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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	US, EU Fashion Brands Refused to Pay $16B in Garment Orders: Report
2	UK Retail Exempt From New Three-Tier Lockdown
3	Can Fashion Fix Itself?
4	CBTPA Gets 10 More Years as Key Trade Preference Program
5	USA: Time to Price Cotton as the Market Sniffs 70 Cents
6	Sri Lankan Chamber hails its apparel sector
7	Informal Saudi ban on Turkish goods hits global fashion retailers
8	European nonwoven fabric consumption remains flat from 2014-2019
9	Global trade of clothing accessories declines in 2019
10	Bangladesh raw cotton production to 20 lakh bales by 2041: CDB
11	Pakistan: Cotton production declines by almost 50pc
12	Dhaka to seek duty-free access of RMG products to USA for three years
13	Made-in-Pakistan: Improving Global Perceptions

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	NATIONAL NEWS
1	India's cotton crop estimates for 2019-20 raised to 360 bales: Association
2	Key takeaways from the GST Council meet on October 12
3	Indian economy has shown 'remarkable resilience': ASSOCHAM
4	MSME exporters struggle to ship following shortage of containers after rapid fall in imports
5	Delay in faceless assessment of imports causing pile up of cargo
6	CAI revises cotton production upwards to 3.6 crore bales for 2019-20
7	Exports of ‘core’ items pick up pace
8	Truckers in West Bengal on 72-hour strike
9	Quick Estimates of Index of Industrial Production and Use-Based Index for the Month of August, 2020 (BASE 2011-12=100)
10	Tamil Nadu inks 14 MoUs worth ₹10,055 crore

INTERNATIONAL NEWS

US, EU Fashion Brands Refused to Pay $16B in Garment Orders: Report

$16.1 billion. That's how much apparel imports flopped from April through June in the United States and from April through May in the European Union.

Given the lead times on apparel orders, the only plausible explanation for the steep decline is the failure of brands to pay for the clothing they ordered before Covid-19 seized the globe and sent whole economies into free fall, a new report from the Worker Rights Consortium and the Center for Global Workers' Rights at Penn State University claimed this week.

During that time, U.S. brands and retailers shelled out $9.7 billion less in garment deliveries than they did in the same period last year, a plunge of 49 percent, according to newly released trade data. In the EU, brands and retailers signed off on $6.5 billion less in orders than they did during those same months in 2019, a drop-off of 45 percent. (June data is not yet available for the EU.)

"It is crucial to understand that, because of the time it takes to produce and ship an order after the brand places it, decisions by brands to reduce or forego the placement of new orders with suppliers cannot explain this precipitous drop," the authors wrote. "Most new orders placed after the crisis began did not begin to arrive at U.S. ports until July. The vast bulk of the shortfall in U.S. imports through June represents the outcome of orders that brands and retailers had placed, and that suppliers had already produced or were in the process of producing, before the crisis began."

This nosedive in value has led suppliers in Cambodia, Bangladesh, India, Myanmar and Vietnam to freeze production, slash operations or go out of business entirely, leaving millions of garment workers facing reduced hours of work (and therefore reduced income), furloughs or loss of employment, the report noted.

The month of June saw an uptick in the value of apparel imports relative to May, even though the numbers still lagged far behind those of 2019. The bump, the authors wrote, reflects, "in substantial part," the impact of pressure on brands and retailers from unions and labor-rights advocates seeking redress for canceled orders, retroactive discounts and delayed deliveries and payment.

Certainly the value shortfall wasn't because of government lockdowns, the report said. While India and Honduras had strict lockdowns in March and April, Vietnam and Nicaragua did not. Bangladesh, the worst hit of the garment-producing hubs, experienced a temporary lockdown, but since garment production was largely considered an essential economic activity, any suspension of factory work or shipping was brief.

"What the data show are substantial losses in export value in countries with strict lockdowns and those without strict lockdowns, somewhat larger in the former but significant across the board," the authors said. "The data—coupled with the fact that many suppliers were positioned to catch up in May on production delayed by lockdowns in March and April—indicate that lockdowns, while having an effect, cannot explain most of the dramatic loss of value seen in data through June."

Further examination of U.S. trade data revealed that the overall slump in the value of imports stemmed not only from a decline in order volume but also a decline in prices. The months of January through June saw a net loss of $1 billion that correlated directly with falling per-unit prices, the report said.

"While unit prices for apparel tend to decline modestly year over year due to the price pressure that is ubiquitous in the region, the decline in 2020 over 2019 is vastly larger than normal and is driven by the industry's response to the pandemic," the authors wrote.

"Since prices reflected in the trade data involve orders placed—and prices contractually agreed—before the pandemic's primary effects were felt in the U.S. in March, the only means through which the reductions in unit price apparent in the data could have been achieved is the imposition by brands and retailers of retroactive discounts—below the agreed contract price for the goods in question."

The findings of the report also suggest that garment workers lost close to $2 billion from April through June, based on reduced imports for the U.S. and EU markets alone.

The numbers square up with those from previous studies: An earlier report from the Clean Clothes Campaign, the apparel sector's largest alliance of labor unions and non-governmental organizations, estimated that truncated wages culminated in garment workers losing between $3.19 billion and $5.79 billion from March through May.

Source: sourcingjournal.com– Oct 12, 2020

HOME

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UK Retail Exempt From New Three-Tier Lockdown

The U.K. government on Monday outlined its new restrictive measures for England as it tries to stem another rise in coronavirus infections.

Prime Minister Boris Johnson on Monday told the House of Commons that the new measures include a three-tier system of coronavirus, alerts that range from "medium" to "high" and "very high," with corresponding levels of restrictions for each level.

Johnson specifically stated that retail, schools and universities would be allowed to stay open for now.

For now, retail is exempt from the new lockdown system. That's good news for the retail sector, which saw temporary lockdowns for nonessential retailers during the first wave earlier this year. Those lockdowns have resulted in extensive job cuts—from companies such as John Lewis, Harrods, Marks & Spencer and Selfridges—and even a number of bankruptcies—such as Debenhams, the U.K. arm of Victoria's Secret, Laura Ashley and Kath Kidston, with Peacocks parent Edinburgh Woollen Mill expected to follow shortly. Also, in July the Grosvenor Shopping Center in Chester, which houses 101 retail stores, went into receivership, which happens when a creditor or bank believes a business can't pay its debts.

U.K.'s Office for National Statistics said last month that retail sales volumes saw a sequential gain of 0.8 percent in August from the prior month. Within the retail distribution channel, apparel stores were still 15.9 percent below February's pre-pandemic levels. Moreover, foot traffic trends for the two weeks covering Aug. 10-23 indicated that the highest percentage of businesses reporting decreased levels were textile, apparel and footwear stores at 85.7 percent.

Traffic levels at retail destinations have since fallen by 0.3 percent last week from the week prior as the U.K. saw its first full week of closures at the 10 p.m. curfew for the so-called hospitality outlets, according to brick-and-mortal retail activity tracking firm Springboard on Monday. Data from Springboard showed a decline of 39.0 percent in year-over-year footfall traffic at U.K. high streets for the week ended Oct. 4. Shopping centers saw traffic decrease by 31.7 percent over the same metric, with retail parks down 11.3 percent. Overall, all U.K. retail destinations were down 30.9 percent year-over-year.

The beginning lockdown level, “medium,” currently applies to most of England, which has restrictions that include banning groups larger than six people and forcing certain establishments such as pubs and restaurants to close at 10 p.m. The next level is “high,” which applies to many parts of northern England, where infection rates have been on the rise. In those areas, residents aren’t allowed to gather indoors or meet anywhere unless they are outside. The most restrictive level is “very high,” which reflects areas that are seeing a rapid rise in rates of Covid-19 infection. In these areas, certain places such as pubs, bars, gyms, betting shops and casinos will be closed. Currently, only the city of Liverpool is slated to be on “very high” alert, starting on Wednesday.

Elsewhere across the U.K., pubs and restaurants have been closed in some parts of Scotland and Wales. Some parts of Wales also have local lockdowns in place due to a spike in Covid-19 cases.

Just prior to Johnson’s comments to the House of Commons on Monday, England’s National Health Service’s medical director Stephen Powis warned of increasing hospitalizations, noting that three “Nightingale” hospitals built during the first Covid-19 wave in northern England in Manchester, Sunderland and Harrogate have been put on standby.

The U.K. isn’t the only country facing the dreaded second wave of Covid-19. Italy, once the hotbed in Europe during the initial outbreak of the pandemic earlier this year, is also mulling new restrictions. European neighbors France and Spain have tightened up measures to curb the spread, with more French cities on “maximum alert.”

Germany has also started to see an increase in infections in some of its larger cities. Elsewhere in the world, the U.S. and Canada are also seeing an uptick in new cases, particularly now that the summer season has shifted to autumn’s cooler temperatures.

Source: sourcingjournal.com– Oct 12, 2020

HOME

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Can Fashion Fix Itself?

The problems facing this industry have gone mainstream.

A quick survey across the September issues, typically fashion-focused editions pointing to the "in" silhouette or the hottest trends, quickly brought a different picture to light. The American Vogue cover was titled, "Hope, a Special Issue," "100 voices on the future of fashion." British Vogue's lead story was, "What Will It Really Take to Fix Fashion?" Vanessa Friedman in the New York Times interviewed celebrity designers on "What's next?" Every question and opinion was about tipping points, making the world a better place, the glut-of-stuff, and words like "redefine," "reimagine," "reinvent" and "relevance."

It shows an industry in crisis.

September was a busy month for me as well. To re-create our annual Sourcing Summit as a virtual event this year, I logged more than 30 hours of prep calls with our 60-plus speakers. With so much at stake, we wanted to fine-tune discussions to maximize value and learning for our audience.

From the headlines to these conversations with those of you on the frontlines, two things became clear: fashion is in crisis and fashion may not be able to fix itself. It will require outside voices and new learnings to set priorities for growth and profitability. The cover story today is this: "What Got Us Here, Won't Get Us There."

Too often on these calls, I did not hear confidence. Fashion must become bold once again, to rediscover its swagger and escape being an industry of "same old, same old." Our definition of creativity is too narrow. Creativity is not only for the design suite anymore, it must be spread across the entire organization. Innovation and experimentation are about more than product and materials and apps. Today, creativity must be found upstream, in the processes that deliver the goods. But lately, executives have been too afraid to take the risk. Instead, they're beholden to The Street, chasing quick gains, or VC firms looking for online metrics.

The lack of confidence also stems from a “who can you trust?” mentality borne out of an extremely fragmented industry. The pandemic has only further ruptured this ecosystem, and trust between vendors and suppliers is now more frayed than ever. The industry is adversarial, and the term ‘partnership’ rings more hollow than ever. To restore confidence, we must elevate collaboration and unity as our top priority. New faces, new voices and new approaches to creativity will lead us to a truly different and better business. This will not be easy.

The challenge is made even more difficult because the timeline for reinvention has also been revised. Our evolution cannot be incremental when the pace of change waits for no one. Five-year plans that are now four or three are not enough. Further, were these plans created for yesterday’s battle or tomorrow’s? The last war or the next one? A completely retooled approach to how we run our companies must happen—and happen now. Covid will be blamed for many problems, but we must not forget that this industry has been suffering for years.

We need to look for the green shoots, the new seeds of opportunity. They need to be planted now, in crisis, and they are our hope. Toyota, Zara, Apple and Tesla were all green shoots that began or pivoted in crisis. It is now fashion’s turn to go green, to go digital and to accelerate the future we all want and need.

Here are our headlines and buzzwords today: US-China trade wars, Xinjiang cotton, sustainability, traceability, inventory optimization, trade finance, demand planning, material innovation, social responsibility, fulfillment…each of these supply-chain issues have upside potential. The old formulas of more doors, store comps and more inventory just don’t work anymore.

Here’s what I’m seeing instead.
· Nike, PVH and Todd Snyder re-evaluated their wholesale relationships with traditional department stores

· H&M offers their best-in-class sustainability factory base for pre-competitive collaboration in Treadler.

· Crocs is early adopter of digital product development

· Lululemon—acquiring Mirror—stayed true to its core customer and vision. Expanding the scope of its offering but not sacrificing its DNA and authenticity.

· Foot Locker invests in Carbon38 and GOAT.

Simply generating more demand will not solve fashion's problems. Another runway show, influencer campaign, special drop or glossy ad won't foster systemic change. Our businesses, to be relevant, must unlock working capital and find efficiencies in all aspects of the process, beyond just design and sales.

According to McKinsey, the 10 top retailers in the world account for 90 percent of the industry profit. This problem is not going away soon.

The new breed of consumer already shops their values, and not status, flash and indulgence. Those who are constrained financially are now selective in how and where they shop. Certain categories are selling, but not everyone can become a fleece or yoga pant manufacturer, get into the PPE business, out-ship Amazon or out-price Walmart.

For one of the largest industries in the world, the pie is not growing. The urgent questions are: What do you stand for? Why are you essential? People need value and beauty and a better world. Is that how you define your brand?

Ray Dalio, founder of Bridgewater, the world's largest hedge fund, sees three to seven years of recovery ahead. He says we are in the "era of lost growth." In this reality, how does fashion find its footing? How does fashion remain relevant and sustainable? Unfortunately, the analysts tell us that inventory is not coming down fast enough, that promotions are still too prominent, sourcing risks too high and online investment too slow.

What are the new metrics of success? First, it is collaboration and unity as an industry-wide culture. Second, it is community with our consumers to contribute to a better world through sustainable fashion. Third, an accelerated commitment to change. And, fourth, it is confidence that fashion can fix itself—with new learnings from outsiders, but brought to life as only insiders know how.

Ralph Lauren recently said, “Living right now, the world is not frivolous. So, fashion must find a way to be more meaningful, more purposeful, to add comfort and beauty to our lives.”

Can fashion fix itself? The answer is: it must. There’s too much to fight for.

Source: sourcingjournal.com– Oct 12, 2020

HOME

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CBTPA Gets 10 More Years as Key Trade Preference Program

The Caribbean Basin Trade Partnership Act (CBTPA), which has provided a structured system of textile and apparel duty preferences for certain countries, most notably Haiti, since it was implemented in 2000, has a new lease on life.

After the Senate followed the House and passed the “Extension of the Caribbean Basin Economic Recovery Act” on Oct. 1, President Trump signed the act into law over the weekend. Steve Lamar, president and CEO of the American Apparel & Footwear Association (AAFA), welcomed Congressional passage and the signing of the bill, which extends CBTPA through Sept. 30, 2030.

“The CBTPA is an essential program that supports trade with Haiti and supports thousands of American and Haitian jobs in the textile and apparel sector,” Lamar said. “By extending the program for 10 years, the Trump administration has provided the industry with certainty to promote growth in the region and secure these jobs. We are thankful to all of the champions in Congress who supported this bill and pushed it over the finish line.”

AAFA said CBTPA supports 30 percent of Haitian exports to the U.S. and has strong support in the apparel industry. The National Council of Textile Organizations and National Cotton Council (NCC) had also supported passage of the act.

NCC sent a letter to the chairs and ranking members of two key congressional committees on Wednesday voicing support for a timely extension of the CBTPA.

The organizations said CBTPA has provided a structured system of textile and apparel duty preferences for certain countries, most notably Haiti, over the last 20 years. NCTO and NCC said the U.S. textile and cotton industries see significant benefits from the program, which has helped establish an export market for U.S.-grown cotton, U.S.-spun yarn and other textile materials of U.S. origin.

The U.S. content rule contained in CBTPA provides a mutual benefit to the U.S. industry and the Caribbean Basin region economies. Also urging passage were the Footwear Distributors and Retailers of America, National Retail Federation, Council of Fashion Designers of America, the Accessories Council and the Outdoor Industry Association.

According to data from the Office of Textiles and Apparel, imports from Haiti decreased by 33.65 percent to 128.37 square meter equivalents (SME) in the first half of the year and declined 35.32 percent in value to $304.92 million.

CBTPA, which is part of the Caribbean Basin Initiative that includes other island nations in the region, posted apparel imports to the U.S. of 986.49 million SME in 2019, an increase of 11 percent increase over 2018.

In addition to Haiti, beneficiaries to CBTPA are Barbados, Belize, Curacao, Guyana, Jamaica, St. Lucia, and Trinidad and Tobago.

Source: sourcingjournal.com– Oct 12, 2020

HOME

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USA: Time to Price Cotton as the Market Sniffs 70 Cents

Love the cotton market, but remember the old trading adage, "Short Crops Have Long Tails."

USDA's October supply demand report was a big yawner but did suggest lower world carryover. Thus, the market found the report friendly.

The market moved higher throughout the week reaching an eight-month high but failed to close the two narrow price gaps at the 69-cent area.

Yet, we only promised to break above the 67.50 cent level. So, the 68+ cent trading was gravy. Possibly the 69-cent level can be breached just to pick up the two minor price gaps, but 70 cents will be hard to reach in the absence of a bullish catastrophe.

Thus, it is time for growers move to 90% priced (saving the remaining 10% to just play with). The eight-month price highs were based on improved consumption, lower production, the potential for higher world trade and Hurricane Delta moving across the U.S. Mid-South. The hurricane will likely color the remaining 40-45% of the Mid-South crop that remains to be harvested. Growers may also consider locking in a basis before the spread for low grades expands.

USDA lowered its estimate of world cotton carryover some 3 million bales, dropping it to 101 million. World production was lowered 900,000 bales down to 116 million. World consumption was increased 1.5 million bales, up to 114 million. These changes were based on smaller crops in the Franc Zone (-530,000 bales) and Pakistan (-500,000), coupled with increased consumption in China (+1 million) and India (+500,000).

Further, USDA left unchanged its estimates production, consumption, exports and carryover for the U.S. Most observers expected a lower U.S. crop – a minimum of some 300,000 bales lower. Likely, the new varieties are simply just underestimated early in the growing season.

U.S. export sales continue behind the eight ball. While shipments exceed year-ago levels, sales – or total commitments of U.S. cotton – lag the year-to-year sales. Year-ago export commitments totaled just above 7 million running bales. Sales to date are some 5.8 million running bales. Yet, I do note that export shipments are some 400,000 bales above the same year ago level. Likely, the disparity here is that shipments to China during the current season have been more aggressive than in the past simply to meet trade sanction limitations/agreements.

It is expected that China will still be an aggressive buyer of U.S. styles. However, as reflected in almost every weekly export sales report, widespread demand for U.S. cotton simply does not exist. The current weekly export sales report shows that only a net 178,400 bales were sold for export on the week and that Vietnam, China and Pakistan accounted for 183,800 bales of sales (cancellations were 27,900 bales). Thus, excepting for China and Vietnam and the occasional Mexico, Turkey, Pakistan, Bangladesh or Indonesia, U.S. export sales continue to lag. The outlook for U.S. export sales simply rests with China.

Technicians have done their job. They helped push the market above 67.50. Fundamentals remain on the weak side, except for uncovering more sales to China. I wish I could find 70 cents in my sights but dealing with a 100 million plus bale world carryover just keeps me short of 70 cents.

Who knows? Maybe it will turn out to be horseshoes?

Short tails – short crops typically produce a price high during the harvest season after which prices gradually fall lower and lower, creating a long tail into the spring planting season when new crop fundamentals take over price leadership.

Source: cottongrower.com– Oct 12, 2020

HOME

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Sri Lankan Chamber hails its apparel sector

The Sri Lankan National Chamber of Exporters has appreciated its apparel sector for contributing 44 per cent to Sri Lanka's exports revenue and providing employment opportunities to a large labor force in rural and urban areas of the country.

According to the Chamber, the sector's direct and indirect employment has contributed to uplifting living standards, conforming to globally renowned ethical and good manufacturing practices (GMP). This has earned it the sobriquet 'Garments without Guilt' while catering to many internationally reputed brands.

The enterprises export their products to discerning markets led by the US, EU and the Far East. With the COVID-19 pandemic, both large and SME exporters adapted their product portfolios to match a wide range of special protective apparels that were urgently needed by consumers.

This earned them confidence and reputation among buyers for being able to change-up production during challenging times.

The COVID-19 preventive measures taken by Sri Lanka helped minimize the effects caused by the pandemic. Effective polymerase chain reaction (PCR) testing and contact-tracing mechanisms have supported the dedicated medical personnel, healthcare workers, and the Tri-Forces to manage the pandemic efficiently.

It is commendable to note the leadership provided by the President and his dedicated team of officials to keep our country safe in the best possible manner.

Source: fashionatingworld.com– Oct 12, 2020

HOME

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Informal Saudi ban on Turkish goods hits global fashion retailers

Clothing giant Mango has experienced a ban on 'all imports for made in Turkey products' following months of customs delays and issues

An informal Saudi ban on Turkish products has hit the international fashion scene in the latest sign of escalating tensions between the two regional rivals.

The Financial Times (FT) reported on Monday that Spanish fashion brand Mango was reconsidering their Turkish suppliers due to an unofficial embargo by Saudi authorities.

An employee at the clothing giant told Turkish suppliers, in an email seen by the FT, that Riyadh had "banned all imports for made in Turkey products".

In a statement, the Spanish company did not confirm a ban, but suggested that there have been issues with imports, saying that its teams "are looking into alternatives to the slowing down of custom processes for products of Turkish origin in Saudi Arabia".

Mango is one of several European and US fashion retailers that have manufacturing sites in Turkey, including Sweden’s H&M and Britain’s Marks and Spencer, among others.

Mustafa Gultepe, head of the Istanbul Apparel Exporters’ Association (IHKIB), told FT that all retailers producing goods in Turkey for export to Saudi Arabia had been facing problems.

"We are talking about all global brands that have stores in Saudi Arabia, produce in Turkey and sell over there," he said.
'Negative repercussions'

Turkish exporters have for months complained that their products have been facing long delays at Saudi customs portals.

But Saudi authorities have denied such claims, saying any trade delays being reported are the result of difficulties related to the coronavirus pandemic, and that the government had not "placed any restrictions on Turkish goods".

On Saturday, however, eight Turkish business groups, including textile exporters and contractors, urged Saudi Arabia to improve trade relations between the two rivals.

Any official or unofficial initiative to block trade between the two countries will have negative repercussions on our trade relations and be detrimental to the economies of both countries," the companies warned.

"We deeply regret the discriminatory treatment that our companies face in Saudi Arabia... We expect Saudi authorities to take concrete initiatives to resolve the problems," the statement continued.

One of the biggest textile producers in Europe and the Middle East, in 2019 IHKIB reported that Turkey had exported around $18bn worth of clothing that year alone.

At the time, Ankara had a trade surplus with Saudi Arabia last year, exporting $3.2bn worth of goods and services, while importing around $1.9bn.

'Continued hostility'

While Saudi officials have denied claims that it has been blocking Turkish goods, earlier this month Ajlan al-Ajlan, the head of Saudi Arabia’s non-governmental Chamber of Commerce, on Twitter called for the government to set up an official boycott in response to "the continued hostility of the

Turkish government against [Saudi Arabia's] leadership, country and citizens".

Relations between the two countries have been strained largely due to rivaling regional interests, particularly in Libya, where the two back warring sides of the conflict.

Turkey has also backed Qatar, deploying troops to the small Gulf nation after Saudi Arabia and its allies launched an embargo against Doha in 2017.

Tensions reached new heights in 2018, when Turkish authorities revealed evidence that Saudi officials had assassinated and dismembered journalist Jamal Khashoggi at the Saudi consulate in Istanbul.

Source: middleeasteye.net– Oct 12, 2020

HOME

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European nonwoven fabric consumption remains flat from 2014- 2019

From 2014-2019, EU's consumption of nonwoven fabrics recorded a relatively flat trend. The market attained maximum consumption level of $7.6 billion in 2018, before declining slightly in 2019. The figure reflects total revenues achieved by producers and importers excluding their logistics and retail marketing costs, and retailers' margins.

Germany tops with 21 per cent of global consumption

At 384,000, Germany remained the largest nonwoven fabric consumer in the European Union. The country accounted for 21 per cent of total volume of nonwoven fabrics consumed across the globe its consumption exceeded Poland's 190,000 which is in second place. With a consumption of 182,000 tons, Italy ranked third in total consumption with a 10 per cent share.

From 2014 to 2019, the average volume of non-woven fabrics consumed by Germany grew at an annual rate of 4.2 per cent. Volume of non-woven fabrics consumed by Poland grew by 3 per cent while that by Italy grew by 8.2 per cent. In value terms, the largest nonwoven fabric consumers in the European Union were Germany with a consumption of $1.8 billion, Italy with $895 million consumption and France with a consumption of $685 million. All four countries accounted for 44 per cent consumption of the total market.

The highest levels of per capita consumption of nonwoven fabric in 2019 was registered in the Czech Republic followed by Belgium, Poland and the Netherlands. The world average per capita consumption of nonwoven fabric was estimated at 3.52 kg per person.

Production increased 3.2 per cent in 2019

Production of nonwoven fabrics increased 3.2 per cent to 1.9 million tons in 2019. Volume of total output increased at an average annual rate of +1.2 per cent over the period from 2014 to 2019. The most prominent growth rate was recorded in 2016 with an increase of 7.2 per cent y-o-y. The total volume of production during the year increased to 2.1 million tons.

The countries that recorded the highest volumes of nonwoven fabric production in 2019 included Germany with production of 517,000 tonne, Italy with production of 367,000 tonne and the Czech Republic with production of 185,000 tonne. All these three countries accounted for 55 per cent of global production. The most notable rate of growth in terms of nonwoven fabric production, from 2014 to 2019, was attained by the Netherlands.

Imports increase for the sixth time

For the sixth year in a row, the European Union’s imports of nonwoven fabrics, increased by 3.8 per cent to 1.4 million tons in 2019. From 2014-2019, the total volume of these imports increased at an average annual rate of +3.4 per cent. However, their value dropped to $5.9 billion in 2019.

Germany, Poland, the UK, France, Italy, Belgium, the Czech Republic, the Netherlands and Spain were the largest importers of nonwoven fabrics in 2019. Together, these countries generated 78 per cent of total imports. From 2014-2019, the biggest increase in import volume was recorded by Romania while imports by other countries experienced modes growth.

In value terms, Germany emerged as the largest market for imported nonwoven fabrics in the European Union. It comprised 19 per cent of total imports. The second position in the ranking was achieved by Poland with a 9.3 per cent share of total imports. It was followed by the UK, with a 8.3 per cent share.

The value of Germany's nonwoven fabric imports remained relatively stable over the period from 2014-2019. Other importing countries such as Poland and the UK recorded average annual growth rates of 3.4 per cent and -2.8 per cent annually.

Import prices drop by 5.7 per cent

The price of nonwoven fabric imports in 2019 in the European Union dropped by 5.7 per cent to $4,147 per tonne. In all, import prices from 2014-2019 showed a visible decline with the most prominent growth rate of 6 per cent recorded in 2018.

Import prices reached a peak at $4,635 per tonne in 2014; however, from 2015 to 2019, they failed to regain the momentum. The most notable rate of growth from 2014-2019 in terms of prices was attained by the Czech Republic, while the other leaders experienced mixed trends in the import price figures.

Source: fashionatingworld.com– Oct 12, 2020

HOME

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Global trade of clothing accessories declines in 2019

The global export of clothing accessories declined 5.89 per cent from $21,188.61 million in the year 2017 to $19,941.08 million in 2019. Total exports declined 10.07 per cent in 2019 over the previous year, according to data from TexPro. Further, the trade is expected to move up to $21,731.69 million in 2022 with a rate of 8.98 per cent from 2019.

The global import value of clothing accessories was $14,199.99 million in 2017, which dropped marginally 1.29 per cent to $14,382.55 million in 2019, according to Fibre2Fashion's market analysis tool TexPro. Total imports decreased 5.36 per cent in 2019 over the previous year and is expected to increase to $15,252.52 million in 2022 with a rate of 6.05 per cent from 2019.

China ($9,764.00 million), Italy ($1,837.83 million) and France ($877.18 million) were the key exporters of clothing accessories across the globe in 2019, together comprising 62.58 per cent of total export. These were followed South Korea ($723.57 million), India ($604.33 million) and Germany ($528.22 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by Italy (49.44 per cent) and France (33.68 per cent).

US ($2,532.21 million), Japan ($1,070.99 million), Germany ($980.06 million) and France ($961.01 million) were the key importers of clothing accessories in the globe in 2019, together comprising 38.55 per cent of total import. These were followed by Vietnam ($677.62 million), UK ($641.93 million) and Italy ($560.91 million).

From 2016 to 2019, the most notable rate of growth in terms of import value, amongst the main importing countries, was attained by France (20.21 per cent).

Source: fibre2fashion.com– Oct 12, 2020

HOME

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Bangladesh raw cotton production to 20 lakh bales by 2041: CDB

At a recent webinar, Cotton Development Board (CDB), an autonomous body and responsible for the cotton industry of Bangladesh, announced plans to enhance the production of raw cotton to 20 lakh bales by 2041from the current annual production of 1.71 lakh bales.

CPB plans to achieve this target by improving cotton production acreage up to two lakh hectares which is now only 44,000 hectares and raising per hectare production up to 10 bales instead of 6.15 bales, annually imports some 71 lakh bales cotton from abroad at a cost of over Taka 30,000 crore.

The webinar was attended by dignitaries like Kai Hughes, Executive Director, International Cotton Advisory Committee (ICAC); Robert D Simpson, FAO Representative, Bangladesh; SM Bakhtiar, Executive Chairman, Bangladesh Agricultural Research Council (BARC), Al Sayeed Negom, Professor, Cotton Research Institute in Egypt and Keshob Kanti, Head-Information, ICAC.

The CDB, which was first formed by Father of the Nation Bangabandhu Sheikh Mujibur Rahman on December 14 in 1972, is working to enhance cotton cultivation on agro-forest land, saline, char and hilly areas across the country.

Source: fashionatingworld.com– Oct 12, 2020

HOME

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Pakistan: Cotton production declines by almost 50pc

The Federation of Pakistan Chambers of Commerce and Industry's (FPCCI) businessmen panel on Sunday regretted that cotton crops yield has declined by almost 50 per cent, adding that the major cash crop that could contribute significantly in the development in the agriculture sector and economic prosperity of the country.

FPCCI Secretary General Ahmad Jawad said cotton under cultivation area and production declined significantly, as growers shifted from cotton to sugarcane and maize so its output slashed from 15 million bales to 8 million bales, said a press release issued here.

He said that in totality, this had caused losses to the tune of $36 billion over the last one decade. While production of cotton in India, Brazil, USA and other countries had increased manifold but it was on decline in Pakistan, he added.

Ahmad Jawad said that because of importing cotton from abroad, the cost of the textile sector increased by 6 percent so this sector became uncompetitive compared to other countries.

"Substandard seeds and pesticides may hit the agriculture sector this year as well; cotton crop is one of the novel example in this regard," he said, noting this was the second consecutive year that cotton growers seemed worried, as substandard seeds had again flooded local markets, especially in Sindh.

He said the government would offer special tariff concessions and give policy on the import of quality and viable seeds which might be suitable to our soil conditions especially for cotton crop until the PARC and the NARC becomes self-sufficient in the production of seeds.

Jawad also said that there was a need to take concrete action against fake seeds and pesticides because without improved quality of input the per acre yield could not be increased.

He said that Pakistan imported lint worth $9 billion, lost lint production worth $8.3 billion, faced losses of above 35 percent of cotton production value chain and losses accumulated due to loss in seed, feed meal. "About oil and others in totality, Pakistan faced losses of $36 b because of reduced production in the last one decade," he added.

He said that though the area of cotton under cultivation was standing at 3.4 million hectares, which was now reduced to 2.3 million hectares so over one million areas of cultivation decreased in the country.

"We will have to focus on manufacturing because now the country has turned itself into a trading nation at the moment," he said, adding that self-reliance based on truth and accountability should be our objectives for all spheres of lives.

The FPCCI official also urged the government to facilitate and incentivise cotton growers and bring back to the market those growers who had opted for other profitable alternatives.

Source: profit.pakistantoday.com.pk– Oct 12, 2020

HOME

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Dhaka to seek duty-free access of RMG products to USA for three years

Dhaka to seek duty-free access of RMG products to USA for three years

Foreign Minister AK Abdul Momen has said Dhaka will seek duty free access of Bangladeshi readymade garments (RMG) products to the US market for the next three years.

Dhaka will make the request during the upcoming visit of US Deputy Secretary of State Stephen E. Biegun, as Bangladesh is trying to ensure recovery of the RMG sector from the financial fallout caused by the pandemic, reports BSS.

The minister said he will also raise the Rohingya issue seeking stronger US support in commencing repatriation of the displaced Myanmar people from Bangladesh.

“It (Rohingya issue) is not our only responsibility, it’s a global responsibility. The (Rohingyas) must go back to their country (Myanmar),” Dr AK Abdul Momen told reporters at his office on Monday.

The foreign minister said that Dhaka would also propose the USA to invest in infrastructure development in Bangladesh under its Indo-Pacific Strategy (IPS).

“We don’t have any objection regarding USA’s IPS, but they (the USA) must come forward in infrastructure development here for making it (IPS) effective,” he said.

Momen said he will also raise the visa issue of potential Bangladeshi students as the US embassy in Dhaka yet to start issuing new student visas for Bangladeshi nationals due to COVID pandemic.

The US embassy in Dhaka said the deputy secretary’s engagements in Bangladesh will focus on advancing common vision of a free, open, inclusive, peaceful and secure Indo-Pacific region with shared prosperity for all.

Biegun’s visit will also focus on US-Bangladesh cooperation on COVID-19 response and recovery efforts and sustainable economic development, the mission said in a release.

Prior to his visit here, the US Deputy Secretary of State will visit India from October 12-14 where he is scheduled to deliver keynote remarks at the India-US Forum.

His engagements in India will focus on advancing the ‘United States-India Comprehensive Global Strategic Partnership’ and how the Washington DC and New Delhi can work together to advance peace, prosperity, and security in the Indo-Pacific and around the globe, said the release.

Source: thefinancialexpress.com.bd– Oct 13, 2020

HOME

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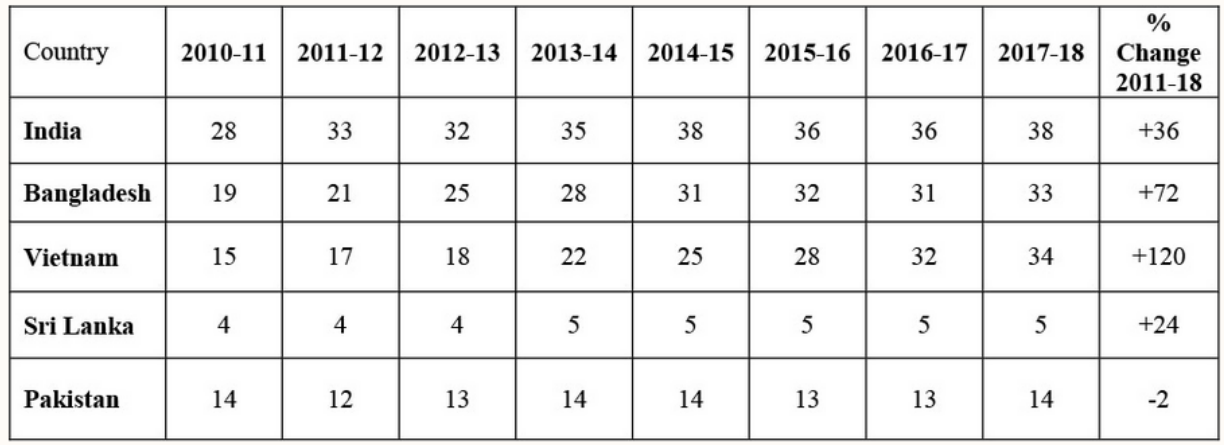
Made-in-Pakistan: Improving Global Perceptions

The 'Made-in-Pakistan' label has the potential to become a symbol of repute, but this aspiration must be vigorously pursued. If we are to consider the increased digitization of markets in the wake of COVID-19 as an opportunity, with advanced tools and greater access to buyers, these tools must be used to address the international branding of our products, so that a label bearing our country's name not only becomes a marker of great quality, but also a motivation to buy by choice. This would require an environment that facilitates exporting industries to focus on quality improvement through new processes, thereby developing new products and entering fresh markets.

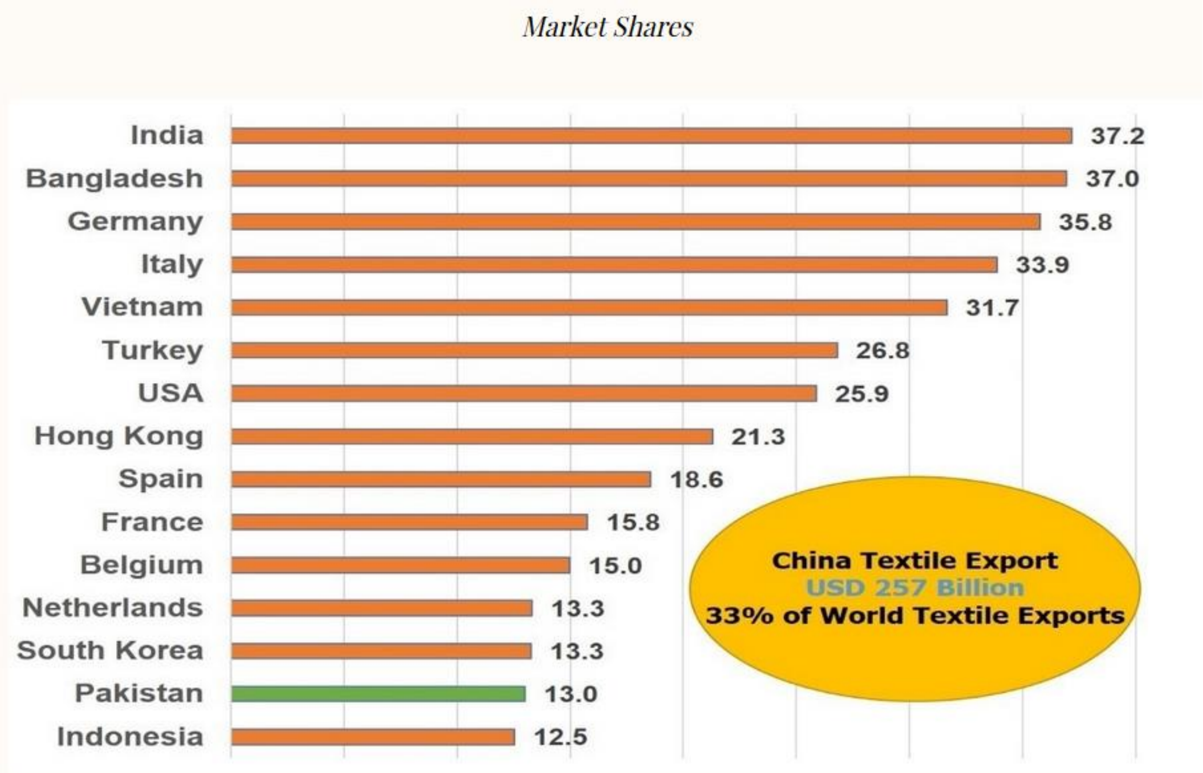
Despite having low-tariff access to textile and apparel markets of the European Union, USA, Japan and China, Pakistan's market share is low, which shows an inability to fully leverage our position as a textile-dominated economy, losing critical expansion opportunities to regional competitors.

In addition, the EU and USA are now largely considered to be shrinking markets, and by continuing to focus on these rather than on expanding markets, our policies contradict global trends. Asian competitors have gained significant market shares from 2011-18 while Pakistan's share decreased by 2.17%. It is not as if they possess something we don't; rather their development of supporting policies, intelligent branding, market forecasting and diversification has helped them to excel.



Country	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	% Change 2011-18
India	28	33	32	35	38	36	36	38	+36
Bangladesh	19	21	25	28	31	32	31	33	+72
Vietnam	15	17	18	22	25	28	32	34	+120
Sri Lanka	4	4	4	5	5	5	5	5	+24
Pakistan	14	12	13	14	14	13	13	14	-2

When considering emerging textile markets, our best bet is to target those segments which have less market saturation by competitors. According to a report by the AfDB, Africa currently accounts for 1.9% of global trade, and trends have showcased it to be a major textile player in the near future. As stated by Hans Rosling, the African market is by far the largest potential market of the future. In order to preemptively capture this opportunity, we must enhance trade with Africa in order to secure a foothold in the fastest rising market in the world. Given that imports from China are restricted, South Africa is one country that offers ample opportunities for Pakistan to leverage.



China (33%) is the leading exporter of textiles in World followed by India (4.7%) & Bangladesh (4.6%). Pakistan's share is only 1.7%.

Furthermore, trade data for 2019 from Botswana, Mozambique, Lesotho, Swaziland, Namibia and South Africa has shown that despite growing demand, textile related exports from Pakistan to these countries added up to a mere $114 million. The demand for textile continues to rise in these countries, so to capture market share, the industry must focus on trade and connectivity and the Ministry of Commerce must facilitate it. Reduction in tariff and non-tariff barriers by both sides would serve as a catalyst for accelerated growth in bilateral trade.

While it is often assumed that manufacturing inputs in Pakistan come cheap, this disregards the poor productivity and very real hindrances in power and logistics that raise costs of doing business. With numerous policy setbacks, and energy and infrastructural impediments at each level, exporters have been so caught up in trying to manage day-to-day affairs and onerous bureaucratic hurdles that there is little revenue left to be competitive, let alone consider a marketing plan. There is also a shortage of skilled labor in textiles, chemicals and hosiery/bed linen. Firms regard inadequate institutional training and the low quality of education as the most important reasons for the lack of labor skills, thereby hindering competitiveness.

Pakistan's textile industry comprises an entire value chain from cotton production to prêt-à-porter and export, although it is more concentrated in the lower value-added end of the chain. The fragmentation of the supply chain falls into two main sectors: the formal sector, which involves spinning units/textile mills, and the informal sector, where sewing, knitting, as well as clothing and towel production fall under the scope of SMEs and small cottage units. In a fast-paced global market, the primary reliance on traditional goods in Pakistan is becoming a burden rather than worth maintaining.

Textiles and clothing have accounted for nearly 60 percent of Pakistan's export basket for more than a decade, and while this allows for a significant advantage in this sector, that advantage is not being leveraged as well as it could be. Other South Asian economies have diversified their export baskets to not only capture an abundance of untapped markets, but to increasingly tap into high-value-added products that utilize advanced technologies in their production. Pakistan must mitigate its reliance on primary and traditional goods and machinery and shift towards the export of value added, nontraditional goods. Only then can the country market itself effectively as a textile supplier that meets the greatest number of needs of global consumers.

With a myopic focus on short staple fiber raw cotton, we are essentially relying on a shrinking market while neglecting the rapidly expanding market for MMF. The MMF tariff regime effectively prevents Pakistan from aligning its products in tandem with the rest of the world. More than 60% of world textile trade is in MMF materials, the demand for which has grown exponentially owing to the convenience it affords as a cheap material used in the production of the ever-relevant active-wear trend.

However, the duty protection given to obsolete plants in Pakistan is denying the Pakistani industry any chance to compete in this booming market, internationally or domestically. This brings us to the issue of polyester staple fiber, a raw material of the industry upon which it would be unreasonable to apply any duties. Alarmingly, at present there is a 7% customs duty on the import of polyester staple fiber. This racks up the total import duties, which subsequently fall in the range of 20% including antidumping duty. Despite the antidumping duty on cheap Chinese materials having expired, the duty has been extended for a further year.

This highlights the need for a policy environment and a tariff structure which favors global market needs, which are likely to be linked to synthetic fibers for the foreseeable future. The goals of the industry must remain aligned with the demands of the market, and this requires the industry to equip labor with new technologies and train them in the latest skills, thus shifting them from primary to secondary and tertiary activities. Agriculture must diversify into high value-added products, reduce the loss of fertile land to real estate speculations, improve domestic marketing systems, improve water management and set up centers for agro-genomics.

In addition to investment in increased capacity and technology, there is a need to improve local design capacity through new clusters for training, design and testing and better managerial practices. Furthermore, the quality of these products should not be compromised at any level, as creating more processed products that rank later in the value-chain is no objective if quality is not simultaneously improved.

Source: brecorder.com– Oct 12, 2020

HOME

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NATIONAL NEWS

India's cotton crop estimates for 2019-20 raised to 360 bales: Association

The Cotton Association of India (CAI) has increased its cotton crop estimate for 2019-20 to 360 bales of 170 kg each (equivalent to 382.50 lakh running bales of 160 kg each) compared to its previous estimate of 354.50 lakh bales of 170 kg each (equivalent to 376.65 lakh running bales of 160 kg each).

The CAI on Monday released its September estimate of the cotton crop for the season 2019-20 beginning from October 1, 2019.

The cotton crop finalised by the CAI for the last year i.e., for the crop year 2018-19 was 312 lakh bales of 170 kg each (equivalent to 331.50 lakh running bales of 160 kg each).

The Crop Committee of the Association has estimated total cotton supply till end of the cotton season i.e. up to September 30, 2020 at 407.50 lakh bales of 170 kg each (equivalent to 433 lakh running bales of 160 kg each) which consists of the Opening Stock of 32 lakh bales of 170 kg each (equivalent to 34 lakh running bales of 160 kg each) at the beginning of the cotton season on October 1, 2019, crop for the season estimated at 360 lakh bales of 170 kg each (equivalent to 382.50 lakh running bales of 160 kg each) and imports estimated by the CAI at 15.50 lakh bales of 170 kg each (equivalent to 16.47 lakh running bales of 160 kg each).

The imports are estimated to be lower by 16.50 lakh bales of 170 kg each compared to the previous year's estimate of 32 lakh bales (equivalent to 34 lakh running bales of 160 kg each).

Domestic consumption for the entire crop year i.e. upto September 30, 2020 has been estimated at 250 lakh bales (equivalent to 265.63 lakh running bales of 160 kg each) i.e. at the same level as estimated by the CAI previously.

The CAI has retained its export estimate for the season at the same level as estimated by it previously i.e. at 50 lakh bales of 170 kg each (equivalent to 53.13 lakh running bales of 160 kg each) The carryover stock estimated at the end of the season is 107.50 lakh bales of 170 kg each (equivalent to 114.22 lakh running bales of 160 kg each).

Source: business-standard.com– Oct 13, 2020

HOME

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Key takeaways from the GST Council meet on October 12

The states' representatives, including those governed by the Opposition parties, faced each other at the Goods and Services Tax (GST) Council meet chaired by Finance Minister Nirmala Sitharaman via video conferencing on October 12 to discuss the GST compensation for state governments for FY21.

The Centre had provided the states with two borrowing options to solve the issue of compensation dues. These are: either borrowing the compensation amount arising from implementation of GST (Rs 97,000 crore) or the entire shortfall due to the states, which amounts to Rs 2.35 lakh crore.

The Centre said as many as 21 states were in favour of borrowing Rs 97,000 crore to meet the GST revenue hit to state coffers. Most of these states are ruled by the Bharatiya Janata Party (BJP) or parties that support it.

Here are the key takeaways from the GST Council meet:

>> The GST Council concluded the discussion without reaching any consensus for the second time in two weeks. The Centre and states last meet on October 5, but could not reach a consensus on the issue of borrowing to make up for compensation shortfall.

>> FM Sitharaman reiterated at meeting that the GST Council could take a call on extending the period of collecting the compensation cess to give out to states.

>> However, the collection of cess is inadequate for paying compensation, and the shortfall will have to be met by borrowing.

>> The FM said that the Centre could facilitate states' borrowing to help them obtain loans to meet the shortfall at reasonable interest rates, but would not borrow against the sovereign, which would ultimately raise borrowing costs for the entire economy, including the private sector.

>> Sitharaman stressed that the country could not afford increased borrowing costs as India is looking at more money to borrow and invest into business activity.

Source: moneycontrol.com– Oct 12, 2020

HOME

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Indian economy has shown 'remarkable resilience': ASSOCHAM

Braving the unprecedented global health crisis, the Indian economy has shown a remarkable resilience in the last few months, with lead indicators like manufacturing purchasing managers' index (PMI), exports, rail freight and energy consumption returning to a clear growth trajectory with strong signals of further improvement, according to a fresh assessment of India's economy by the Associated Chambers of Commerce and Industry of India (ASSOCHAM).

Whether it is PMI for manufacturing or services, robust recovery is visible. The PMI for manufacturing expanded to 56.8 in September 2020, the highest since January 2012, whereas the PMI for services expanded for the fifth straight month in September to 49.8 from 41.8 in August.

In other words, about 57 per cent of purchase managers for manufacturing and about 50 per cent for services expect the two vital pillars of the economy to expand, the industry chamber's 'Assessment on State of Economy' (AASE) noted.

Agriculture, the third and the most crucial pillar of the economy, had kept the banner high, ensuring that the country had enough food security to feed its 1.3 billion people. The latest trade data shows how rice exports jumped by a massive 92 per cent in September, ASSCHAM said in a press release.

Likewise, the chamber's assessment points towards a further pick up in the coming months.

"As a nation, we are giving a solid fight to Covid-19 pandemic. With the unlocking of the economy almost complete, people are returning to work, wearing masks and maintaining social distancing. However, a continuous campaign by the Centre, states and the local Governments would be required to reinforce these habits further," ASSOCHAM secretary general Deepak Sood said.

He also stated that undaunted by the health emergency, the government has pressed the accelerator for reforms in labour laws, agriculture, defence production and incentives to domestic manufacturing.

The rail freight, yet another critical indicator, showed a 15 per cent growth year on year in September. Similarly, annualised power consumption was up 4.6 per cent for the month at 113.5 billion units. Exports too have returned to the positive territory, logging in 5.27 per cent annualised growth at $27.4 billion for September.

"A cautious optimism should soon replace the entire cash conservation mind-set," Sood said, adding once the vaccine is in place, the optimism would be pronounced.

Source: fibre2fashion.com– Oct 12, 2020

HOME

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MSME exporters struggle to ship following shortage of containers after rapid fall in imports

While the steep fall in merchandise imports in June quarter brought cheers to many, Indian exporters have to brace for an unforeseen development: shortage of containers for shipping goods.

While announcing the monetary policy, the Reserve bank of India released data about India's current account surplus. The positive balance of trade rose to $ 3.9 percent of GDP (gross domestic product) in the first quarter of 2020.

The surplus in the current account in Q1 of 2020-21 is attributed to a steep decline in merchandise imports relative to exports on a year-on-year basis.

"Almost all merchandise exports (non oil and non commodity) are sent through Containerised cargo. But as fewer imports consignments are coming to Indian shores, there are not enough containers available to be returned for exports", says Anil Bhardwaj, Secretary General, Federation of Indian Micro and Small & Medium Enterprises (FISME).

"The problem is acute for Micro, Small & Medium Enterprises (MSMEs) as many of them require less than container load (LCL shipments) or one or two containers only whereas shipping companies favour the large players", he added.

FISME has approached Ministry of Commerce and Industries to intervene through respective departments and help MSMEs get containers needed for them to meet their commitments.

Source: knnindia.co.in– Oct 12, 2020

HOME

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Delay in faceless assessment of imports causing pile up of cargo

The Central Board of Indirect Taxes and Customs (CBIC) recently rolled out faceless assessment of imports across the country. However, the delay in assessment of imported material is causing cargo to pile up at air cargo and inland container depots, according to customs brokers and importers. As a consequence, the cost of cargo handling goes up because warehousing charges keep adding up till it is cleared. Moreover, businesses also get affected due to shortage of raw materials and manufacturing is unable to run smoothly.

A representation on the matter was recently made before the CBIC and the Union government by the city-based Federation of Custom Brokers' Associations.

"Examination orders for 100% of imports are raised, unlike earlier. Now queries about labelling are also raised which take time to clear. Moreover, there is no proper method or guidance for bills of entry or reassessment. Due to this and various other reasons, import clearance takes between four and nine days," the representation says.

"The system, even though it is aimed at making things simpler, has only made them more complicated, time-consuming and expensive. This is not adding to the ease of doing business because clearance of imports has slowed down as clearance of imported goods is causing a pile up," said Girish Shah, an Ahmedabad-based customs broker.

"Closure of queries raised by customs officials takes time to get cleared and this is leading to piling up of cargo," Shah added.

Manufacturers are also adversely affected because their imports are getting stuck. "Business has barely come back on track after the pandemic-caused disruption and such delays have had a cascading effect on manufacturing because raw materials don't reach factories in time. Moreover, the cost of doing business also increases because manufacturers are forced to pay warehousing charges because customs have not cleared the imports," said Parthiv Dave, another city-based customs broker.

Source: timesofindia.com– Oct 12, 2020

HOME

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CAI revises cotton production upwards to 3.6 crore bales for 2019-20

Cotton Association of India (CAI) has increased the estimate for cotton output by 5.50 lakh bales to 360 lakh bales for the 2019-20 season in its September estimate due to higher production in the central zone.

The total cotton production in 2018-19 (October-September) stood at 312 lakh bales, the CAI said in a statement on Monday.

CAI in earlier its estimate had pegged the production at 354.50 lakh bales for the 2019-20 season.

The production estimate for the central zone has been increased by 5.50 lakh bales that is 2.50 lakh bales each in Gujarat and Maharashtra and 50,000 bales each in Madhya Pradesh.

The total cotton supply till the end of the season, that is up to September 30, was at 407.50 lakh bales, which consists of the opening stock of 32 lakh bales at the beginning of the cotton season on October 1, 2019, crop for the season estimated at 360 lakh bales and imports estimated at 15.50 lakh bales.

The imports are estimated to be lower by 16.50 lakh bales compared to the previous year's estimate of 32 lakh bales.

Domestic consumption for the entire crop year, that is up to September 30, has been estimated at 250 lakh bales.

The CAI has retained its export estimate for the season at the same level as estimated by it previously, that is 50 lakh bales. The carryover stock estimated at the end of the season is 107.50 lakh bales.

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

HOME

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Exports of 'core' items pick up pace

Defying external headwinds and a Covid-induced gloom, India's 'core' exports that reflect the economy's competitiveness, grew at their fastest pace in 18 months in September. This suggests a gradual return towards normalcy and brightening of the prospect of an early recovery.

The outbound shipment of core products — goods excluding petroleum and gems & jewellery — grew 11.1%, year-on-year, in September to $21.1 billion, reversing a 3.2% decline in the previous month, according to a preliminary estimate of the commerce ministry. This was double the pace of expansion recorded in February, when Covid-19 was yet to take roots in India.

Meanwhile, overall goods exports grew just 5.3% in September to $27.4 billion, against a 12.7% contraction in August, as per the data from the Directorate General of Commercial Intelligence and Statistics. Gems and jewellery exports have collpased this fiscal, as a pan-India lockdown and migration of workers from key cities like Surat disrupted operations of most jewellers. This hurt overall merchandise exports.

Exports of rice jumped by more than 92% in September to $346 million, while those of drugs and pharmaceuticals surged by 24.4% to $439 million. These two were the best performing export segments last month.Even core imports were down by only 12.8%, year-on-year, in September to $21.8 billion, compared with a 19.6% fall in overall goods imports to $30.3 billion.

While these are still early days, the rebound in core exports in September points at a potential pick-up in external demand in the build-up to the crucial Christmas season, when orders from the key western markets — the US and the UK — flow in large volumes. Of course, some pent-up demand and despatches against orders firmed up before the pandemic may also have contributed to the decent rise. Nevertheless, these are encouraging signs, analysts concur.

Aurodeep Nandi, India economist at Nomura, told FE: “A part of the recovery that we observe, not just in exports but also imports, is explained by the inevitable normalisation back to pre-pandemic activity levels as the pandemic curve flattens and lockdowns get relaxed. The phenomenon of recovery in core exports outpacing that of core imports is indicative of the chasm between external demand and the more sluggish domestic demand”.

Nandi said Nomura’s leading index for exports in Asia (ex-Japan) has been rising in the past four consecutive months, indicative of improving global outlook. “Nevertheless some caution is warranted — new waves of Covid-19, eventual ebbing of pent-up demand, and uncertainty around global trade tensions, have the potential of materialising as stiff headwinds,” he added.

Already, presenting a less gloomy picture, the World Trade Organization this month expected global merchandise trade to fall by 9.2% in 2020 from last year, compared with the 12.9% drop projected in April. This will augur well for India’s trade as well.

However, the multilateral trade body noted that downside risks remain if resurging outbreaks of Covid-19 stall economic recovery. Also, it trims its global trade growth forecast for 2021 to just 7.2% from a strong rebound of 21.3% it had predicted earlier.

India’s exports had witnessed a record 61% crash in April in the wake of the lockdown, although the contraction subsequently narrowed to 12.7% in August.

Source: financialexpress.com– Oct 12, 2020

HOME

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Truckers in West Bengal on 72-hour strike

Trucks across West Bengal have gone off-the-roads following a 72-hour strike, beginning today, by the Federation of West Bengal Truck Operators' Associations protesting non-implementation of revised axle weight norms and "police excesses".

Over 500,000 trucks off the roads in response to the call by the umbrella organisation, according to the associations.. The strike is supported by the All India Motor Transport Congress.

'Call to update norms'

The revision of axle weight norms which India made in 2018, for the first time in 35 years, increased the maximum weights trucks can carry by 20-25 per cent and gave transport operators some relief from crackdown on overloading. The apex organisation has asked all its members in other states to "support the cause" and "not send or ply vehicles to the State". At least 20,000 trucks from other States ply across West Bengal.

According to Prabir Chatterjee, Organisation Secretary of the federation, the "Revision of Safe Axle Weights for Transport Vehicles" came into effect in 2018 but is yet to be implement in West Bengal. Truck operators are forced to ply at reduced capacities impacting trip margins and profitability.

'Losing out on capacity'

In fact, interstate trucks (with West Bengal registration numbers) carry at least four tonnes less cargo either while leaving the State or if they are entering from elsewhere. This works out to be a loss of ₹24,000 per round trip – calculated at ₹3,000 per tonne per trip – and so a monthly loss of around ₹100,000, presuming the truck makes four trips.

"Diesel prices have gone up. Profit margins have shrunk. This will have direct bearing on repayment of vehicle EMIs for us. Moreover, truck drivers in other States enjoy the benefits of the Revision of Safe Axle Weights of Goods Vehicles that allows them to carry more of the commodities," he told BusinessLine. The truck operators also demanded the removal of unnecessary no-entry points on highways, withdrawal of toll tax, waiving road tax for current fiscal, action against police harassment, and financial aid for truck operators in the wake of Covid- 19 pandemic and reducing diesel prices.

According to Chatterjee, the Federation will intensify their agitation post Durga Puja. If demands are not met, there will be “blockades at State borders” leading to full stoppage of truck movement.

Source: thehindubusinessline.com– Oct 12, 2020

HOME

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Quick Estimates of Index of Industrial Production and Use-Based Index for the Month of August, 2020 (BASE 2011-12=100)

The Quick Estimates of Index of Industrial Production (IIP) are released on 12th of every month (or previous working day if 12th is a holiday) with a six weeks lag and compiled with data received from source agencies, which in turn receive the data from the producing factories/ establishments. With the gradual relaxation of restrictions, there has been a relative improvement in the economic activities by varying degrees as well as in data reporting.

2. For the month of August 2020, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at 116.1. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of August 2020 stand at 83.0, 117.4 and 162.7 respectively. These Quick Estimates will undergo revision in subsequent releases as per the revision policy of IIP.

3. As per Use-based classification, the indices stand at 108.4 for Primary Goods, 75.0 for Capital Goods, 126.6 for Intermediate Goods and 127.7 for Infrastructure/ Construction Goods for the month of August 2020. Further, the indices for Consumer durables and Consumer non-durables stand at 109.4 and 139.6 respectively for the month of August 2020.

4. Details of Quick Estimates of the Index of Industrial Production for the month of August 2020 at Sectoral, 2-digit level of National Industrial Classification (NIC-2008) and by Use-based classification are given at Statements I, II and III respectively. Also, for users to appreciate the changes in the industrial sector, Statement IV provides month-wise indices

since April 2020, by industry groups (as per 2-digit level of NIC-2008) and sectors.

5. Along with the Quick Estimates of IIP for the month of August 2020, the indices for July 2020 have undergone the first revision and those for May 2020 have undergone the final revision in the light of the updated data received from the source agencies. The Quick Estimates for August 2020, the first revision for July 2020 and the final revision for May 2020 have been compiled at weighted response rates of 88 percent, 91 percent and 94 percent respectively.

Click here for more details

Source: pib.gov.in– Oct 12, 2020

HOME

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Tamil Nadu inks 14 MoUs worth ₹10,055 crore

JSW Renew Energy to invest ₹6,300 crore; the MoUs are likely to generate job opportunities for nearly 7,000 people

Tamil Nadu today signed 14 MoUs worth ₹10,055 crore in investments which are likely to generate employment opportunities for nearly 7,000 people. This fresh investment in the third quarter comes after Tamil Nadu had positioned itself as one of the top States in attracting investment during the Covid-19 pandemic.

Leading the table is JSW Renew Energy Ltd with an investment of ₹6,300 crore to set up a hybrid renewal project for 810 MW in Thoothukudi, Tenkasi, Thirunelveli and Thiruppur. It also plans to set up a 50 MW captive wind energy project in Rameshwaram district, according to State government sources.

Some of the other companies that signed the MoUs include Mantra Data Center of Spain; Apollo Tyres (expansion); Greenbase Industrial Parks and Aosheng Hightech of Hong Kong.

Source: thehindubusinessline.com– Oct 12, 2020

HOME

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