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INTERNATIONAL NEWS

EU-US Trade War Heats Up With $4B Tariffs on American-Made Goods

The European Union is making good on threats to increase tariffs on U.S. exports to the region with new duties going into effect on Tuesday.

According to a statement from aircraft manufacturer Boeing, which has been at the center of the increasing trade tension between the allies, countermeasures against the U.S. have been agreed upon by EU member states, and are set to move forward immediately.

In 2019, Washington imposed duties worth $7.5 billion on EU products as the result of a World Trade Organization arbitration decision that ruled in favor of the U.S. and American aircraft manufacturer Boeing. At the time, the WTO confirmed U.S. lawmakers' charges that European multinational aerospace corporation Airbus, a direct competitor, benefitted unfairly from subsidies, negatively impacting Boeing's business. Legislators moved swiftly to impose tariffs on EU goods that would pay down the damages.

In September, though, the WTO granted the EU and Airbus license to hit back, giving the green light to impose tariffs on U.S.-made goods worth $4 billion. On Oct. 26, the intergovernmental trade organization formally authorized the implementation of countermeasures against subsidies that have benefitted Boeing.

"We have made clear all along that we want to settle this long-running issue," Valdis Dombrovskis, European commissioner for trade and executive vice president for Economy that Works for People said in a statement. "Regrettably, due to lack of progress with the U.S., we had no other choice but to impose these countermeasures."

According to Dombrovskis, the EU is exercising its legal rights under the WTO's decision, but is calling upon the U.S. to agree to both sides abandoning their respective countermeasures immediately.

"Removing these tariffs is a win-win for both sides, especially with the pandemic wreaking havoc on our economies," he said. "We now have an opportunity to reboot our transatlantic cooperation and work together towards our shared goals."

Dombrovskis said that the proposed countermeasures from the EU bring it to "equal footing" with the U.S., with sizable tariffs on each side related to the aircraft subsidies. Those duties include additional 15 percent tariffs on aircrafts as well as 25 percent tariffs on a range of agricultural and industrial products imported from the U.S.

In 2019, the U.S. imposed punitive duties on a number of EU imports including handbags over $20, wool sweaters and vests, cashmere, cotton, men's and boys' suiting, and women's and girls' cotton pajamas. But in August, the Trump administration appeared to take a placatory stance, removing Greek and German cheeses and Scottish shortbread products from the list, likely because the U.S. was working toward a bilateral trade agreement with the U.K.

However, French and German jams were added to the list, sending a thinly veiled message to the leaders of both countries to heed America's trade demands. The Trump administration implemented new 25 percent duties on $1.3 billion in goods from France in July, including luxury handbags, as a response to the country's Digital Services Tax.

Notably, in September, William Reinsch, a former senior U.S. Commerce Department official and trade expert at the Council on Strategic and International Studies, said that the WTO's decision on the EU's behalf would "set the stage for negotiation."

"Everybody's been waiting for this," he said at the time.

Source: sourcingjournal.com– Nov 09, 2020

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USA: Biden Election Offers 'Fresh Approach' on Trade, Covid and Economy, Industry Says

The election of Joe Biden as the next president of the United States portends a turn in the right direction for a variety of key issues facing the country, from the environment and jobs and workers, to the coronavirus and trade, many industry groups said.

Most stressed the importance of the connection between getting Covid-19 under control and reestablishing a strong U.S. economy.

"We welcome their message of unity and inclusion, as well as the recognition that the mandate of this election is to foster cooperation with all Americans," said Steve Lamar, president and CEO of the American Apparel & Footwear Association (AAFA). "We applaud Mr. Biden for making Covid-19 management and relief priority number one, and commend his efforts to build a Covid-19 Task Force focused on science, the health and well-being of all Americans, and the strengthening of the U.S. economy. We look forward to working with the Biden administration on these priorities in 2021."

Biden's campaign platform on trade stressed "strong and enforceable standards for labor, human rights and the environment in the core text of our trade deals."

"Future trade agreements should build on the pro-labor provisions added to the United States-Mexico-Canada Agreement (USMCA) by Democratic members of Congress," the platform stated.

Biden said during the campaign that he would take aggressive action against China or any other country that tries to undercut American manufacturing by manipulating their currencies.

The United States Fashion Industry Association (USFIA) said it looks forward to working with the incoming Biden Administration and the Congress to "find solutions to the challenges before us, especially solutions to stop Covid-19 and to support the economy."

"We believe that a fresh approach to trade policy and to American participation in global alliances will support the recovery today and for the future," USFIA said.

Until a reliable vaccine is widely available and the economy can regain the strength necessary to sustain itself, fighting COVID-19 using all health and economic tools must be a top priority–for the rest of 2020 and into 2021, said AAFA's Lamar.

"We are proud of the AAFA membership and our 4 million American workers as they have pivoted to supply critical PPE during the past nine months," he added. "We look forward to protecting their safe operations and keeping doors open this fall, winter and into 2021, while we continue to provide everyday essentials safely to families around the globe."

On Monday, the Biden-Harris team announced the formation of the Transition Covid-19 Advisory Board, a team of leading public health experts who will advise President-elect Biden, Vice President-elect Harris, and the Transition's Covid-19 staff.

Biden tapped public health veterans Dr. David Kessler and Dr. Vivek Murthy, and Yale epidemiologist Dr. Marcella Nunez-Smith to lead the team, stressing that "dealing with the coronavirus pandemic is one of the most important battles our administration will face, and I will be informed by science and by experts."

Thea Lee, president of the Economic Policy Institute, said now that the 2020 presidential election is finally decided, working people can look forward to a moment of hope and opportunity.

"In January, Americans will have a president and vice president who have pledged to prioritize the needs of working families," Lee said. "President-elect Joe Biden and Vice President-elect Kamala Harris won on a platform that addresses the urgent needs of working people. EPI has long called for policies that would shift bargaining power back toward workers, curb accelerating income inequality, shore up the nation's infrastructure and educational systems, protect and expand social insurance programs, and help close gender and racial wage gaps.

"We look forward to working closely with the incoming administration to systematically undo the harm caused by the Trump administration and to build an economy that works for everyone in America, elevates the contributions of working people and is committed to addressing and reversing systemic racism," Lee added.

Lee noted that many of the elections across the country demonstrated that progressive, pro-worker policies are not just good economics, but also can be electoral winners, citing Florida residents voting to raise the state's minimum wage to $15 an hour, and Colorado residents voting for a 12-week paid family and medical leave program.

"We encourage the incoming administration and Congress to focus on building worker power, fighting for racial justice, and making the transformational changes we need to invest in America, including through clean energy and other forms of climate crisis mitigation, public health, the care economy, the immigration system, and public education," she said.

Across the country "working people are heroically and resiliently fighting back against this pandemic, its economic fallout, chronic income inequality and systemic racism," Richard Trumka, president of the AFL-CIO, wrote in a blog post.

"President-elect Biden and Vice President-elect Harris saw us, heard us and campaigned on a promise that we, as one nation, will build back even better than before," Trumka noted. "That is why working people decisively rejected the politics of darkness and division and voted in record numbers for public servants who want to join us in writing America's comeback story."

Biden and Harris' message and commitment to create "the most significant pro-labor, pro-worker administration," he wrote, resonated with the ALF-CIO's 12.5 million members and 56 affiliated unions "who are hungry for a bigger voice in our economy and our politics."

"Now the AFL-CIO stands ready to help the president-elect and vice president-elect deliver a long overdue workers' first agenda," he wrote. "That starts with passing the HEROES Act to provide our families and communities emergency support and services in the face of this deadly virus...Once working people are made whole, the real rebuilding can begin. We call on Congress to pass and Biden to sign the Protecting the Right to Organize (PRO) Act early in 2021 to make sure every worker who wants to form or join a union is able to do so freely and fairly. Working people want our leaders to act swiftly and think more boldly than ever before."

Many expect a boost to industry sustainability efforts, as Biden said Saturday soon after being declared the winner by every major news outlet that among his first executive orders after taking office on Jan. 20 would be to reenter the Paris Climate Accord.

"The association looks forward to working with the Biden/Harris administration to implement important safety, health and environmental priorities," National Association of Chemical Distributors (NACD) president Eric R. Byer said. "We hope the new administration will work with Congress to coalesce around a long-term infrastructure program, renew the GSP program and relax the tariffs on products from China, among other priorities."

Byer said chemical distributors are an important part of the fabric of the American manufacturing supply chain, including textiles. Through NACD's Responsible Distribution program, they work to protect the health, safety, environmental and security of their employees and facilities.

"We stand ready to work with the administration, new Congress and regulatory agencies to ensure we continue to operate safe workplaces," he added.

Source: sourcingjournal.com– Nov 09, 2020

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USA: Cargo Imports Set 'Peak Season' Record as Retailers Eye Holiday

Cargo imports experienced their busiest "peak season" on record this summer and fall as retailers replenished inventories and stocked up for the holiday season, according to monthly Global Port Tracker report released Monday by the National Retail Federation (NRF) and Hackett Associates.

"Peak season is the Super Bowl of the supply chain world each year, as retailers make sure they have enough merchandise on hand to satisfy demand during the holidays, and this is the busiest we've ever seen," Jonathan Gold, vice president for supply chain and customs policy at NRF, said.

"Part of this surge was fueled by restocking after retail sales rebounded this summer and part could be making sure there aren't shortages if we see panic buying again. The economic challenges of the pandemic aren't over yet, but this clearly shows how an industry that has been under stress is fighting back in a positive way. Retailers don't import merchandise they don't think they can sell, so this is a good sign for the holiday season."

Despite the new monthly records, 2020 is expected to total 20.9 million TEU, a drop of 3.4 percent from last year and the lowest annual total since 20.5 million TEU in 2017. The first half of 2020 totaled 9.5 million TEU, down 10.1 percent from last year.

U.S. ports covered by Global Port Tracker handled an estimated 8.1 million 20-Foot Equivalent Units (TEUs) from July through October, the peak shipping season when retailers rush to bring in merchandise for the winter holidays each year. That represents an increase of 6.1 percent over last year and beats the previous record of 7.7 million TEU set in 2018.

The peak season record includes a record 2.11 million TEU imported in September, a 12.5 percent year-over-year increase and 0.1 percent higher than August's previous record of 2.1 million TEU for the largest number of containers imported in a single month since NRF began tracking imports in 2002.

October imports were estimated at 2 million TEU, up 6.5 percent year-over-year and the fourth-highest month on record. With most holiday merchandise already in the country, November is forecast to be down 0.2 percent to 1.7 million TEU, and December is expected to see a falloff of 8.2 percent to 1.58 million TEU.

January cargo shipments into the country are projected to be down 3.7 percent from a year earlier to 1.75 million TEU, February is forecast to have a 0.9 percent increase to 1.52 million TEU, and March is expected to be up 15.7 percent to 1.59 million TEU from March 2020–the month the pandemic first fully hit the United States, while factories in China remained closed by the coronavirus pandemic there.

"As we near the end of a difficult year in terms of health, trade and politics, we have witnessed record-breaking statistics that have been virtually unpredictable," Hackett Associates founder Ben Hackett said. "Imports hit all-time highs this summer and online shopping did the same. Whether similar patterns will continue in the coming months will be influenced to a large extent by the coronavirus pandemic and whether it will be brought under control by the arrival of expected vaccines next year."

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 - Nov 09, 2020

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Brands From Nike to Boohoo Deny Xinjiang Forced-Labor Links

Leading fashion brands such as Adidas, Boohoo, H&M, Nike and Zara owner Inditex have denied selling products made with forced labor from the Xinjiang Uyghur Autonomous Region following a U.K. Parliament inquiry into the risks British businesses face when engaging with supply chains that hail from China.

A hearing, held Thursday by the Business, Energy and Industrial Strategy (BEIS) committee, called for written and oral testimonies to plumb the "extent to which business in the U.K. are exploiting the forced labor of Uyghurs in the Xinjiang region of China," where up to 1.8 million Uyghurs, Kazakhs and other Turkic Muslim minorities are believed to have been rounded up and held in "re-education" camps as part of a broader campaign to coerce, repress and assimilate them into the Han-dominant Chinese society.

"There has been a wave of stories of ethnic cleansing of Uyghurs in Xinjiang and also of the use of restrictive and oppressive measures employed by the Chinese authorities against ethnic minorities in the province," Nusrat Ghani, Conservative Minister of Parliament (MP) for Wealden and lead BEIS committee member for the inquiry, said in a statement. "The U.K., by contrast, is a beacon of freedom and hope for many but if we are truly serious about human rights' we need to look close to home too. There are concerning accounts that many products sold in the U.K. can be traced back to forced labor at camps in China."

More than 80 percent of Chinese cotton originates in Xinjiang, which explains why the apparel industry has drawn particular scrutiny. Because China is one of the two largest cotton producers—and Uyghur cotton accounts for more than 20 percent of the global product—roughly one in five garments sold worldwide is believed to contain fiber or yarns sourced from the northwestern region.

"In the garment industry, evidence has shown that forced labor is present in all stages of the production process, including in the planting, harvesting and processing of cotton, the spinning of yarn, the weaving of textiles and the manufacture of finished garments," wrote members and endorsers of the End Uyghur Forced Labour coalition, which comprises more than 280 Uyghur representative groups, civil society organizations, trade unions, faith-based groups and investors.

Both the scale of repression and the level of state control in Xinjiang means that it is "impossible" for any company to operate in the Uyghur region in accordance to the United Nations' Guiding Principles on Business and Human Rights, the group said. As such, "virtually" the entirety of Britain's textile and apparel industry faces the risk of being linked to the abuses of Uyghur and other Turkic peoples, whether through direct relationships with suppliers and sub-suppliers in the region or by way of connections with Chinese companies that have subsidiaries or operations located in Xinjiang, have accepted Chinese government subsidies or have employed workers provided by the government through forced labor transfer schemes.

Because third-party audits and other forms of due diligence are next to impossible to conduct—and several leading audit firms have exited Xinjiang because of the myriad restrictions that prevent satisfactory access to factories or workers—"any company which claims to be able to operate or source from the Uyghur region based on the reassurance from social audits or due diligence that no forced labor is present has failed to recognize the egregious nature of the abuses being committed in the Uyghur region," the coalition said.

Then there's the fact that the exploitation of Uyghurs has long spilled beyond Xinjiang's borders. "The government of China is transporting Uyghurs and other Turkic and Muslim-majority peoples to other parts of China, where they are working in factories under conditions that strongly indicate forced labor," it added. "These transfers appear to have continued even during pandemic in periods of lockdown, putting Uyghurs at risk of contracting the virus."

Brands have rushed to repudiate charges of links to the region. Speaking to MPs via video conferencing, David Savman, head of supply chain at H&M, said the Swedish fashion chain worked with accreditation groups to stop buying cotton in the Xinjiang region after reports first came to light. "When these serious allegations came up, we made investigations into all of our suppliers," he said."We didn't find any proof of any breach of our sustainability commitments, where we have very clear guidance of how our ethical processes should happen."

Jaycee Pribulsk, vice president of global footwear sourcing and manufacturing at Nike, told MPs that the sportswear giant was "deeply concerned" about the situation in the region but it does not source any raw cotton. "And regarding Xinjiang, Nike has confirmed with its suppliers that there are no spun yarns or textiles manufactured in the area in our products," he added.

Boohoo, still smarting from revelations about working conditions in its supplier factories in Leicester, England, was also grilled by the committee, with Andrew Reaney, group director of responsible sourcing at Boohoo, expressing "shock" about the situation. "We wrote to all our suppliers across the supply chain to confirm that we have no manufacturing or fabric links to that particular region," he said. "That was done and all of our suppliers confirmed that they have no manufacturing or fabric links to that region."

Adidas told BEIS in a written submission that while it has never manufactured products in Xinjiang, there have been "indirect linkages" with the region with respect to the production of yarn. "We have, however, eliminated those linkages," it said, adding that it required all Tier 2 suppliers to stop sourcing processed yarn from the Uyghur region in spring of last year. "In parallel, we supported a decision by the Better Cotton Initiative—which is the primary supplier of cotton to Adidas globally—to end its licensing of Better Cotton production in Xinjiang," Adidas said.

Inditex, too, submitted a written response claiming a "zero-tolerance approach toward forced labor of any kind" and "stringent policies and actions in place to ensure that it does not take place in our supply chain."

On Thursday, however, the Worker Rights Consortium (WRC), a Washington, D.C.-based labor group, dispatched a brief noting that it has identified commercial ties between the retailer and two yarn and textile manufacturers—Huafu Fashion, which operates Zhejiang Huafu Melange Yarn, and Luthai Textile Co.—that are "complicit in the unfolding Uyghur forced labor crisis." The group singled out, in particular, Inditex's denial of a commercial relationship with Huafu Fashion despite "public data documenting Inditex's ties to one of Huafu Fashion's production facilities." A publicly searchable database, run by China's Institute of Public & Environmental Affairs, lists Huafu and Luthai as suppliers to Inditex.

"Inditex's apparent decision to continue sourcing from Huafu and Luthai is an act of gross irresponsibility," Penelope Kyritsis, director of strategic research at WRC, told Sourcing Journal. "By maintaining these business relationships, Zara's parent company is directly contributing to the forced labor crisis unfolding in the Uyghur region. The only way to end its complicity is by making the commitments outlined in the [End Uyghur Forced Labour] coalition's call to action."

A spokesman for Inditex told Sourcing Journal that WRC's data is incorrect. "Inditex does not have any commercial relationship with Huafu Melange and Luthai," he said.

Source: sourcingjournal.com– Nov 09, 2020

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USA: Why Denim Sales May Fare Better During a Second Lockdown

Though there's no crystal ball that can predict the future of fashion—especially in 2020—U.S. retailers can look to other countries for guidance on navigating an inevitable surge of Covid-19.

With various degrees of quarantine now in effect across Europe, ranging from a month-long lockdown in the U.K. to non-essential businesses in shuttered in France until at least Dec. 1, retail market intelligence platform Edited expanded upon its initial report published in October highlighting the way retailers prepared for another round of stalled business.

Though store shutdowns deliver a particularly stinging blow to business right before the holiday season, retailers have the advantage of understanding what type of fashion quarantine consumers tend to purchase. And Australia, which recently emerged from its second lockdown, may serve as something of a blueprint for retail during a second wave.

Just prior to the second shutdowns, fashion retail was as close to business as normal as it could be during a pandemic. Consumer spending "normalized for the most part," Edited reported, and denim along with trendy bodysuits and cold-weather accessories such as vests and hats, have globally delivered the most sell-outs over the past week.

A shift to comfort is looming, however.

Unsurprisingly, Edited reported that during Australia's second lockdown, work-appropriate fashion like blouses and button-down shirts took a backseat to items like T-shirts, sweaters, sweatshirts and cardigans, which made up a more significant proportion of retailers' assortments compared to last year. Shorts were the bestselling bottom style, despite the winter season in Australia. Likewise, sandals such as easy slides and utility-inspired hiking sandals trended.

Retailers for the most part are prepared for this second comfort rush. Activewear and loungewear tops like hoodies and tanks remain top sellers in the U.S., while T-shirts continue to "prove their prowess with interest in basics at an all-time high," Edited reported. Retailers in the U.K. and France, meanwhile, are favoring elevated loungewear items like sweaters and cardigans.

Wide-leg silhouettes are experiencing a higher proportion of sell-outs year-over-year across all regions, as well as skirts and the romanticized house dress, Edited stated.

And despite the global demand for comfort dressing, data shows that jeans made up a greater percentage of the sell-out assortment year-over-year across all markets except the U.S., where Edited stated that denim's growth was "still outstripped by sweatpants."

Beyond apparel, face masks are bound to see an uptick, too. Edited stated that sales are already starting to spike again ahead of a second outbreak and as regions such as the U.K. introduce new penalties to people who fail to cover up their noses and mouths.

Source: sourcingjournal.com– Nov 09, 2020

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US synthetic yarn makers file petitions against 4 nations

Two major US synthetic yarn producers–Unifi Manufacturing and Nan Ya Plastics Corporation America–recently filed petitions alleging that dumped imports of polyester textured yarn from Indonesia, Malaysia, Thailand and Vietnam are causing material injury to the domestic industry. The purpose of the petitions is to establish conditions of fair competition in the US market.

The petitioning domestic producers have asked the US government to investigate the dumping and injury and to impose anti-dumping duties on the imports of polyester textured yarn from the four countries, according to a press release from international law firm Kelley Drye & Warren LLP.

The products affected by this case are made by Unifi at its production facility in Yadkinville, North Carolina, and by Nan Ya at its production facility in Lake City, South Carolina.

The petitions were filed concurrently with the United States Department of Commerce and the United States International Trade Commission.

The filing is in response to surging volumes of unfairly-priced polyester textured yarn imports from the four nations. In January 2020, anti-dumping and countervailing duty orders were put in place on imports of polyester textured yarn from China and India.

Imports from Indonesia, Malaysia, Thailand and Vietnam replaced the imports from China and India and surged into the US market, causing further injury to US producers. Subject import volume increased from 23.8 million pounds in 2017 to 43.3 million pounds in 2019, or by approximately 81.7 per cent over that three-year period.

Polyester textured yarn imports from the subject countries continued to rapidly enter the US market in the first half of 2020. The subject imports undersold the domestic industry, taking sales from and exerting considerable downward pricing pressure on US producers.

Source: fibre2fashion.com– Nov 09, 2020

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Hong Kong's small businesses anxious over 'Made in China' policy

-- Inside a factory in Hong Kong's bustling Lai Chi Kok district, dozens of workers place multiple layers of nonwoven fabric into machines, where they are compressed, cut into rectangles and attached to earloops. From there, the face masks undergo quality control before they are sterilized, bundled and boxed for shipment.

These "Made in Hong Kong" masks are manufactured by Lockill, established in March amid the coronavirus pandemic, and are sold locally and abroad. But the company's U.S. exports are facing an uncertain future after Washington announced this past summer that all Hong Kong imports must be labeled as "Made in China" in response to Beijing's imposition of a national security law in the city.

The policy, which only affects products exported to the U.S., comes into effect on Tuesday.

The U.S. market makes up 15% of Lockill's business since it started exporting there in April. Now the company is engulfed in tensions between Washington and Beijing over trade and other issues. The lengthy time for shipping the masks by sea means that Poon had to suspend exports to the U.S. in August.

"We lost the U.S. market," said Jason Poon, director of Lockill, adding that the new U.S. policy also hurt his business in other ways because many Western countries do not have confidence in medical supplies produced in mainland China.

"When the measure was announced, U.S. importers contacted us and said they found the Made in China wording unacceptable," he said.

The Lockill mask factory is not alone -- a number of small local manufacturers also see their businesses in danger because they can no longer export their products as Made in Hong Kong.

Hong Kong was a once-flourishing manufacturing hub, one of the Four Asian Tigers -- along with South Korea, Taiwan and Singapore -- thanks to the booming textile and light manufacturing industries. But the city's rising rents and labor costs prompted many factories to move north to China in the 1980s. While Hong Kong's manufacturing industry may not be as vibrant as it was a few decades ago, Poon believes that Made in Hong Kong products will have a crucial role in the city's economic transformation.

In 2019, Hong Kong's exports for locally made products to the U.S. totaled 3.7 billion Hong Kong dollars ($477.1 million), or 7.7% of all local exports, which stood at HK$47.8 billion. Hong Kong's total exports, including re-exports, totaled HK$3.99 trillion last year.

Secretary for Commerce and Economic Development Edward Yau said that while the impact of Washington's new policy on Hong Kong's economy would not be huge, it would hit certain sectors and companies relying on that market.

Yau said last month that Hong Kong launched proceedings with the World Trade Organization to challenge the new labeling regulation. That was the first time since the 1997 handover that Hong Kong has initiated direct action against another WTO member. Yau said that if the dispute cannot be resolved through consultations within 60 days, Hong Kong could request that the WTO establish a panel for an investigation and ruling.

He said that locally made exports to the U.S. would be affected immediately, but that the Hong Kong government "would not advise" manufacturers to label their products in a way that would violate WTO rules. "Exporters need to think of a way by themselves so that their exported products can fit different requirements," Yau said.

Poon said that Yau's comments do not reflect the current situation in Hong Kong, because there now are more exports of locally made medical supplies to the U.S. than last year.

"The Made in Hong Kong label is very, very important for masks," he said. "Western countries have the impression that products made in China are problematic. They will avoid using them."

Spain, Turkey and the Netherlands in March found thousands of testing kits and medical masks from China were substandard even though they had quality certificates. That prompted a number of European governments to reject Chinese-made medical goods.

Poon said the Made in Hong Kong label is important for the medical-supplies industry. "In their eyes, Hong Kong is a developed city -- the quality of the masks produced in a developed region is more trustworthy."

If more countries fall in line with the U.S. measures to force a Made in China label on Hong Kong products, it would be a crisis that "ends the majority of local industries," he said.

Apart from the emerging medical-supply industry, a near-century-old family food business also finds itself embroiled in the U.S.-China dispute because of the new label policy.

The Koon Chun Sauce Factory, founded in 1928, is one of the most enduring businesses in the financial hub. Led by fourth-generation owner Daniel Chan, the company manufactures soy sauce and other condiments in a 300,000-square-foot building in the outlying Yuen Long district. For 92 years, the company has used the Made in Hong Kong label.

Chan said up to 90% of the company's products are shipped overseas. The U.S., in particular, is a major export market -- up to half of all overseas exports are shipped to the country.

Following the decision by Washington, his company held back shipments to the U.S. and ordered workers to relabel tens of thousands of bottles as Made in China. He described the new U.S. policy as "unfortunate" because Made in Hong Kong bears the city's cultural identity and has been widely accepted by the international community.

Chan also is concerned that the Made in China label could be linked with the mainland's history of food-safety scandals, and could worry U.S. consumers amid heightened anti-China sentiment. "In the past 10 years, we have heard about fake milk powder, fake eggs and fake soy sauce from China," he said. "It is very hard to tell at this point what will happen."

And he is even more worried about potential U.S. tariffs on goods from Hong Kong. "If the tariffs really come, that would be devastating."

Chan said the factory may open a second location outside of Hong Kong -- such as Taiwan, Canada or Southeast Asia -- to mitigate future political risk if the situation deteriorates. "We all hope [the tariff] is not coming," he said, but added that "no one can control international politics."

Jewelry manufacturers also feel the chill of the new policy, as the industry takes up the largest share in Hong Kong's locally made exports to the U.S. In 2019, the city's jewelry exports to the U.S. comprised nearly half of the total value of all exports of locally manufactured items to the country, according to government statistics.

Benny Do Yuen-ling, director of jewelry exporter WCJ International, said that the policy could affect the image of Hong Kong-made jewelry exports. "Made in China [jewelry] products are usually mass produced and are less expensive," he said. "Made in Hong Kong products are more unique, with better quality in design and raw materials."

Do, who serves as chairman of the Hong Kong Jewelry Manufacturers' Association, said that local manufacturers are more experienced and their product design is closer to international fashion trends.

His company has not been greatly affected because the U.S. market comprises only around 10% of its business, but he will consider reducing exports to, or even withdrawing from, the U.S. market if Washington-Beijing relations worsen.

"If the rivalry between the U.S. and China continues, then it will have a great impact on the Hong Kong jewelry manufacturing industry," Do said. "There may be less orders from the U.S. and tariffs could rise. That would make it increasingly challenging for us to export to the U.S."

"Since last year, many companies in our industry have adjusted their market strategies in order to reduce reliance on the U.S. market," he said.

Poon of mask manufacturer Lockill said Hong Kong can take reference from Switzerland -- while the European country does not have a large volume of exports, its watches and handmade products are renowned around the world for their premium quality.

"Hong Kong should not solely rely on property speculation," he said. "In fact, Hong Kong has potential in manufacturing products like surgical masks." Similarly, he believes that Hong Kong products can be sold at a premium price internationally, especially in Southeast Asia.

"As Hong Kong currently reports a dimming economic outlook and a high unemployment rate, our government should be more proactive in protecting the local manufacturing industry," Poon said.

Source: asia.nikkei.com– Nov 09, 2020

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Sri Lanka: Trade gap continues to shrink as exports rise

The trade deficit continued its descent in September from a year ago, amid the rise in export earnings while the temporary restrictions on non-essential imports and low oil prices kept a check on the import bill, assisting the external sector of the country.

The trade deficit narrowed to US $ 525 million in September, from US $ 757 million in the same month in 2019, bringing the cumulative deficit down to US $ 4.3 billion for the nine months, from US $ 5.6 billion recorded in the comparable period, last year.

September merchandise export earnings hit precisely a billion dollars, surpassing the US $ 947 million earned in August and US $ 954 million in the same month, last year.

The Central Bank joined the Export Development Board (EDB) in calling the merchandise export performance as a 'V-shaped' recovery.

"Exhibiting the resilience of the export sector in the midst of the current global market conditions and its V-shaped recovery since the initial outbreak of the COVID-19 pandemic, earnings from merchandise exports in September 2020 increased, both on a year-on-year basis as well as on a month-on-month basis," the Central Bank said.

September marked the third month after January and July, where the exports recorded a billion dollars in earnings.

The preliminary data announced last week for October showed that the country had achieved over US $ 900 million in export earnings, a significant feat amid a second COVID-19 wave. The September exports were strengthened, particularly by the agricultural exports, led by coconuts, spices, tea and minor agricultural products, led by betel leaves and seafood. The total earnings from the agricultural exports increased by 10.4 percent to US $ 222.5 million, from the same period last year.

“Increased earnings from tea exports by 3.3 percent were supported by higher prices by 6.3 percent, as export volumes declined by 2.8 percent,” the Central Bank said.

Meanwhile, industrial exports were up by 3.6 percent to US $ 774.5 million, as personal protective equipment (PPE), made up of “plastic clothing, masks and gloves, which are categorised under plastics and articles thereof, other made up textile articles under textiles and garments and rubber products”, surpassed the decline in the garment exports, the Central Bank noted.

Textile and garment exports declined by 3.7 percent to US $ 434 million.

Food, beverage and tobacco exports—an industrial exports subcategory—also rose by a strong 36 percent, due to higher exports of value-added foods, led by value-added coconut products.

Meanwhile, the imports declined by 10.9 percent in September to US $ 1.5 billion, assisted by the plunge in vehicle imports to almost zero levels and the lower crude oil prices. However, the September import bill was the highest since March and also marked an 18.3 percent increase over August, due to the increase in the importation of machinery and equipment.

The fuel bill for the month fell by 40 percent to US $ 214 million, with a cumulative nine-month decline of 35 percent to US $ 1.9 billion. The cumulative imports across all categories were US $ 11.8 billion, down 19.3 percent, from US $ 14.6 billion in the comparable period, last year.

However, the food and beverage subcategory, under consumer goods imports, surged by 35.9 percent to US $ 125.2 million, due to the increase in import of sugar, milk powder and coconut oil.

“Whereas the import prices of sugar were somewhat higher in September 2020, than in September 2019, the import prices of whole milk powder were lower in line with the prices in the global market,” the Central Bank said.

“Imports of non-food consumer goods that are not under import restrictions or are under less stringent restrictions, such as pharmaceuticals (mainly medicaments), telecommunication devices (mainly mobile phones), home appliances, such as refrigerators and rice cookers and toiletries, increased,” it added.

Source: dailymirror.lk– Nov 09, 2020

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Bangladesh: Garment exporters dealt a fresh blow: brands offering lower prices

Between January and September, the prices of apparel goods exported from Bangladesh were 2.1 per cent lower than a year earlier

When it rains, it pours, it is often said. And the ongoing plight of the country's garment exporters harks back to that adage.

Not only are they facing cancellations or deferrals of work orders or lower volumes, but the global retailers are also asking for discounted rates from Bangladesh's garment factories, the second-largest apparel supplier to the world.

Between January and September, the prices of apparel goods exported from Bangladesh were 2.1 per cent lower than a year earlier, according to the National Board Revenue data analysed by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the sector's apex trade body.

In September alone, the prices of clothing goods fell by 5.2 per cent.

Dhaka Tribune has obtained a copy of the data and spoke with 20 large garment exporters for the report and all said that buyers were quoting 8-10 per cent less than what they did before the pandemic took root.

They, however, declined to not go on record about the Western retailers' opportunistic buying practice for fear of reprisal.

"Retailers always tended to bargain for lower prices -- it is a common practice. But during the pandemic, they went one step further," said a garment exporter who ships to major American retailers.

Previously, he did not take on work orders for a dozen shirts at less than $18 a unit.

"But now I have to accept it at $16. This is a huge strain on me as I have to bear all my factory's expenses regardless of what the buyers offer me," he added. Another exporter had a similar story to share.

Last year, the buyer had paid him $1.20 for a pair of cotton pyjamas. The same buyer is negotiating for $1.10 a pair now. "This is the direct impact of the muted consumer demand in the Western world," the other supplier said.

And all are in the same boat. "We have witnessed a sharp decline in prices," said BGMEA President Rubana Huq. Brands are squeezing suppliers further to face the ongoing financial crunches created by the pandemic.

"Unfortunately, this is leaving the supply side extremely vulnerable."

Given the tight spot they are in, the garment exporters are accepting whatever price is being offered. "They are trying to survive this tough period even at a loss hoping for a better future. But this is not sustainable and we call on responsible buying practices from brands," she added.

Between 2014 and 2018, the prices of apparel products shipped from Bangladesh to the EU declined 3.6 per cent and to the US about 7 per cent, according to data from the BGMEA.

Between March and October, garment shipments, which bring home more than 84 per cent of the export earnings, raked in $16.5 billion, down about 23 per cent year-on-year, according to data from the Export Promotion Bureau.

And the direct impact of this has been that the sector let go of 70,000 workers. Now the price cuts are posing a fresh risk to the sector's 4 million-odd mostly female workers' livelihood.

"With fewer work orders than capacity, the manufacturers are struggling to run their factories as it is very tough to bear the expenses of wages and other costs," said Abdus Salam Murshedy, managing director of Envoy Textiles.

In the present context, lowering the prices by brands will be a big blow for the manufacturers and this will ultimately impact employment, said Salam, also a former president of the BGMEA.

When a manufacturer cannot bear the expenses, then he or she will go for cost cutting by reducing his/her employee count.

“So, it is an earnest call to our partners not to reduce the prices amid the pandemic and behave ethically for the sake of millions of workers, mostly women,” Murshedy added.

Total exports fell as the demand decreased but the capacity remains the same, so the buyers will take the advantage of the situation and cut prices, said SM Khaled, managing director of Snowtex Group, another major exporter.

As per the law, it is mandatory for a manufacturer to increase the wages by 5 per cent every year, while the cost of utility also goes up, Khaled said.

“We are enhancing efficiency by adopting the latest machinery but still we can’t keep up with the buyers. The buyers should behave ethically in setting prices of products especially amid a pandemic,” he added.

However, the economists called for an improved business environment to reduce the cost of doing business.

“In the present context, both the manufacturers and the retailers are in trouble,” said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue.

So, the government has to focus on reducing the cost and time doing business by improving the port capacity and the other facilities.

On the other hand, Bangladesh needs to increase the capacity of its backward linkage industry, especially in fabrics production, he said, while advising the garment sector entrepreneurs to introduce production engineering to improve efficiency and minimise costs, he added.

Source: dhakatribune.com– Nov 09, 2020

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Bangladesh: Customs rules bent for EPZ factories

The National Board of Revenue (NBR) has allowed repurposed use of containers for the export-oriented industries located within the export processing zones.

With the relaxation of customs rules, export-oriented industries will be able to save their costs and time for shipments.

The customs wing of the board issued a Standard Operating Procedure (SOP) through a special order on November 5.

As per the order, export-oriented industries will not have to send the empty containers to the designated locations of shipping agents after unloading of imported raw materials inside the EPZs.

Currently, EPZ industries import raw materials under bonded warehouse facility, unload the containers inside the zones and send back the empty containers to the designated locations/depots/ports/freight stations.

After returning the empty containers, the shipping agents or freight forwarders send again the empty containers to the EPZs for loading export goods.

According to the SOP, the exporters will have to make online shipping orders to the shipping agents or freight forwarders for exporting products through FCL (Full Container Load) or LCL (Less Container Load) containers.

They will have to submit an application to the customs authority two working days before container transportation by furnishing copies of sales contracts/export orders/letters of credit, export permits approved by the Bangladesh Export Processing Zones Authority (BEPZA) and risk bond.

Customs officials in the EPZs, not below the rank of assistant revenue officer, will scrutinise the documents submitted with application and shipping orders online.

The customs officials will conduct physical verification of the export products at the time of loading the container.

The officials will also conduct GPS tracking with electronic seal of the loaded containers. In case of absence of the GPS tracking, they will use exiting bullet seals.

At the time of issuing out pass, the customs officials will cross check the physical verification report, container number and seal number.

The custom officials, who will give the out pass for containers carrying export goods, will have to maintain a separate register containing names of the exporting companies and container numbers.

In case of failure to export products in the empty containers after carrying raw materials by a company, the facility will be valid for other companies or for separate shipping orders. The information about the reuse will have to be incorporated and coordinated in the annual audit of the exporting companies.

In case of violation or misuse of SOP, the customs authority will take legal action as per the Customs Act-1969 against the EPZ companies.

In the SOP, the NBR has issued a prescribed format of out pass that will have factory name, address, buyer's name, address, L/C or sales contract or purchase order no, invoice, value, quantity, exported goods description, export number, EP number, container and seal no.

Customs procedures of the export activities will be completed at Dhaka and Chattogram customs houses.

NBR officials said allowing the reuse of the containers will help facilitate foreign direct investment (FDI) and ease doing business. Investors, especially from Japan, have long been demanding the facility to reduce their time and cost of business.

Bangladesh Shipping Agents Association Chairman Ahsanul Huq Chowdhury hailed the decision. "The decision to allow reuse of containers will ease traffic congestion in the port, save time and cost as well as reduce hassle of documentation," he added.

Source: thefinancialexpress.com.bd– Nov 10, 2020

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CAI estimates 2020-21 cotton crop at 356 lakh bales

Releasing its first estimate of the cotton crop for the new season 2020-21 which began on October 1, the Cotton Association of India (CAI) has estimated the crop at 356 lakh bales of 170 kg each, equivalent to 378.25 lakh running bales of 160 kg each.

The estimate for the ongoing season is less by 4 lakh bales than previous year's crop of 360 lakh bales.

"Reduction in cotton crop for the season is on account of damage reported to the crop in some pockets due to the excess rains and pink bollworm infestation.

This is a preliminary estimate and the Crop Committee of the CAI will re-assess the crop as the season progresses," the CAI said in a press release.

Yearly Balance Sheet projected by the CAI Crop Committee estimated total cotton supply till end of the 2020-21 season at 477.50 lakh bales, which consists of the opening stock of 107.50 lakh bales at the beginning of the season, crop for the season estimated at 356 lakh bales and imports for the season estimated at 14 lakh bales.

Domestic consumption estimated by the CAI is 330 lakh bales, while export of cotton estimated for the season is 60 lakh bales.

The carry over stock estimated at the end on the season on September 30, 2021 is 87.50 lakh bales.

Source: fibre2fashion.com.– Nov 10, 2020

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Indian cotton crop estimated lower at 356 lakh bales this season but exports, offtake seen higher

India's cotton production for the current season (October 2020-September 2021) has been projected a tad lower compared with last year by trade body Cotton Association of India (CAI), but the natural fibre's consumption and exports could be higher.

The carryover stocks at the end of the season will be higher than normal, though lower than last season.

According to CAI initial estimates, cotton production this season is estimated to be 356 lakh bales (of 170 kg each) against 360 lakh bales last season.

The production is lower for two reasons. One, the area under cotton this year was two percent lower at 129.50 lakh hectares against 133.73 lakh hectares last year. This was mainly since farmers shifted to crops such as soybean or groundnut as cotton prices ruled lower for the most part of last season.

Second, rains in growing parts such as Telangana, Andhra Pradesh, Madhya Pradesh, Gujarat and Maharashtra have affected the crop.

Reports from Telangana say that some growers have plucked out cotton from their farms due to damaged caused by heavy rains and planted alternative crops.

The rains can affect the plucking of bolls in cotton plants later. There are two-three pluckings in the cotton plant, starting from October with the third plucking taking place around January. Trade sources said off late, the cotton crop has been affected by diseases in some parts of the country and details are awaited.

According to available data, nearly 37 lakh bales have arrived across various markets in the country since October 1 with consumption being 33 lakh bales. CAI estimate, arrived at with participation from trade representatives across the country, including the Cotton Corporation of India, put the consumption of cotton higher at 330 lakh bales against 250 lakh bales last season.

Last season, cotton consumption was affected as the textile industry had to shut down in view of the country-wide lockdown announced by the Union Government to tackle the spread of novel Coronavirus.

The textile industry could not function fully at least until September and even now many units are not running to capacity.

Exports of cotton have been projected at 60 lakh bales this season against 50 lakh bales last season. There are a couple of reasons why India could be exporting more cotton this season.

One, Indian cotton is competitive in the global market. Currently, Indian cotton is quoted at 68.39 US cents a pound against the Cotlook index of 76.70 cents a pound and International Commodity Exchange December contracts ruling at 68.92 cents a pound.

Two, India has huge stocks on offer with 107.50 lakh bales being carried over to this season from last. Third, India offers cotton in small consignments of 5,000 bales and is nearer to destinations such as Bangladesh, China, Vietnam and Cambodia, which are now looking to import the natural fibre to meet their needs.

This will save cost for the importing parties.

So far, at least 10 lakh bales are reported to have been exported since the beginning of October.

India is also expected to import 14.50 lakh bales of cotton against 16 lakh bales last season. The textile industry imports long-staple fibre cotton from countries such as Egypt as the quantity produced in India is not able to meet the demand for finer quality products.

According to CAI, cotton production is lower this year in Haryana, Gujarat, Maharashtra, Telangana and Andhra Pradesh.

Currently, cotton prices are hovering around Rs 40,000 for a candy (356 kg).

Raw cotton or kapas, on the other hand, is ruling at Rs 5,330 a quintal against the minimum support price (MSP) of Rs 5,515. During the same period last year, kapas ruled at around Rs 5,000.

On MCX, cotton December contracts were ruling at Rs 19,930 a bale at noon on November 9 against the previous close of Rs 19,890.

Cotton prices are expected to rule lower than MSP this year on account of higher carryover stock and a crop in excess of 350 lakh bales.

Source: moneycontrol.com.– Nov 09, 2020

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Lessons from Vietnam and Bangladesh

With reforms promoting innovation and lowering the cost of doing business, India is poised to attract the best investments

Vietnam and Bangladesh are on a roll. While Bangladesh has become the second largest apparel exporter after China, Vietnam's exports have grown by about 240% in the past eight years. What has helped them? And what can India learn from them?

Two nations and their success stories

An open trade policy, a less inexpensive workforce, and generous incentives to foreign firms contributed to Vietnam's success. Vietnam pursues an open trade policy mainly through Free Trade Agreements (FTAs) which ensure that its important trading partners like the U.S., the EU, China, Japan, South Korea and India do not charge import duties on products made in Vietnam. Vietnam's domestic market is open to the partners' products. For example, 99% of EU products will soon enter Vietnam duty-free.

Vietnam has agreed to change its domestic laws to make the country attractive to investors. Foreign firms can compete for local businesses. For example, EU firms can open shops, enter the retail trade, and bid for both government and private sector tenders.

They can take part in electricity, real estate, hospital, defence, and railways projects. This model may not be good for India as it offers no protection to farmers or local producers from imports. Vietnam being a single-party state can ignore domestic voices.

Over a decade or so, large brands such as Samsung, Canon, Foxconn, H&M, Nike, Adidas, and IKEA have flocked to Vietnam to manufacture their products. Last year, Vietnam received investments exceeding $16 billion. As a result, Vietnam's exports rose from $83.5 billion in 2010 to $279 billion in 2019.

In Bangladesh, large export of apparels to the EU and the U.S. make the most of the country's export story. The EU allows the import of apparel and other products from least developed countries (LDCs) like Bangladesh duty-free. Sadly, Bangladesh may not have this facility in four to seven years as its per capita income rises and it loses the LDC status. Bangladesh is working smartly to diversify its export basket. India, as a good neighbour, accepts all Bangladesh products duty-free (except alcohol and tobacco).

Vietnam and Bangladesh have gained enormously from trade. Trade has created wealth and employment and lifted millions above the poverty level in less than two decades. Which elements of Vietnam and Bangladesh models should India emulate?

The key learning from Bangladesh is the need to support large firms for a quick turnover. Large firms are better positioned to invest in brand building, meeting quality requirements, and marketing. Small firms begin as suppliers to large firms and eventually grow. Vietnam has changed domestic rules to meet the needs of investors. Yet, most of Vietnam's exports happen in five sectors.

In contrast, India's exports are more diversified. The Economic Complexity Index (ECI), which ranks a country based on how diversified and complex its manufacturing export basket is, illustrates this point.

The ECI rank for China is 32, India 43, Vietnam 79, and Bangladesh 127. India, unlike Vietnam, has a developed domestic and capital market. To further promote manufacturing and investment, India could set up sectoral industrial zones with pre-approved factory spaces. A firm should walk in to start operations in a few weeks. There should be no need to search for land or obtain many approvals.

The quick build-up of exports in Vietnam resulted from large MNC investments. But most of its electronics exports are just the final assembly of goods produced elsewhere. In such cases, national exports look large, but the net dollar gain is small. China also faces this issue.

Focus on organic economic growth

Should a country promote trade at the expense of other sectors? To understand this, let's look at the export to GDP ratio (EGR). Vietnam's EGR is 107%. Such high dependence on exports brings dollars but also makes a country vulnerable to global economic uncertainty. The EGR of large economies/exporting countries is a much smaller number. The U.S.'s EGR is 11.7%, Japan's is 18.5%, India's is 18.7%. Even for China, with all its trade problems, the EGR is 18.4%.

Most such countries, including India, follow an open trade policy, sign balanced FTAs, restrict unfair imports, and have a healthy mix of domestic champions and MNCs. While export remains a priority, it is not pursued at the expense of other sectors of the economy. The focus is on organic economic growth through innovation and competitiveness. With reforms promoting innovation and lowering the cost of doing business, India is poised to attract the best investments and integrate further with the global economy.

Source: thehindu.com– Nov 09, 2020

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Reimagining the Quad as a trade alliance

Recent tensions with China have led to renewed talk in India about using the 'Quad' alliance to counter the neighbour. Quad, which comprises India, Japan, Australia and the US, is mainly thought of in military terms. What if it were to become a trade partnership? Simulations by academics show it could bring about significant gains for India's economy and exports.

Mohammad M. Rahman, Chanwahn Kim and Prabir De simulate free trade agreements where different combinations of countries around the Indian and Pacific Oceans, such as the Quad, stop imposing import duties and quotas on each other's goods.

Each combination of countries is subjected to two free trade scenarios. In one, they only scrap import duties, and in the other, they also cut trade costs by 25%, by, for example, speeding up movement of goods by reducing bureaucratic red tape at borders and ports.

In a Quad trade agreement where bilateral tariffs are scrapped, India's real GDP could increase by 0.2% or $2.7 billion a year, while exports could rise by 2.5% or $5.7 billion. Sectors where India's exports are competitive such as clothing, textiles and light manufacturing would gain the most.

In the second scenario, where the Quad does away with tariffs and lowers trade costs by 25%, India's real GDP could increase nearly 2% or $23.5 billion a year. The fact that reducing trade costs expands the GDP gains from $2.7 billion in the first scenario to $23.5 billion in the second shows how much of a barrier these costs are.

The authors suggest that if ever a Quad trade agreement were to become a reality, a reduction in trade costs would go a long way towards fulfilling the economic potential of the alliance.

Source: livemint.com– Nov 09, 2020

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India may hit fastest growth trajectory from FY22: PHDCCI

India may attain its fastest growth trajectory beginning fiscal 2021-22, according to PHD Chamber of Commerce and Industry president Sanjay Aggarwal, who recently said the size of the economy will rise from ₹203 trillion in fiscal 2019-20 to ₹331 trillion in 2025-26 at current prices, which will be around $ 4.42 trillion considering exchange rate at 74.9.

"The average GDP growth of Indian economy in next five years from 2021 to 2025 will be at 7.8 per cent, highest as compared with top 10 economies including 6.2 per cent of China, 3 per cent of France, 2.9 per cent of United Kingdom, 2.9 per cent of Canada, 2.4 of United States, 2.3 per cent of Germany, 2.3 per cent of Italy, 2.3 per cent of Brazil and 1.4 per cent of Japan," Aggarwal was quoted as saying in a statement.

In a recent growth estimate by the International Monetary Fund (IMF), India is projected to become the fastest growing economy among the top 10 major economies in the world economic system from 2021 to 2025.

Besides, the percolation of more and more economic reforms at the ground level with effective implementation would be crucial to attaining the potential trajectory of $5 trillion in the next six fiscals, the industry body pointed out.

"On the back of various reforms undertaken by the government, economic recovery has become visible in the high frequency economic and business indicators of the recent months," he said.

The recent PHDCCI economic and business momentum (EBM) Index estimated that the gross domestic product growth will be at around minus 7.9 per cent for this fiscal compared with the median forecasts of minus 9.3 per cent by various national and international forecasting bodies.

"At this juncture, demand creation measures are needed to attain a positive growth trajectory sooner rather than later," Aggarwal said.

"Demand creation along with increased spending on infrastructure will have multiplier effects on the economic growth trajectory by boosting private investments, creating new employment opportunities in the country, generating demand for commodities such as steel, cement and power," he added.

Source: fibre2fashion.com– Nov 10, 2020

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India can double manufacturing GDP: McKinsey report

India could be sitting on a $300-billion opportunity and could actually double its manufacturing gross domestic product (GDP) in the next few years if it can unlock the potential of value chains, according to McKinsey, which recently said in a report that the manufacturing sector could become an engine for economic growth and jobs if it can specialise.

Eleven high-potential value chains could more than double its manufacturing GDP in a few years, the report by Rajat Dhawan and Suvojoy Sengupta said.

Most companies and sectors in the manufacturing industry have not delivered strong returns on invested capital, it noted.

The report argued that there could be inherent advantages the country could take in the current pandemic scenario. And while it may look as a disadvantage, this might as well be a unique advantage in the long run, especially given the disruption of the global value chains.

India's natural resources and low cost labour could spruce up manufacturing value chains if managed well.

McKinsey analysis showed that about 700 top manufacturers generated returns that were even less than their cost of capital of 2028. "By contrast, the sectors that generated healthier returns saw increases in invested capital during the four years from 2016 to 2019," the report said.

"The country's large numbers of well-trained workers lend strength to skill-intensive value chains such as pharmaceutical formulations, capital goods, and automotive components. And many manufacturing value chains in India operate in close proximity to strong domestic markets. The makers of fast-selling technology products, for example, enjoy ready access to millions of Indian consumers," the report said.

The report identified three priorities for supporting the growth of India's manufacturing value chains: raising productivity, securing know-how and technology and assessing capital.

Source: fibre2fashion.com– Nov 07, 2020

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Indian retail malls expect brighter prospects

The retail mall industry in India has been a hotspot and with the big-ticket mall culture growing, the size of the industry too has burgeoned. Stakeholders now expect the industry to grow bigger and better due to a positive outlook, rising incomes, favourable demographics and the entry of foreign players into the market.

"India is the world's fifth-largest global destination in the retail space. The retail industry reached $950 billion in 2018 at a CAGR of 13 per cent and is expected to reach $1.1 trillion by 2020.

The revenues of India's offline retailers, also known as brick-and-mortar retailers, is expected to increase by ₹10,000-12,000 crore ($1.39-2.77 billion) in FY20; though this projection will change now due to covid-19," DLF Retail Malls executive director Pushpa Bector told Fibre2Fashion.

By 2022, retail is predicted to add more than 39 million square ft of space, said Faisal Khan, general manager of Mahagun Metro Mall in Delhi-NCR region. "India is the world's fifth-largest global destination in the retail space. It is projected that by 2021, organised retail share will reach 18 per cent and e-commerce retail share will reach 7 per cent of the total retail market."

"As the pandemic has hit the economy hard, it's too early to share an estimated rate of growth in the next five years, but it is certain that the market is expanding and retailers are going through different mediums to provide the best of product and services to consumers," said Select Citywalk executive director & CEO Yogeshwar Sharma.

Source: fibre2fashion.com– Nov 09, 2020

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DGFT to finalize draft export promotion plan

To make each district an export hub going by 2020-21 budget announcements, formation of export promotion committee in each district of Gujarat has been completed. These committees have identified the potential products for export in around 20 districts and charted draft plans in the last one month.

Traders and exporters have great expectations from the committee hoping it will give a boost to exports as well as address trading community's issues.

Various districts in the state have their own export clusters like textile and diamond in Surat, engineering in Rajkot and Morbi's ceramic. The committee will not only work towards promoting the existing products, but also find other potential products that require export boost.

The Director General Foreign Trade (DGFT) was given the responsibility to form this committee in each district headed by a district collector and to finalize the district export plan (DEP) in collaboration with officials of various departments and trade body leaders.

he DEP will include assessment of a district to identify the current export profile and its further potential in the district. Sources in DGFT have confirmed that the draft export plan formed by the committees in around 20 districts in their first meetings in the last one and half months will be finalized in the next meeting.

The DGFT will allocate a certain budget to its regional authorities (RA) for the committee's functioning and will prepare a district-level export data for this purpose.

Vice-president of Rajkot Chamber of commerce and Industry (RCCI) and a member of Rajkot district export committee, Parth Ganatra said, "The first meeting of our committee held last month discussed a few issues like rail and air connectivity to the city. State-level and local administration level issues were also discussed in the meeting."

The chairman of western region of Federation of Indian Export Organization (FIEO) was, however, skeptical of the process.

Khan said, "Mere forming of a committee won't solve our problems. We expect the committee to bring results and not become merely a formality."

Source: timesofindia.com– Nov 10, 2020

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Cotton Corporation of India slashes support price

High moisture content a big worry for farmers

The Cotton Corporation of India's decision to slash the Minimum Support Price, has rattled the cotton farmers in erstwhile Adilabad district, who are already saddled with high natural moisture content due to foggy weather and pink bollworm infection in the crops.

Starting Monday, the CCI said that it would lift the produce at ₹5,775 per quintal as against ₹5,825 per quintal for which the cotton was purchased till Saturday.

The decision was taken as the strength of the cotton ball is reportedly less than 30 mm length this season due untimely rains.

“Even the farmers, who got quality produce with strength more or less 30 mm length have to sell their produce for the new price,” an official said.

Moreover, farmers can get ₹5,775 per quintal only if the moisture content is up to 8 %. If moisture is more than 8 %, the CII deducts the price per quintal and the farmer ends up getting less money.

So, to bring down the moisture content, farmers in several villages in the district are drying their produce in front of the houses, before it is taken to the market yard to get good price.

M Sudarshan of Khodad village in Talamadugu mandal said that for the past few days he has been drying the crop in front of his house as the moisture content was very high.

“This year, I got less produce due to bad weather conditions, and adding to that CCI has slashed the MSP,” he said.

Every year, Mr.Sudarshan gets at least 80 quintals of cotton from his eight acre, but this time he ended up harvesting only 30 quintals due to untimely rains.

“Most of it was damaged due to rains and many have destroyed the crop due to pink bollworm infection,” he said while drying the ‘white gold’ in front of his house.

Satish, another farmer from Bela mandal said that they have to sell the cotton to CCI, as private cotton traders, who colluded with Ginning and Pressing factory owners are taking undue advantage of the high moisture content and exploiting them and offering low prices.

“If CCI rejects the product, we are forced to sell it to private traders and ginning factory owners at a very low price,” he said.

Caught between mounds of cotton on one side and staring at less net realisation, the farmers are thrown into the debt trap.

Earlier, small and medium ginning and pressing enterprisers alleged that they were not getting sufficient orders from the CCI to process cotton 'kapas' into bales, as most of the cotton was sent to a few big ginners.

Source: thehindu.com – Nov 08, 2020

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