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INTERNATIONAL NEWS

US apparel consumption shrinks by 50 per cent: AAFA

Consumption of apparels in one of the biggest consumer market – the US -- has shrunk by 50 per cent. Nate Herman, Senior Vice-President –Policy, American Apparel & Footwear Association (AAFA) informs, retail sales declined 83.9 per cent in April, 62.3 per cent in May and 24.3 per cent in June. Fashion consumption is headed for a 50 per cent decline to around $200bn, except trade recovers sharply during the coming winter and Christmas holidays.

US' worsening relationship with China is hitting American apparel brands and retailers as they import the majority of their readymade garments (RMG) from China. AAFA executives say China has failed to ramp up purchases of US cotton and textiles to roughly $1billion a year from to $600 million before the January deal.

Other hot-points like intellectual property (IP) theft are distancing the two countries greatly. Many Chinese companies have been able to register a trademark that is a near copy of a US rival brand and have been continuously doing over the previous six months, in spite of Beijing's pledges that it would stop these activities.

The recent development of sanctions against China's Xianjing Production and Construction Corporation (XPCC) over serious right abuses in the Xinjiang Uyghur Autonomous Region (XUAR) by the US Department of Treasury's Office of Foreign Assets Control (OFAC) has boosted claims of rights abuses against the Uyghur ethnic communities by China's apparel industry.

There are rising calls for limiting import of apparels that include cotton and yarn from Xianjing, adds Herman, noting that this could dent apparel makers' capability to make cheap goods.

Source: fashionatingworld.com– Sep 14, 2020

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US pulls back from broad import bans for cotton, tomatoes from China's Xinjiang

The Trump administration on Monday (Sept 14) shelved plans for a broad import ban on cotton and tomato products from China's Xinjiang region while announcing narrower bans on products from five specific entities.

Department of Homeland Security acting Deputy Secretary Kenneth Cuccinelli said the new "Withhold Release Orders" (WROs) on cotton, textiles, apparel, hair products and computer parts are aimed at combating China's use of forced labour by detained Uighur Muslims in Xinjiang.

He told reporters on a conference call that the administration was conducting more legal analysis of the region-wide import bans.

Customs and Border Protection officials told Reuters last week that they had prepared the broader bans on cotton, cotton textiles and tomatoes, among China's biggest commodity exports, along with the orders announced on Monday.

CBP acting Commissioner Mark Morgan said on Monday that the agency's investigations into the region-wide orders were continuing.

Two people familiar with the Trump administration's internal deliberations said that concerns about the broad orders and their effect on supply chains were raised by key officials, including Treasury Secretary Steven Mnuchin, US Trade Representative Robert Lighthizer and Agriculture Secretary Sonny Perdue.

China also had agreed to purchase increased quantities of US cotton under the countries' Phase 1 trade deal, which could be put at risk by a US ban on imports from China's dominant cotton-producing region.
But Cuccinelli said it was legal concerns, not trade, that prompted the need for more study of the region-wide import bans.

"We want to make sure that when we do get challenged – and we assume that we will be challenged, legally – that we will prevail and none of the goods we would ultimately would seize under such a WRO would be shaken loose and released into the United States," he said.

The Withhold Release Orders allow US Customs and Border Protection to detain shipments based on suspicion of forced-labour involvement under long-standing US laws to combat human trafficking, child labor and other human rights abuses.

Shippers can send the products to other countries or seek to prove that they are not produced with forced labour.

DHS said Xinjiang entities whose products will be blocked from entering the United States include all products made with labor from the Lop County No. 4 Vocational Skills Education and Training Center; hair products from the Lop County Hair Product Industrial Park; apparel produced by Yili Zhouwan Garment Manufacturing and Baodung LYSZD Trade and Business Co; Cotton produced and processed by Xinjiang Junggar Cotton and Linen Co Ltd; and computer parts made by Hefei Bitland Information Technology Co Ltd.

President Donald Trump's administration is ratcheting up pressure on China over its treatment of Uighur Muslims in Xinjiang, where the United Nations cites credible reports as saying 1 million Muslims held in camps have been put to work.

The Chinese embassy in Washington referred to past Chinese Foreign Ministry statements rejecting allegations of forced labor in Xinjiang and criticizing the United States for meddling in China's internal affairs in the Xinjiang region.

Source: straitstimes.com– Sep 15, 2020

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Global exports of industrial textiles grows marginally

The global export of industrial textiles slightly increased 0.24 per cent from $25,840.16 million in the year 2017 to $25,902.05 million in 2019. Total exports declined 5.26 per cent in 2019 over the previous year, according to data from TexPro. However, exports is expected to move up to $26,548.38 million in 2022 with a rate of 2.50 per cent from 2019.

The global import value of industrial textiles was $22,348.78 million in 2017, which grew marginally 0.44 per cent to $22,447.00 million in 2019.

While, the total imports plunged 4.82 per cent in 2019 over the previous year and is expected to increase to $23,286.52 million in 2022 with a rate of 3.74 per cent from 2019, according to Fibre2Fashion's market analysis tool TexPro.

China ($8,054.26 million), Germany ($2,520.19 million) and US ($2,150.13 million) were the key exporters of industrial textiles across the globe in 2019, together comprising 49.13 per cent of total export. These were followed by South Korea ($1,282.67 million), Italy ($1,269.53 million) and Taiwan ($1,012.86 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by China (12.94 per cent) and Germany (12.66 per cent).

US ($2,664.68 million), Vietnam ($1,863.86 million), China ($1,689.71 million) and Germany ($1,176.54 million) were the key importers of industrial textiles in the globe in 2019, together comprising 32.94 per cent of total import. These were followed by India ($795.04 million), Mexico ($784.06 million) and Indonesia ($724.44 million).

From 2016 to 2019, the most notable rate of growth in terms of import value, amongst the main importing countries, was attained by Vietnam (36.22 per cent), US (10.32 per cent) and Germany (3.57 per cent).

Source: fibre2fashion.com– Sep 14, 2020

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Cotton Day 2020 to promote Vietnam-US trade exchange

Cotton Day Vietnam 2020 will take place virtually on September 22, gathering leading scholars from Vietnam and the US.

The information was announced at a press conference on September 14, which was jointly organised by the Vietnam Textile & Apparel Association (VITAS) and the US Cotton Council International (CCI) in Vietnam - the non-profit trade association of the US.

This is one of the CCI's major events held in many Asian countries, aiming to create a venue for meetings and trade exchanges between textile enterprises, partners operating in the textiles and garment industry, suppliers and experts as well.

The Cotton Day event was first introduced in Vietnam in 2017. Since then it has become a place for fashion brands and businesses to seek investment and business cooperation opportunities.

Vo Manh Hung, CCI Chief Representative in Vietnam said Cotton Day Vietnam 2020 will offer a good chance for businesses to access market information, consumer trends across the world.

The online event is hoped to solve challenges as US and Vietnamese cotton businesses have had difficulties in connecting and promoting trade exchange since the beginning of 2020.

According to Chairman of VITAS Vu Duc Giang, US firms always consider Vietnam as a key market for the US cotton industry, while Vietnamese enterprises prefer US cotton because of its stable quality.

Every year, the CCI continuously organises trade and investment promotion activities, and those to share experience on corporate governance and production methods among manufacturing factories in the region and the world, Giang said, adding that these are practical activities, helping Vietnam's textile and garment industry expand its market and improve its competitiveness.

Vietnam is the third largest cotton importer in the world hitting1.5 million tonnes per year, including over 800,000 tonnes of cotton imported from the US.

Source: en.vietnamplus.vn– Sep 14, 2020

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USA: Government Bans 'Forced Labor' Xinjiang Imports as Pro-Uyghur Protests Rock NYFW

The Xinjiang cotton conflict has reached a boiling point.

U.S. Customs and Border Protection (CBP) issued five Withhold Release Orders (WRO) Monday on products reportedly produced using state-sponsored forced labor in the Xinjiang Uyghur Autonomous Region in northwestern China, where authorities are widely believed to employ modern slavery as part of a sweeping campaign to repress and assimilate some 1.8 million Uyghurs, Kazakhs and other Turkic Muslim minorities.

"By taking this action, the Department of Homeland Security (DHS) is combating illegal and inhumane forced labor, a type of modern slavery, used to make goods that the Chinese government then tries to import into the United States," acting DHS deputy secretary Ken Cuccinelli said in a statement. "When China attempts to import these goods into our supply chains, it also disadvantages American workers and businesses. President Trump and this Department have, and always will, put American workers and businesses first and protect American citizens from participating in these egregious human rights violations."

The United States Fashion Industry Association (USFIA) expressed its dismay at the allegations of forced labor sullying critical links in the fashion supply chain. "As an industry, fashion brands and retailers do not tolerate forced labor in their supply chains," USFIA president Julia K. Hughes told Sourcing Journal Monday. "This is an important issue where companies collaborate and share information to ensure that the rights of workers are protected throughout the supply chain."

Hughes continued by calling for "high-level engagement and collaboration across government, industry, labor advocates and other stakeholders," noting that fashion "cannot solve this alone."

The new WROs direct CBP officers at all ports of entry to withhold release on goods such as apparel manufactured by Yili Zhuowan Garment Manufacturing Co. and Baoding LYSZD Trade and Business Co., which both produce leather gloves, and cotton produced by Xinjiang Junggar Cotton and Linen Co., which was dropped as a Better Cotton Initiative partner last year. The federal agency says it received information that "reasonably indicates" that the Chinese companies and their subsidiaries use prison and forced labor, as characterized by “restriction of movement, isolation, intimidation and threats, withholding of wages and abusive working and living conditions,” in either apparel production or raw cotton processing.

“The series of actions CBP has taken against imports from China demonstrates the pervasive use of unethical and inhumane labor conditions in China, and CBP will not turn a blind eye,” said Brenda Smith, executive assistant commissioner of CBP’s Office of Trade. “Allowing goods produced using forced labor into the U.S. supply chain undermines the integrity of our imports. American consumers deserve and demand better.”

The news came on the heels of a demonstration by Uyghur activists and their allies in New York City Sunday urging prominent brands such as Nike, Uniqlo and Zara to stop sourcing cotton-made goods linked to the Xinjiang region.

In a nod to the first night of New York Fashion Week, models staged a catwalk outside Spring Studios on Varick St. in Chelsea wearing white cotton T-shirts and “bound” together with red rope. Organizations in the United Kingdom and the European Union, the groups said, will hold similar actions on the first nights of London and Paris Fashion Weeks.

“The very visceral representation of modern-day slavery that exists in the fashion industry’s links to this should cause each of us to address our own complicity in it,” Rushan Abbas, executive director of Campaign for Uyghurs, said in a statement. “Slavery is larceny. It means a person was forced to give their life in order to give the consumer the luxury of an ‘affordable’ product. Think about that next time you shop fast fashion.”

Xinjiang produces more than 80 percent of Chinese cotton, according to an analysis by Washington D.C.’s Center for Strategic & International Studies. Chinese cotton, in turn, made up 22 percent of the global market in 2018-19. End Uyghur Forced Labour, a coalition of more than 180 organizations across 36 countries, estimates that roughly one in five cotton garments sold globally contains fiber or yarn sourced from Xinjiang, meaning that “virtually” the entire apparel industry is complicit in Uyghur-rights abuses.

In late August, 10 human-rights, labor and investor organizations, including the AFL-CIO and Global Labor Justice-International Labor Rights Forum, filed a formal petition with the CBP asking it to issue a regional WRO on all cotton-made goods connected to Xinjiang. Last week, the White House was mulling a ban on some or all Xinjiang-made products, including apparel, partly in protest of the crackdown against Uyghurs and other Muslim minorities and partly as another salvo in the president's ongoing trade war against China. It remains fuzzy, however, if any proposed ban will include products containing Xinjiang cotton shipped from other regions of China or exported to countries such as Bangladesh and Cambodia before making their way to American shores.

Earlier this summer, the Trump administration placed several apparel firms, including reported current or former suppliers to major brands such as Ralph Lauren and Tommy Hilfiger, on a blacklist that prevents them from buying U.S. products because of their alleged ties to forced-labor camps in Xinjiang. Several of these companies have since pushed back, citing a lack of evidence that such abuses are taking place in their supply chains, though the built-in opacity of multinational sourcing networks—not to mention the multiple levels of subcontracting—can make claims tricky to verify either way.

Uyghur-rights organizations are using the social media hashtag #ForcedLabourFashion to disseminate images, created by Uyghur artist Yettesu, that parody ads from Nike, Uniqlo and Zara, claiming that these companies source their cotton products from Xinjiang.

"Given that so much cotton is sourced from the Uyghur region, the fashion industry is uniquely culpable for forced labor, and by extension, systematic policies meant to destroy the Uyghur identity," said Omer Kanat, executive director of the Uyghur Human Rights Project. "Not only are brands like Nike, Zara and Uniqlo enabling forced Uyghur labor, they're also supporting an entire system of genocidal repression. Who is picking the cotton and stitching the clothes that western consumers are wearing every day? Uyghurs. Drawn directly from mass internment camps."

Nike and Uniqlo owner Fast Retailing did not immediately respond to requests for comment. Zara parent Inditex referred Sourcing Journal to a previous statement that an internal investigation confirmed that it has zero "commercial relations with any factory in Xinjiang."

Nike said in July that while it does not source directly from Xinjiang, it is "conducting ongoing diligence with our suppliers in China to identify and assess potential risks related to employment of Uyghur or other ethnic minorities."

Last month, Fast Retailing released a statement highlighting its “zero-tolerance policy” for forced labor. “No Uniqlo product is manufactured in the Xinjiang region,” it said. “In addition, no Uniqlo production partners subcontract to fabric mills or spinning mills in the region.”

Source: sourcingjournal.com– Sep 14, 2020

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Sri Lanka: Fabric and apparel accessory manufacturers want furnace oil price reduced

The Fabric and Apparel Accessory Manufacturers Association (FAAMA) is urging the Government to reduce prices of furnace oil as it impacts competitiveness and deprives the country from saving valuable foreign exchange.

FAAMA made this request at a recently held forum on Sri Lanka’s Export Development and Way Forward, chaired by Trade Minister Bandula Gunawardena at NSBM Green University in Homagama.

FAAMA pointed out that Sri Lanka needs at least $3.3 billion worth of fabric and accessories to cater to the $5.1 billion export market, but the country only produces $550 million worth of fabric and accessories at present.

Therefore, fabrics and accessories worth $ 2.8 billion are still dependent on imports (under CH Code 50 to 60). This is further classified into apparel manufacturing for export and for domestic purposes with associated imports of $ 1.6 billion and $ 1.2 billion, respectively.

"This shows that Sri Lanka has the opportunity to save foreign exchange to the extent of $ 2.8 billion annually," the FAAMA said.

It also estimates that the capability in the local textile and apparel accessories industry can cater to around $ 2 billion annually.

This can be possible if adequate infrastructure is in place and a competitive utility cost is afforded to the industry. Utility/energy accounts for 30% of the total cost in textile manufacturing.

"Processing of fabric and accessories requires a large amount of furnace oil, but it is very expensive in Sri Lanka compared to other regional markets like India and Pakistan. This is a major challenge for our competitiveness," FAAMA stressed.

Currently many manufacturers are using Biomass Boilers, which have a higher carbon footprint, but are cheap. Accordingly, biomass boilers only require Rs. 500,000 worth of wood while furnace oil requirement is Rs. 3 million.

They requested the Government to discuss with the Ceylon Petroleum Corporation (CPC) and provide furnace oil at a better rate.

The industry is also calling for cost-effective and sustainable waste disposal methodology, including a central incineration facility, and to redress limitations in infrastructure and waste management capabilities in the Biyagama and Avissawella industrial parks.

Source: ft.lk– Sep 14, 2020

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Vietnam textile and garment companies eye EU expansion

To compensate for the shortage of export orders, Vietnamese textile and garment companies are trying to expand into the EU market. Vietnam's textile exports turnover declined 11.6 per cent during the first eight months of 2020. It is expected to further decline by 15 per cent until the end of the year, says Vietnam Textile and Apparel Association (VITAS). The textile industry currently has up to 118.7 per cent of goods in inventory as 20 per cent companies were forced to shut down while others cut labor and restructure production activities.

As many global fashion brands like New York & Company, J C Penney and Brook Brothers declared bankruptcy, Vietnamese textile manufacturers turned towards the domestic market, with main products including masks, work wear, medical outfits and fast fashion, targeting the cheap or mid-range segment. Though domestic consumption is expected to increase 5 per cent until the end of 2020, it cannot make up for the shortage of export orders, said Le Tein Truong, General Director, Vietnam National Textile and Garment Group (Vinatex). According to him, the Vietnam-Europe Free

Trade Agreement (EVFTA) will allow companies to reach an export turnover of $7 billion which was that of 2019.

Having competitive pricing and fast delivery times will enable Vietnam to take full advantage of EVFTA and increase market share in the EU as well as compete with the Bangladeshi providers, Truong said. Businesses ought to improve logistical capacity to achieve shorter delivery time, and the government should simplify administrative procedures, reduce clearance and inspection time, he added.

Manufacturers should also start importing materials from countries that have signed FTAs with Vietnam and the EU to take advantage of cumulative rules of origin. Additionally, they should dabble in specialized, hi-tech, multi-detailed textile products or workwear, sports and medical products, while changing production technology, improving management capacity and investing in social and environmental factors.

Source: fashionatingworld.com– Sep 14, 2020

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Vietnam textile and garment industry calls for greater cooperation with India

Strengthening cooperation with India will help Vietnam's garment and textile industry enhance competitiveness and boost exports, said delegates at the virtual seminar themed: 'Promoting Vietnam-India business relations in the areas of garments, textiles and health'. Organized by the Vietnamese Embassy in India on September 10, the seminar was attended by 250 enterprises, scholars and policymakers from the two countries in the three aforementioned fields.

Pham Sanh Chau, Vietnamese Ambassador to India emphasized on the significant changes in the world's geo-political picture with rivalry and competition between major powers, and tensions and disputes in the area of security affecting economic issues.

In addition, supply chains are facing multiple challenges due to the disease, thus hurting global trade. However, this can be an opportunity for India and Vietnam to promote bilateral relations and complement each other, thereby contributing to the recovery and enhancement of supply chains in important fields, he said.

Delegates lauded Vietnam's economic achievements in recent years with an average annual growth rate of 6-7 per cent. Vietnam is also a popular destination for foreign direct investment (FDI) with its signing of more than 10 free trade agreements (FTAs).

Ashok Juneja, President, Textile Association (India) said, garments and textiles are a key export sector of Vietnam with revenue of up to $36 billion, equaling India's $38 billion in value terms. However, India exports $16 billion of garment and $22 billion of textile products, while Vietnam exports up to $31 billion of garments and only $5billion of textile items.

Therefore, the two countries have ample space to boost cooperation in this area. Juneja added, India can boost Vietnam textile and garment industry by exporting natural fibers such as cotton, jute, silk and wool, to synthetic fibers such as polyster and nylon.

Source: fashionatingworld.com– Sep 14, 2020

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NATIONAL NEWS

Economy to shrink 9% in FY21, says S&P

Extent of downslide increased from 5% contraction earlier

S&P Global Ratings said on Monday that it was expecting India's economy to shrink by 9 per cent in the fiscal year ending March 31, 2021, larger than its previous estimate of a 5 per cent contraction, as the country reels under the impact of the Covid-19 pandemic.

The ratings firm joins a host of major banks and ratings agencies, which have made deep cuts to their forecasts on India's economy following a 23.9 per cent contraction in April-June, as consumer spending, private investments and exports collapsed during one of the world's strictest lockdowns.

S&P's latest revision comes three months after it made its projection on India's real GDP for fiscal 2021. "While India eased lockdowns in June, we believe the pandemic will continue to restrain economic activity ... As long as the virus spread remains uncontained, consumers will be cautious in going out and spending and firms will be under strain," S&P said in a note.

"The potential for further monetary support is curbed by India's inflation worries," said Vishrut Rana, Asia-Pacific economist for S&P Global Ratings. The Reserve Bank of India has cut policy rates by 115 basis points so far this year.

Retail inflation data, due later in the day, is likely to have stayed above the Reserve Bank of India's medium-term target range in August for the fifth straight month, according to a Reuters poll.

India's high deficit also limits the scope for further fiscal stimulus, S&P added. It expects GDP growth of 6 per cent in fiscal 2022 and 6.2 oer cebt in fiscal 2023. Moody's on Friday said it was expecting India's real GDP to contract by 11.5 per cent in fiscal 2020.

Source: thehindubusinessline.com– Sep 14, 2020

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Exporters urge govt to sort out liquidity issues to help them execute new orders

Stuck refunds of GST and MEIS benefits must be released soon, says FIEO
Exporters have complained that a continued financial crunch was not allowing many units to take up fresh orders coming from new buyers following the relaxation of the lockdown in several countries and sought government help in release of blocked refunds.

"At this point of time, when exporters are receiving new orders from new buyers and destinations, support needs to be given to help them execute such orders. Unfortunately, many of the exporters have expressed their inability to honour such orders, in view of liquidity challenges, due to stoppage of exports benefits and refund of GST," according to a statement circulated by exporters body FIEO on Monday.

Liquidity challenges

Exporters are facing huge liquidity challenges due to the stoppage of Merchandise Export from India Scheme (MEIS) benefits of over ₹10,000 crore from April 1, 2020 and IGST (Integrated Goods and Services Tax) refund now, the release added.

India's exports of goods have taken a big hit due to the disruptions caused by the Covid-19 pandemic. In July, exports declined for the fifth consecutive month posting a fall (year-on-year) of 10.2 per cent at $23.64 billion. However, the pace of decline was much lower in July compared to the 60 per cent hit suffered by exports in April.

FIEO said that despite the pandemic, Indian exporters have started receiving a lot of enquiries and orders from across the globe helping many sectors show improved export performance, which is likely to get better in next few months.

The exporters' organisation urged the government to look into their concerns as hiccups in export efforts, at this point of time, could result in their losing buyers while successful execution of these orders will bring additional export business from new and unexplored territories. "All wings of the government should sit together to resolve the technical and financial issues, helping the seamless flow of liquidity to exports sector," the statement said.

Source: thehindubusinessline.com– Sep 14, 2020

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GST collection dips 44% in various States/UTs during April-August: Thakur

FDI from China also declined to $163.78 million in 2019-20

The Finance Ministry has informed Parliament that the GST collection dipped up to 44 per cent in various States/Union Territories during April-August period.

In response to question on GST collection, Minister of State in Finance Ministry Anurag Singh Thakur said that GST collection for the Centre during April-July was ₹1.81 lakh crore which is 26.2 per cent of the target ₹6,90,500 crore. States/UT registered deep decline with Daman & Diu seeing highest drop of 44 per cent.

In terms of States, GST collection in Jharkhand came down to ₹5,967 crore during April-August period this fiscal as against over ₹10,000 crore during corresponding period of last fiscal.

Similarly, collection in Uttarakhand declined to ₹3,760 crore as against ₹6,327 crore, in Maharashtra to ₹52,154 crore from ₹75,910 crore, in Gujarat to ₹22,049 crore from ₹32,503 crore, in Karnataka to ₹24,763 crore from ₹34,362 crore and in Tamil Nadu the collection declined to ₹19,797 crore from ₹30,528 crore.

To another question on FDI from China, Thakur said that it was $461.4 million in 2015-16 which dropped to $229 million in 2018-19 and $163.78 million in 2019-20.

Curbs on FDI

The government has already put restrictions on FDI from China. Without mentioning name of China, Thakur said that the government amended FDI rules “to curb opportunistic takeovers/acquisitions of Indian companies due to the current Covid-19 pandemic.”

Now an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the government route.

Similarly, in the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly through investor of a country having land border with India, such subsequent change in beneficial ownership will also require government approval.

Source: thehindubusinessline.com– Sep 14, 2020

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Rs 10,000 crore export sops stoppage causing liquidity challenge: Exporters body tells govt

The Federation of Indian Export Organisations (FIEO) has sought support from the government to execute new orders amid exporters facing liquidity challenges due to the stoppage of export benefits of over Rs 10,000 crore under a key scheme along with refunds of the integrated goods and services tax (IGST).

The Merchandise Export from India Scheme (MEIS) would be wound up by December 31, 2020 and the government has already capped the benefits under it to Rs 2 crore per exporter from September 1-December 31, 2020.

“Exporters, particularly from MSME sector, are facing huge liquidity challenges due to the stoppage of MEIS benefits of over Rs 10,000 crore from April1, 2020 and IGST refund now,” said FIEO President S K Saraf.

The pitch for easing the liquidity constraints comes amid exporters receiving enquiries and new orders from new buyers and destinations that would help many sectors to show improved export performance. India’s exports shrank for the fifth month in a row in July when they contracted 10.2% on year at $23.64 billion.

“Unfortunately, many of the exporters have expressed their inability to honour such orders, in view of liquidity challenges, due to stoppage of exports benefits and refund of GST,” Saraf said.

Urging the government to look into the issue, Saraf said any let-up in export efforts will cost exporters "dearly".

He also said that banks are helping eligible exporters with the emergency credit line guarantee scheme but due to hold up of GST refund and MEIS, the exporters are forced to seek additional loans from banks and such additional requirement is now subject to very high interest rates.

"Banks need to consider this pragmatically and provide a competitive interest rate to the exports sector particularly as the deposit rates have come down substantially with the reduction in key interest rate.

Government needs to pay interest on the delay in refunding GST to compensate the exporters," he added, and suggested the government to address the issue of risky exporters by providing them duty drawback and IGST benefits against a bond, if physical verification of such exporters has been established.

Source: economictimes.com– Sep 14, 2020

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WPI inflation for clothing down 0.44% in August 2020

India's annual rate of inflation, based on monthly wholesale price index (WPI), for August 2020, stood at 0.16 per cent over August 2019.

The index for textiles declined by 0.09 per cent and for apparel by 0.44 per cent in August, according to the provisional data released by the Office of the Economic Adviser, ministry of commerce and industry.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of August 2020 increased by 0.91 per cent to 121.7, showing positive inflation for the first time since April this year when the economy was hit by COVID-19 pandemic and lockdowns.

The index for manufactured products (weight 64.23 per cent) for August 2020 increased by 0.59 per cent to 119.3 from 118.6 for the month of July 2020. The index for 'Manufacture of Wearing Apparel' sub-group, however, declined by 0.44 per cent to 136.4. The index for 'Manufacture of Textiles' sub-group too decreased by 0.09 per cent to 113.1.

The index for primary articles (weight 22.62 per cent) rose by 1.81 per cent to 146.3. The index for fuel and power (weight 13.15 per cent) also increased by 0.77 per cent to 91.4.

Source: fibre2fashion.com– Sep 14, 2020

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Cotton futures slip marginally to Rs 17,800 per bale in afternoon trade

Cotton futures fell marginally 0.22 percent to Rs 17,800 per bale on September 14 as participants increased their short positions as seen from open interest. Cotton futures on the Multi-Commodity Exchange (MCX) settled with a gain of over 1 percent on Friday on increased demand by millers.

Cotton prices have been under pressure on increasing tensions between the US and China, and weakness in crude prices triggered selling in natural fibre in the international market, which pressured cotton prices across the globe.

The Cotton Association of India has shown displeasure against the US State Department of Agriculture (USDA) projecting Indian cotton stock much higher than it exists.

The USDA projected Indian cotton stock at 19.2 million bales at July end compared to CAI estimation of 11.2 million bales.

In the futures market, cotton for October delivery touched an intraday high of Rs 17,860 and an intraday low of Rs 17,610 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 16,060 and a high of Rs 18,260.

Cotton futures for October delivery slipped Rs 40, or 0.22 percent, to Rs 17,800 per bale at 15:10 hours IST on a business turnover of 712 lots. The same for November contract rose Rs 50, or 0.28 percent to Rs 17,640 per bale with a business volume of 223 lots.

The value of October and November's contracts traded so far is Rs 4.88 crore and Rs 0.7 crore, respectively.

The expectation of bumper crop this season and huge carry over stock in India may keep gains under check in cotton in coming sessions, said Kotak Securities.

Source: moneycontrol.com– Sep 14, 2020

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Man made fibres, yarn sector to recover due to pent up demand: Ind-Ra

Man-made fibres and yarn segments are expected to recover on the back of pent-up demand and strong export order build up in all the segments, India Ratings said in its report.

Both man-made fibres and cotton segments should start benefiting from the low raw material prices in the third quarter this financial year, it added.

Man-made fibres and yarn segments'' volumes have improved to 50-80 per cent of the normal levels in August, led by pent-up demand and strong export order build up in all the segments, Ind-Ra said in the report.

Plant utilisation of pure man-made fibres and yarn manufacturers was severely impacted over the first quarter of 2020-21, amid COVID-19-led lockdown.

The volume recovery of pure man-made fibres and yarn should be quick but has started relatively late from August, while the cotton and blended spinners'' volumes started recovering in June.

Ind-Ra expects raw material prices to remain moderate in the second half of FY21. Further, Ind-Ra said it expects fabric and apparel prices to decline in August, led by a quick supply restoration than demand recovery.

During July-August, most players have resorted to discounts to boost sales and also generated the much required internal liquidity, it added.

Disbursement of COVID-19 bank loans and promoter-led infusions also supported liquidity and the ability of fabric and apparel players to ramp up operations quickly, the report said, adding that it expects apparel prices to remain modest in 2HFY21 to push sales.

Readymade garments exports recovered significantly starting June-July and order book build up in August was strongly supported by restocking at global retailers and global sector consolidation, it said.

Large Indian players are benefitting from the shift in market share to India from China, it added. Big apparel and readymade garment manufacturers have largely been able to resolve labour mobility and availability concerns, it added.

Demand for home textiles has been only moderately impacted as they are necessary products for day-to-day life. However, the US-China trade war has impacted imports from China into the US, thus giving a strong push to exports from India.

Ind-Ra expects the demand for home textile exports to sustain in 2HFY21 at healthy levels achieved over August-September.

Indian players are likely to increase their already strong market share in terry towels and bed linens, led by supply chain diversification away from China, the rating agency said.

Source: outlookindia.com– Sep 14, 2020

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Govt urged to remove anti-dumping duty on viscose staple fibre

India's textile industry has urged the government to remove anti-dumping duty on import of viscose staple fibre (VSF) for the sector to achieve global competitiveness, a statement said on Sunday.

The Confederation of Indian Textile Industry (CITI), along with other industry bodies, has submitted a joint representation to Prime Minister Narendra Modi in this regard, a CITI statement said.

Noting that the Ministry of Textiles has set a target of $350 billion market size for the growth of the Indian textiles and clothing (T&C) industry by 2025, the CITI said that this cannot be achieved until the country shows progress in exports of textile products, especially in the man-made fibre (MMF) sector.

The industry has been facing stagnation since many years, mainly due to the lack of availability of basic raw materials of MMF/filament yarn at internationally competitive prices, as per the industry body.

“Taking a serious view of the high price of VSF in India, the captains of the various segments of VSF value chain, viz the Apparel Export Promotion Council (AEPC), the Bhiwandi Powerloom Weavers Federation Ltd (BPWF), the Confederation of Indian Textile Industry (CITI), the Clothing Manufacturers Association of India (CMAI), the Federation of Gujarat Weavers’ Welfare Association (FGWWA), the Handloom Export Promotion Council (HEPC), the Indian Spinners Association (ISA), the Ichalkaranji Shuttleless Looms Owners Association (ISLOA), the Powerloom Development Export Promotion Council (PDEXCIL) and the Tamil Nadu Federation of Powerloom Associations (TNFPA) have submitted a joint representation to the Prime Minister of India for the removal of anti-dumping duty on import of viscose staple fibre (VSF) to achieve global competitiveness,” said the statement.

They have also pleaded to the Ministers of Finance, Commerce and Textiles and their respective Secretaries in this regard.

The textile industry players have stated that cotton fibre, which is the basic raw material for the cotton textile industry, and also the growth engine of the Indian T&C industry is available to the industry at an internationally competitive prices. This has helped the entire cotton value chain to remain globally competitive as it doesn’t attract any import duty or anti-dumping duty, said CITI.

The VSF Value Chain stakeholders pointed out that India, despite being the second largest producer of MMF in the world, has only 20 per cent share in total T&C exports while China’s share of MMF products stands at 80 per cent.

The Indian textile industry is not in a position to fully capture the market opportunities compared to Vietnam, Indonesia, Thailand, Bangladesh, Pakistan, etc, mainly due to the expensive price of VSF which is the second most important basic raw material for the MMF textile value chain, said the industry body.

Source: newsd.in– Sep 13, 2020

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Will the festive season revive the ethnic wear category?

Ethnic wear brands in the country are pinning their hopes on the festive season for a revival in demand. With fewer occasions to wear ethnic clothes, the segment saw muted sales, 10-20% of pre-Covid levels, in April, May and June. However, the onset of festivities — starting with Eid in July and Raksha Bandhan, Ganesh Chaturthi and Onam in August — brought back some of the demand. Brands such as Fabindia, W, Aurelia and Ethnix by Raymond have reported a surge in sales, to the tune of 35-45% of the pre-Covid period.

The festive season contributes about 25% to the yearly sales of ethnic wear brands. Companies expect a further revival in October and November during Durga Puja, Dussehra and Diwali. According to Siddharth Jain, partner, Kearney, the ethnic wear category has a 20% (Rs 45,000 crore) share in the Rs 2.35 lakh crore urban apparel market in India. The segment, he says, will see demand erosion of Rs 15,000-20,000 crore in FY21, as compared to the previous fiscal.

Rising to the occasion

Fabindia is now reaching customers directly, as opposed to customers visiting its shops. Ajay Kapoor, president, retail, Fabindia, says for the festive season, the company will set up shops in housing societies, and provide contactless shopping experiences to consumers.

Fabindia is also betting on e-commerce to bring in higher sales this season. The company claims to have seen a 100% jump in online sales in recent months. “Our offering won’t be as wide this time, but we plan to come out with a Rajwada collection for markets in East India in September, and North India in November,” says Kapoor. Fabindia expects to clock 50% of last year’s festive sales.

TCNS Clothing, which owns brands like W and Aurelia, is focussing on its casual ethnic wear line. “We have observed that consumers are opting for casual ethnic clothes and low-cost everyday functional wear,” says Anant Daga, MD, TCNS Clothing. The company is also building “a flexible inventory and a responsive supply-chain, as demand forecasting is difficult in these uncertain times”. Daga believes this will help them offer relevant options even if there’s a surge in demand last minute.

Ethnix by Raymond, too, plans to keep its supply chain nimble. Although the absence of large-scale weddings has impacted the business, Suman Saha, COO, Raymond Apparel, says “the need for ethnic wear hasn’t gone away, as people are still attending small gatherings and digital ceremonies”. The apparel company will be launching BTL activations over the next three months.

Muted celebration

While e-commerce will emerge as the leading retail channel this season, Anand Ramanathan, partner, Deloitte India, says it will come at a price for apparel companies. “The margins these brands earn from online channels are 30-40% lower in comparison to offline channels,” he says.

According to Jain of Kearney, it takes six to eight months of planning to get ethnic wear products in the market. And this year, that period was disrupted due to the lockdown. “Since all the work would have happened from March to September, these companies would have faced supply chain challenges during these months,” he adds.

The ethnic wear category relies heavily on skilled designers and embroiderers. The shortage of artisans owing to the pandemic has also affected the business.

Industry watchers expect a subdued festive season. Although sales may pick up during Durga Puja and Diwali, it will remain 30% lower than last year. However, this will depend on how effectively brands can lure customers into their stores, both online and offline.

Source: financialexpress.com– Sep 14, 2020

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