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INTERNATIONAL NEWS

USA: Textile and Apparel Imports Rebound as Most Major Shippers See Big Gains

The Department of Commerce's Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 4.65 billion square meter equivalents in June 2020, up 31.4 percent from May but down 18.8 percent from June 2019.

Textile imports totaled 3.15 billion SME, up 21.6 percent for the month but down 8.5 percent from the previous year, while apparel imports of 1.50 billion million SME were up 57.8 percent from June but down 34.3 percent from a year before.

	SME	Monthly change %	Annual change %	$ Value	Monthly change %	Annual change %
China	2.42 billion	+37.5	-14.0	$1.94 billion	+40.6	-40.0
Vietnam	342.9 million	+48.7	-20.0	$916.4 million	+34.3	-19.0
India	293.8 million	+76.1	-31.0	$276.9 million	+72.6	-53.0
Mexico	216.8 million	+36.5	-3.5	$273.1 million	+70.0	-29.0
Pakistan	175.2 million	+37.6	-14.0	$184.9 million	+66.9	-22.0
Korea	103.4 million	-9.5	-40.0	$57.9 million	+9.9	-29.0
Bangladesh	101.3 million	+18.1	-50.0	$239.2 million	+31.9	-56.0
Cambodia	89.7 million	+25.3	-7.5	$210.2 million	+28.6	-7.7
Indonesia	83.7 million	-7.7	-36.0	$222.6 million	+5.3	-43.0
Canada	79.0 million	+12.7	-11.0	$70.9 million	+28.2	-34.0
Turkey	75.6 million	-16.0	+1.6	$113.3 million	+7.7	-17.0
Taiwan	64.6 million	+12.3	-8.2	$48.7 million	+27.8	-10.0
Germany	53.9 million	-7.7	+1.0	$32.5 million	-8.5	-22.0

For more information on trade-related issues affecting textiles and apparel, please contact Elise Shibles at (415) 490-1403.

Overall Imports. Total year-to-date imports were 26.9 billion SME, down 19.7 percent from the previous year, as textile imports fell 14.3 percent to 17.2 billion SME and apparel imports fell 27.9 percent to 9.67 billion SME.

For the year ending in June, imports were 63.1 billion SME, down 10.0 percent from a year earlier, as textile imports fell 6.2 percent to 39.2 billion SME and apparel imports fell 15.5 percent to 24.0 billion SME.

Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for June 2020.

Source: strtrade.com– Aug 13, 2020

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Negotiations on the UK's Future Trading Relationship with the US: Update

The third UK-U.S. Free Trade Agreement (FTA) negotiating round took place from 27 July to 7 August 2020.

There were 33 sessions held in the round, covering 21 different workstreams. Positive progress continues to be made in many of the areas covered by an agreement.

Most chapter areas are now moving into the advanced stages of talks, with particularly detailed, text-based discussions taking place on Intellectual Property. The UK and US also held their first text-based discussions on Rules of Origin.

In parallel to the negotiations, the International Trade Secretary held a series of key meetings with the United States Trade Representative, Ambassador Robert Lighthizer.

In these meetings both sides reviewed progress in the negotiations. The International Trade Secretary reasserted the UK's priorities in an FTA, and both sides reaffirmed their commitment to negotiating a comprehensive and ambitious agreement. In terms of the timeline of negotiations, it was agreed that they should continue at pace throughout the Autumn.

Further talks will be held between the third and fourth negotiating round, which is expected to take place in early September. The two sides are expected to exchange their first Market Access offers in this time-period.

In separate discussions the International Trade Secretary also set out the UK's position on wider UK-US trade issues, in particular U.S. retaliatory tariffs on UK products including Scotch whisky. She was clear that the UK considers these tariffs to be unacceptable and continued to push for their immediate removal.

Due to considerations relating to Covid-19, the UK and US have taken a joint decision to postpone the SME Dialogue planned to take place in Boston later this year. We hope to rearrange in Spring 2021. Further details will be provided in due course.

Below is a summary list of those workstreams discussed in the round.

- Good Regulatory Practice (GRP)
- Technical Barriers To Trade
- Intellectual Property
- Investment
- Sanitary and Phytosanitary (SPS)
- State Owned Enterprises
- Anti-Corruption
- Financial Services
- Competition
- Environment
- Services Sectors – Professional Business Services
- Balance of Payments
- Rules Of Origin
- Cross Cutting Services
- Legal Group - Core Text
- Market Access – Textiles
- Trade Remedies
- Market Access
- Customs and Trade Facilitation
- Sectoral Annexes
- Telecoms

Source: strtrade.com– Aug 12, 2020

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UK economy falls into recession; GDP in second quarter collapses by record 20%

Britain's economy shrank by a record 20.4% between April and June, when the coronavirus lockdown was tightest, the largest contraction reported by any major economy so far, according to official figures published on Wednesday.

The data also showed the world's sixth-biggest economy entered a recession as it shrank for a second quarter in a row. There were signs of a recovery in the month of June alone when gross domestic product grew by 8.7% from May, the Office for National Statistics said.

That was just above economists' average expectation in a Reuters poll for an 8% rise. Growth in May was revised up too.

"The recession brought on by the coronavirus pandemic has led to the biggest fall in quarterly GDP on record," Jonathan Athow of the Office for National Statistics said. "The economy began to bounce back in June... Despite this, GDP in June still remains a sixth below its level in February, before the virus struck."

Last week the Bank of England forecast it would take until the final quarter of 2021 for the economy to regain its previous size, and warned unemployment was likely to rise sharply.

The second-quarter slump in GDP was almost exactly in line with economists' in a Reuters poll, and exceeded the 12.1% drop in the euro zone and the 9.5% quarter-on-quarter fall in the United States.

"Today's figures confirm that hard times are here," finance minister Rishi Sunak said. "Hundreds of thousands of people have already lost their jobs, and sadly in the coming months many more will."

The level of output in June was 16.8% below its level a year earlier, compared with a 23.3% fall for May. British GDP shrank by 2.2% in the first quarter of the year, reflecting the lockdown that started on March 24.

Source: financialexpress.com– Aug 12, 2020

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Garment Workers Lost Up to $6B in Three Months Due to Covid-19 Cuts

The coronavirus pandemic is pushing the apparel industry's lowest rung to its breaking point as garment workers continue to bear the brunt of order cancellations and non-payment by some of the world's biggest and most profitable brands, a leading labor-rights group warned Monday.

Since the onset of the pandemic, millions of workers have received partial wages or no wages at all, according to a new report by the Clean Clothes Campaign (CCC), the apparel sector's largest alliance of labor unions and non-governmental organizations.

Garment workers in South and Southeast Asia received 38 percent less than their regular income for the months of March, April and May, an analysis found. In some regions in India, this number exceeded 50 percent.

Through the process of extrapolation, the CCC estimated that garment workers worldwide—excluding those in countries, such as China, with better government measures to bridge wage differences—were deprived of between $3.19 billion to $5.79 billion in those three months alone. For workers locked in a permanent state of financial insecurity due to a dearth of living or even minimum wages, the erosion of income is not one they can afford.

"As these workers were already living on poverty wages, they had not been able to save anything before the pandemic hit," Khalid Mahmood, director of the Labour Education Foundation in Pakistan, said in a statement. "The wage gaps caused by the crisis mean that workers are not able to feed their families properly; they are not able to pay for school fees of their children or pay for medical expenses, and many of them are in debt."

Most migrant workers, he said, had to return to their villages during widespread government-imposed lockdowns. Now, it is "becoming even more difficult for them to get back to their jobs and survive in big cities," Mahmood added.

Because of the lack of systematic data, the CCC limited its research to seven countries in South and Southeast Asia, including Bangladesh, which has been dealt a body blow as the world's second-largest exporter of garments after China.

To date, fashion companies have canceled or suspended more than $3.1 billion in orders from Bangladeshi suppliers, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the South Asian nation's largest trade group of apparel-factory owners. Coupled with decreasing demand, the BGMEA predicts an "irrecoverable loss" of $5 billion by the end of 2020.

Not unexpectedly, workers in Bangladesh shouldered the biggest three-month wage gap—$501.6 million, followed by Indonesia ($405.6 million), India ($379.6 million), Pakistan ($320.9 million), Cambodia ($122.2 million), Myanmar ($63.3 million) and Sri Lanka ($27.2 million).

"Even though our estimates stay on the conservative side, they are quite shocking," said David Hachfeld of Public Eye, CCC's Swiss arm. "[And] we have no reason to believe the situation is significantly better in low-wage production hotspots that we did not research."

While several companies, including H&M, Gap, Levi Strauss, VF Corp., and Zara owner Inditex have publicly committed to paying their suppliers in full and on time for completed and in-progress orders, others such as Topshop operator Arcadia Group, C&A, Edinburgh Woollen Mills, J. C. Penney, Primark, Kohl's, Sears, The Children's Place and Urban Outfitters have delayed payments, imposed retroactive discounts or cited force majeure loopholes to get out of their contracts, according to the Worker Rights Consortium, which maintains a "COVID-19 tracker" to hold brands and retailers accountable.

The CCC is now calling for all fashion businesses take responsibility by publicly committing to a "wage assurance" that ensures that all workers making and handling clothes in their supply chains receive the full wages they are owed in accordance with labor laws and international standards.

This would require brands to commit to soliciting funds, provide direct contributions and collaborate with stakeholders, such as the existing International Labour Organization Call to Action, to pool their leverage and share the costs of workers' wages, said Christie Miedema, CCC's campaign and outreach coordinator.

A public commitment would help avoid a situation where "everyone in a supply chain has responsibility, but in practice nobody assumes responsibility," Miedema said. "Only if brands and retailers individually and publicly commit to a wage assurance can we avoid the traditional habit of pushing risks and responsibilities to others in the supply chain and make sure workers are not left covering the gap."

Source: sourcingjournal.com– Aug 12, 2020

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USA: Cotton Highlights from August WASDE Report

The August 2020 World Agricultural Supply and Demand Estimates (WASDE) report has been released by USDA and includes input from the first survey-based production forecast from NASS. Here's the monthly cotton summary:

This month's 2020/21 U.S. cotton outlook includes higher beginning stocks, production and ending stocks, and a decline in consumption.

Production for the 2020 crop is raised 3% to 18.1 million bales on NASS's first survey-based production forecast. The survey indicates lower harvested area and higher yield compared with last month's expectations. Abandonment is expected to rise to 24%, compared with 16% in 2019. With reduced harvested area in the Southwest, U.S. yield is projected at a record 938 pounds/acre – 14% higher than in 2019.

Beginning stocks are raised 100,000 bales, as lower than expected 2019/20 U.S. mill use offsets an upward revision in exports. Expected 2020/21 mill use is reduced 100,000 bales, while ending stocks are 800,000 bales higher.

The season-average price for upland cotton is forecast at 59 cents per pound – unchanged from the previous month. This month's 2020/21 world cotton outlook includes higher production and ending stocks, but lower beginning stocks, consumption and trade.

World production is 1.3 million bales higher, as lower production in Mali and Greece is more than offset by increases for India, the United States and Australia.

Expected 2020/21 world consumption is 1.2 million bales lower this month, with declines in India, China, Pakistan, Brazil and Indonesia offsetting gains for Bangladesh and Turkey. Imports are projected lower in Pakistan, Indonesia and India, and higher in Bangladesh, Turkey and Malaysia.

This month, 2020/21 world ending stocks are projected 2.1 million bales higher than the previous month and 4.4 million bales higher than in 2019/20.

Source: cottongrower.com– Aug 12, 2020

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Opportunities for Bangladesh Exporters as China Reduces Tariffs to Zero on 97% of All Products

China has reduced tariffs for Bangladeshi imported products under its Preferential Tariff Program from July 1. The result means some 97 percent of all Bangladeshi products from 60 percent. China will now provide duty-free export benefits to an additional 5,161 products from Bangladesh, taking the total number of products to 8,256, including the items admissible under the agreement of the Asia Pacific Trade Agreement (APTA).

Major export items from Bangladesh to China include jute and jute products, plastic products, raw hide and skins, frozen fish and crabs, live eel fish, sesame seeds, and cotton waste products.

Bangladeshi exporters are entitled to export most of the products to China duty-free since 2010. Additionally, duty benefits have also been accessed for many Bangladeshi products exported to China under the third round of the APTA negotiation. Under the fourth round of negotiation, Bangladesh enjoys duty benefits at different rates for 2,372 products.

However, despite the duty benefits, exports to China are not growing.

According to the Export Promotion Bureau (EPB), total exports to China amounted to US$791 million in fiscal year (FY) 2014-15, US$808 million in FY16, US$949 million in FY17, US$695 million in FY18, US$831 million in FY19, and US$557 million in the July to May period of FY20.

The only exception is ready-made garments, which showed consistently positive growth over the years. There are reasons for this, and it involves tariff issues where the APTA clashes with China's Preferential Tariff Agreement (PTA) as part of China's Least Developed Nation policy – the two incentives on offer are not synchronized.

Nonetheless, there are opportunities for Bangladeshi companies to trade and increase exports to China. Assuming the product category can be properly identified, which includes assessment of tariffs under both the PTA and APTA agreements together with price competitive analysis, now may well be a ripe opportunity for Bangladesh export manufacturers to look more closely at the China market.

Standard methods to do this involve ensuring any valuable trademarks are protected and registered in China as well as using corporate entities, such as low cost base operations as Foreign Invested Commercial Enterprises (FICE), which allow foreign investors to possess both export and import licenses for China and cut out the need for local Chinese middlemen – important in competitive markets such as China. We wrote about registering trademarks in China here and about using FICE in the article Starting a Business in China: When to Use the FICE Model.

Given the new tariff status, there is plenty of room for Bangladesh export manufacturers to take advantage of the China market. Research and inquiries made to professional firms who can assist should be a first step.

Source: china-briefing.com– Aug 12, 2020

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Cotton Board Recommends $80 Million Budget for Cotton Inc.

Cotton Board members serving the Cotton Research and Promotion Program have voted to recommend Cotton Incorporated's 2021 budget of $80 million to the Secretary of Agriculture. The budget recommendation – which came during The Cotton Board's recent virtual 2020 Annual Meeting – reflects a decrease in funding of over $8 million from 2020.

Even with decreased funding, the 2021 Cotton Incorporated plan and budget remains focused on several key, primary issues and addresses some immediate challenges in order to increase market share and restore long-term profitability to the industry. Top priorities include sustainability, product innovation, farm profitability, cottonseed value and lint contamination.

The Consumer Marketing Division of Cotton Incorporated will see the largest budget decrease in the 2021 plan. “Many of our research programs are less flexible in terms of stopping and restarting compared to consumer marketing programs,” said Cotton Incorporated CEO Berrye Worsham. “As such, marketing programs, particularly advertising, will experience a sharper drop than any research-related company initiatives.”

New Cotton Board Officers Elected

Jimmy Webb, a cotton producer from Leary, GA, was elected Chairman of The Cotton Board for the 2020/2021 Program year during the organization’s Business Session. Also elected were:

- Vice Chairman – Sonja Chapman, importer from Boonton, NJ
- Secretary – Mark Nichols, producer from Altus, OK
- Treasurer – Akiko Inui, importer from New York City, NY

“It is such an honor to be elected as Chairman of The Cotton Board,” said Webb. “I know the year ahead will have its challenges as we work through the impacts of the coronavirus pandemic. Fortunately, we have managed our resources well the past several years and are well positioned to help rebuild cotton’s marketing chain.

“The Program will have to remain flexible over the next year,” he added, “as threats, opportunities, and budget-related factors are more difficult to predict at this time.”

Webb, a University of Georgia graduate, is the owner/operator of Harvey Jordan Farms where he grows cotton, corn, and peanuts. He is a past recipient of the Georgia Farmer of the Year award, former Chairman of Cotton Council International, and has served as a member on The Cotton Board since 2011.

Before passing the gavel to Webb, outgoing Chairman Jeff Posey, a cotton producer from Roby, TX, said, “Jimmy has a long record of service to the U.S. cotton industry, and he’s done an outstanding job as our Vice Chairman over the past year.

His time on The Cotton Board has been marked by his willingness to engage, his thoughtful demeanor, and his passion for the work done by the Program.

I am confident he will provide strong leadership and guidance to the Program during the year ahead."

Source: cottongrower.com– Aug 12, 2020

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Around 90% fashion companies to increase hiring over next 5 years: USFIA

A USFIA report reveals, despite reduced optimism about the industry's future due to the outbreak, 90 per cent of fashion companies plan to increase hiring over the next five years, particularly in production and supply chain roles. China remains the foremost location for apparel sourcing and manufacturing even as fashion companies diversified their sourcing throughout Asia, and to lesser extents, in Mexico and Sub-Saharan Africa this year. The long-term focus of these companies is to find partners outside of China that meet quality and compliance standards.

The widespread economic impact of the pandemic has forced many firms to operate with less cash. In USFIA's survey, 90 per cent of companies expect decreased sales revenue this year due to the collapse in consumer demand.

Fashion companies have delayed and/or canceled orders because of low demand, which in turn has negatively affected suppliers in Bangladesh and India especially, according to the report. The report states, respondents seem to be more careful about canceling orders from Vietnam due to many regarding it as the next China for apparel sourcing.

The report noted a renewed interest in shifting sourcing and manufacturing outside China due to finalization of the US-Mexico-Canada agreement in July. The agreement allows textile fibers to be produced globally but components such as sewing thread, pocket bag fabric, and narrow elastic bands need to be sourced in one of the three participating countries to qualify.

Tim Yu, Supply Chain Risk Intelligence Analyst, Resilience360, said that firms should use supply chain mapping work to understand whether their current sourcing mix will allow them to take advantage of the USMCA's benefits.

Source: fashionatingworld.com– Aug 12, 2020

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Cambodia loses EU trade privileges as it rushes FTA with China

The European Union on Wednesday enforced trade sanctions against Cambodia in response to its government's oppression of political opponents, among other human rights violations.

EU tariffs will now be levied on about 20% of Cambodia's exports to the bloc, or about $1.1 billion of shipments in dollar terms.

The punitive measures, certain to exacerbate Cambodia's unfolding economic crisis precipitated by the coronavirus pandemic, stem from a year-long review concluded in February.

The review, triggered in 2018 after Cambodia's main opposition party was banned and its leader Kem Sokha was charged with treason, recommended partially suspending Cambodia's privileges under the Everything But Arms (EBA) scheme.

The scheme grants developing nations duty-free access to the bloc for all exports except weapons and ammunition, but requires beneficiary countries to abide by human rights conventions.

The preferences are vital for Cambodia's $10 billion garment and footwear sector, which has already suffered mass job suspensions after global consumer demand collapsed amid the pandemic.

Cambodia sent about 25% of its exports to Europe in 2019, according to the World Bank. The country is the second-largest beneficiary of the scheme after Bangladesh, one of its biggest rivals in the low-cost apparel export sector.

The country will now face tariffs of up to 12% on 40 items it exports to the EU, including travel goods, sugar, and some garment and footwear products.

In a statement on Wednesday, Europe's Commissioner for Trade Phil Hogan said he remained open to restoring Cambodia's full EBA benefits if it showed "substantial improvement" in its respect for human and labor rights.

"We have provided Cambodia with trade opportunities that let the country develop an export-oriented industry and gave jobs to thousands of Cambodians," Hogan said. "We stand by their side also now in the difficult circumstances caused by the pandemic. Nonetheless, our continued support does not diminish the urgent need for Cambodia to respect human rights and labour rights."

Cambodia's longtime Prime Minister Hun Sen, however, has remained defiant and refused to make the concessions demanded by Brussels, such as dropping the case against Sokha. Workers make garments at a factory in Phnom Penh. Cambodia now faces tariffs of up to 12% on 40 items it exports to the EU, including travel goods, sugar, and some garment and footwear products.

Instead, the government has turned to its close ally China for support and is expected soon to sign a bilateral free trade agreement with Beijing. Analysts, however, say the FTA, which focuses on agricultural exports and was completed in less than six months, appears symbolic rather than practical and will do little to help Cambodia's apparel sector, which employs more than 900,000 workers.

"It won't be enough. China is just not as big an export market for Cambodian apparel" said Riley Walters, an economist at the Heritage Foundation's Asian Studies Center. "Cambodia's deteriorating trade relationship with the EU is tangent with its deteriorating human rights record," Walters said. "It's a shame though that these types of broad sanctions will end up hurting Cambodians more than those in power."

Economist Intelligence Unit analyst Imogen Page-Jarrett said the organization forecast Cambodia's goods exports to contract 13.4% this year. The downturn, she said, would principally stem from weak demand, but would be exacerbated by the partial EBA loss. Ramifications, she added, could be serious.

"We expect the factory closures and subsequent job losses in the manufacturing sector to contribute to rising unemployment in Cambodia," Page-Jarrett told the Nikkei Asian Review.

"We expect rising redundancies to spark demonstrations against employers and the government. The security forces will launch swift and harsh responses, which will stop protests from spreading. However, there is a risk that unrest could spread into a widespread movement and threaten political stability."

Sheng Lu, an associate professor at the University of Delaware's department of fashion and apparel studies, said the suspension would result in a "significant and lasting" impact on Cambodia's apparel sector. "For those apparel categories directly targeted by the EBA suspension, EU fashion brands and retailers may quickly shift sourcing orders from Cambodia to other supplying countries to avoid paying the additional tariffs," Lu told Nikkei.

"Chasing the low price, including taking advantage of the EBA duty-saving benefits, is the predominant reason why EU fashion companies choose to source from Cambodia."

Source: asia.nikkei.com– Aug 12, 2020

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Diesel Opens the First of 10 New Stores in Russia

Diesel recently opened a new Russian flagship located within Moscow's Atrium Mall—the first of 10 branded stores that the jeanswear brand has planned for the country.

The 1,290-square-foot ground floor store features an urban and "slightly futuristic," Diesel described. The store will feature new releases and will stock all of Diesel's collections, including denim, ready-to-wear, footwear and accessories for both women and men.

Though Russia's fashion retail scene has lost some of its luster in recent years, the McKinsey and Business of Fashion report "The State of Fashion 2020" pointed out the country's opportunities for foreign brands due to its "visitor-friendly" policies for high-spending tourists.

The Moscow store is an important milestone for Diesel. Expanding its Russian footprint is part of the company's plan to make the country a key market for its business. Diesel stated that it is investing in its future by focusing on consolidating its presence in fashion retail hotspots such as Moscow.

Along with opening its own stores, the company is seeking to add more premium Russian wholesale partners to its roster. Apart from the new outpost at Atrium Mall, Diesel collections are currently sold in TSUM department store in Moscow and DLT St. Petersburg, as well as Tsvetnoy Central Market in Moscow.

And with online retail booming worldwide as consumers practice social distancing, many of these new retail partners will be in the e-commerce space. This list, the company added, will significantly expand over the next three years.

Source: sourcingjournal.com– Aug 12, 2020

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Cotton can help reduce textile waste, says Bremen Cotton Exchange

Bremen Cotton Exchange highlights, cotton can substitute plastic in various important product ranges and help the industry reduce waste. The agency says, cotton can be used to develop technical textiles for lightweight construction purposes, into the automotive and aircraft sector for the production of bio-based material, and for nonwovens in sanitary products.

Retailers like drugstores can offer items made of 100 per cent cotton, for example sanitary napkins or tampons, cotton wool pads, wadding, cleaning wipes and other personal care products as well as cotton buds with paper shaft. Cotton is already been employed for the production of baby diapers. Since cotton is hypo allergic by nature this is beneficial not only for the sensitive baby skin.

These properties along with the special breathability of the fiber make cotton the preferred material for everyday face masks during the current pandemic, too. Cotton fabrics are able to absorb the virus, and dehydrate as well as deactivate.

Source: fashionatingworld.com– Aug 12, 2020

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Provide financial support to help maintain competitiveness: ITKIB Chairman

Mustafa Guitepe, Chairman, Istanbul Textile and Apparel Exporters Association (ITKIB), said the industry witnessed a 16.5 per cent year-onyear (YoY) contraction in exports between January and July.

Hence, the government should provide financial support, including tax exemptions and debt delays, to help the sector remain competitive during the COVID-19 pandemic.

The sector initially set a target of a 10 per cent rise in exports for 2020, but had to revise the projection after orders drastically declined in March following the global spread of the virus.

There was a 27.4 per cent contraction in March and 61.6 per cent in April. In May, exports declined by 48.2 per cent, meaning exports decreased by 26.1 per cent in the first five months compared to last year.

The sector recorded an upward trend in July, however, posting a 25 per cent increase in exports thanks to the gradual reopening of world economies and the rapid recovery in the European Union markets.

The industry is seeking the lifting of customs duties, recently introduced for importing intermediate products like zippers, buttons and fasteners used in textile factories.

Source: fashionatingworld.com– Aug 12, 2020

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Sri Lanka: Pubudu de Silva, elected as the new president of FAAMA

At its annual general meeting, the Fabric and Apparel Accessory Manufacturers Association (FAAMA) elected Pubudu de Silva, CEO, Teejay Lanka PLC as its new President for the year 2020/2021.

Dhanushka Fernando, CEO Trischel Fabric was elected the vice chairman, while Dhananjaya Rajapaksha, CEO of Stretchline was elected secretary and Samal Dissanaike, CEO of T&S Buttons was elected the treasurer of FAAMA for 2020-21.

Executive Committee for the include: Beauno Fernando, Immediate Past Chairman, Shore to Shore., Hameed Ashraff, Immediate Past Secretary, Fantasia Narrow Fabrics, Sanjay Chandraratna – A&E Thread Lanka, Lloyd Fernando – Shore to Shore, Ashiq Lafir – Noyon Lanka, Rohan Goonetilleke – Hayley's Fabric PLC and Privthiv Dorai – South Asia Textiles Industries Lanka.

Joint Apparel Association Forum (JAAF) is the apex body of associations operating within the textile and apparel industry, where FAAMA is operating under its umbrella.

Source: fashionatingworld.com– Aug 12, 2020

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COVID-19 hits more than 100 Kenyan apparel units

More than 100 Kenyan apparel manufacturers have temporarily closed, sending hundreds of workers home because of a decline in demand in export markets, primarily in the United States.

The affected units are mostly from the Export Processing Zones (EPZs) in Nairobi, Mombasa, Kisumu and Machakos, the industrialisation, trade and enterprise development ministry said.

"The clothing manufacturing industry has been punched hard by COVID-19 devastation as its main export has been the United States of America," industrialisation, trade and enterprise development cabinet secretary Betty Maina said.

A few have however remained afloat, she said, and have turned to the production of face masks and other personal protective equipment, as exports declined, according to a Kenyan media report.

The manufacturing sector, one of the Big Four Agenda pillars and critical for the country's economic growth and development, remains among those affected by Covid.

At least 30,000 direct jobs had been lost in the sector by June, data by the Kenya Private Sector Alliance (KEPSA) indicates, with more than 5.9 million jobs being affected across the economy since the first case of COVID-19 was reported in March.

Other sectors hard hit include tourism and hospitality, public transport, construction, real estate and trade.

Data compiled by KEPSA indicates at least 5,991,768 direct and indirect jobs have either been lost or workers sent home on unpaid leave as companies and businesses mitigate the effects of the virus.

Source: fibre2fashion.com– Aug 13, 2020

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Vietnam's garment export orders continue to fall sharply

The orders of garment enterprises in Ho Chi Minh City continuously declined to 40 per cent of what it was during the same period last year, according to the HCM City Textile and Garment-Embroidery Association.

In the first seven months of the year, textile production increased by 1.8 per cent and apparel production decreased by 4.6 per cent compared to the same duration last year, the ministry of industry and trade said.

Chairman of the Vietnam Textile and Apparel Association (VITAS) Vu Duc Giang said the pandemic has caused a change in consumer culture as people have shifted spending on essential products instead of laying too much emphasis on shopping as before.

To manage to survive, many garment enterprises are returning to the domestic market, but domestic demand is also weak because people are tightening spending, according to a Vietnamese newspaper report.

Garment and textile export turnover in the first seven months was estimated at $16.18 billion, down by 12.1 per cent; fibres and yarns of all kinds decreased by 20.9 per cent over the same period last year.

The total export turnover of the industry this year is projected to be about $32.75 billion, down 16 per cent compared to last year.

Source: fibre2fashion.com– Aug 12, 2020

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NATIONAL NEWS

Confederation of Indian Industry Outlines Ten Point Agenda For Increasing India's Exports

The Confederation of Indian Industry (CII) outlined a ten-point agenda for increasing India's exports of goods and services in line with the Prime Minister's vision of an "Atmanirbhar Bharat".

The CII report, entitled 'Re-orienting India's Export Endeavour in the Covid-19 World', states that India must aim to achieve 5% share in world merchandise exports and 7% in services exports by 2025.

The pandemic situation has impacted world trade negatively. However, it also provides a big opportunity for India to better engage with the world and boost its export performance.

This is an opportune time for India to strengthen its domestic manufacturing through a strong partnership between the Government and Industry, noted Chandrajit Banerjee, Director General, CII.

CII has outlined ten areas where action is required to boost exports. These include, an open and facilitative import environment, a stable and predictable export policy regime, expansion in export finance must be expanded, expansion in Interest Equalisation Scheme, trade facilitation through digital tools, expansion of the Trade Infrastructure for Export Scheme (TIES), Ease of Doing Business reforms by the state governments, adequate funding for meeting quality standards, leveraging existing free trade agreements for exports and enter into FTAs with large market nations, openness to FDI for technology transfer and marketing promotion in top markets.

Source: business-standard.com– Aug 12, 2020

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CII wants end to inverted duty structure to make India an exporting nation

Amid the government's move to increase tariff on some imports, industry body CII has suggested calibrating import duties carefully. It has asked for policies to increase the country's share in global merchandise trade to five per cent and in services export to seven per cent by 2025.

"The general principle of higher duties on finished goods and lower/minimal duties on intermediates and raw material should be followed. Stability of policies is critical," CII said in its paper on export strategy. .

A key point in the export endeavour is India's participation in global value chains (GVC), it said, adding this necessitates an open and facilitating import environment that will encourage imports of components, intermediates and other inputs for domestic manufacturing which can be exported after value addition.

"Attracting global companies into this venture is critical for investments, employment and global linkages, and India's large and growing markets are a central factor. Therefore, an open and facilitative import environment, on the lines of ASEAN, will serve as a significant inducement for India's export mission," it said.

The chamber said there is need for a calibrated management of the exchange rate to promote exports with strong capital inflows as the 36-currency export-weighted real effective exchange rate for India stands at about 116 for June 2020, indicating overvaluation of the rupee.

Pointing out that India's cost of doing business in areas like access to capital, gaps in logistics, higher power and freight costs, royalty, state level taxes is a key disadvantage for export promotion, CII said the proposed Remission of Duties and Tariffs on Exported Products Scheme (RoDTEP) needs to take into account multiple costs.

CII recommended setting up of an export task force headed by the commerce and industries minister to address all areas of export promotion with coordination of ministries, state governments, other organisations and industry bodies.

It also called for a robust and overarching foreign trade policy when the current one expires in 2021. It should not be limited to incentives for exporters but extend across different areas for a holistic export strategy, CII said.

Key recommendations in various sectors:

1) Manufacturing:

a) Automotive, Auto Components & Electric Mobility: Provide all the required benefits to everyone and not limit to export oriented units, wherein anyone having domestic tariff ara can compete, optimise the goods and services tax which is a cost for competitiveness, undertake comprehensive review of the taxation system, including the various cesses being levied by states

b) **Chemicals & Petrochemicals**: Export subsidies should bring about parity with China by increasing duty drawback rates as exporters prefer to import under advance licenses rather than buy locally. This would be WTO compliant. For Specialty Chemicals, sudden changes in duties should be avoided.

For example, additional duty on ‘Other’ category should not be imposed. Separate harmonised system of nomenclature code can be instituted to avoid manufacturers resorting to ‘Other’ category

c) **Electronics**: Need for WTO-compliant scheme for providing an incentive of four per cent of freight on board value, income tax holiday on export earnings, DTA sales of zero duty electronics products manufactured in the country need to be given the status of physical exports and extended all benefits of export schemes, export obligations under Export Promotion Capital Goods (EPCG) should be reduced.

d) **Gems & Jewellery**: Introduce a business to consumer export policy to enable exports directly to the consumer based on international gold rates (this should enable Internet sales of jewellery also), extension of the interest subvention scheme to the sector and increasing the subvention rate from 5 per cent to 7 per cent to protect the trade and foreign exchange earning of the country.

e) **Leather & Footwear**: Condition of maintaining annual average export obligation be removed, There was low usage of the EPCG scheme by the sector in previous year which was due to annual average export obligation. EPCG Scheme may be continued by removing annual average export obligation conditions for leather, leather products and footwear. This is already exempted for many sectors like handloom, handicrafts etc. The existing finished leather norms (i.e. norms for identifying finished leathers which are exported) were notified almost 10 years ago. Keeping in view the decline of finished leather exports by 45 per cent in the last 5 years and by 28.35% in the current year, there is a need to revise the norms, since many new finished leathers which are in great demand in the global market are not classified under the existing norms.

f) **Petroleum**: Import of crude petroleum oil attracts a national calamity and contingent duty (NCCD) at Rs 51 /tonee. The government is requested to exempt NCCD also on import of inputs made under advance authorisation, export of transportation fuels (Petrol, Diesel and Aviation Turbine Fuel) are not granted any benefits under MEIS or duty drawback (All India Rate). The only benefit available on export of these items is Advance Licenses which do not provide exemption from the only tax applicable on import of crude. This anomaly must be corrected.

g) **Pharmaceuticals**: Extend the newly announced product-linked incentive (PLI) for bulk drugs to brownfield projects, further, removal of investment cap on brownfield projects, create a special division such as a Pharma Bureau to help the industry obtain faster environmental clearances, land clearances, other required clearances for bulk drug parks, identification of key states/clusters for API development, include all fermentation products (53 APIs) in the policy scheme over and above the three major steroids already included thus far.

h) **Steel**: Reclassify HSN codes to reflect grades for better analysis of imports, the importers should be asked to declare grades for all imports to enable the domestic players to get a full idea of the imports coming into the country, map imported grades with grades of steel manufactured in India to carve out specific areas of focus for the steel industry.

i) **Textiles and apparel**: Build global competitiveness through mega textile and manufacturing parks, robust infrastructure, integrated value-chain and cluster development, minimize non-productive movement of the products across the country to reduce cost & improve turnaround time for exports, gradual phasing out of cross subsidies to reduce cost of power and committed clearances of shipments within 24 hours to increase lead time, free trade or preferential trade agreements with EU, USA and UK to be done on top priority, review existing FTAs in product lines of India's interest

II) **Services**: Continue Service Export from India Scheme (SEIS) under the foreign trade policy and notify it at the earliest for another year till new policy is announced, reorient champion services export sectors to identify those which can be delivered remotely – some of these could be education, healthcare backend work, accounting and legal services, financial services, and so on • institute specific skilling programs for digital services trade.

Source: business-standard.com– Aug 12, 2020

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Exporters reel from financial body blow as MEIS is blocked due to paucity of funds

Scheme blocked

According to a report by IANS, in the absence of any further funds allocation by the Finance Ministry, the online module for the Merchandise Export from India Scheme (MEIS) for exporters has been blocked from last week by the Directorate General of Foreign Trade (DGFT).

Body blow

The blocking of MEIS, due to lack of allocations beyond the sanctioned Rs 9,000 crore, will be a blow to exports and exporters, already reeling under the disruption in global trade due to Covid-19 and the weak economic sentiment.

Urgent intervention

Commenting on the development, Federation of Indian Export Organisations (FIEO) President S K Saraf said the government's intervention has been sought to resolve the issue as MEIS benefits are already factored by exporters in the prices and help in easing the liquidity of exporters which is severely impacted due to the COVID-19 pandemic.

Benefits galore

Under the MEIS, the government provides duty benefits depending on product and country. Rewards under the scheme are payable as a percentage of realised free-on-board value and MEIS duty credit scrip can be transferred or used for payment of a number of duties including the basic customs duty.

Ministerial tussle

The commerce department has requested its revenue counterpart to reconsider its decision, and a communication has also been sent by Commerce and Industry Minister Piyush Goyal to Finance Minister Nirmala Sitharaman on July 21.

Source: economictimes.com– Aug 12, 2020

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PM to unveil next phase of direct tax reforms on Thursday

A platform for transparent taxation will be launched

Prime Minister Narendra Modi will unveil the next phase of direct tax reforms on Thursday.

"The upcoming launch of the platform for 'Transparent Taxation – Honouring the Honest' by the Prime Minister will further carry forward the journey of direct tax reforms," a statement issued by the Prime Minister's Office said. Though not much details have been shared, it is likely that the Prime Minister will talk about the Citizens' Charter, as proposed in the Budget, besides other new initiatives such as the new phase of faceless assessment and the new mechanism to encourage taxpayers for voluntary compliance.

According to the statement, the Central Board of Direct Taxes (CBDT), the apex policy making body for corporate and personal income tax, has carried out several major tax reforms in direct taxes in recent years. Last year, the corporate tax rates were reduced from 30 per cent to 22 per cent and for new manufacturing units the rates were reduced to 15 per cent. Dividend Distribution Tax was also abolished.

Focus of reforms

The focus of the tax reforms has been on reduction in tax rates and on simplification of direct tax laws. Several initiatives have been taken by the CBDT for bringing in efficiency and transparency in the functioning of the IT Department. These include bringing more transparency in official communication through the newly introduced Document Identification Number (DIN) wherein every communication of the Department would carry a computer-generated unique document identification number.

Similarly, to increase the ease of compliance for taxpayers, the IT Department has moved forward with pre-filling of income tax returns to make compliance more convenient for individual taxpayers. Compliance norms for start-ups have also been simplified.

With a view to provide for resolution of pending tax disputes, the IT Department also brought out the Direct Tax "Vivad se Vishwas Act, 2020" under which declarations for settling disputes are being filed currently. To effectively reduce taxpayer grievances / litigation, the monetary thresholds for filing of departmental appeals in various appellate courts have been raised.

Several measures have been taken to promote digital transactions and electronic modes of payment. "The IT Department is committed to take the initiatives forward and has also made efforts to ease compliances for taxpayers during the Covid times by extending statutory timeliness for filing returns as also releasing refunds expeditiously to increase liquidity in the hands of taxpayers," the statement said.

The event will see the presence of Finance Minister Nirmala Sitharaman, Minister of State for Finance Anurag Singh Thakur, representatives of various chambers of commerce, trade associations, chartered accountants' associations and also eminent taxpayers, apart from officers and officials of the Income Tax Department.

Source: financialexpress.com– Aug 11, 2020

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El Salvador: A market on the rise for Indian companies

Trade between India and El Salvador grew substantially in the last decade, reaching US$1,051 million during that period. This growth, together with the need to diversify the supply chains that has arisen as a result of COVID 19, opens up countless business opportunities for Indian companies, especially SMEs, in sectors such as the pharmaceutical, textile and plastic industries, automobile and spare parts, renewable energy and services

Friendship between India and El Salvador begun some centuries ago, in the form of commercia exchange when El Salvador was still under the colonial rule of Spain, as part of the Captaincy General o Guatemala,and European merchant companies were taking Indian products all over the world. Though the official diplomatic relation initiated just 41 years ago (February 12, 1979)

Still more, theorists like Dr. B. G. Sidharth (B.M. Birla Science Centre) notice possible contacts betwee the Indus Valley and Mayan civilizations during ancient times. The remarkable similarity in variou astronomical, artistic and cultural references of both regions lies as a basis of their argument.

These include the connection between Arjuna and the Naga tribes recorded in the epic Mahabharata. According to Dr. Sidharth, the Naga would be associated with the Mayas, a civilization that settled in th present-day southern Mexico, Guatemala, Honduras, and El Salvador, circa2,000 B.C

While not assessing this reasoning, the enigma of an ancient relationship unknown to the vast majority serve as a right metaphor for the current relations between India and El Salvador, two countries in nearly diametrically opposed locations, but which are getting closer commercially fast

That closeness becomes more important as the world adjusts to the new normal post-COVID 19, wherr international markets and supply chains are quickly reorganizing. For this reason, it is crucial to identify areas where the greatest benefits can be obtained for companies of both countries.

An overview of economy and foreign trade of El Salvador

In 2019, El Salvador GDP was US$27 billion with a per capital GDP of USD 3,572. Foreign trade is highly dynamic: Goods export recorded US$5,943 million as well Services were US$3,197 million. On the other hand, the import of goods reached US$12,017 million as Services were US$2,005 million.

The following chart shows merchandise trade growing rapidly in the last ten years, especially Imports.

The total went from US$12,915 million in 2010 to US$17,960 million in 2019, growing by an annual average of 5.1%. Within this, the growth of imports at an average annual rate of 5.3% stands out, while exports have grown slightly less, at an annual rate of 4.6%.

It also highlights the growth of Services that has shown great dynamism in the last 10 years, with total revenues of USD 23,000 million, mainly in tourism (sun and beach, adventure, medical, and business), maintenance and repair (aircraft), contact and call centers, and creative industries (graphic design, software, video games, translation and post-production for film and television).

In addition, the impact of remittances should be highlighted, mainly from the United States, where the largest Salvadoran community abroad resides. In 2019 it was up to US$5,649 million. Remittances have grown at an average annual rate of 7.5% to a total US$77.5 billion in the period 1995-2019.

India – El Salvador bilateral trade relationship

According to El Salvador official statistics, in 2019 US$134.4 million were imported from India, while US$2.5 million were exported, for a total goods trade of US$136.9 million.

The total imported from India ranks El Salvador at the 119th position of the 220 market destinations of India. Not bad for a country 156 times smaller than India. Furthermore, in Latin America and the Caribbean, El Salvador was ranked 15 out of the 40 countries to which India exports.

In the last 10 years, trade of goods between the two countries has recorded US$1,051 million, with a favorable balance for India of more than US$955 million. Bilateral trade grew at an average annual rate of 14.9% during 2010-2019.

Among the main products imported from India in 2010-2019 are synthetic dyes (11.4%), medicines (10.9%), motorcycles (7.1%), knitted fabrics (6%) and automobiles (4.8%). Exports to India have been concentered in four products: tropical wood (63.2%), iron waste (15.5%), aluminum waste (7.3%) and paper waste (2.9%).

Undoubtedly, India has positioned itself as an important economic partner for El Salvador. It took the 17th place in 2019 as a supplier of goods (out of 124). In contrast, it is located in position 38 as an export destination (out of 120).

All the above confirm that there is an already strong and growing bilateral trade relationship, but the good news is that in El Salvador's foreign trade, there is still plenty of room for India to expand, especially in imports.

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Source: financialexpress.com– Aug 12, 2020

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India's trade with neighbours has largely been flat

Countries trade a lot with their neighbours. It is the most natural thing to do. A lot of the post World War II economic success around the world has been based on this model. But India has largely missed out on this trick. Mint looks at the reasons for such a scenario.

What are the examples of such a trade?

As Ruchir Sharma writes in The 10 Rules of Successful Nations: "Postwar economic success stories have tended to cluster in regions from southern Europe to East Asia." Let's take the example of Japan, where economic growth first took off in Asia post World War II.

This growth then "spread to the second tier of economies" like South Korea and Taiwan. It then spread to a third tier with countries like Thailand and Indonesia. The fourth tier growth was led by China. "A Japanese economist called this the "flying geese" model of development—with Japan playing the lead goose," writes Sharma.

How has India's trade performance been?

Let's take a look at India's performance on the goods exports front with its major neighbouring countries—Bangladesh, Nepal, Sri Lanka, Afghanistan, Myanmar, and Pakistan. In 2019-20, it stood at $21.87 billion or around 7% of the overall goods exports of around $313 billion. Interestingly, it had stood at 6.7% back in 2003-04. Clearly, there hasn't been much progress over the years. Also, in 2018-19, India's goods exports to neighbours were at an all-time high of $25.69 billion or 7.8% of the overall goods exports. This fell to 7% in 2019-20, reflecting the extent of our deteriorating relations with some neighbours.

What is the situation in case of imports from neighbours?

In 2019-20, just 0.8% of the overall goods imports to India came from these countries. This is hardly an isolated phenomenon. In fact, the peak of 1.8% was achieved way back in 2001-02. The moral of the story is that India barely trades with its closest neighbours and that is, perhaps, not a good thing when it comes to economic growth.

How grave is this problem of India's?

In 2019-20, India exported goods worth $1.04 billion to Togo (a country in West Africa). This was more than what it had exported to Afghanistan (around $1 billion), Myanmar (around $0.93 billion), or Pakistan ($0.81 billion), for that matter. As Sharma writes: "South Asia remains fenced off. Isolation, lawlessness, and the lingering bitterness produced by regional wars have made it difficult for India, Pakistan, Bangladesh, and Sri Lanka to open borders, and so far, no leader has stepped forward to ease hostilities."

What is the way out of this situation?

The learning from other countries in Asia is that all of them have been willing to drop their wartime animosities. As Sharma writes: "Rising intra-regional trade was one of the main drivers of the long economic miracles in Japan, Taiwan, South Korea, and lately China, all of which proved willing to drop old wartime animosities to cut trade deals." And that's a lesson that India and its immediate neighbours need to learn sooner rather than later.

Source: livemint.com– Aug 11, 2020

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COVID-19: India-Bhutan border trade via Bengal suspended due to lockdown in Himalayan kingdom

Trade across the India-Bhutan border through Jaigaon in West Bengal's Alipurduar district has been suspended following the imposition of a coronavirus-induced lockdown in the Himalayan kingdom, an official said on Wednesday. The border gates between India's Jaigaon and Bhutan's Phuentsholing were closed after the total lockdown came into force in the neighbouring country on Tuesday, an Alipurduar district official said.

"Border trade through Jaigaon has stopped completely. However, no vehicle has been stranded on either side of the border as the Bhutan administration had informed the Alipurduar district authorities beforehand about the lockdown, giving us adequate time to take appropriate measures," he said.

Even though three districts of West Bengal –Alipurduar, Jalpaiguri and Kalimpong — share a border with Bhutan, the major chunk of trade with the Himalayan kingdom takes place through the Jaigaon-Phuentsholing section.

Jaigaon serves as a major gateway for Bhutan to the rest of India through Siliguri that lies around 150 km west of the border town. Bhutan mainly exports traditional dresses and ornaments, honey, ginger and milk products through Jaigaon, while it imports vegetables, food grains, medicines, textiles and tea from India, sources said.

Source: financialexpress.com– Aug 12, 2020

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