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INTERNATIONAL NEWS

UK takes major step towards membership of CPTPP

The United Kingdom has taken a major step in the process of joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). UK international trade secretary Liz Truss, along with CPTPP Commission chair Mexican economy minister Graciela Márquez, opened discussions between senior UK trade officials and chief negotiators from all 11 members of the partnership to discuss potential UK accession.

This is the first time the United Kingdom has met with these chief negotiators and the first time CPTPP members have had such a discussion with a country seeking membership since the partnership was created in 2018.

The United Kingdom held preparatory conversations with all CPTPP members. If the UK decides to apply, it will enter into a formal accession negotiation with all member states, a government press release said.

This meeting follows major progress in negotiations between the United Kingdom and Japan, the beginning of negotiations with Australia and New Zealand, and the resumption of negotiations with Canada, as the United Kingdom looks to focus on trade with the dynamic Asia-Pacific region.

CPTPP membership also provides an opportunity to expand trade links with key partners in the Americas.

“Joining CPTPP would send a powerful signal to the rest of the world that Britain is prepared to work with countries who champion free and fair trade,” Truss said.

The UK aims to join CPTPP because membership will help put the United Kingdom at the centre of a network of free trade deals with dynamic economies, making the country a hub for international businesses trading with the rest of the world; put it in a stronger position to reshape global rules and drive reform at the World Trade Organisation; boost its economic security; and make it more resilient to future crises by diversifying its trade and supply chains, the press release added.
The free trade area removes tariffs on 95 per cent of goods traded between its members, which could reduce costs for businesses and create new economic opportunities for British exporters. Since 2009 trade between the UK and CPTPP countries has grown on average by 6 per cent every year and was worth over £112 billion in 2019.

Source: fibre2fashion.com– Sep 11, 2020

**UNCTAD suggests reforming multinational trading system**

The COVID-19 pandemic is likely to “reverse much of the economic and social progress already made” towards achievement of sustainable development goals (SDGs), according to a report by the UN Conference on Trade and Development (UNCTAD) Secretariat, which recommended reconstructing a multinational trading system by reforming the World Trade Organisation (WTO) to deliver negotiated outcomes and contributes to post-crisis recovery and longer-term development.

The report titled, ‘International Trade and Development,’ says economic and social disruptions caused by COVID-19 have resulted in about $6 trillion in losses in global trade, approximately 50 per cent larger than the decline in trade that occurred during the 2008 recession.

Economic disruptions have affected some sectors more than others, particularly the automotive, textiles and apparel sectors, the tourism sector, and various machinery sectors, UNCTAD said in a press release.

COVID-19 is “not only a health crisis, but also a job and livelihoods crisis” that impacts SDG progress, the report asserts. Absolute falls in export earnings affect the capacity of the least developed countries (LDCs) to achieve the SDGs and to achieve SDG target 17.11, to double their share of global exports by 2020.

The COVID-19 pandemic has exacerbated inequalities (SDG 10) and significantly affected female-intensive economic sectors (SDG 5), such as the garment sector, pushing female workers towards extreme poverty (SDG 1).
The report emphasises that the realisation of the gender-related aspects of the 2030 Agenda ‘are at risk’. The economic crisis disproportionally impacts women in several ways outlined in the report, including an “exponential increase in the time women devote to care work,” which affects their ability to keep jobs or remain engaged in full-time employment.

Source: fibre2fashion.com– Sep 11, 2020

Sri Lanka mulls raising garment production in rural areas

Sri Lankan batik, handloom and apparel minister Dayasiri Jayasekara recently met textile and yarn importers and entrepreneurs to discuss raising domestic garment production in rural areas in the next five years. A programme will be launched to recruit 10,000 for producing handloom textiles, 200 villages will be set up and equipment provided for this purpose.

Sri Lanka will restrict textile and readymade garment imports and raise import tax on textiles. The government is considering revising the Rs 100 per kilo tax now being imposed on imported cloth and may increase it to as much as Rs. 185 ($1) as part of efforts to boost the domestic textile industry in the next five years, he said.

The minister hoped to modernise small handloom textile schools in particular and encourage students to turn entrepreneurs, according to Sri Lankan media reports.

The minister discussed stopping the import of readymade garments to Sri Lanka in future and to manufacture these in the country.

A national flag made in Sri Lanka will be hoisted in every home on February 4, 2021, and Buddhist flags made from local raw materials will also be used for the Vesak festival, he added.

Source: fibre2fashion.com– Sep 12, 2020
Cambodia Raises Garment Worker Minimum Wage

Following fraught discussions, Cambodia’s garment workers are finally getting a wage increase next year. But it’s not much.

The Southeast Asian nation’s Ministry of Labor announced Thursday that garment workers will be receiving just two extra dollars per month beginning Jan. 1, bumping up the minimum wage by 1.05 percent to $192, after negotiations between the ministry, factory owners and trade unions came to an impasse.

The extra $2, the ministry said, amounted to an annual “gift” from the government. Depending on their seniority in the workplace, workers may also receive compensation for rent, transportation and food that could tip their monthly earnings to between $209 and $220 a month, it added.

“The Ministry of Labor would like to thank Samdech Prime Minister [Hun Sen] who has maintained peace, stability, social order and reforms to be more competitive with neighboring nations, drawing investors and creating jobs to relieve the people and restore the economy amid the Covid-19 pandemic,” the ministry said in a statement.

Cambodian Labor Confederation president Ath Thorn told local media outlet VOD that unions had urged for a $12.35 increase, employers pushed for a drop of $17.39 and the government suggested a $5 decrease. “We are not satisfied, but we have to consider the Covid situation,” Thorn said.

Garment manufacturers previously asked the Ministry of Labor to delay minimum-wage talks for 2021, citing the “fragile and uncertain” nature of a sector shaken by mass layoffs and factory suspensions in the wake of the Covid-19 outbreak.

Cambodia has seen at least 400 factory suspensions and more than 150,000 job losses in the garment sector, “with scores more factories and tens of thousands of additional workers at imminent risk,” the Garment Manufacturers Association in Cambodia wrote in a July update. Factories that have suspended operations are required by law to pay furloughed workers $114 per month, or 60 percent of the minimum wage. The Cambodian government contributes a “salary replacement” of roughly $38 per month.
The apparel and footwear industry is Cambodia’s biggest export earner, employing some 800,000 workers and contributing 40 percent of its gross domestic product. The nation exported $9.3 billion in clothing and footwear last year, according to the Ministry of Industry and Handicraft, a year-on-year increase of 11 percent.

Cambodia is also anticipating the fallout of the European Union’s partial withdrawal of duty-free “Everything But Arms” privileges—a result of what the latter described as “severe deficiencies when it comes to human rights and labor rights”—which went into affect Aug. 12 and will affect selected garment and footwear products and all travel goods and sugar, amounting to roughly one-fifth or 1 billion euros ($1.18 billion) of Cambodia’s yearly exports to the bloc.

Nang Sothy, who represented the GMAC at Thursday’s meeting, told VOD that factories would struggle without wage reductions. “It’s difficult now,” Sothy said. “There is nothing big [happening] in terms of investments.”

But Thorn told Radio Free Asia’s Khmer Service that the new minimum wage fails to keep up with inflation rates and will put workers “in danger” because they will resort to working overtime to make the $230 to $250 per month they need to scrape by.

“We want a decent minimum wage for all workers—not just garment factory workers—but the government was unwilling to do so,” he said.

Labor Minister Ith Sam Heng appeared sanguine, however, telling reporters that the new wage level tried to strike a balance between livelihoods and competitiveness.

“I hope this wage will help the livelihoods of workers who are facing difficulties, and will help increase work productivity, and do whatever it takes to make our factories more competitive with foreign countries,” he said. “It is also a signal to attract more investment, to create new factories in Cambodia.”

Last year, garment workers received a 4.4 percent minimum-wage hike from $182 to $190.

Source: sourcingjournal.com— Sep 11, 2020
Canada reports 53.93 per cent growth in RMG imports in July ’20

Canada’s RMG imports grew 53.93 per cent in July’20. The country imported $870.24 million worth of apparels in July ’20 as compared to $565.33 million in the preceding month. However, the country’s RMG imports declined 28.63 per cent to $4.23 billion on YTD basis.

All major Asian countries benefitted from demand recovery in Canada. On month-on-month basis, China registered 93.96 per cent growth in July ’20 shipment over June ’20.

Shipments by India grew 33.87 per cent in July ’20 over June ’20 to $16.67 million. However, the country fell by around 50 per cent in its yearly shipment in July ’20 and by over 39 per cent in the YTD.

In YTD, though Bangladesh suffered around 41 per cent loss from 2019 export level, the country upped its shipment by a whopping 80.52 per cent in July ’20 over June ’20 to $84.88 million.

Source: fashionatingworld.com– Sep 11, 2020

Extend preferences to only originally intended beneficiaries, urges AGOA

African Growth and Opportunity Act (AGOA) Action Coalition has urged US House Ways and Means Subcommittee on Trade to resist extending AGOA’s apparel preferences to beneficiaries beyond those originally intended. The coalition states, proposed changes to the US Generalized System of Preferences program (GSP) threaten to vitiate key provisions of the Act that has been the cornerstone of US economic engagement with the nations of Africa since the past 20 years.

If adopted when GSP is renewed, these changes would cause gratuitous hardship in a region already reeling from the impact of COVID-19. Also they would also severely damage Africa’s standing in as a strategic development and trade partner and would hand global competitors, China in particular, a massive free win, said the coalition.
From its inception, GSP has specifically excluded preferential treatment for textiles and apparel. This has given US policy makers a powerful tool to advance US goals and interests by granting exceptions designed to help selected trading partners to attract investment in their textile and clothing sectors in order to fight destabilizing poverty and grow as markets for US goods and services, it added.

Source: fashionatingworld.com— Sep 11, 2020

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**Bangladesh: No privatised, PPP textile mills reopen**

Almost six years of the government initiative have passed but no state-owned textile mill has reopened yet under the public-private partnership due to the poor response from private entrepreneurs.

At least 35 mills have been sold to private owners for reopening but none of the factories has reopened, rather buyers sold machineries and opened housing business on the public property.

Prime minister Sheikh Hasina in October 2014 directed the textiles and jute ministry to sell no more mills and to reopen all the textile mills.

Following the directives, the textiles ministry and the Bangladesh Textile Mills Corporation decided to reopen the mills under the PPP method and received a nod from the cabinet committee to operate 16 mills in this fashion.

According to the textiles ministry, the BTMC has 25 textile mills and only six of them are running on a limited scale on rental basis.

Economists and labour leaders alleged that the government wiped out the state-owned sector in a planned way to protect the interest of local and international vested quarters.

Private entrepreneurs, however, said that the government initiative for the operation of the PPP formula would not be successful in the textile mills sector due to outdated machineries and unfavourable agreement.
According to BTMC statistics, the government has sold 12 mills through tender, handed over nine mills to their workers and employees, 30 to their former owners and seven to the liquidation cell to sell them off.

The mills have been sold or handed over at different times on condition of resuming their production but no factory has come back to operation, ministry officials said. They said that the ministry took back seven textile mills from the private sector buyers for violating terms and conditions of privatisation.

According to ministry officials, the mills were handed over to the private sector on condition that the buyer would repay all the dues and loans of the mills to various financial institutions and to reopen the units.

But not a single buyer complied with the agreement. Rather some buyers took loan from banks against properties of the mills and some sold mill machineries as scrap, officials said.

Ministry sources said that following the prime minister’s directive, the textiles and jute ministry took an initiative to take back 69 privatised mills that had violated conditions but the initiative has remained unimplemented for the last couple of years.

Then state minister for textiles and jute Mirza Azam in 2017 said that the government was taking back the mills that had remained closed for years.

He said that some of the mills had remained closed for long, owners of some mills had converted those into other mills, which they were not authorised to do, while owners of some other mills sold land of their mills.

Since 1982, the government has privatised 134 jute and textiles mills and most of the buyers of the mills have violated terms and conditions of the privatisation, sources said.

According to a circular issued by the textiles and jute ministry in October 2017, the government had taken back Kishoreganj Textile Mills Ltd from the private sector owner for violating major conditions set out during the handing over of the state-owned enterprise.

As stipulated in the circular, the owner of the mills did not pay the government dues but took loan from Sonali Bank by mortgaging the factory prior to the registration of the final deed.
The government cancelled the sales deed of the mills, which was signed on December 22 in 1994, as the buyer violated the main objective of privatisation and kept the unit unoperational.

Textile ministry sources said that their inspection team found that most of the owners had sold lands and machineries of textile mills which had been handed over to the private sector.

They said that the owners of Ahmed Silk Mills, Chand Textile Mills, Halima Textile Mills, Eagle Textile Mills and Afsar Cotton Mills sold their land property or started housing business on the land of the state-owned mills.

Anu Muhammad, a Jahangirnagar University economics professor, said that it was a planned initiative from the government to put the textile mills out of business.

The process has started in the 80s on the prescription of the World Bank and the International Monetary Fund and all the governments have jointly since completed the job, he said.

The governments have protected the interest of local and global vested quarters in the textile sector, Anu Muhammad said.

He said that the governments had no intention to make the sector productive but they were keen to hand over the public property to influential quarters in the name of privatisation.

Asked, BTMC general manager Kazi Feroz Hossain disclosed that the private partners for two textile mills were finalised through international tender but the transfer was being delayed due to the coronavirus pandemic.

They have already signed agreements, he said, with the private partners Tanzin Fashion limited and Orion Consortium for Ahmed Bawany Textiles Ltd and Kaderia Textile Mills respectively.

Feroz said that the government was going to float an international tender to select private partners for the four textile mills in the second phase.

The mills are, he disclosed, RR Textile mills, Dosto Textile Mills, Magura Textile Mills and Rajshahi Textile Mills.
Trade Union Centre president and veteran labour leader Shahidullah Chowdhury said that the state-owned textile mills sector had been wiped out due to the government policy.

Limitless corruption in government agencies has disabled the sector, he said.

Md Fazlul Hoque, former vice-president of Bangladesh Textile Mills Association, said that private sector entrepreneurs would not be interested in the PPP formula as the machineries of state-owned textile mills became obsolete.

He also said that it would not be possible to make the mills profitable if gas connections and quality electricity were not made available to the entities.

Textiles and jute secretary Lokman Hossain Miah declined to make any comment on the issue.

Source: newagebd.net – Sep 11, 2020
NATIONAL NEWS

Mild recovery: IIP drops 10.4% in July; bumpy road ahead

The index of industrial production (IIP) dropped 10.4% in July, against a 15.8% (revised) contraction in the previous month, reflecting the impact of an easing of lockdown curbs since June. However, while the contraction in output narrowed from a record 57.3% in April, the relative recovery since June was milder than expected and pointed to a bumpy road to a sustained and strong recovery.

Nevertheless, given the exceptional circumstances, the government earlier highlighted that any comparison with the (year-on-year) growth rates for earlier months would be inappropriate at this juncture. Some lockdown-related curbs at the local levels are still intact, which have weighed on manufacturing.

Not surprisingly, capital goods output shrunk for 19 months in a row, while consumer durables saw a 14th straight month of fall in July.

Of course, the level of contraction narrowed from the previous month. While consumer durables dropped by 23.6% in July, capital goods saw a 22.8% decline.

Although, consumer non-durables rose (6.7%) for a second straight month in July, the recovery almost halved, suggesting a loss of momentum in corporate re-stocking.
Manufacturing contracted 11.1% in July, against a 19.6% fall in the previous month, while mining dropped by 13%, against a 16% decline in the previous month. Electricity contracted by 2.5% in July, compared with a 10% fall in June.

Aditi Nayar, principal economist at Icra, said: “Over the next three months, while the base effect is favourable given the contraction in industrial output from August-October 2019, the impact of waning pent-up demand, as well as restocking ahead of the festive season remains to be seen.

Moreover, a late withdrawal of monsoon rains could impact the mining and electricity generation activities in September-October 2020.”

Source: financialexpress.com – Sep 12, 2020

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**FinMin releases grant of Rs 6,195 Cr to states; how grants helped states narrow fiscal deficit in Q1**

The Ministry of Finance has released Rs 6,195.08 crore to 14 states in an effort to provide additional resources amid the coronavirus crisis. The fund is released in the name of the sixth equated monthly installment of the Post Devolution Revenue Deficit Grant, recommended by the 15th Finance Commission, the Office of Anurag Thakur, MoS, Ministry of Finance, said in a tweet.

Andhra Pradesh, Assam, Himachal Pradesh, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Sikkim, Tamil Nadu, Tripura, Uttarakhand, and West Bengal are the 14 states to receive the grant. The grant has been released at a time when the states and the Centre are in a tussle around the promised GST compensation.

It is the second time after the April-August period, when such grant has been issued. It is to be noted that while the states’ total tax receipts (including center’s devolution) fell 32.1 per cent and non-tax revenue receipts fell 27 per cent on-year in the first quarter of FY21, it is the grants which has helped the states to narrow their fiscal deficits. The grants from the center grew by 56 per cent during the first quarter of the current fiscal, said the Ecoscope report by Motilal Oswal Institutional Equities.
Meanwhile, the fiscal deficit of 14 states was 36.5 per cent of BE in Q1, which was more than double of that in the previous years. The fiscal deficit was around 70 per cent of BE in Kerala and Andhra Pradesh in the first quarter and more than 50 per cent of BE in Telangana.

While the economic activity started to rebound after the nationwide lockdown was lifted, it once again started to fall due to the rising number of coronavirus cases and regional lockdowns in various parts of the country. India reported a record increase of 96,550 new coronavirus cases on Friday, taking its tally to 45,62,414. Amid the unavailability of vaccine and the continuously surging number of cases, both the states and the Centre are struggling to maintain their books.

Source: financialexpress.com – Sep 11, 2020

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**GST Council meeting postponed to October 5**

The Goods and Services Tax (GST) Council next meeting has been postponed to October 5, said two sources directly familiar with the matter. The Council was earlier supposed to meet on September 19, to take up rate rationalisation and also the more burning issue of compensation cess to states.

"The 42nd GST Council Meeting is rescheduled and now will be held on 5th October," said one of the sources. The issue of compensation to states may be taken up in Parliament that is due to begin September 14, following which another round of discussions between the Centre and the states is likely, another source said.

The Council has earlier met on August 27 to solely discuss the issue of compensation shortfall to states and ways to meet the deficit. The Centre had proposed that states borrow, and put forth two options for the states to consider which included borrowing from market or through a special Reserve Bank of India window, to meet the deficit.

In the first option, states will have to borrow Rs 97,000 crore from a special central bank facility to make up the shortfall due to the transition to the GST regime, with repayment of the principal and interest to be serviced by the compensation cess.
In this option, additional 0.5 percentage point relaxation in the state's Fiscal Responsibility and Budget Management (FRBM) limit beyond the existing allowance, will be permitted.

In the second option, states will have to borrow Rs 2.35 lakh crore, the estimated shortfall on account of the GST transition and the Covid-19 induced slowdown, from the market, facilitated by the Centre and RBI. However, the states would bear the interest burden while the principal would be serviced by the compensation cess, which is levied on sin and luxury products such as cigarettes and specified categories of automobiles. The FRBM limit relaxation is not available in this option.

Many states have written to the Prime Minister seeking his intervention. Several Opposition led states have rejected the proposals while some BJP led states have chosen the first of the two options, paving way for a split in the GST Council which has taken decisions basis consensus from all states.

The exception, that is voting, has only happened once since the Council was formed in 2017, when the rate for lotteries was decided in December 2019.

Source: economictimes.com– Sep 12, 2020

The free trade myth, explains IIFT's Rakesh Mohan Joshi

Most erudite economists and trade theorists would love to hate my concept even if I am spared, as they have spent their life researching free trade doctrines; making use of complex mathematical modelling and econometric tools to prove that free trade is beneficial for the ‘welfare’ of the economies, the ‘world’ or the ‘nation’.

Ever since British economist David Ricardo spelt out the theory of comparative advantage in the early 1800s, most economists believed that countries gain more than they lose when they trade with each other and specialise in which they are most efficient or comparatively more efficient.

Therefore, all countries must promote free trade and barriers of all sorts must be eliminated at all costs.
Initially, trade theories were employed to justify the production and marketing of the output of mass-production following the industrial revolution in Britain, other parts of Europe and the US.

These deliberately kept the rest of the third world agrarian, labour intensive, low skilled production bases that largely benefitted industrialising nations so that their products may be sold at relatively higher prices in foreign markets.

The whole phenomenon of high-tech production in developed countries and labour-intensive low-end mass production in developing and third world countries was further justified by robust theoretical concepts of ‘life-cycles’, ‘product life cycles’ and ‘technology life cycle’. This ensured mighty economic powers such as the US, the UK, Japan, France, Germany, etc, could reap hefty margins based on their skills, innovation and brand value.

Fundamental economic trade theories of absolute advantage, comparative advantage or factor endowment, promulgate free trade to achieve factor efficiencies and promote free trade for economic welfare and growth. A considerable rise in the cost of production in high-income countries, including the US and Europe, led to a shift of manufacturing facilities in locations with a relatively cheap cost of factors of production, especially labour, such as China, India, Vietnam, Malaysia, Bangladesh etc. These developing countries could carry out labour-intensive production activities more efficiently, as they possessed comparative advantage due to the abundance of a less-educated workforce.

In return, these countries would buy more of the high-value goods made by skilled labourers for which the US and other high-income countries have a comparative advantage. The shift of production locations from high-income countries to lower-cost locations led to considerable job-cuts in high-income countries. But such lost jobs are more than offset when countries specialise, leading to more robust exports and lower prices on imported goods.

But, in reality, the trade deficits of the US and the UK in 2019 burgeoned to $923 bn and $224 billion, respectively, whereas China became the world’s largest exporter with $2.5 trillion exports, accounting for 13.3% of the global share in exports and an impressive trade surplus of $430 billion. On the other hand, India’s exports hovered around $300 billion, and the share has been 1.7% in the world exports for the past decade.
China, despite historically being a non-market economy, grew at a double-digit rate since 1961 for 22 years with a peak of 27.27% in 1970. China’s share in world exports grew from merely 0.9% in 1948 to 13.3% by 2019. China virtually emerged as the ‘Factory of the World’ with 28.4% share in world manufacturing in 2018, far ahead of the US (16.6%), Japan (7.2%) and Germany (5.8%). In contrast, India’s has a meagre share of 3% in global manufacturing.

The US and other countries are now beginning to feel the heat of imported Chinese products that have flooded their markets. In Times Square, the iconic hub of economic activity in the city of New York, it is extremely difficult to find mass-merchandise with a ‘Made in America’ label.

Despite much-hyped free-trade doctrines, since independence, beginning from the Nehruvian era, India’s trade strategy has largely been inclined towards import substitution rather than export promotion. India followed a strong inward-oriented policy to preserve foreign exchange. The prime objective of India’s industrialisation revolved around the fundamental objective of import-substitution to become self-reliant. The policymakers believed that this would make India the world’s leading exporter with a comfortable balance of trade.

Moreover, right-wing political parties across the world have historically thrived on ‘making their countries great’ by following nationalistic protectionist trade policies. India is already on the path of being ‘Atmanirbhar’ (self-reliant) under the leadership of prime-minister Modi. The political leadership of Europe is not far behind in competing against each other to protect their national interests and curb the imports. China has long been a closed, non-market economy, far from transparency.

Trade decisions taken and implemented by political leadership are primarily based on an overall assessment of geo-political and economic situations of their counties and national interests, rather than the research outputs based on complex mathematical models emanating from a theoretical framework. This unambiguously brings out an explicit disconnect between theory and practice, which calls for introspection.

Source: financialexpress.com – Sep 11, 2020
FTA talks with Russia, US, EU on, trade policy not planned around one nation: Piyush Goyal

Commerce and industry minister Piyush Goyal on Thursday said India is engaging to sign free trade agreements (FTA) with the US, EU, Russia and the UK even as it reviews all its old trade pacts to bring symmetry.

Goyal said India will “gain significantly” from its limited trade deal with the US. “Even if we don’t do the deal, our exports have increased to the US...GSP withdrawal has not significantly impacted our exports,” he said, adding that India’s exports to US are growing very rapidly in the last 2-3 months and the deal is “almost finalised”.

Restoration of duty concessions under GSP or Generalized System of Preferences are India’s key demand in its trade deal negotiations with the US. “However, due to Covid-19, the US was not as much focussed on government functioning. So, we will wait. I have left it to the US. India is ready to sign tomorrow. We have given them a balanced offer,” Goyal said at an event organised by IIFT.

Emphasising that a deal has to be a win-win for both sides, the minister said India will always protect the interest of its agriculture, dairy, MSME sectors, domestic local industry, and do a balanced deal. “And that is why we didn’t sign RCEP (Regional Comprehensive Economic Partnership) because it was not balanced in fair way”

“We are working to give a renewed focus to FTAs with the developed world. If other countries want access to the market of 130 crore Indians then they will have to give us equal access to their market. India is not going to be a patient receiver of unfair trade practices. We will take hard but smart decisions,” he said.

The commerce and industry ministry is meeting export promotion councils on Friday as it reviews the India-Korea CEPA and New Delhi’s trade deficit with the east Asian country.

China focus

On being asked about India's policies towards China on various sectors such as toys, solar, auto and TVs, he said: “Let’s not focus only on one country.
When we are looking at foreign trade, India's future, let's not plan everything around one country...There is no anti-one country tariff”.

Explaining that domestic industry will take some time to pick up, he said: “There are many practices in that country which we don’t...we don’t have price controls or hidden subsidies.”

India’s exports to China in the first quarter of FY21 rose 32.93% on year to $5.53 billion while imports shrank 36.16% on year to $11.02 billion.

His statement comes in the wake of the government erecting barriers to curb imports especially those from China through higher duties, quality control orders, limits in government contracts, technical regulations, port restrictions and stricter checking of imports, among others.

“India has shown its capability to withstand any pressure and the same goes for trade,” he said, adding that India’s exports grew 13% on year in the September 1-7 period.

On India restricting toy imports, Goyal said it could have pitfalls such as a rise in prices in the short run but the country is looking at anchor investors, clusters and toys that are relevant to India to boost domestic industry.

“We are looking to attract 1-2 FAB facilities to come to India...This will also help enhance our solar capacity,” he said, adding that the centre is in talks with states to reduce power costs, and deregulate and make it easier to start a business.

Vietnam, he acknowledged, has a deregulated environment and trade pacts with the EU and RCEP, which are aiding the relocation of companies in China to that country.

Source: economictimes.com— Sep 11, 2020
DL Sharma, MD, Vardhman Yarns and Threads Limited passes away

DL Sharma, MD, Vardhman Yarns and Threads Limited passed away yesterday due to COVID-19. He was 72 and was hospitalised since last 10 days. He is survived by his wife, a son and two daughters.

Working with Vardhman group for almost 5 decades, DL Sharma was an engineer, and also an alumnus of Harvard Business School.

He was also associated with leading trade bodies like Confederation of Indian Industry (CII), Confederation of Indian Textile Industry (CITI) and Ludhiana Management Association (LMA).

Stating it as a great personal loss, SP Oswal, CMD of Vardhman Group, expressed profound grief and said, “I have not only lost a valuable companion, but also a talented professional. He contributed immensely to the evolution of Vardhman Group from a stand-alone manufacturing unit to a multi-product and multi-unit entity.”

Source: in.apparelresources.com– Sep 11, 2020

RSCI (Resilient Supply Chain Initiative): Trouble for RCEP?

The Resilient Supply Chain Initiative (RSCI) proposed by India, Japan and Australia for building resilient supply chains in the Indo-Pacific has implications for regional trade agreements, including the upcoming Regional Comprehensive Economic Partnership (RCEP).

India’s decision to walk out of RCEP hasn’t stalled its progress. The ten-member ASEAN group of economies from Southeast Asia, along with Australia, Japan, China, New Zealand and Korea, are working on its adoption in the 4th RCEP Summit scheduled for November 2020.

The latest RCEP ministerial meeting, held virtually on August 27, reaffirmed the implementation. It also ‘reiterated that the RCEP remains open for India’ and noted India’s potential to contribute to regional prosperity.
India is unlikely to revisit the prospects of re-joining RCEP. Apart from the heavily circumspect view, it has on entering FTAs, premised by the focus on import-substitution arising from the drive on self-reliance, its relations with China are inconducive for joining a trade pact where China is the largest economy. In the meantime, however, it has decided to work with other prominent Indo-Pacific members of RCEP—Japan and Australia, who are also distinctly wary of China—on the RSCI.

The RSCI would build resilient supply chains that are either independent or barely dependent on China. The effort follows a fundamental lesson imparted by Covid-19. Supply chains relying excessively on a particular country—China, in this instance—are likely to be severely disrupted during pandemics like Covid-19.

The collapse of production within China in the early months of the outbreak of the pandemic caused cracks in several supply chains. For countries like India, Japan and Australia, whose trade relations with China are deep and exhaustive, and whose producers and consumers are reliant on sourcing from China, the impact was catastrophic.

The economic imperative for pushing supply chains out of China has been compounded by worsening of political relations of RSCI countries with it. India’s current relations with China are at their lowest ebb in several decades. Australia and Japan are also experiencing various difficulties and discomfort in managing ties with China.

Bad blood with China is a common trait across much of the Indo-Pacific. With China’s relations with the US worsening rapidly, the Indo-Pacific has become a common ground for rallying against China. Promulgation of the RSCI by major Indo-Pacific countries, therefore, is hardly surprising. But, what does this mean for RCEP?

The RSCI is looking to expand by including more countries from Southeast Asia. All members from Southeast Asia are in the RCEP. Getting some of them to figure in the RSCI, for delinking substantive parts of regional supply chains out of China, would mean, on part of these countries, signalling to China their intention to be part of an anti-China alliance. This might affect the equilibrium in RCEP.

RCEP’s complications would increase if Southeast Asia, individually, or in small groups, tends to take positions on the basis of strategic loyalties to China, or the Indo-Pacific. ASEAN as a bloc would find it tough to handle
increasing rivalries between China and the non-ASEAN members. Given Japan and Australia’s difficult ties with China, RCEP might well be in a situation where it finds it difficult to progress.

Ideally, most Southeast Asian countries would prefer staying neutral. They would wish to benefit from the prospects of RCEP, which is an ASEAN-centric FTA, and at the same time, by working with the RSCI. Indeed, relocations have begun taking place out of China to Southeast Asia, primarily among Japanese businesses.

Japan’s decision to offer subsidies to its industries on relocating out of China has resulted in several of the businesses moving out to Indonesia, Laos and Vietnam. More are expected to follow as the initiative gathers momentum. The investment prospects for Southeast from RSCI are considerably attractive.

RSCI is an example of how regional supply chains might be repositioning in line with the emerging geopolitics post-Covid-19. As the US-China hostilities increase, the possibility of countries joining broader alignments on either side of the US-China divide, and the global economic order getting split accordingly, is substantial.

RCEP is an agreement that begun negotiations nearly a decade ago when the geopolitical character of the region and the world was much different. In this respect, it might encounter unexpected problems from RSCI.

It is imminent that a serious push by RSCI would lead to its members agreeing on common rules for cross-border trade, investment and standards. Such rules, coming on top of multiple FTAs in the region, might burden the regional trade landscape even more.

But, the core dilemma following such rules and the implementation of RCEP is, where do countries, common to both, invest more energy and resources in. Would they stay committed to RCEP? Or would they increasingly tilt to being part of an economic understanding pursuing organisation of cross-border production and supply chains into a ‘trustworthy’ grouping bound by common anxieties on China? Out of RCEP, India clearly would be hoping for the latter!

Source: financialexpress.com– Sep 11, 2020

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Huge potential to increase textile trade: Indian envoy in Japan

Covid-19 has prompted Japanese companies to diversify their supply chain and the Indian textile sector has the potential to serve the sector-specific need, said Ambassador of India to Japan Sanjay Kumar Verma on Friday.

He said this while inaugurating the 7th edition of India Tex Trend Fair (ITTF), a physical-cum-virtual fair, at Tokyo (Japan) on Thursday, Ambassador Verma said that China continues to be the main supplier of textiles to Japan along with Italy, Vietnam, South Korea and United States.

“Covid-19 pandemic has brought up the necessity for diversifying the supply chains and therefore Japanese companies also plan to reduce their dependence on any particular geography. Although India’s share in Japanese market is negligible, in the textile sector there’s a good potential for increasing bilateral textile trade between the two,” said the Indian ambassador in Tokyo.

The Ambassador said that India is recognized as one of the best sourcing destinations for garments, textiles, accessories and finished products. Manufacturers are ready to innovate, be flexible on quantities and have a hands-on approach to quality control.

“India can provide a more resilient supply value chain to Japan as India has comparative advantage in the textile sector in terms of low cost production and traditional knowledge in the sector,” Verma said, adding that the Indian exporters will have to address some issues like productivity and prices.

The Indian envoy also announced that India and Japan are inching closer to sign a Memorandum of Understanding (MoU) between the Textile Committee in the Indian Ministry of Textiles and Nissenken Quality Evaluation Centre, Japan, for improving quality and testing of Indian textiles and clothing for the Japanese market.

Apparel Export Promotion Council (AEPC) Chairman Dr A Sakthivel said the key strengths of India in respect to manufacturing apparel are availability of raw material (cotton fibre, yarn, fabric, etc) in abundance, vertically integrated plants, skilled man power at reasonable wages, and availability of fabrics with wide range of designs.
“Japan is a thrust market for India and continuous efforts have been made by AEPC to participate in India Tex Trend Fair, Japan regularly. Globally there is a growing positive sentiment towards India including among Japanese companies,” Dr Sakthivel said.

Source: knnindia.co.in– Sep 11, 2020

Apparel brands go easy on festive wear

Anticipating a muted festive and wedding season, fashion designers and ethnic apparel brands are cutting back on inventory and toning down designs as shoppers opt for small social gatherings and scrimp on discretionary expenses.

Apparel retailers, especially those selling formal or heavy ethnic wear, are bearing the brunt of the pandemic-led lockdown, economic slump and potential annihilation of the big fat Indian wedding, which has severely impacted their revenues.

The festivities, which coincides with the wedding season is staring at a sombre consumer mood. Consequently, brands are readjusting their inventory, simplifying designs and slashing future orders.

For starters, the wedding market has been a complete washout. “Individual fashion designers’ business has been badly hit by the pandemic," said Monisha Jaising, a Mumbai-based designer who offers ready-to-wear, pret and bridal couture. She said the market for Indian designers, who thrive on the big fat Indian wedding, has crashed this year. Brides are picking lighter and fewer outfits as wedding celebrations turn modest.

Jaising says at least 70% of the weddings have been postponed. “The remaining 30% who are still getting married are holding small, intimate events. They are having only one function instead of the five they would have had earlier.

At fashion house Ritu Kumar, managing director Amrish Kumar is reducing the inventory. “Though design planning takes more time and we have just started coming back to work, there is some element of focusing more on casual dressing in this structure of what the portfolio looks like. To that
extent, we are looking at the next season being more loaded toward casual," said Kumar.

“What will happen is that for the bridal piece, the merchandise will be similar but since lesser people will be there for festivities and celebration and expenditure is going to be curtailed, so demand for less expensive pieces will rise. That’s how most of the brands are planning their collection,” said Kavindra Mishra, MD and CEO at House of Anita Dongre.

Source: livemint.com– Sep 11, 2020

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**Customs seizes ₹3-crore worth textiles smuggled to Bangladesh via riverine route**

*This is one of the biggest seizure in the recent past*

The Customs has seized textiles worth over ₹3 crore being smuggled to Bangladesh through the riverine route of West Bengal. Six people have also been arrested in this connection. This is one of the biggest seizure in the recent past, a release by the Union Finance Ministry said.

Based on specific intelligence, a fishing trawler was intercepted by the officers of the Commissionerate of Customs (Preventive) West Bengal, in the intervening night of September 6 and September 7. The trawler was coming from Diamond Harbour towards Sagar Island. On being spotted it changed course and was finally intercepted near Geonkhali, some 70 km from Kolkata.

Upon search of the trawler, various “incriminating documents along with identity cards of Bangladeshi and Indian nationals were found”. Mobile phones with Bangladeshi SIM cards were also recovered.

“The persons on board the trawler were engaging in smuggling of sarees and garments concealed in about 400 gunny bags having a value of ₹3.3 crore.

Interrogation of arrested persons confirmed that the vessel was heading to cross over to Bangladesh with an intention to smuggle Indian goods to Bangladesh. Further investigation in the matter is under process,” the release mentioned.
Govt working on creating database of migrant labourers: Union minister Santosh Kumar Gangwar

Union Minister Santosh Kumar Gangwar on Friday said the government is working on creating a database of migrant labourers so that they get direct benefit of various welfare schemes.

Speaking at an event after inauguration of a new building of the Labour Bureau Bhawan here, the Minister of State (Independent charge) for Labour and Employment said an accurate database is crucial for formulation of any policy.

“We always talk about estimated figures about them (labourers). But today the need is to create such a database about migrant labourers so that they can get direct benefit of various welfare schemes,” Gangwar said.

“Theyir skill mapping has to be done, we are concerned about this, we want that they should get jobs as per their skills, he said.

But we are working in this direction now we are making maximum use of IT (information technology) to come out with concrete data, he added.

Stressing on the importance of accurate database for formulation of any policy, the minister said there was a need to have concrete and accurate data of labourers engaged in the unorganised sector.

They are an important and strong workforce of our country. They constitute a big chunk of workforce. If we do not have any concrete data about them, it will be felt that something is amiss,” he said.

When we say we have nearly 10 crore labourers in the organised sector and 40 crore working in the unorganised sector, people ask do we have any database, he said, adding that the Labour Bureau can do the task of organising this data.
He also highlighted the problems faced by migrant labourers, a large number of whom had returned to their native states amid the COVID-19 pandemic.

He said that migrant labourers who return from their native states are not able to get work as per their skills.

He hailed the work done over the years by the Labour Bureau, which is the apex organisation in the field of labour statistics, saying this organisation is making its contribution in the country’s progress.

During the coronavirus pandemic, Gangwar appreciated efforts put in by various states to support labourers and extend monetary and other help to them.

Punjab’s Health and Labour Minister, Balbir Singh Sidhu touched upon various welfare steps which the Congress government in the state has been taking for welfare of labourers and workers’ class.

He also said that under Pradhan Mantri Shram-Yogi Maandhan’ (PMSYM) for the unorganised sector workers, states contribute half of the money they get from the Centre.

He demanded that beneficiary cards issued under the scheme should also carry the photos of the chief ministers of various states along with that of the prime minister.

He also said that the Centre should extend help to the states during the current difficult situation triggered by pandemic so that they are able to continue support to the labour class and other weaker sections hit hard by it.

The Labour Bureau in its earlier avatar the Directorate of Cost of Living, was established in Shimla 1941 and in 1946 the directorate was rechristened as Labour Bureau.

The bureau is known for its price indices, administrative statistics and labour related surveys data.

It is also recognised for unique surveys like the occupational wage survey which make it the lone organisation in India which has occupation wise wage data across wide ranging sectors.
The bureau is also a repository of vital administrative statistics collected under the various Labour Acts.

Source: financialexpress.com – Sep 11, 2020

CMAI's digital National Garment Fair opens with 325 brands

The 71st National Garment Fair (NGF) being organised digitally this time by The Clothing Manufacturers Association of India (CMAI) was inaugurated by Union textiles minister Smriti Irani yesterday. The NGF has 325 brands participating, and is expected to attract close to 20,000 retailers. The virtual trade show will go on till September 20.

In her address to the participants, Irani complimented the CMAI for “going from strength to strength” and for “being the foremost association in the domestic sector”. The minister cited the conversion of the NGF to a digital format as one more example of CMAI’s commitment to innovation, change, and adaption to changing needs of the market.

She also reiterated that the ministry of textiles was there to support the growth of the domestic sector as much as it is for expanding the growth of India’s exports.

Textiles secretary Ravi Capoor described CMAI as “one of the pillars of the domestic garment industry”, and complimented CMAI for its adaption of technology and change. He stressed that the digital fair will help revive the sector from its current crisis, and was confident that the revival would undoubtedly happen.

CMAI Northern Region chairman Siddharth Bindra was also present during the inauguration.

Source: fibre2fashion.com – Sep 11, 2020