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INTERNATIONAL NEWS

USA: Trump Could ‘Vent His Frustration With China’ With New Tariffs, Expert Says

While many in the apparel and textile industry are thinking about what will happen to trade policy in a Biden administration, at least one political and trade expert thinks it’s better to be more shortsighted.

David Spooner, Washington counsel for the United States Fashion Industry Association (USFIA) and a partner at the Barnes & Thornburg law firm, said there are several trade issues up in the air in the waning days of the Trump administration.

Speaking on USFIA’s virtual Apparel Importers Trade & Transportation Conference, Spooner, a former assistant Commerce Secretary and chief textile negotiator under President George W. Bush, said one question is whether expiring China tariff product exclusions will be renewed. He noted that in August, the U.S. Trade Representative (USTR) announced that China tariffs exclusions on such products as backpacks, duffel bags and various yarns and fabrics would be extended to Dec. 31.

“The question then is will USTR act to extend these product exclusions again, three weeks before the end of the administration,” Spooner said.

“It is unlikely that in the next two months that the administration will pull out of the Phase One Deal with China or slap additional tariffs on China,” he said. “But I wouldn’t be complacent about it. I think we’re entering a two-month period where the administration will be less predictable about the course of policy.”

Spooner said it is possible that President Trump could look to “vent his frustration with China” and increase tariffs on imports from the country or impose new ones.

Several other key trade provisions are in flux, he noted. The General System of Preferences (GSP) program is set to expire on Dec. 31 and will need to be renewed. Spooner noted that GSP last expired on Dec. 31, 2017, and “users were burdened with a three-month lapse until it was renewed.”
Current temporary duty suspensions, enacted in the Miscellaneous Tariff Bill, also expire at year’s end. The International Trade Commission sent Congress its recommendations for items to include in August, he noted. There is also pending legislation on the Xinjiang situation in the form of the Uyghur Forced Labor Prevention Act, which has passed the House and has bipartisan support, but will likely not be voted on until next year, he added.

Spooner looked ahead at ongoing trade talks between the U.S. and the U.K., and Kenya, both of which he said are “going slowly.”

“The only thing to look for in a Biden administration would be whether or not it puts trade negotiations with the U.K. on a slow boat and devotes resource to reinvigorating the Obama administration’s never-formally-abandoned trade agreement talks with the European Union,” he said.

“I think it would be naive of us to think that the Biden administration, at least in the short to medium term, would ease up on China tariffs,” Spooner added. “But I do think a Biden administration would be more traditionalist in that it would engage in multilateral institutions more actively than the Trump administration, such as the WTO, and would try to engage allies in an anti-China coalition.”

Source: sourcingjournal.com— Nov 11, 2020

More flexible rules for textile items in UK-Japan CEPA

The new UK-Japan comprehensive economic partnership agreement (CEPA) will introduce more flexible rules for textile products, allowing clothing producers to undergo a single process in the United Kingdom, the UK Fashion and Textile Association (UKFT) said recently. The UK department for international trade will publish joint guidance with Japan on the ‘importer’s knowledge’ article.

The guidance will offer greater clarity and predictability for companies on this provision.

This change may allow high-value producers of goods including knitwear, suits, gloves and coats to increase their exports to Japan.
The UK and Japan have agreed to measures that make the UK-Japan CEPA easy and predictable to use. For example, the UK-Japan CEPA allows self-certification of origin, which means that UK and Japanese exporters do not need a certificate from their customs authority, UKFT said in a press release.

Under tariff preference, a clothing producer could sew together imported fabrics into a coat, and then export the final product to Japan under tariff preference, as long as 50 per cent of the inputs are sourced domestically. Under the EPA, clothing producers are required to undertake two or three processes in the United Kingdom, even if they sourced most of their inputs domestically.

This change may allow high-value producers of goods, including knitwear, suits, gloves and coats, to increase their exports to Japan.

The UKFT said it fully supports the additional rules that have been negotiated and recognises the impact that this will have on supporting jobs and potentially increasing exports to Japan.

Source: fibre2fashion.com— Nov 11, 2020

US imports set new peak season record ahead of holidays

US imports likely saw their busiest “peak season” on record this summer and fall as retailers replenished inventories and stocked up for the holiday season, according to the monthly Global Port Tracker report. From July through October, US ports covered an estimated 8.1 million Twenty-Foot Equivalent Units (TEU), up 6.1 per cent year-over-year.

July-October is the peak shipping season when US retailers rush to bring in merchandise for the winter holidays each year. US ports covered by Global Port Tracker handled an estimated 8.1 million TEU during the four-month period this year, said the report released by the National Retail Federation and Hackett Associates.

While subject to revision once October numbers become final, that would be an increase of 6.1 per cent over last year and would beat 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, the latest month for which after-the-fact numbers are available. That was a 12.5 per cent year-over-year increase and 0.1 per cent 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 per cent year-over-year and the fourth-highest month on record. With most holiday merchandise already in the country, November is forecast at 1.7 million TEU, up 0.2 per cent year-over-year, and December is forecast at 1.58 million TEU, down 8.2 per cent from last year.

“Peak season is the Superbowl 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,” NRF vice president for Supply Chain and Customs Policy Jonathan Gold said.

“Part of this surge was fuelled 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.”

“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.”

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

January 2021 is forecast at 1.75 million TEU, down 3.7 per cent from January 2020; February at 1.52 million TEU, up 0.9 per cent year-over-year, and March at 1.59 million TEU, up 15.7 per cent from March 2020 – the
month the pandemic first fully hit the United States while factories in China remained closed by the pandemic there.

Source: fibre2fashion.com - Nov 12, 2020

First large-scale textile sorting plant opens in Sweden

The world's first large-scale plant for automatic textile sorting started operation at SYSAV's facility in Malmö, the largest city in the Swedish county of Scania. A 30-metre long machine has a sorting capacity of 24,000 tonnes of textiles per year and is reportedly expected to revolutionise Swedish textile recycling and create new markets for textile waste.

The SYSAV waste-to-energy plant is owned by fourteen local authorities. The sorting plant in Malmö is owned and operated by SYSAV.

The sorting facility was the result of SIPTex, a Swedish research project that tested and evaluated automated textile sorting by building and operating a pilot facility for 12 months.

With the SIPTex facility as a new part of the value chain, other players can scale up their processes and textile recycling accelerate. It is a sustainable investment, both for SYSAV and for the environment, according to SYSAV chief executive officer (CEO) Peter Engström.

Behind the innovation platform are several large Swedish textile, fashion and furniture companies, municipalities, charities, research institutes and authorities—a total of 20 players under the leadership of IVL Swedish Environmental Institute.

The plant will provide environmental benefits and strengthen Sweden's position as a pioneer in innovation and the circular economy, said Anna Jarnehammar, deputy CEO of IVL Swedish Environmental Institute.

The automated sorting is based on optical sensors that, with the help of near-infrared light, can sort textiles according to color and fiber composition with high precision, according to media reports in Sweden. This makes it possible to handle large textile flows while at the same time
producing textile fractions that match the needs of textile recyclers and textile companies.

In full operation, the plant has a capacity to sort 24,000 tonnes of textiles per year.

Source: fibre2fashion.com - Nov 12, 2020

USA: Cotton Prices Rebound, But Supplies High

Cotton prices recently bounced back following a steady fall driven by the pandemic’s effect on U.S. and global demand, according to a Texas A&M AgriLife Extension Service expert.

Dr. John Robinson, AgriLife Extension cotton economist, said the latest USDA cotton estimate report, however, likely means prices won’t continue to climb.

Robinson said cotton prices were responding well to the November 2019 Phase 1 trade agreement with China when COVID-19 began wreaking havoc on global markets in February.

COVID-19’s effect on cotton was pretty dramatic, Robinson said. Cotton futures fell more than 20 cents – from 70 cents per pound to 49 cents per pound – from February to April.

“That’s just the fears and uncertainty of pandemic, recessionary fears, because cotton demand always goes down in a recession,” he said. “Cotton represents discretionary spending on wardrobe purchases, but the pandemic added another wrinkle when you had stores physically closed by the shutdowns.”

Textile mill shutdowns in China also made a big impact on the price drop, he said.

In April, the Chinese government began strategically buying bales to add to or replenish their cotton reserves, Robinson said. Chinese reserve buying helped trigger a steady upward price march over the summer.
Robinson said Mother Nature was not ideal for the U.S. cotton crop this year. Drought in West and South Texas followed by multiple tropical storms that struck with varying severity from Texas to Georgia brought into question the projected U.S. crop size.

Tropical storms along the coast were followed by freezing temperatures, sleet and rains in the Texas Plains and Panhandle as harvest got underway, he said.

“It was a tough production year, and there were a lot of questions about yields and quality,” he said.

The bad weather also triggered price speculator buying, which helped cotton’s march back to 70 cents per pound as of Nov. 10, Robinson said.

**Crop Estimate Remains Static**

Robinson expected U.S. yield estimates could drop as much as 600,000 bales based on weather events throughout cotton-producing states. But the Nov. 11 USDA report maintained the previous estimates of 17 million bales.

Quality could be an issue with this year’s cotton crop due to the storms, he said.

“I suspect this report means there is a lot of low-grade cotton out there and that there will be an oversupply of low-quality cotton,” he said. “You’ve got reports of wind damage, stringing, discoloration and boll rot, but it looks like a lot of acres are being counted rather than marked as a loss.”

Robinson said the projection likely means a 7.2 million-bale surplus carryover from 2020, which translates into high supplies and bearish cotton prices for the foreseeable future. The estimated surplus is the highest since 2007-2008, according to the USDA report.

The election may affect trade, but the bigger question for cotton will be U.S. economic recovery, Robinson said. Distribution of an effective COVID vaccination could expedite that recovery.

“To have the November report show no change, that tells me they may be counting bolls and acres that are out there and are not predicting a cut,” he said.
“These reports get closer and closer to the real number the later it gets in the season, so this report reinforces the thought that we’ll have heavy supplies and prices aren’t likely to improve much for Texas producers. And even if there is a major production cut late in the year, it still might leave 6.5 million bales of ending stocks, which is not price supportive.”

Source: cottongrower.com - Nov 11, 2020

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Canada’s apparel imports decline in September

As per Apparel Resources, the apparel imports by Canada declined on both Y-o-Y basis and M-o-M basis in September ’20, owing to uncertain market conditions as analyzed and reported by Apparel Resources recently.

There were only two countries – India and USA – in top 10 importing destinations of Canada which marked growth in September over August this year; every other major shipper fell in its shipment to Canada.

India surged by 2.09 per cent in Sep. ’20 over Aug. ’20 to ship US $ 17.86 million worth of garments to Canada. However, the country could tap yearly growth and fell by 17.64 per cent as compared to Sep. ’19, making a recovery of business by just 82.36 per cent on the yearly note.

As far as the US is concerned, the benefit of revised NAFTA (now USMCA), which came into light in August, can be seen! USA shipped 2.57 per cent more garments in value terms to Canada worth US $ 20.56 million in Sep. ’20 as compared to Aug. ’20.

China, the largest apparel shipper to Canada, fell by 28.91 per cent on monthly note to $ 344.88 million in Sep. ’20 as compared to Aug. ’20 and also declined by 6.56 per cent from September ’19 figures. The drastic fall in monthly value has also caused a sharp decline in the Chinese share to the Canadian market which has come down to 38 per cent in Sep. ’20 from 45 per cent in August ’20.

Bangladesh too plummeted by 7.61 per cent in Sep. ’20 on M-o-M basis to ship US $ 104.91 million worth of garments to Canada. The country was also down on Y-o-Y basis by 3.10 per cent in September. ’20.
UK GSP to launch from January 1

The United Kingdom’s generalised scheme of preferences (GSP) will cover all countries currently eligible for trade preferences under the European Union’s (EU) GSP after the end of the transition period, the UK government recently said. The scheme will cover all eligible countries that do not have their existing trade agreements transitioned into a new agreement with the United Kingdom.

The United Kingdom imported approximately £8 billion worth textiles and apparel products from eligible countries last year. This accounted for 30 per cent of all textile and apparel imports into the United Kingdom.

The UK government said in a press release it is planning on improving the scheme to better support developing countries and more details will be announced in 2021.

The UK GSP will have three frameworks: least developed countries (LDC), general and enhanced.

The LDC framework is for countries that the United Nations classifies as LDCs. Imports from these countries have quota-free access and nil rates of import duty on all goods other than arms and ammunition. Countries in this framework include Bangladesh, Cambodia, Ethiopia, Gambia, Haiti, Laos, Myanmar and Nepal.

The general framework is for countries that the World Bank classifies as low-income and lower-middle income countries. Imports from these countries have reduced rates of import duty on certain goods. Countries in this framework include India, Indonesia and Nigeria.

Countries including Algeria, Egypt, Georgia, Ghana, Guatemala, Honduras, Kenya, Morocco, Tunisia and Vietnam are in the in the process of reproducing the effects of an EU trade agreement. They will receive GSP market access if they do not implement a trade agreement with the UK before January 1, 2021.
The enhanced framework is for countries that are classified by the World Bank as low-income and lower-middle income countries economically vulnerable due to a lack of export diversification and a low level of integration with the international trading system. They must also implement 27 conventions relating to human and labour rights, environment and good governance.

Imports from these countries have a nil rate of import duty on certain goods. Countries in the enhanced framework include Armenia, Bolivia, Mongolia, Pakistan, the Philippines and Sri Lanka.

When a country no longer meets the relevant eligibility requirements, it will be removed from the relevant GSP framework (known as country graduation). The United Kingdom will provide a graduation period of at least three years before removing a country from the relevant framework. A country will enter another GSP framework if it meets the relevant requirements.

GSP rates may be suspended for countries once they implement a new trade agreement with the UK, which provides them with equivalent or better preferential market access than the GSP.

 Preferential rates of import duty may be suspended on a specific product group that is already highly competitive without trade preferences. This is known as goods graduation.

The United Kingdom’s first list of graduated goods replicates the EU’s current list of graduated goods until the end of 2022. The next list of graduated goods will take effect in 2023. It will be reviewed every three years.

Source: fibre2fashion.com – Nov 11, 2020

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Jumpstarting Indonesia’s exports amid COVID-19 pandemic

The world economies do not seem to be recovering anytime soon to pre-pandemic levels.

In its latest press release published on Oct. 6, the World Trade Organization forecast global trade to shrink by 9.2 percent in 2020, less severe than its forecast in April of a 12.9 percent contraction. However, global trade is expected to grow by only 7.2 percent next year, which is more pessimistic than the previous 21.3 percent growth estimation.

North America and Europe are among the worst hit regions with a declining rate of 14.7 percent and 11.7 respectively of their exports. This is followed by a decline of imports at 8.7 percent in North America and 10.3 percent in Europe. These two regions are considered the traditional premium markets for Indonesia’s products.

Among trade goods, manufactured goods and fuels and mining products are the worst affected. However, agricultural products have experienced a rather minimal decline during the pandemic with a zero to 5 percent decline during the first and second quarters of 2020. Conversely, textiles, pharmaceuticals, electronics and computer products are the only manufactured goods that have experienced positive growth during the pandemic.

Meanwhile, the International Monetary Fund predicted in its latest World Economic Outlook that Indonesia’s gross domestic product is expected to fall by 1.5 percent this year, revising down its previous estimation of a 0.3 percent contraction last June.

Despite the pessimistic outlook, Indonesia recorded a non-oil and gas trade surplus from January to August 2020. It rose a significant 259.01 percent compared to the same period a year before, from US$4.25 billion to $15.27 billion.

However, this trade surplus was mainly due to a sharp drop in imports instead of an increase in exports. In the first eight months of the year, Indonesia’s total non-oil and gas exports declined 4.35 percent while imports of such products dropped 15.76 percent.
If we look to Indonesia’s export performance to its top 10 export destination countries, only exports to China and the US recorded positive growth, at 11.29 percent and 1.56 percent respectively. Meanwhile, Indonesian exports to Japan, India, Singapore, Malaysia, the Philippines, South Korea, Thailand and Vietnam were lower year-on-year.

This is not surprising as more countries have imposed various measures to restrict trade. In fact, the latest statistics issued by the WTO show that there were 165 trade-restrictive measures implemented between mid-October 2019 and mid-May 2020, a significantly higher figure compared to the same period a year before when only 38 new trade-restrictive measures were applied.

The WTO also recorded a total of 239 trade remedy actions during the review period. As stated in the report, the monthly average of trade remedy actions initiated was slightly higher than the average for the last eight years. In contrast, the monthly average of trade remedy terminations was the lowest over the same time span.

ASEAN members also seem to be using the trade remedy instrument more to protect their domestic industry from the adverse effects of the COVID-19 pandemic.

Thailand, for example, has initiated seven new anti-dumping investigations and two safeguard investigations this year. While the two safeguard investigations target imports from all countries including Indonesia, one out of seven of the anti-dumping investigations target Indonesian exports specifically. Thailand lastly used the anti-dumping instrument against Indonesian exports five years ago.

To promote exports in the midst of increasing trade-restrictive measures, Indonesia needs holistic policies to drive its competitiveness during the pandemic. At first, Indonesia needs to ensure market access of its export products to foreign markets.

In other words, any potential trade barriers, including additional duties from trade remedy investigations, should be mitigated. Private sector involvement in each specific investigation is very crucial as non-cooperative exporters will be punished with the highest duty possible by the relevant investigating authority.
Collaboration between private sectors and Indonesia’s representatives in foreign countries should be intensified. Information and data on highly demanded products during this COVID-19 pandemic for each specific country as well as any relevant updates are critical for Indonesian exporters to seize the opportunity.

Another action Indonesia can take to jumpstart its exports is to focus on the world demand for essential products such as food and agricultural derivative products.

Demand is also rising for masks and other health protection equipment that can be produced by textile manufacturers. As we have seen worldwide, major manufacturers are shifting their production to health-protection-related products, such as with cosmetic and toiletry producers now shifting toward producing hand sanitizers and other antiseptic products. Such strategies can be implemented by Indonesian textile producers to meet world demands.

Financial support in the form of income support and free skill training, which the Indonesian government has already implemented, is essential to maintain domestic purchasing power. However, financial support to maintain the production rate needs to be implemented too.

The WTO rules are clear – subsidies contingent to export are prohibited under Article 3 of the Agreement on Subsidies and Countervailing Measures (ASCM). However, during this pandemic, many WTO members are reporting that they are channeling financial support for the severely affected industries.

Countries like the UK, Australia and some of the EU members are among those that have granted financial support to maintain their exporters. Indonesia can also follow in their footsteps and focus on labor-intensive sectors and with exports that meet the current world demand. These sectors are textiles and pharmaceuticals.

The completion of free trade agreement (FTA) negotiations also needs to speed up. An FTA will offer better access for Indonesia’s exporters to enter existing or new trading markets; as in the case of Vietnam, where the FTA between the country and the EU just took effect last August and has given a competitive advantage of preferential tariffs to Vietnamese exporters during this pandemic and also post-pandemic.
Bangladesh: Tough times for apparel exporters as second wave triggers another lockdown

The impact of COVID-19 on Bangladesh was so severe that export earnings touched a record low of $0.52 billion in April, says an Apparel Resources report. Of this, apparel exports contributed to $0.37 billion. The complete breakdown of supply chains and order cancellations by brands and retailers complicated things, forcing BGMEA to blacklist brands that failed to pay for their orders.

After many discussions and deliberations, these retailers have finally agreed to accept their cancelled orders. The gradual reopening of outlets from June has rekindled recovery hopes amongst brands. However, for full recovery brands would have to wait till January of February next year, says Mahmud Hasan Khan Babu, Former Vice President, BGMEA. And while manufacturers wait for a recovery, new issues are plaguing. Europe is experiencing resurgence in number of new coronavirus cases.

Europe’s latest lockdown to last long

As per the European Centre for Disease Prevention and Control, more than half of European countries have reported over 10 per cent surge infections in the past two weeks, stated Hans Kluge, Regional Director, World Health Organization Even countries like Czech Republic, that had remain unaffected by the first wave, are experiencing a rise in cases.

To control these, countries are introducing stricter regulations that are likely to remain in place for the entire winter. For example, the UK has announced new restrictions that could last six months.

Spain has imposed partial lockdown in Madrid that allows only a maximum of six people allowed to meet in any setting. People are allowed to travel outside their home districts only for essential journeys.

Many countries are also opting for more localized approaches as nationwide lockdowns have crippling impacts on economies. They are not in favor of sweeping restrictions or protracted lockdowns like before as they have a
significant impact on their exports, says Fazlul Hoque, Ex-President, BKMEA and Managing Director, Plummy Fashions

Though restrictions in the US were not as severe as in Europe, the election Joe Biden as new President might have a significant impact on apparel exports, says Wasim Zakariah, Managing Director, Posh Garments. Donald Trump’s election in 2016 had triggered the so-called ‘Trump trade’ policy uncertainty, which was not suitable for the development of trade and commerce.

Currently, many factors are affecting global apparel exports. The industry needs to collaborate more to address these issues.

Source: fashionatingworld.com– Nov 11, 2020

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No tariff for Bangladeshi products to enter UK market after Brexit

Brexit will not affect UK policy to import from Bangladesh and other LDCs tariff free, says its international trade office

The United Kingdom (UK) has said imports from 47 of the world’s least developed countries, including Bangladesh, will not face any tariffs – supporting their economic development through business and trade.

Low-income and lower-middle-income countries will benefit from lower tariffs compared to the UK Global Tariff, according to Department for International Trade, Foreign, Commonwealth & Development Office.

The trade preference scheme will cover any eligible countries that do not have their existing trade agreements transitioned into a new agreement with the UK.

The UK government is planning on improving the scheme to better support developing countries – more details will be announced in 2021.

British importers will continue to pay zero or reduced tariffs on everyday goods such as clothing and vegetables from the world’s poorest countries now the UK has left the EU, Liz Truss announced on Tuesday.
The UK’s Generalized Scheme of Preferences (GSP) will cover all the same countries that are currently eligible for trade preferences under the EU’s GSP, allowing businesses to trade as they do now without disruption.

In 2019, the UK imported approximately £8 billion-worth of textiles and apparel products from countries which are part of the EU GSP.

This accounted for 30% of all textile and apparel imports into the UK. "We also imported approximately £1billion-worth of vegetables from eligible countries, accounting for around 8% of all vegetable imports."

International Trade Secretary Liz Truss said free trade helps businesses to grow, boosts the economy and creates new jobs.

"We are making sure that the world’s poorest countries can continue to take advantage of the opportunities that free trade offers them by allowing them to export their products to the UK at preferential rates."

This will help developing economies establish strong industries, creating jobs and helping them reduce their reliance on overseas aid in the long term, she said.

The scheme will also help British businesses continue trading seamlessly after "we leave the EU", as well as giving British consumers continued access to some of their favourite products at affordable prices.

The UK’s GSP will also help make products from developing countries more attractive to UK importers, enabling businesses in developing countries to grow and prosper and supporting jobs in those economies.

Foreign Secretary Dominic Raab said Global Britain is a partner of choice for developing countries. "We take a liberal approach to trade, recognizing that many developing countries want to trade their way to greater prosperity."

Raab said they back that up with the integrity of the investments UK businesses make, and their commitment to be a force for good in their communities through our support for green jobs, climate change mitigation and programs to deliver girls education.
The Least Developed Countries Framework will give duty- and quota-free access for all 47 countries classified by the UN as Least Developed Countries.

Source: dhakatribune.com– Nov 11, 2020

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**Pakistan: Cotton market: Volume of trade thin due to cautious buying by mills**

The local cotton market remained stable on Wednesday. Market sources told that mills were involved in cautious buying due to which the trading volume remained low.

Cotton Analyst Naseem Usman told that according to the data released by USDA till November which shows that there is no chance of bullish trend in the market in near future.

Naseem also told that spinning industry may have to fulfil close to half of its cotton requirement through imports during the ongoing season, as domestic production may struggle to exceed 6 million bales.

Damage due to extreme weather only partly explains the low output, which is primarily attributable to the crop falling out of favour with growers, a storm that has long been in the brewing. Last week, this space claimed that the ‘loss of cotton acres is not a loss to farmers’; they have indeed been forced to switch away from cotton, but not necessarily to less preferable crops. Here’s why.

A cursory glance at global price ($ denominated) indices trends of cotton and its substitute crops may dispute this notion. Over the past decade, bears have dominated global agricultural commodity prices, as price of competing crops such as maize and rice have witnessed a steeper decline than cotton. Has policymakers’ indifference towards agriculture forced farmers to grow less profitable crops?

He further told that the government has almost finalised Textile Policy 2020-25 with cash subsidies and lower rates on utilities to boost production of textiles and clothing in the country.
The draft policy has already been submitted to the prime minister secretariat after which it will submit to the cabinet for approval. The last textile policy was announced in 2014 by the-then textile minister Abbas Khan Afridi.

The proposed package carries special duty-drawback rates, rationalisation of duty on textile value chain and subsidy on long-term loans and development subsidies.

Under the policy, it has been proposed to provide electricity at 7.5 cents for the textile sector, followed by RLNG at $6.5 per mmBtu and domestic produced gas at Rs786 per mmBtu. The policy aims to reduce the input cost of textile and clothing sector and make it competitive with the regional players.

Meanwhile, Towel Manufactures Association of Pakistan has appealed to the Prime Minister Of Pakistan Imran Khan that government should abolish custom and regulatory duty from cotton yarn import with immediate effect for the industry to ensure the continuous growth. They also demanded that anti dumping duties should be removed from all imported raw material used in textile exports under the temporary importation scheme. So the exports can remain globally competitive and grow further.

Naseem told that 1200 bales of Rohri were sold at Rs 8750 to Rs 8800 per maund, 2600 bales of Khairpur were sold at Rs 8750 to Rs 8850 per maund, 1000 bales of Saleh Pat were sold at Rs 9050 to RS 9400 per maund, 1400 bales of Ghotki were sold at Rs 9300 per maund to Rs 9475 per maund, 400 bales of Mianwali were sold at Rs 9500 to RS 9550 per maund, 800 bales of Yazman Mandi were sold at Rs 9500 to Rs 9550 per maund, 200 bales of Faeqerwali were sold at Rs 9550 per maund, 1200 bales of Haroonabad were sold at Rs 9550 per maund, 200 bales of Fort Abbas were sold at Rs 9600 per maund, 800 bales of Rahim Yar Khan were sold at Rs 9600 per maund, 600 bales of Sadiqabad were sold at Rs 9600 per maund, 600 bales of Bagho Bahar were sold at Rs 9650 to Rs 9700 per maund and 800 bales of Khanpur were sold at Rs 9650 to Rs 9700 per maund.

He told that rate of cotton in Sindh was in between Rs 8400 to Rs 9400 per maund. The rate of cotton in Punjab is in between Rs 9400 to Rs 9700. He also told that Phutti of Sindh was sold in between Rs 3200 to Rs 4400 per 40 Kg. The rate of Phutti in Punjab is in between Rs 3800 to Rs 4800 per 40 Kg.
The rate of Banola in Sindh was in between Rs 1450 to Rs 1800 while the price of Banola in Punjab was in between Rs 1750 to Rs 2000. The rate of cotton in Balochistan is in between Rs 9100 to Rs 9300 while the rate of Phutti is in between Rs 3800 to Rs 4500.

The Spot Rate remained unchanged at Rs 9400 per maund. The Polyester Fiber was available at Rs 158 per Kg.

Source: brecorder.com– Nov 12, 2020
NATIONAL NEWS

Govt planning around $20 billion of new stimulus: report

Economy estimated to contract over 10% in 2020/21

India is planning to announce a fresh round of stimulus totalling about $20 billion this week to help pull the economy out of its historic contraction, government officials said on Wednesday.

The package would follow Wednesday's earlier announcement of production-linked incentives worth about $27 billion over five years for manufacturers in 10 sectors.

The sources did not provide details of the package besides saying that it would be targeted towards stressed sectors with a focus on generating employment.

Indian government's last stimulus package in May largely failed to soften the blow of the strict coronavirus lockdown as it focused on providing liquidity and collateral-free credit for small businesses but with little actual spending.

The Indian economy, which the International Monetary Fund singled out as a global bright spot only a few years ago, contracted a hefty 23.9% in the April-June quarter and is seen contracting over 10% in the fiscal year to March 2021.

Coronavirus cases are still surging in major Indian cities, and the country has been adding over 40,000 cases a day.

Active coronavirus cases have nevertheless fallen below 500,000 for the first time in over three months although the government has eased nearly all restrictions to curb the virus' spread.

Source: thehindubusinessline.com.– Nov 11, 2020

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HOME
PLI scheme to cover 10 more sectors, to get ₹1.46-lakh crore over five years

Cabinet clears outlay of ₹8-lakh crore for social infra via VGF scheme over 5 years

The Centre today expanded the Production-Linked Incentive (PLI) to 10 more sectors approving a spend of ₹1.46-lakh crore over five years to boost manufacturing. Simultaneously, the government moved to push social infrastructure, giving ₹8-lakh crore to the Viability Gap Funding (VGF) scheme, also over five years.

The PLI scheme incentivises large investments and domestic manufacturing. Currently, it covers three sectors — Mobile Manufacturing and Specified Electronic Components, Critical Key Starting Materials/Drug Intermediaries, and Active Pharmaceutical Ingredients, and Manufacturing of Medical Devices — at an outlay of ₹51,000 crore.

Now, Advance Chemistry Cell (ACC) Battery, Electronic/Technology Products, Automobiles and Auto Components, Pharmaceuticals Drugs, Telecom and Networking Products, Textile Products: MMF segment and technical textiles, Food Products, High Efficiency Solar PV Modules, White Goods (ACs & LED) and Specialty Steel have been added.

“It is going to give the right impetus to the economy. We are looking at: One, Atmanirbartha; two, making sure India is part of the global value chain; three, ensuring that critical sunrise sectors get the necessary support from the government,” Finance Minister Nirmala Sitharaman said while announcing the Cabinet decision.

The PLI scheme will be implemented by the ministries/departments concerned and adhere to the prescribed financial limits.

Fund allotment

The final PLI proposals for individual sectors will be appraised by the Expenditure Finance Committee and approved by the Cabinet. Savings, if any, from one PLI scheme can be utilised to fund another approved sector by the Empowered Group of Secretaries. Any new sector for PLI will require fresh Cabinet approval.
“This PLI is also meant to get more investment in India. Financial support will make production attractive in India,” Sitharaman said, emphasising that the move will clear the perception that Atmanirbartha is an inward-looking policy.

**VGF for social infra**

The revamping of the Scheme for Financial Support to Public Private Partnerships (PPPs) in Infrastructure Viability Gap Funding (VGF) till 2024-25 is, at present, limited to economic infrastructure, said the Finance Minister. Now, the revamped scheme will also cover social infrastructure such as drinking water, education and health.

There will be two sub schemes — one will cater to social sectors such as waste water treatment, solid waste management, health and education sectors; and the second will support demonstration/pilot social sectors projects.

Source: thehindubusinessline.com – Nov 11, 2020

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**Definitive anti-dumping duty imposed on ‘flax fabric’ imports from China, Hong Kong**

*Anti-dumping duty to be continued on carbon black from China, Russia till Dec 31*

The Finance Ministry has imposed definitive anti-dumping duty on imports of “woven fabric (having more than 50 per cent flax content)” — commonly known as “flax fabric” — from China and Hong Kong.

The petition seeking levy of anti-dumping duty under Sunset Review of Anti-dumping investigations was filed by Grasim Industries — Jayashree Textiles.

Based on the recommendations of the Designated Authority in the Sunset Review investigations, the revenue department has imposed definitive anti-dumping duty of $2.36 per metre on flax fabric imports from China. In the case of flax fabric imports from Hong Kong, an anti-dumping duty of $1.14
has been imposed. The anti-dumping duty imposed will be valid for five years, according to revenue department.

Flax fabric is highly absorbent, heat regulating, anti allergic, anti static, anti bacterial and UV protective fabric. It is comfortable and nice to wear in any season. This linen yarn is used as grey or dyed as required for weaving. After weaving, it is processed and finished and sold in the market.

**Carbon black**

The revenue department has now extended the validity of existing anti-dumping duty on ‘carbon black used in rubber applications’ imports from China and Russia till December 31.

Reacting to the government move, VTChandrasekharan, President - All India Rubber Industries Association (AIRIA), said that inputs like carbon black are indispensable and fundamental ingredients for the rubber goods industry for various applications. All these may have a compounding effect on the smaller players in the rubber goods industry and put many units in peril, he said.

The continuation of anti-dumping duty is coming at a time when there is tremendous shortage of carbon black supply for the non tyre rubber product manufacturing industry,

The Non-tyre rubber industry is highly vulnerable to supply disruptions and a fair pricing of these essential raw materials is key to the growth for the industry. Protectionism in the form of tariff and other trade barriers consistently benefits one sector to the detriment of other. The extension of anti-dumping on carbon black only favours few domestic producers whereas the existence of countless manufacturing units of the rubber products are at stake, he said.

This government move to continue anti dumping duty on carbon black stands in no favour of the domestic players as far as the Indian rubber goods industry is concerned. Rather, it will have a cascading effect on the MSME players of the sector, he added.

Source: thehindubusinessline.com– Nov 11, 2020
Textile industry welcomes incentive scheme

The textile industry here has welcomed the Production Linked Incentive (PLI) scheme announced by the Central Government on Wednesday.

The scheme provides incentives for manufacture and export of specific textile products made of man-made fibre (MMF).

According to chairman of Southern India Mills’ Association Ashwin Chandran, the Indian textiles industry has a huge potential for employment creation and boosting exports. It has been allocated ₹10,683 crores focusing on MMF apparel and technical textiles.

Though India can become a major player in cotton textiles and exports, it has been lagging behind in the MMF textile trade due to expensive raw material and high tariff barriers, apart from cheaper imports from neighbouring countries.

The scheme will benefit the industry in attracting huge investments. About 40 HS lines in MMF garments and 10 HS lines in technical textiles account for nearly $180 billion global trade and, therefore, the scheme will encourage the industry to make investment in manufacture of these high value added products.

Apparel Export Promotion Council chairman A. Sakthivel said the scheme would give a boost to exports, investments, domestic capacity and employment. This was a much-needed step as it would fuel the V-shaped recovery that had begun in many sectors, including the apparel sector.

“The fiscal stimulus of ₹10,683 crore to the textile sector, particularly the man-made fibre (MMF) segment and technical textiles, will go a long way in encouraging apparel exporters to foray into MMF garments for which there is a huge demand globally but exports from India is currently low. The impact of this stimulus in generating job opportunities will be maximum in labour-intensive apparel sector,” he said in a press release.

The Indian Texpreneuers Federation convenor Prabhu Dhamodharan said the scheme would enable the apparel sector scale up capacities and also specialise in MMF products. The market for these products was about ₹3 lakh crore in the U.S. alone.
Ministry of Textiles has launched a Campaign #Local4Diwali

Handicrafts is a symbol of India’s glorious cultural heritage and an important source of livelihood in the country. This sector is key to women’s empowerment as over 55% of all handicrafts artisans and allied workers are women.

The Prime Minister has urged that it should be our endeavour to use Indian handicrafts, and also communicate to more and more people about them.

Minister of Textiles in an appeal to all has stated:

“Inspired by the clarion call given by the Prime Minister on 9th of November, let’s come together to show our support for local textile and handicraft business.

Be it the humble earthen Diya, the desi drape, home furnishings like bed sheets, curtains or handcrafted goods that you gift your near and dear ones; this Diwali make every purchase count.

To encourage Diwali sales through weavers, artisans, local and small businesses please show your on Twitter, Facebook and Instagram and use the hashtag #Local4Diwali.

Take a picture of your favourite article – be it clothing or a handicraft product you would like to gift or use at home for Diwali, tag the person you purchase it from and go #Local4Diwali.

Let the trend help support sales in these challenging times; your support will help resurrect many an opportunities for those in need.”

Source: pib.gov.in– Nov 11, 2020
Shri Piyush Goyal invites the global investors to invest in India

The Union Commerce and Industry, Railways, and Food & public distribution Minister Shri Piyush Goyal has invited the global investors to invest in India, taking benefit of the huge domestic market, and conducive business environment in the country. In his Keynote Address today at Conference 'India: Drivers of Change’ organized by the Bank of America, he said that the country offers fair value for their investments.

Shri Goyal said that India is being seen as a trusted partner in the global value chains. He said that India has a transparent system and open democracy. India is targeting to achieve rightful place in the comity of nations. He said that the Government is working as a team, breaking departmental silos. Shri Goyal said that there are large business opportunities in the country. Bold decisions are being taken to empower the businesses to think big and bold, and explore unchartered territories and businesses, he added.

Talking about today’s cabinet decisions, Shri Goyal said that approval has been given to introduce the Production-Linked Incentive (PLI) Scheme in the 10 key sectors for Enhancing India’s Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat. He said that the PLIs announced earlier for the telecom, APIs and medical devices have got encouraging response.

The incentives will help India in becoming strong, self-sufficient, self-reliant, and meeting our domestic needs as well as for exporting. The Minister said that the government will do the hand-holding for these sectors over the next 5 years.

He also mentioned about other initiatives for various other sectors like cluster development and logistics support. On the Viability gap funding scheme for the social sectors, he said that it will bring in private investment in the social sectors like drinking water, health and education, and help in meeting the needs of the people.

Shri Goyal said that the Indian economy is coming out of the Covid setback, and several datasets indicate that the country is returning back to the business. The PMI index is at a high level, not seen for a long time. Similarly, the Services index has also gone up.
The GST collections in October were 10% more than the corresponding period of last year. Similarly, Indian exports were up by 5% in September. After a small dip in October, the exports in the first week of November have also shown 22% growth.

He said that the imports are also picking up, showing that economic activity is normalizing. The Minister said that the railway freight in last two months has been 15% more than the corresponding period of the last year. The recent results of the Indian companies for the last quarter also show that things are returning back to normalcy.

The Minister said that the Start-up culture in the country has really gained pace, giving impetus to the spirit of innovation and entrepreneurship, and now people of India are aspiring to become job-creators rather than job-seekers.

Shri Goyal emphasised on 4 Cs-Courage, Confidence, competence, and compassion. He said that India is set to become $5 Tn economy by 2025, and set the bar to $10 tn in next 7 to 8 years.

On the issue of the Atamnirbharbharat campaign, he said that this is meant to not only make India self-reliant, but also engage with the world from a position of strength.

He said that under the leadership of Prime minister Shri Narendra Modi, we have liberalized several sectors including defence, Agriculture, coal, Mining, space technology. More private investment is welcome in these sectors. He said that the government should be out of consumer-oriented businesses and non-core sectors.

Source: pib.gov.in– Nov 11, 2020
Government re-imposes anti-dumping duty on Chinese linen fabric

The government has re-imposed anti-dumping duty on linen fabric imported from China and Hong Kong after an elaborate investigation established entry of the fabric at a price below its normal value was hurting the domestic industry, two officials said.

This is the third time since 2009 the government imposed anti-dumping duty on flax or linen fabric with more than 50% flax content that originated from China and Hong Kong, the officials said requesting anonymity.

The anti-dumping investigation concerning imports of flax or linen fabric from China and Hong Kong was first initiated by the Directorate General of Trade Remedies (DGTR) in October 2008 and based on its recommendations the finance ministry had levied an anti-dumping duty on the product in December 2009, one of the officials said.

The DGTR was earlier known as the Directorate General of Anti-dumping and Allied Duties. It is an integrated single-window agency for providing comprehensive and swift trade defence mechanism in India.

After five years, the authority initiated the first sunset review investigation on this matter and again recommended the re-imposition of anti-dumping duty on imports of flax fabric from China and Hong Kong. Based on the findings, the levy was extended in August 2015 for another five-year period, the official said.

After receiving feedback from the domestic textile industry, the DGTR undertook a second sunset review of the matter in December 2019 and found continuance of dumping of flax or linen fabric from China and Hong Kong.

The investigation concluded that the discontinuance of the levy would lead to a reoccurrence of dumping and hurt the domestic industry. Based on its findings, the finance ministry on Tuesday re-imposed the levy for another five-year period, he said.

“The anti-dumping duties on flax or linen fabric having flax content of more than 50% are imposed at the rates of $2.36 per meter [for Chinese imports] and $1.14 per meter [for imports from Hong Kong],” he said.
Divakar Vijayasarathy, founder and managing partner at consulting firm DVS Advisors LLP, said that the present matter is an extension of existing anti-dumping duty to protect the domestic industry from unfair Chinese onslaught. “Without adequate safeguard measures such as anti-dumping duty, the domestic industry would eventually crumble, being unable to compete with the unrealistic prices,” he said.

“India has always had this issue with China and the unfair dumping as well contributes to furthering the trade deficit. In addition to these measures, the government should facilitate in reducing the cost of domestic production which would enable the domestic industry to compete globally and truly become Aatma Nirbhar [self-reliant],” he added.

Sandeep Agarwal, managing director of Alps Industries Limited and a member of the Trade Promotion Council of India (TPCI), said the move would hamper Indian exports. “We are sourcing linen yarns and fabrics as our raw material for home furnishing products.

The anti-dumping duty might create a shortage of linen yarn/fabrics in the short-term. Foreign companies looking to source linen fabrics and garments will start looking for alternatives outside India and might even have to help develop this industry in other countries. Once developed, it will be hard for Indian weavers and garmenters to bring them back,” he said.

Source: hindustantimes.com– Nov 11, 2020

Need-based purchases, e-commerce hitting retail biz

Weakening consumer confidence coupled with the pandemic has hit sentimental festive buying across stores in Ahmedabad, barely a few days ahead of Diwali.

Slashing of people’s incomes, uncertainty over job security coupled with apprehensions over stepping out of homes and the continuing onslaught of e-commerce counterparts has hit retailers the worst this Diwali across most segments be it textiles, apparels, electronics and consumer durables, among others.
Bhavesh Waria, president, Ahmedabad Electronics Dealers’ Association (AEDA), said, “People are cautious of spending money amid lack of job security and slump in market conditions. With salary growth or bonus not being given, volume of sales be it for electronics or home appliances is taking a major hit. Navratri-Diwali usually accounts for 35% of our annual sale. However, this year, the numbers have declined by at least 50% against last festive season.”

Electronics dealers said that most customers are investing in televisions or home appliances during this time, being lured by better discounts.

Similar is the case with apparel makers as well, whose business has taken a major hit. “The uptakes for apparels have remained lukewarm. Due to the festive season, the demand is there for traditional wear, however, people come with a limited budget.

The sales will be at least 60% down as compared to last year’s Diwali. We expect there will be some movement around the wedding season, as the government has now extended the cap on guests allowed in social gatherings to 200 persons,” said a clothing retailer based in city.

Interestingly, people are spending higher in home textiles and home décor items. “After lockdown was eased, the demand for home textiles picked up tremendously. During Diwali, people usually buy bedsheets, curtains, table cloths, rugs and carpets.

However, the same demand has remained very strong this time because of work from home as people now spend large part of their time at home and thus prefer to upgrade home furnishings,” said Kirit Patel, president, Shree Panchkuva Kapad Mahajan.

Source: timesofindia.com – Nov 12, 2020