce risk and costs from tariffs derived from the trade war with the U.S., jeans imports from China improved a bit from the 57.5 percent year-to-date fall through September.

Cambodia's 10-month gains were basically flat at 16.18 percent to $101.38 million. Rounding out the rest of the Top 10, Asian suppliers Pakistan and Sri Lanka saw their shipments down 4.86 percent to $205. 86 million and 20.18 percent to $40.84 million, respectively.

Import losses from Egypt grew to 40.07 percent in the period to $89.39 million, as Lesotho's shipments saw a 10.57 percent falloff to $42.54 million, improving over a 19.38 percent decline in prior month, and imports from Nicaragua were flat at a 27.74 percent year-to-date decrease to $79.32 million.

The only other suppliers to post an increase in the 10-month period were Turkey, up 0.47 percent to $35 million; Madagascar, up 6.12 percent to 26.53 million; Ethiopia, increasing 22.23 percent to $18.8 million, Tanzania, rising 21.97 percent to $13.23 million, and Japan, gaining 3.13 percent to $12.61 million.

Source: sourcingjournal.com– Dec 08, 2020

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RCEP and trade rules continue to lift strong China-ASEAN trade

China's domestic manufacturers have continued to receive overseas orders from Southeast Asia, helping retain strong trade growth with the trading bloc, despite disruptions caused by COVID-19 this year.

One such manufacturer includes Zhejiang Seven-star Textile, a textile factory in Jinhua in east China's Zhejiang Province. The textile factory's machines have been running at full capacity to meet increasing demand, and the factory said demand has largely been driven by orders from Southeast Asia.

"Our white cotton fabric shipped to the Association of Southeast Asian Nations (ASEAN) alone has surged 30 percent so far this year. It's a big encouragement to everybody working here. Also, we enjoy the preferential rule of origin with ASEAN. The tariff cuts really saved us a lot of money," said Zhejiang Seven-star Textile manager Chen Huan.

The latest data on Monday showed that ASEAN remained China's largest trading partner from January to November, as trade totaled nearly $610 billion in the first 11 months of the year, up 5.6 percent compared to last year. Streamlined customs clearance has helped boost trade there as well.
"Factories first file for preferential certificates of origin. And in less than an hour, their overseas clients will receive all the information," said Jinhua

customs officer Chen Jiangfeng, which comes under the Hangzhou Customs district.

RCEP to boost global trade

The recently signed free trade agreement, the Regional Comprehensive Economic Partnership (RCEP), is expected to further boost China-ASEAN trade. Tariffs within the trade bloc, which covers all 10 ASEAN members and Australia, New Zealand, Japan, South Korea, and China, are expected to be reduced further.

"Those tariff cuts have now reached more countries in the Asia-Pacific thanks to the recently signed RCEP -- the world's largest free trade agreement," said University of International Business & Economics China Institute for WTO Studies dean Tu Xinquan.

Meanwhile, China Association of International Trade senior fellow Li Yong told CGTN that RCEP creates more trade resiliency and has a huge impact on global trade in the next 10 years.

"The RCEP effect is going to contribute net export of about $516 billion. At the same time (in 2030), the RCEP will also contribute a net national income of about $186 billion. That's huge," said Li, referring to modeling by Peterson Institute for International Economics.

On Monday, data from the General Administration of Customs showed that China's exports in November rose at the fastest pace since February 2018, helped by strong global demand for industrial products and raw materials, though imports were slower than expected. Global demand from the ASEAN, Europe, and the U.S. also increased.

Source: news.cgtn.com– Dec 07, 2020

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Africa: Free Trade Deal Could Boost African Manufacturing

Industrialisation has become one of the most talked about issues among African policymakers. A vibrant manufacturing sector is crucial to transforming economies on the continent, achieving sustained growth, creating more jobs and achieving prosperity for all.

Yet Africa's experience with industrialisation has been disappointing. Trade liberalisation and appropriate complementary policies could turn things around. The African Continental Free Trade Area (AfCFTA) presents an opportunity for economic growth and transformation across the continent. To get there though, several major hurdles in implementing the new deal will need to be overcome.

After independence, most African countries tried to industrialise through state-led import substitution policies. These endeavours failed due to poor leadership, a lack of commitment, mismanagement, commodity price busts and an absence of clear industrial development planning.

Research by Bruton shows the extent to which these efforts were implemented on an ad hoc basis, lacking a clear economic rationale. Subsequent structural adjustment programmes seem to have further dampened the ideal of industrialisation in many African countries. They encouraged states to focus on what they already had an 'advantage' in - often commodities.

There is considerable room to grow intra-African manufactured exports if trade is further liberalised

Today Africa is less industrialised than it was in the 1970s. The share of the manufacturing sector in Africa's GDP is currently 11%, down from 15% in the 1970s. Africa's contribution to global manufacturing output declined from 3% in the 1970s to less than 2% in 2013. The share of manufacturing in Africa's total exports fell from 26% in 1995 to 19% in 2014. In other words, African countries are deindustrialising while still poor.

Almost without exception, those countries that have sustained rapid economic growth over time, including the Asian Tigers and China, did so on the basis of a strong manufacturing sector. It seems unlikely that African countries could achieve inclusive and sustainable structural change without industrialisation.

Given Africa's significant agricultural potential, agro-processing could be a start to achieving a vibrant manufacturing sector. However, the continent's exports to developed countries face more pronounced tariff regimes in processed agricultural products, with higher tariffs on processed commodities than on raw materials. This 'tariff escalation' discourages countries from moving up the value chain.

In 2014, manufactured products accounted for only 15% of Africa's exports to outside the continent compared to 42% for intra-African exports. Evidence suggests that there is considerable room to grow intra-African manufactured exports if trade is further liberalised.

The AfCFTA aims to boost intra-African trade by reducing tariff and non-tariff barriers. Its full implementation will help mitigate the constraint of tariff escalation, encouraging countries to focus on more value-added products, and hence diversify exports away from commodities.

Technical barriers to trade, such as corruption and cumbersome custom systems must be removed

Implementation starts in January 2021 and if fully realised, the deal will help firms overcome the constraint of narrow domestic markets and facilitate economies of scale, diversification and more value add. AfCFTA covers all African countries, with an estimated combined GDP of US$2.5 trillion and a population of about 1.3 billion.

The trade deal will help attract foreign direct investment, especially in the manufacturing sector, as the large market can increase profit margins for external investors. By establishing a subsidiary on the continent rather than exporting from outside Africa, the unified African market can be accessed more easily and at lower costs.

The AfCFTA offers an opportunity to boost industrialisation across Africa. It offers numerous manufacturing opportunities such as agro-processing, clothing, car assembling, machinery and equipment, among others.

However, its implementation will undoubtedly pose serious challenges. Regional economic communities such as the Economic Community of West African States (ECOWAS) and the Southern African Development Community aren't functioning as they should. Intra-regional trade in ECOWAS is officially reported to be only 8-13% of total ECOWAS trade, and Nigeria recently closed its land border with Benin.

African governments and policymakers must do everything in their power to make the free trade area work. Technical barriers to trade, such as corruption and inefficient and cumbersome custom systems, have to be addressed.

Ethiopia is aligning its trade and industrial policies by developing economic zones and industrial hubs

The AfCFTA will probably be hampered by Africa's huge infrastructure deficit and low quality of trade logistics. African countries should actively invest in both areas. Also, trade liberalisation often creates winners and losers, especially when it takes place between countries with different levels of development. This could undermine the free trade area if compensatory measures aren't taken for equitable distribution of gains.

Even fully implemented, the trade deal may not lead to the level of industrialisation expected unless appropriate complementary policies are put in place. Industrial parks and special economic zones are a good platform to exploit these opportunities.

Lessons can be learnt from Ethiopia which is doing well in aligning its trade and industrial policies through developing economic zones and industrial hubs. The country is focusing on investments and production in manufacturing export sectors such as textiles and apparel, leather products, pharmaceuticals and agro-processing.

African countries should also invest in human capital, improve business regulations and enhance access to credit for export-oriented manufacturing firms. Such supportive policies, along with the effective implementation of the AfCFTA, can boost industrialisation and development on the continent.

The future of Africa will depend on its ability to use the industrialisation opportunity presented by the free trade area. Leaders now need to show the political will and commitment to ensure that technical trade barriers are removed and that industrial policies are in place and coordinated at both national and regional levels.

Source: allafrica.com– Dec 08, 2020

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The potential impact of Brexit without a trade deal

Britain and the European Union are seeking a post-Brexit trade deal, with failure likely to result in increased chaos in mutual trade, financial markets tumbling and huge economic costs.

Here are some of the potential pressure points of a failure to reach agreement on trade.

STERLING

Investors and banks have long predicted a trade deal would be done, so a no-deal would hit the British pound, foreign exchange traders say.

But investor sentiment was hit by the sides saying on Saturday that there was still no agreement covering annual trade worth nearly $1 trillion, and sterling has fallen against the U.S. dollar since then.

The shock result of Britain's referendum on leaving the EU in 2016 sent the pound down 8% against the dollar, its biggest one-day fall since the era of free-floating exchange rates began in the 1970s.

TRADE

In the case of a "no deal" on trade , Britain would lose zero-tariff and zero-quota access to the European single market of 450 million consumers overnight.

Britain would default to World Trade Organization (WTO) terms in its trade with the 27-state bloc. It would impose its new UK global tariff (UKGT) on EU imports while the EU would impose its common external tariff on UK imports.

Non-tariff barriers could hinder trade, with prices widely expected to rise for British consumers and businesses

Borders risk disruption, especially the main crossing points, with experts saying shortages of certain foods are possible in Britain as it imports 60% of its fresh food, with disruptions in British lamb exports to the EU also possible. Any disruption would be felt most keenly by sectors that rely on just-in-time supply chains, including autos, food and beverages. Other sectors likely to be affected would include textiles, pharmaceuticals, and chemical and petroleum products.

The EU is Britain's biggest trading partner, accounting for 47% of its trade in 2019. It had a trade deficit of 79 billion pounds ($104.86 billion) with the EU, a surplus of 18 billion in services outweighed by a deficit of 97 billion pounds in goods.

Even with a deal, Britain expects thousands of trucks bound for EU countries to stack up in the southern English county of Kent, with delays of up to two days.

AUTO SECTOR

The impact would be felt sharply by the car industry in both Britain and the EU, with British automakers facing a 10% tariff on all car exports to the EU and up to 22% for trucks and vans if no Brexit deal is struck, 23 auto industry associations said.

The cost would almost certainly be passed on to consumers, it added, predicting 57.7 billion euros ($69.85 billion) in costs for EU plants and costs of 52.8 billion euros for UK plants.

In Britain, the Society of Motor Manufacturers and Traders, said a "no deal" Brexit would cut UK vehicle production by 2 million units over the next five years and undercut its ability to develop the next generation of zero-emission vehicles.

The outcome of the negotiations on fishing rights is also being closely watched as it will have political as well as economic fallout, even though fishing alone contributed just 0.03% of British economic output in 2019.

France has sought a deal that protects its ability to fish in UK waters for several years to come but has told its fishermen to prepare for a smaller catch.

THE ECONOMY

The long-term impact could be costly for both Britain and the 27 remaining EU member states.

A no-trade deal would wipe an extra 2% off British economic output in 2021 while driving up inflation, unemployment and public borrowing, Britain's Office for Budget Responsibility (OBR) has forecast.

The OBR said tariffs under WTO rules and border disruptions would hit parts of the economy such as manufacturing that were emerging relatively unscathed from the COVID-19 pandemic.

According to economic research by insurer Allianz in November, a hard Brexit - a sharp, disorderly split - could cost the EU as much as 33 billion euros in annual exports, with Germany, the Netherlands and France hit the hardest.

The shock would be felt unevenly across continental Europe, with those likely to be hit worst including Ireland, the Netherlands, Denmark, France, Germany, Sweden, Portugal, Poland, the Czech Republic Cyprus, Malta and Hungary.

The Halle Institute for Economic Research has forecast that EU companies exporting to Britain could lose more than 700,000 jobs if no trade deal is agreed.

Hylke Vandenbussche, a professor at Belgium's University of Leuven, said in a report last year that Belgium would be the worst affected EU member state relative to its size, especially its food sector, with the loss of 10,000 jobs.

NORTHERN IRELAND

Both sides want to avoid a hard border between the British province of Northern Ireland and the Republic of Ireland, which is in the EU. Implementing the Northern Ireland protocol, which is part of the withdrawal agreement under which Britain left the EU on Jan. 31, will be complicated without a trade agreement.

Under the treaty, Northern Ireland remains, in effect, in the EU's single market for goods and aligned to its customs rules after Dec. 31 - unlike the rest of the United Kingdom.

Exactly how checks, regulations and paperwork will work between Britain and Northern Ireland is not yet clear. But without a trade deal, the divide between Britain and Northern Ireland would become more distinct.

Brexit without a trade deal could allow Northern Ireland to become a back door into the EU's single market, thus raising the spectre of a hard border on the island of Ireland for the first time since a 1998 peace deal.

The 1998 Good Friday Agreement ended three decades of sectarian violence between mainly Protestant Unionists who favour continued British rule and mainly Catholic Irish Nationalists who want a united Ireland.

ACRIMONY

Both sides would be likely to blame each other for any chaos after a no-deal exit and Europe would be split just as it faces the challenges of China's rise, Russian assertiveness and the continuing fallout from the COVID-19 pandemic.

There could also be acrimony within the EU, which would lose one of Europe's leading military and intelligence powers, its second-largest economy and the only financial capital to rival New York. Britain would be left far more dependent on its alliance with the United States.

Britain is pushing ahead with legislation that would allow it to break parts of the withdrawal treaty relating to Northern Ireland, making it unclear how far it would implement the divorce deal.

CITY OF LONDON

The world's international financial capital is largely ready for Brexit as a trade deal was never going to cover Britain's most globally competitive industry.

While most banks and investors have found ways to navigate Britain's departure from the bloc, the long-term impact of an acrimonious Brexit would be unpredictable and the EU would be likely to try to grab more market share from the City of London.

London is the centre of the world's $6.6 trillion-a-day foreign currency markets, accounting for 43% of global turnover. Its nearest EU competitor, Paris, accounts for about 2%.

The British capital is also the global centre for euro trading, a potential headache for the European Central Bank. ($1 = 0.8260 euros) ($1 = 0.7534 pounds)

Source: agriculture.com – Dec 08, 2020

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Ocean Lanka partners with Cotton made in Africa

Sri Lanka's weft knitted fabric manufacturer Ocean Lanka Pvt Ltd recently entered into a partnership with Cotton made in Africa (CmiA), one of the world's leading standards for sustainably produced cotton. The partnership will see the company further increasing its sustainable cotton portion, which is ecologically and socially progressive.

CmiA is an initiative of the Aid by Trade Foundation, which operates on the principle that partnering retailers and brands pay a license fee for every product bearing the CmiA label. CmiA then reinvests the licensing revenue towards training smallholder cotton farmers in sub-Saharan Africa, thereby improving their living conditions.

"In 2009, we made a commitment to source more sustainable cotton. As of today, over 40 per cent of fabric and yarn we use is already sustainable. The partnership with CmiA will allow us to further increase that proportion, putting us well on our way to reaching at least 75 per cent by 2025," company managing director Austin Au was quoted as saying by a Sri Lankan newspaper.

"Ocean Lanka maintains a proactive stance in bettering the textile and apparel industry and reducing the environmental impact. The partnership with CmiA is an expansion of our responsible fabrics portfolio, which includes; organic cotton, GOTS-certified organic cotton fibres and BCI cotton. It is important that all our stakeholders partake in our journey - only this way can we achieve long-term success and trust," he added.

Source: fibre2fashion.com – Dec 08, 2020

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Bangladesh signs maiden PTA with Bhutan

Bangladesh recently signed its maiden preferential trade agreement (PTA) with Bhutan to boost bilateral trade. Commerce minister Tipu Munshi and Bhutanese economic affairs minister Lyonpo Loknath Sharma signed the agreement. Prime Minister Sheikh Hasina and her Bhutanese counterpart Lotay Tshering witnessed the signing ceremony virtually.

Bhutan was the first country in the world to recognise Bangladesh's independence on December 6, 1971.

Around 100 Bangladeshi products, including baby clothes and clothing accessories, men's trousers and shorts, jackets and blazers, jute and jute goods, leather and leather goods, will get duty-free access to Bhutan, according to Bangla media reports.

Meanwhile, 34 Bhutanese products that will get duty-free access to the Bangladeshi market include orange, apple, ginger, fruit juice, milk, natural honey, wheat or meslin flour, homogenized preparations of jams, fruit jellies, marmalades, food preparations of soybeans, mineral water, wheat bran, quartzite, cement clinker, limestone, wooden particle boards, and wooden furniture.

Both countries will be able to increase the number of items gradually through consultation.

The bilateral trade volume of the two countries was just $12.77 million in the fiscal 2008-09 with Bangladesh's exports to Bhutan amounting to $0.61 million while it imported goods worth $12.16 million.

The bilateral trade volume reached $49.65 million in the fiscal year 2018-19 out of which Bangladesh's exports to Bhutan totalled $7.56 million against the imports of $42.09 million.

Source: fibre2fashion.com – Dec 09, 2020

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Bangladesh: BGMEA seeks fresh stimulus package for the apparel sector

BGMEA has sought a fresh stimulus package for the sector besides urging the government to continue benefits given at the beginning of COVID-19. Since April this year, the Bangladesh government has granted Tk 10,500 crore to the export-oriented garment sector in three phases to help factories pay salaries and allowances to workers at 2 per cent service charge. The government has also unveiled some other packages.

For example, it has introduced a Tk 33,000-crore stimulus package for large industrial units and has made available another Tk 12,750 crore in the Export Development Fund. BGMEA has also demanded an extension of moratorium period for repayment of loans under the first stimulus package to one year from six months now. It has also sought an extension of the payback period to five years from one year as the sector is going through a rough patch

Recently, BGMEA participated in the Call for Action program launched by the International Labor Organization to get back payments from international retailers and brands through discussions and consultations.

Of the major retailers and brands with which the BGMEA held talks and discussions are C&A, Bestseller, H&M, M&S, VF, PVH, KIK, Primark, Tesco, Decathlon, Arcadia Group, Next, New Look, Asda/George, OVS, K-Mart and Target Australia, Camieu, La Halle, and Ny Gard.

Source: fashionatingworld.com – Dec 08, 2020

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Bangladesh knitwear exports grow by 4.8%

As per the data from the Export Promotion Bureau, Bangladesh's knitwear exports grew by 4.8 per cent year-on-year to earn $7.13 billion in the period of July to November of the current FY. As per Textile Today, experts attribute the increase in demand to extensive stay at home, which triggered orders and sales of sweaters.

Simultaneously, Bangladesh's readymade garment (RMG) exports have been bouncing back as the grim year of 2020 almost coming to an end. The

RMG sector earned US$ 2.45 billion in November. Although November's receipts are 8.2 per cent less of the monthly target of $3.35 billion, still the export earnings in the month are the highest in the August-November period. Official data also showed that, from July to November of this year, the sector earned $12.89 billion with a 1.48 per cent growth rate.

As in November, the export of woven garments fell 10.48 per cent while knitwear export grew by 4.97 per cent.

At the same time, home textile exports grew pointedly during the COVID-19 pandemic because of the increase in the use of hospital bed sheets, medical gowns and curtains, especially in the countries that have been severely hit by the rogue pathogen.

Source: fashionatingworld.com – Dec 08, 2020

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Pakistan: Trade deficit widens

Pakistan Bureau of Statistics (PBS) trade data reveals that the trade deficit widened month on month in November 2020 against October 2020 - from 1.803 billion dollars to 2.068 billion dollars or a rise of 14.7 percent. This is in spite of a rise in exports of 2.71 percent - from 2.104 billion dollars in October 2020 to 2.161 billion dollars - data shared earlier by the Ministry of Commerce though by not sharing the import figure at the time led to a misconception that the trade deficit had narrowed. The most desired form of strengthening foreign exchange reserves is through a trade surplus, and not as is the case today through remittances, borrowing from friendly countries and through swap arrangements.

Exports have risen with exporters recently informing government officials that they are inundated with export orders which prompted Prime Minister Imran Khan during his recent visit to Faisalabad to declare that his administration will fully support efforts to promote skilled labour required by the textile sector; however, in actual terms the rise in exports till November has not been significant - around 57 million dollars while imports have risen by 325 million dollars - from 3.907 billion dollars in October to 4.229 billion dollars in November 2020.

The onus of reducing the trade deficit therefore must rest with vigorous implementation of import substitution policies and needless to add from July 2019 to February 2020 (prior to the onslaught of the pandemic). In this context it must be noted that the State Bank of Pakistan implemented an extremely harsh contractionary monetary policy in 2019 with a high discount rate of 13.25 percent in July that crippled domestic output and an undervalued rupee that massively reduced imports.

What is however worth noting is that in spite of the reduction of the discount rate to 7 percent and a real effective exchange rate of 97.1 in October 2020 compared to 94.8 in October last year the trade deficit between the two periods (July-October) registered a rise - from negative 9.639 billion dollars in 2019 to negative 9.685 billion dollars in 2020.

Government sources claim that the rise is attributable to the rise in imports of raw materials reflective of the rise in export orders - from 19.17 billion dollars in July-November 2019 to 19.42 billion dollars in the comparable period of 2020.

While details are not yet available yet one would hope that the government undertakes a detailed analysis of which imports have actually risen and ensure that unnecessary luxury items in addition to non-luxury items already being produced in Pakistan are not imported.

One way out of this would be to enforce halal rules on imports to make certain and ensure that items manufactured abroad use local inputs to ensure that our religious considerations are not being violated.

Remittances, another desired form of earning foreign exchange, have been rising in recent months contrary to projections/expectations attributable to Pakistani workers abroad remitting money through legal channels (instead of through hundi/hawala due to the pandemic); however, multilaterals are projecting a decline in remittance inflows into Pakistan due to a recession in countries employing a large number of Pakistani workers, a view supported by the recent State Bank of Pakistan report. Thus the government would have to increase reliance on narrowing the trade deficit.

There is therefore a need for the government to vigorously pursue import substitution policies together with export promotion policies though care must be taken not to cripple the industrial sector or violate the World Trade Organization rules.

Source: brecorder.com – Dec 08, 2020

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Pakistan: FPCCI welcomes withdrawal of duty on cotton yarn import

Talking to the media, FPCCI Mian Anjum Nisar said the country has been unable to achieve its full exports potential in the textile sector and product diversification owing to limited access to raw-material. To this effect, he however added, the RD on cotton yarn should be terminated fully so that exporters could be able to achieve price competitiveness and product diversification.

“As the country receives huge exports orders, local production of cotton is in sufficient to meet the demand of the textile. Cotton was not available at competitive prices due to the RD and hectic procedures, while the Covid-19 pandemic and subsequent lockdowns in recent past have also worsened the situation,” Nisar said.

“The second wave of Covid-19 is also a serious threat to textile productivity. The cotton crop was severely damaged due to torrential rainfalls last year. It is estimated that the cotton production was in the range of six to eight million bales against the local textile sector’s requirement of 15-16m bales,” he maintained.

Source: dawn.com– Dec 08, 2020

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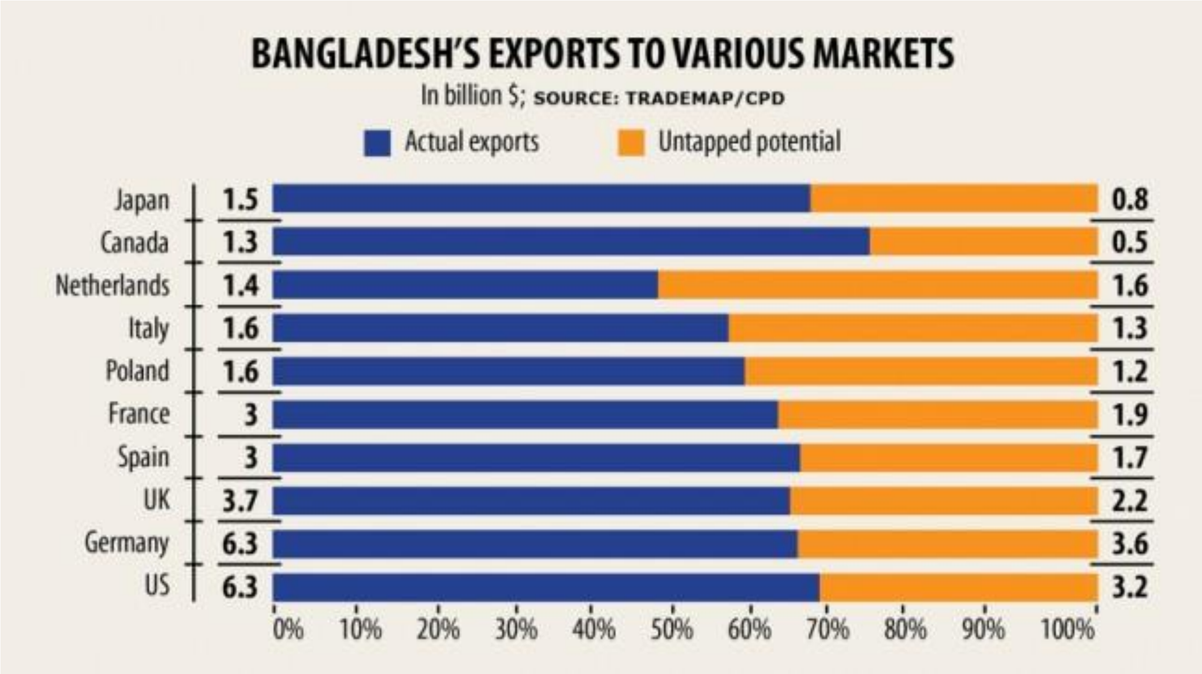
Bangladesh: Bumpy road awaits exporters

The rise of mega trading blocs, potential adverse consequences of LDC graduation, growing competition in key markets and a weakened multilateral system will make Bangladesh's trade journey challenging during the eighth five-year plan period, a think-tank said yesterday.



Average tariffs facing Bangladesh's export are set to rise by 9 per cent, and potential shipment loss could be to the tune of 14 per cent following the graduation to a developing nation in 2024, the Centre for Policy Dialogue (CPD) said.

Following graduation, Bangladesh will lose 1 per cent to 4 per cent of its annual exports amounting to $7 billion, said Shamsul Alam, a member of the General Economics Division of the Planning Commission.

He spoke during a virtual discussion on "The Eighth Five Year Plan: Addressing Covid-19 Challenges and Sustainable LDC Graduation", organised by the CPD.

The government will try to boost exports after the graduation through signing of preferential trade agreement, free trade agreements (FTAs) and comprehensive economic partnership agreement (CEPA), Prof Alam said.

While presenting the keynote paper, Fahmida Khatun, executive director of the CPD, said if the ills of the banking sector were not cured, the economy would not fare well in the future.

"The banking sector needs to be strengthened by establishing good governance," she said.

The CPD paper said the loss of preferential market access as an LDC in major export markets, particularly in the European Union, would have an adverse impact on the price advantages of Bangladeshi products.

The possible fall in the export (around 5.7 per cent annually) could cause a loss in employment, particularly in the garment sector. An estimated 538,770 jobs could be lost due to preference erosion.

Sectors such as the pharmaceuticals could lose the current flexibilities in terms of patenting and licencing requirements, the think-tank said.

"Bangladesh will need to pursue proactive negotiations to enter into CEPA with regional and key trading partners. This will require domestic policy reforms in areas of trade, e-commerce, intellectual property rights, non-tariff barriers, copyrights, certification and standards."

The CPD said in spite of achievements in some areas, the benchmark Seventh Five-Year Plan (7FYP) scenario was below the targets set for FY2019-20 in a number of key areas. "Indeed, in many cases, the gaps have widened over the years. The 8FYP will need to revisit those targets and set the new targets in a realistic manner."

The think-tank said the LDC graduation would require Bangladesh to take adequate preparation so that "we can graduate with momentum and graduation is sustainable"."This will mean that the 8FYP foresees needed steps in anticipation of significant preference erosion and demands on raising the competitive strength of the Bangladesh economy."

The 8FYP covers the midway journey towards attaining the goals and targets of the Sustainable Development Goals (SDGs) by 2030. Accordingly, issues of inclusiveness and equity, and leaving no one behind, must be prioritised in the plan document, the CPD said. Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the reforms in the financial sectors such as in the stock market and banks have not been made in the fifth, sixth and seventh five-year plans.

"So, I do not get the confidence that the reforms would be made in the eighth five-year plan."

"We need to take some fundamental steps in the eighth five-year plan for addressing the challenges," he said. Planning Minister M A Mannan said the government was working to do justice to the people of low-income groups through ensuring fairness and justice and removing inequality. In some cases, there is some inequality. "We regret it," Mannan said. "However, our target is to enhance the degree of relief for the people."

Amir Khasru Mahmud Chowdhury, former commerce minister, said establishing economic inclusiveness was not possible without political inclusiveness, which is absent now in Bangladesh. He criticised the Bangladesh Securities and Exchange Commission, the central bank and Election Commission for poor governance.

"Investors are not getting confidence," he said, adding that the country needs a credible election so that the people's confidence gets a boost. Saber Hossain Chowdhury, chairman of the parliamentary standing committee on the ministry of environment, forest and climate change, said the government is planning for green recovery from the fallouts of the Covid - 19 over the next two years.

He suggested preparing a scorecard of the 7FYP to identify the mistakes so that implementation can be better in case of the 8FYP. "Otherwise, the same mistakes will take place in the ninth five-year plan."

Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry, said if the business climate does not change, a lot of private sector investment would not take place. The CPD said delays in forming a commission might lead to worsening of the state of governance in the banking sector.

Because of the excessive regulatory forbearance owing to the Covid-19, the performance of weak and poorly governed banks may get worse, it said. Prof Rehman Sobhan, chairman of the CPD, said there were people in the country who had graduated from the poverty line but fall below it whenever they face shocks. One of the groups is informal sector workers.

There is no agenda for dealing with the large group of people who make up the informal sector, he said. He urged the policymakers to address the challenges faced by the informal sector.

He called the failure to integrate the SMEs into the supply chain a crucial one. "There is no coherent agenda for SMEs although they generate a large number of jobs," Prof Sobhan said, adding that the 8FYP must address the big sector.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said the country needs relief from the virus and the economic distress in the next two years. The support measures unveiled by the government have to be implemented properly, he said.

Along with monetary support, the role of fiscal policies has to be strengthened as the former alone can't help the country ride out the crisis, Zahid Hussain said. Shaheen Anam, executive director of Manusher Jonno Foundation, said the new five-year plan was stated to be business as usual and the challenges it raised had been going on for a long time.

One of the challenges is weak revenue collection. "We all know that those who don't pay taxes always find a loophole to dodge it, whereas those who pay taxes regularly are made to pay higher taxes. This has been going on for many years," she said.

The five-year plan is closely related to achieving the SDGs by leaving none behind, she said. "I do not have any doubt about the government's commitment towards the goals. But I doubt whether we would be able to achieve them."

While moderating the discussion, Mustafizur Rahman, a distinguished fellow of the CPD, said a lot of risks in the economy have widened, and the economy was getting weak because of the pandemic. He called for introducing a universal pension scheme to take social safety net programmes to a greater number of beneficiaries.

Razequzzaman Ratan, president of the Socialist Labour Front, said the government should ensure permanent jobs for a large number of people who were still out of the formal sector.

A differently able Harun Ur Rashid said the new plan should properly include people like him.

Source: thedailystar.net– Dec 09, 2020

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NATIONAL NEWS

Textile ministry plans Rs 10k-crore scheme to promote production in key sectors

The Textile Ministry is mulling a scheme estimated to cost over Rs 10,000 crore to promote the domestic production of a number of products such as sanitary pads, tampons, sweaters and jerseys.

The ministry has identified 50 key sectors, within which it aims to introduce the production linked scheme (PLI) that help boost India's growth in sector to make it a global textile player, officials familiar with the development said. While the budget for the scheme has been approved, its contours will be shaped later this week and the final scheme will then be presented to the Cabinet.

PLI across ten different sectors, including electronics and telecommunications, was first mentioned by Prime Minister Narendra Modi in November this year. Similar schemes are also likely to be introduced by the ministries to encourage domestic production as the focus on the government's flagship scheme Aatmanirbhar Bharat (self-dependent India) continues.

The domestic textile export market in India is estimated at $140 billion in 2018-19, and is a 45 million people industry.

The textile scheme will offer three categories on which incentives will be provided, for already active players brackets of Rs 100-400 crore and over Rs 400 crore of net turn over exists. It will have a five-year gestation period. "In this case, the idea is that if the company in the first category receives a 50% incremental turn over, they will be provided with 9% seed funding from the government," said an official.

"For the second category, 7% on net incremental turn over will be disbursed." The base year to determine the net incremental turn over will be 2019-20 and the scheme is likely to come into effect from 2022.

For new companies venturing into textile, a category called Greenfield will apply. These companies will have to make at least a Rs 500 crore investment, on which the gains would be 11% to start with.

Source: hindustantimes.com – Dec 09, 2020

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Merchandise Exports From India Scheme: Govt may extend MEIS by 3 months

The government is weighing a proposal to extend by three months the validity of the Merchandise Exports From India Scheme (MEIS) to March 31, 2021. Any such extension will allow it to complete an exhaustive exercise for rolling out the proposed Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, which is supposed to replace the MEIS, and offer more time to exporters to prepare themselves for the transition, sources told FE.

Moreover, it makes sense to operationalise the new scheme along with the launch of the next foreign trade policy, which will remain in effect for five years from April 1, 2021. "A final decision on such an extension will be made soon," said an official source.

The government had earlier announced that it will roll out the RoDTEP scheme from January 2021 to make the outbound shipments zero-rated. The scheme is essentially aimed at reimbursing even embedded taxes (that are not subsumed by the GST) paid on inputs consumed in exports.

It had set up a committee late July under former commerce secretary GK Pillai to suggest RoDTEP benefit rates. However, given that firming up the rates of benefits for thousands of products across various industries is a lengthy exercise, the government may need more time to finalise the incentive structure, said one of the sources.

Allowing the MEIS to continue until the new scheme is fully operational is crucial to supporting the exporters as they struggling in the wake of the pandemic, exporters said.

MEIS came under tighter government scrutiny in recent months, especially in the wake of Covid, and the resource-starved revenue department slashed its allocation under the scheme to just Rs 15,555 crore for the April-December period, which is just about 40% of the outlay for the entire last fiscal.

Some key wings of the government, such as the revenue department and Niti Aayog, have termed the MEIS an inefficient programme that only drains the exchequer. For their part, exporters flag several structural bottlenecks, including embedded taxes and elevated logistics costs, to highlight the need for sustained benefits.

Already, merchandise exports have witnessed a loss of momentum since the 6% expansion in September, the first since February. India's outbound shipments faltered by 5.1% in October and, according to preliminary estimates, the contraction just exacerbated to 9.1% in November.

As FE has reported, India has emerged as the worst performer among key developing economies in Asia in merchandise exports in the aftermath of the Covid-19 outbreak, trailing not just the usual stars China and South Korea but also Vietnam, Indonesia, Malaysia and even Bangladesh.

Source: financialexpress.com – Dec 09, 2020

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Centre aims to increase MSME sector contribution to GDP up to 50%: Gadkari

Describing Micro, Small and Medium Enterprises (MSME) is backbone of Indian economy, Union Minister of Road Transport Nitin Gadkari on Tuesday said the government's aim is to increase the sector's contribution to the GDP to 50 per cent from the existing 30 per cent. Speaking at the inaugural session of the three-day TiE Global Summit (TGS)being held virtually, Gadkari said the MSME sector currently constitutes 48 per cent of total exports from India and the government aims to take it to 60 per cent in future.

"MSME is the backbone of Indian economy...a total 30 per cent of the GDP in Indian economy is contributed by the MSME. Out of our total exports, 48 per cent is also from MSME.

At the same time up till now MSME created 11 crore jobs. And that is one of the reasons why MSME is the backbone of the country," he said. "Now we have decided to make this 30 per cent contribution to GDP to 40 per cent and 48 per cent of the exports contribution to 60 per cent. And we want to create five crore jobs, he added.

Gadkari said currently village industries such as handlooms, handicrafts, Khadi Gram Udyog are generating Rs 80 thousand crore revenues which needs to be taken up to Rs five lakh crore in the next few years.

Requesting industrialists to invest in India, the union minister said that the country currently has an excellent network of roads, abundantly available power and water and reformed labour and other administrative laws. He said his ministry was planning to take up 22 new green highway road projects across the country.

According to him, though there is an impact of COVID- 19 globally, the Indian industry may get some opportunities out of it. Lauding the achievements of the Indian automobile industry, Gadkari said the sector witnesses Rs 4.5 lakh crore turnover annually and the country can become a global hub for automobile manufacturing. He said currently research is going on to use hydrogen fuel cells as an alternative source of energy for automobiles.

Source: financialexpress.com– Dec 08, 2020

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Fitch sees India’s GDP contraction at 9.4%

‘The need to repair balance sheets, increased caution about long-term planning, and firm closures will limit investment demand’

The outlook for India is brighter owing to an expected roll-out of various vaccines in 2021, according to Fitch Ratings.

The global rating agency now expects India’s GDP to contract 9.4 per cent in fiscal year to end March 2021 (FY21) (from 10.5 per cent contraction forecast earlier), followed by +11 per cent (unchanged) and +6.3 per cent (6 per cent in previous forecast) in the following years.

“The coronavirus recession has nevertheless inflicted severe economic scarring. The need to repair balance sheets, increased caution about long-term planning, and firm closures will limit investment demand,” the agency said in a report.

Furthermore, increased financial-sector weakness – amid deteriorating asset quality – will hold back credit provision.

Fitch observed that the failure of another bank in recent weeks – the third failure in the past 16 months –underlines the challenges in the financial sector.

Pre-ordered vaccine

“India has pre-ordered 1.6 billion doses including 500 million doses of the Oxford/AstraZeneca vaccine. Distribution should allow a faster-than-expected easing of social-distancing restrictions and boost sentiment,” Fitch said in a report.

However, it seems likely that the vaccine roll-out over the next 12 months will not reach the majority of the people given the huge logistical and distribution challenges in a heavily populated country like India.

Regional shutdowns are likely in the next few months, while the virus is still spreading, the agency added.

Inflation has peaked

Fitch said consumer prices have continued to accelerate in recent months, buoyed by lingering supply disruptions. This has deterred the Reserve Bank of India (RBI) from resuming its easing cycle.

“We think inflation has now peaked and should start to decelerate rapidly on favourable base effects and an easing of supply disruptions. This should provide room for the RBI to cut interest rates in 2021,” it added.

Source: thehindubusinessline.com– Dec 08, 2020

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Protectionism in the COVID-19 era: A step back for the global economy?

The COVID-19 pandemic has caused widespread economic uncertainty globally, and coupled with the US-China trade war, has caused countries to adopt protectionist measures. While the regulations introduced by India, the US, the UK and the European Union have taken different forms, the underlying concern is uniform – save homegrown companies, especially in strategic sectors, from being acquired by state-backed investors from other countries.

Protectionist measures adopted by India

India has introduced protectionist measures in two ways. One, the Indian government has launched the “Atmanirbhar Bharat” policy, which translates to “self-reliant India,” to promote local industry and reach self-sufficiency in the near future.

Second, foreign direct investments in Indian companies from border sharing countries now require prior approval of the Indian government. This requirement is applicable for direct investments, as well as investments which are beneficially held by entities or citizens of neighbouring countries. This rule is primarily aimed at regulating investments from China and may also cover investments from entities based in Hong Kong and Taiwan.

Further, the Indian government has not provided a de minimis threshold for beneficial ownership of, or indirect investment by, an entity or a citizen of a border sharing country. This ambiguity has led to significant uncertainty specifically in case of acquisitions and greenfield ventures by foreign listed corporations and investment funds, whose beneficial ownership may at times not be traceable easily.

Reports also suggest that applications made to the Indian government under this new rule have not been cleared as yet, more so in light of the border tussle between India and China.

Measures adopted by other countries

That said, the US, the European Union and the UK already have or are looking to introduce similar protectionist measures.

Measures in the US:

In February 2020, the Foreign Investment Risk Review Modernization Act came into force in the US. It empowers the Committee on Foreign Investment in the United States (CFIUS) to address national security concerns regarding foreign exploitation of certain investment structures, which have traditionally remained outside the jurisdiction of the CFIUS.

Consequently, certain additional transactions have to be notified to CFIUS, such as:

- those involving the purchase or lease of real estate near sensitive government installations,
- those which provide a foreign person with control over an entity, or
- those which provide a foreign person access to material non-public technical information available with the
- business, membership on the board of directors or decision-making rights (other than by voting rights acquired through the ownership of shares).

In addition, acquisition of minority interests in certain specified sectors, such as telecom, power, oil and gas, defence and finance, also have to be notified to the CFIUS. The expanded scope of transactions being subjected to CFIUS review means that pending transactions can be blocked or completed transactions may have to be unwound if the CFIUS finds a national security interest emanating from the transaction.

Measures in the European Union

Similarly, the European Union has also encouraged member states to adopt screening mechanisms for foreign investments which are likely to affect security or public order. The European Union regulations suggest that to determine whether an investment is likely to affect security or public order, member states must consider whether the investment:

- has an impact on critical infrastructure (such as water, energy, transport, health and communications);
- has an impact on critical technologies (such as artificial intelligence, cybersecurity, defence and energy storage);
- results in access to sensitive information, including, personal data;

- is being made by an entity which is, directly or indirectly, controlled by the government of a third country; or
- is being made by an investor which has already been involved in activities affecting security or public order in another member state.

- Currently, among other members of the European Union, France, Italy, Germany and Spain have adopted national mechanisms to screen foreign investments.

Measures in the UK

More recently, the National Security and Investment Bill has been introduced in the UK Parliament, which seeks to empower the Secretary of State to investigate certain acquisitions if it is apprehended that the acquisition could be a risk to national security. This bill proposes to capture not only acquisitions of entities, but also acquisitions of assets, intellectual property and minority shareholding. In order to determine whether an acquisition creates a risk to national security, the bill requires the Secretary of State to consider:

- the target risk, which includes assessing the nature of the target and the sector in which it operates;
- the trigger event risk, which includes assessing the nature and degree of control; and
- the acquirer risk, which includes assessing the risk posed by the acquirer to national security.

- The bill also proposes to introduce a mandatory notification requirement under which certain acquisitions (which are yet to be prescribed) must be mandatorily notified to the Secretary of State.

Impact on the Indian economy

Based on the foregoing, it is clear that India is not alone in imposing measures to protect national interests from opportunist acquisitions. However, the implications for India, as a developing economy, may be far-reaching as compared to the developed countries. As the Indian economy recovers from the pandemic, it is important to recognize that foreign investment, including investment from neighbouring countries, represents a key mechanism for supporting domestic industries and rebuilding India's economic capacity. After all, India received almost INR6.1 billion (approx.

US$820 million) in direct equity inflows from China and Hong Kong in the financial year ended on March 31, 2020 alone.

The liberalization of the Indian economy at the turn of the century represented a key moment in its economic development. Over the past two decades, India has gradually continued on the path of liberalization and opened up more sections of its market to foreign investment. Consequently, India has reaped the benefits of globalization, including, an increase in employment opportunities and exports, development of infrastructure and technological capabilities, and availability of a better quality of goods and services. Given this, it is important for India to strike a balance between protecting national interests and attracting foreign investment and to continue to be a part of the global economy.

Source: financialexpress. com – Dec 08, 2020

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India's export revival may be under threat. Blame it on container shortage

A recent revival in Indian exports is under threat because there aren't enough shipping containers to get the goods across the sea.

Shipments of certain goods, especially sales of packaged foods, had surged in recent months as more people eat at home during lockdowns, boosting expectations of a busy Christmas season. But the global impact of the coronavirus on trade and a slump in Indian imports have led to a shortage of incoming shipping containers, boosting freight charges about seven times.

Vimal Agro Products Pvt., which exports goods like canned mangoes and pickles to the Indian diaspora, said orders that were intended to arrive in Australia and New Zealand in time for Diwali reached only after the Hindu festival. While the company can't share details on Christmas orders due to client confidentiality, there's concern of a "big impact" if the container shortage persists, according to Chirag Nemani, vice president for marketing and sales.

"Empty containers were easily available earlier but now that is a big issue," Nemani said. "Customers don't want delay."

Global trade is being roiled by a shortage of containers because dire predictions of a collapse this year that prompted carriers to cancel sailings have proved too pessimistic. India's situation is worsened by geopolitical tensions with China that have reined in imports -- and subsequently incoming containers -- even while exports are recovering.

India's exports in terms of volumes grew 24% July-October, while imports reduced 28% from the previous year. Due to this, companies which used to ship out empty containers from India had to now bring them into the country and move them inland where factories are located at a huge cost, according to the country's Container Shipping Lines Association.

Vimal Agro's freight costs have doubled to $1,800 per container for the U.K. and charges have gone up three times to $1,500 for Australia. Capital Ventures, which sells spices, bakery goods and staples under the Parliament brand, is paying $200 for Singapore where it was earlier $20 and $700 instead of $200 for Dubai.

Organic Tattva, which is reporting a 50% increase in sales of organic foods to retailers including Costco Wholesale Corp. and the UAE-based Lulu Group, said shipments would have been 20% higher if it weren't for India's harsh lockdown that hit the availability of manpower and now the container shortages. The U.S. contributes 40% of the company's revenue.

"The shortage of containers started a few months back and has exacerbated in the last few weeks," said Manish Sharma, a partner at PwC India. "Unfortunately, this has come even as our exports were picking up, so on top of an economic shock we now have a logistics-induced challenge."

Key Numbers:

- India's overall shipments in value fell 5.1% in October, though food and beverage sales rose about 32%

- Imports plunged 11.5%, the eighth straight month of declines

- Sustained drop in imports contributed to a rare current account surplus in the June quarter

- Sharad Kumar Saraf, president of the Federation of Indian Organisations, said the industry body has been informed that the government is asking shipping lines to arrange for 100,000 containers per week.

"The waiting time for containers is currently two weeks or more, while normally it is 1-2 days," said Saraf. "This will definitely impact Christmas orders."

Source: business-standard.com– Dec 09, 2020

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Invest India wins UN Investment Promotion Award 2020

The United Nations Conference on Trade and Development (UNCTAD) recently declared Invest India, or the National Investment Promotion Agency of India, as a winner of the 2020 United Nations Investment Promotion Award.

The award ceremony took place on December 7 at UNCTAD headquarters in Geneva. UNCTAD assessed the work of 180 investment promotion agencies (IPAs).

The evaluation took into consideration the COVID-19 pandemic that led to numerous challenges for IPAs, forcing them to shift focus from routine investment promotion and facilitation towards crisis management, notification of government emergency and economic relief measures, provision of crisis support services and contribution to national COVID-19 business response efforts.

All this was being done while agencies had closed offices, moved functions online and asked staff to work from home, a press release from the Indian ministry of commerce and industry said.

In March 2020, UNCTAD constituted a team to monitor the response of IPAs to the pandemic.

UNCTAD highlighted good practices followed by Invest India, such as the Business Immunity Platform, Exclusive Investment Forum webinar series, its social media engagement and focus COVID response teams created as a response to the pandemic, in its publications.

Source: fibre2fashion.com– Dec 09, 2020

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Cotton purchase from December 15, ginning centre on cards

The district administration is gearing up to start cotton procurement in Ganjam from December 15. A ginning centre with a capacity to produce 50 quintal lint cotton per day is also on the anvil.Directing officials to make necessary arrangements, Collector Vijay Amruta Kulange said despite high demand of cotton in the market, its farming has declined over the years in the district.

As per official records, cotton was cultivated on 858 hectare land in Sanakhemundi, Digapahandi, Chikiti, Patrapur, Shergad, Sorada, Dharakote, Jagannathprasad and Bhanjanagar blocks last year. This year, the cash crop was cultivated on 557 hectare land and it is expected that around 8,4666 quintal cotton will be procured from the farmers. The farmers will be paid `5,825 per quintal and the cotton procured from them will be transported to the ginning centre of regulated market committee at Digapahandi for processing.

The ginning unit, first of its kind in cooperative sector in PPP mode, has been brought up at a total investment of Rs 2.10 crore. The unit will have capacity to produce 50 quintal lint cotton per day benefitting cotton producing areas of Digapahandi, Sanekhmundi, Dharakote, Sheragada, Patrapur, Jagannathprasad and Bhanjanagar blocks of Ganjam district.

“Machinary installation at the unit is in full swing and it will be operational from January 26. The processed cotton at the unit will be sent to different cotton mills in the country. It will have the capacity to produce 50 quintal lint cotton per day,” Kulange informed.

Source: newindianexpress.com– Dec 08, 2020

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Telangana Government's nudge to spur global demand for cotton

Telangana government is all set to promote the quality cotton produced in the State as a global brand and increase its demand worldwide. Chief Minister K Chandrashekar Rao disclosed that the cotton produced in the State is of a very high quality and it is one of the regions in the world, where high-quality cotton is produced.

The cotton staple grown in Telangana State is the lengthiest and its hardness is also high in the country, KCR directed the officials concerned to build a brand image for the high-quality cotton being produced in the State to increase its demand globally. He also directed them to prepare a strategy for publicising the special qualities of the cotton grown in the State. To this, he wanted the agriculture department to hold a conference with all the experts and specialists.

The CM also wanted proper instructions to be given to the cotton growers on how to clean the cotton picked from the fields and later packaging it with proper caution. This way, it would increase the demand internationally, he opined. The Chief Minister further said that proper care should be taken so that there would not be any dust, rubbish particles and soil in the cotton that is picked.

"Telangana is the second State that is growing more cotton in the country. In Telangana, cotton is cultivated in about 60 lakh acres. Cotton yields are good when cultivated through irrigated water. Since many projects are constructed in Telangana, there is an adequate availability of water for irrigation. Hence, if the cotton is grown under the canals, it would be beneficial," KCR said.

The Chief Minister also said that new methods have come in for the cotton cultivation and new varieties of seeds are also available for the growers. There are seeds which can produce one-time pick cotton. They should be cultivated in Telangana State, he suggested. Farmers are also following the government policy and cultivating as per the regulated cultivation methods. There is a lot of demand in the market for cotton, pluses and oilseeds, the CM said.

Cultivate vegetable more. Increase cultivation of Red Gram to 20 lakh acres and Oil Palm to 8 lakh acres, directed the Telangana Chief Minister.

Source: thehansindia.com– Dec 08, 2020

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Global ecommerce marketplaces help boost exports during pandemic

The recovery from the huge fall of April this year to a 10 per cent rise in September corroborates industry's belief that the apparel sector is already on its path to a V-shaped recovery, said Apparel Export Promotion Council (AEPC) chairman A Sakthivel.

Textile and apparel exporters have had to deal with the worst mass layoffs and factory closures during the crisis caused and subsequently exacerbated by the Covid-19 pandemic.

But finally—after all these months, exports have witnessed a positive shift. India's apparel exports rose by 10.22 per cent in September 2020 to $1,190 million from $1,079 million a year ago.

Similarly, India's neighbour Bangladesh, with its exports to Japan valued at $96.23 million saw a 3.95 per cent growth in September over the previous month. These numbers paint a positive picture of the textiles and apparel industry, which is slowly and gradually moving towards recovery.

The recovery from the huge fall of April this year to a 10 per cent rise in September corroborates industry's belief that the apparel sector is already on its path to a V-shaped recovery, said Apparel Export Promotion Council (AEPC) chairman A Sakthivel.

Going the B2B Way

A survey of business buyers conducted by Digital Commerce 360 found that 22 per cent purchasing managers spent significantly more on B2B marketplaces during the pandemic. Textiles and apparel vertical marketplaces like Fibre2Fashion are leading the way in presenting ways industry players that are suitably tailored to the complex and nuanced world of B2B e-commerce.

Amid the pandemic, one platform that has been thoroughly dedicated to fuelling the advancement of its partners and helping exporters offset infrastructural inefficiencies is the F2FMart. This new initiative by Fibre2Fashion is a one-stop B2B digital fashion marketplace and has been helping its partners maximise their exports through innovative digital connectivity solutions. Well-known in the industry for its reliable validation and seller evaluation system, Fibre2Fashion helps ensure safe buyer-supplier relationships.

“The pandemic has imposed challenges of sustainability and growth on the entire supply chain, F2FMart can help businesses gather momentum through its personalised buying, innovative features and marketing tools to enable exporters capture the international lost ground in the current—more complex—landscape," said Mr Adi Kapadia, Head Ecommerce at Fibre2Fashion. “ Moreover, what makes F2FMART a clear market leader is service to boost B2B trade—Bulk discounts, Online Sampling, Trusted payments and many more, coupled with its expertise and role in successfully closing deals between buyers and suppliers," adds Mr Adi Kapadia, Head Ecommerce at Fibre2Fashion.

Although overcoming the hurdles will not be easy, businesses that seek strategic partnerships to meet demand and reduce lead times will be able to recover quicker than others. And this is where F2FMart comes into the picture.

Reaping from Global Markets

While many businesses are well positioned in the raw materials or the production stages of the textiles and apparel global value chain, they are not able to scale up their exports in the absence of right marketing, branding and sales tools. Therefore, with access to those tools, such players can now reap more dividends from global markets. F2FMart not only enables businesses to do that, but a lot more while simultaneously helping reduce buyer-supplier relationship complexities.

Anurabh Dhar, Owner, Elysian Fashions, and a merchant associated with Fibre2Fashion said, “I am quite pleased with the Fibre2Fashion team in providing valuable leads and hand-holding during the entire process. I have been a privileged member since July this year and have already bagged an international deal with their help."

With over 100 merchants and MSMEs on board so far, with a total estimated inventory of ₹500 million, F2FMart has already partnered with leading manufacturers Mothercare and Zalando from the UK, PDS Trading Shanghai, India-based Global Textiles, Manisha Fashion, Anjali Fabrics, and Spinning King, among others.

With many regions across the world now facing a second wave of the coronavirus pandemic, now is the time for businesses to forge new collaborations and adopt out-of-the-box approaches that can help them adapt to the shifts. Companies that are flexible and responsive in their decision making will be poised to seize emerging growth opportunities in the next normal.

Source: livemint.com– Dec 07, 2020

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