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

IBTEX No. 265 of 2020 December 16, 2020

US 73.51| EUR 89.41| GBP 98.98| JPY 0.71

NEWS CLIPPINGS

	NATIONAL NEWS
1	Exports dip 8.74 per cent in November; trade deficit narrows to $9.87 billion
2	Trade imbalance causes container shortage; freight rates hit the roof
3	Textile companies see slower fall in their revenue as export markets show promise
4	Indian home textile exporters weave their way out of downturn, and how!
5	Shri Piyush Goyal invites Foreign Investors to be a part of India's growth story
6	RoDTEP rates not decided, MEIS for exports may continue till end-March 2021
7	Industry, govt have to partner for India to become USD 5 trillion economy by 2025: Piyush Goyal
8	Home textile exporters set to bounce back faster than other segments
9	Cotton futures up nearly 1% at Rs 20,240 per bale on MCX
10	Garment makers want GST to be cut to 5% from 12%
11	Govt extends deadline for completing GST anti-profiteering probe till March 2021
12	Odisha CM announces Rs 289.42-crore package for MSMEs
13	Festive demand high, but apparel retailers yet to recover
14	India Exim Bank, Bank of Africa BMCE Group sign MoU

INTERNATIONAL NEWS

US bans China's cotton products: How India can seize the advantage

Earlier this month, the Trump administration doubled down on the trade war between the United States and China by banning cotton imports from the sprawling Chinese quasi-military organisation, Xinjiang Production and Construction Corps (XPCC).

In a statement, the US Customs and Border Protection (CBP) cited widespread use of forced labour in Xinjiang. The XPCC is, reportedly, responsible for roughly a third of all China's cotton production accounting for around 17 per cent of Xinjiang's economy. In 2019 alone, the United States imported as much as $11 billion worth of cotton textile and apparel products from China.

Regardless of whether the move was made to intensify the United States' hardline stance on China, making it increasingly difficult for the incoming Biden administration to soften relations with the Middle Kingdom, it, without doubt, has sweeping consequences for apparel firms and other companies importing cotton products.

Many of these firms rely on XPCC-produced cotton fibre across the various stages of their supply chains. What's more, the interwoven nature of the global cotton supply chain will also make it difficult to identify whether cotton textile imports have used XPCC fibre. Industry insiders have noted that only the largest of companies with integrated operations across the entire textile supply chain may be able to guarantee that XPCC products have not been used.

Nevertheless, the move prompted credit rating agency, ICRA to suggest that it may work in India's favour. In its report, the agency noted that several major Indian apparel exporters have already begun receiving increased orders, or are engaging in deliberations with international buyers, with the intention of filling the vacuum caused by the ban.

The global disruptions that the COVID-19 pandemic has caused have awoken firms to the importance of diversifying their supply-chains with many already working towards shifting to a 'China + 1' model. The US ban on XPCC products is only likely to expedite this transition.

Source: timesnownews.com– Dec 15, 2020

HOME

****

UK announces independent approach to EU-US trade conflicts

The United Kingdom recently announced an independent approach to the long-standing trade conflicts between the European Union (EU) and the United States around steel, aluminium and aerospace tariffs. To defend the UK steel industry, UK international trade secretary Liz Truss rolled over tariffs in response to the unjustified ‘Section 232’ tariffs imposed by the US on aluminium and steel imports.

These tariffs will continue from January 1 when the UK becomes an independent trading nation once again.

The Department for International Trade will launch a consultation to ensure these tariffs are shaped to UK interests and tailored to the UK economy, based on evidence and input from key stakeholders. Details of the scope and timing of the consultation will be confirmed in due course, said a UK government press release.

In parallel, the UK government is suspending retaliatory tariffs resulting from the Boeing dispute in an effort to bring the United States towards a reasonable settlement and show that the UK is serious about reaching a negotiated outcome.

The government reserves the right to impose tariffs at any point if satisfactory progress towards an agreeable settlement is not made, the press release said.

The twin announcements are part of the government’s strategy to de-escalate trade tensions so the United States and the United Kingdom can move forward to the next phase of their trading relationship, and ultimately draw a line under a dispute that harms industry on both sides of the Atlantic.

“Ultimately, we want to de-escalate the conflict and come to a negotiated settlement so we can deepen our trading relationship with the US and draw a line under all this. We are protecting our steel industry against illegal and unfair tariffs—and will continue to do so—but are also showing the US we are serious about ending a dispute that benefits neither country," Truss said.

In 2018, the US government announced that under Section 232 of the US Trade Expansion Act of 1962, it would place tariffs on EU imports of steel and aluminium.

The ongoing tariffs are unjustified under WTO rules and unfairly target UK steel and aluminium manufacturers and should be removed, the UK government claims. Any claim that UK steel and aluminium imports harm US national security is false and without foundation, it asserts.

In response, the EU imposed counter-balancing measures on US products.

Source: fibre2fashion.com– Dec 15, 2020

HOME

****

Virus resurgence hits H&M sales, cuts promising recovery

Swedish fashion retailer H&M says its sales fell 10 per cent in the fourth quarter as the second wave of the COVID-19 pandemic stalled consumer spending, cutting short a promising recovery seen in the third quarter.

The Stockholm-based company said Tuesday ahead of reporting full fourth quarter earnings in January that sales in the September to November period dropped to 52.5 billion Swedish kronor (USD 6.25 billion) from 61.7 billion kronor a year earlier.

Sales for the full fiscal year, which runs for the 12 months through November, stood at 187 billion kronor, down 18 per cent. H&M said that the entire year 2020 was marked by the coronavirus pandemic for the company, one of the world's largest budget fashion retailers, though the year took off with "a positive momentum."

"The H&M group started the year strongly and with a positive momentum until the first wave of COVID-19 had an impact," the company said in a brief statement.

"Extensive social restrictions involving temporary store closures and large drops in customer footfall to physical stores led to a substantial decrease in sales, particularly in the second quarter."

A strong sales recovery followed in the third quarter, continuing for much of the fourth quarter before suffering "a new slowdown as a result of the pandemic's second wave." The company will report its full fourth quarter and 2020 earnings on January 29.

Source: economictimes.com– Dec 15, 2020

HOME

****

Heimtextil joins forces with Techtextil and Texprocess

Heimtextil has joined forces with Techtextil and Texprocess to bring together representatives of industry, trade, design, science, and research at the same time and place. Heimtextil is the largest international trade fair for textile interior design. Techtextil and Texprocess represent technical textiles, non-wovens, and functional apparel textiles.

Speaking about the current planning status and the outlook for the three trade fairs, Olaf Schmidt, vice president textiles and textile technologies of Messe Frankfurt said, “We are relieved that we decided at an early stage to postpone the next Heimtextil from January until May 2021.

For, although we are still far removed from having complete planning certainty, we are tackling the projects for Heimtextil, Techtextil and Texprocess 2021 with confidence – in the hope that the current, second lockdown and the no-less challenging winter months ahead of us will be followed next spring by an improvement in the corona situation. Looking towards Asia also gives us ground for optimism.”

“From Germany’s home-textile manufacturers, furnishing specialists and retailers, we know that the order books are well filled at the moment. We have heard that many companies are hoping for a trade fair and personal encounters with customers and partners in the near future, to give their businesses an additional boost.

At present, around 1,600 companies have said they are interested in exhibiting at the next Heimtextil. Techtextil and Texprocess can also boast very good registration figures with over 85 and 65 per cent respectively of the exhibition space at previous events already having been reserved," Schmidt said in a press release by Messe Frankfurt.

"In addition to the significantly improved prospects of success given by the later dates, holding the three trade fairs in parallel offers valuable synergistic effects for many participants, as well as the unique chance to discover large parts of the textile value chain at the same time and place, from fibres and yarns, via functional textiles and production and finishing processes, to finished products for a variety of applications, especially textile interior furnishings," he added.

Speaking about the new technologies to be shown at the expo, Schmidt said, "Thanks to the close proximity to manufacturers of innovative technical textiles and nonwovens at Techtextil, Heimtextil exhibitors and visitors have the opportunity to meet potential partners from a new area of business.

From the point of view of many Heimtextil participants, the machines and new technologies for processing textile and flexible materials to be seen at Texprocess are a field of considerable interest. Specifically, this means that product designers, buyers or textile engineers from exhibiting companies at Heimtextil can also make business contacts at Techtextil and Texprocess, and discover the latest products on the market."

"Moreover, the presence of retailers, furnishing specialists, interior architects, architects, designers, materials experts from research and development and machine and technology specialists means that the participants of all three events will receive impulses from sectors that are rarely to be found all together at the same venue. Thus, the trade-fair trio will be a 'textile powerhouse' offering inspiration, expertise and business opportunities in completely new constellations.

In particular, Techtextil and Texprocess will offer more digital services for the first time. We will stream lectures and discussions, as well as install a new online matchmaking service. Thus, international participants will have the chance to obtain in-depth information during or after the event, as well as to make valuable contacts," he added.

Talking about the decisive factors for hosting the three trade fairs, Schmidt said, "In February, we will have received binding registrations from our Heimtextil exhibitors. In the case of Techtextil and Texprocess, the deadline is the end of January. Only then, after these deadlines have passed, will we have a clearer view forward and our teams be able to plan the fairs in detail.

As soon as possible afterwards, we will hold a press conference and provide details about the number of registrations received and the planning status of the individual events."

Source: fibre2fashion.com– Dec 15, 2020

HOME

****

SACTWU settles clothing industry wage negotiations

The Southern African Clothing & Textile Workers' Union (SACTWU) has settled its 2020 round of wage negotiations in the clothing industry. Nearly 70 000 clothing workers in the country are expected to benefit from this collective agreement. The negotiations and union mandating process were extremely difficult, mainly because of the restrictive but necessary lockdown conditions.

Then union is affiliated to the Congress of South African Trade Unions (COSATU).

These wage negotiations commenced on August 6 this year, and were entirely conducted on a virtual platform under the auspices of the National Bargaining Council for the Clothing Manufacturing Industry.

Following a deadlock, the union declared a formal dispute on September 10. Five rounds of conciliation meetings took place subsequently, when the parties attempted to resolve the dispute, according to a press release from SACTWU.

The dispute was finally resolved when a collective agreement was ratified at a special council meeting of the bargaining council. The new collective agreement was concluded between SACTWU, the Apparel & Textile Association of South Africa (ATASA), the South African Apparel Association (SAAA) and the Transvaal Clothing Manufacturers Association (TCMA).

The final settlement provides for a wage increase of 3.7 per cent with effect from March 1, 2021, and a further 4.2 per cent increase with effect from September 1.

In addition, the agreement provides for an additional day's wages as part of the annual leave payments, payable in December this year, to all clothing industry employees.

The agreement will now be submitted to the department of employment and labour, for gazette notification and extension to cover all clothing employers and workers in the whole of the South Africa.

Source: fibre2fashion.com– Dec 15, 2020

HOME

****

Lockdowns Cost Primark Parent $573 Million

Although month-long closures at Primark stores took a toll on its top line to the tune of an estimated 430 million pounds ($573 million), parent company Associated British Foods (ABF) foresees a positive 2021 on the horizon. ABF expects Primark sales and profit to be higher in the upcoming 2021 financial year compared to 2020, which ended Sept. 12, with plans to expand retail selling space.

The loss was larger than the 375-million-pound (approximately $500 million) hit ABF projected at the start of November.

In 2020, total group revenues fell 12 percent to 13.9 billion pounds ($18.2 billion) for the year ended Sept. 12, with sales clearly impacted by the Covid-19 pandemic.

The look forward to 2021 comes as ABF is reportedly considering a bid for a number of Arcadia Group's fashion retail brands, according to a report from The Sunday Times. If true, ABF would be among a long list of potential suitors for the apparel company's assets, including Frasers Group, Boohoo, Marks & Spencer, Next, River Island and American brand management firm Authentic Brands.

Arcadia Group Limited, one of the staples of U.K. fashion retail and operator of brands such as Topshop, Dorothy Perkins and Miss Selfridge, fell into administration in November. Administrators at Deloitte are looking for bids of up to 200 million pounds for Topshop alone, according to The Guardian.

Primark's stores in the major markets of England, Ireland, France and Belgium reopened to start December after they were hit with a second string of nationwide nonessential lockdowns amid the rise in Covid-19 cases. Sales in the days after reopening have been "very strong, reflecting the excitement and appeal of the Primark offering," ABF chairman Michael McLintock said at the company's annual meeting on Dec. 4.

Operating hours in all 153 of Primark's English branches were extended until at least 8 p.m. on weekdays until Dec. 23. The retailer already opened 11 of its England stores for 24 hours when they were allowed to reopen.

"We have extended the opening hours during this festive season in most of our stores in the Republic of Ireland and England to cater for the anticipated higher customer demand and to help ensure a safer environment by spreading shopping hours over a longer period," McLintock said.

As of Dec. 4, 34 stores across ABF's markets remain temporarily closed, including all stores in Northern Ireland and Austria. This represented 7 percent of the company's total retail selling space compared to 62 percent when the highest number of stores were closed in November.

On a positive note, the operating costs of the shuttered Primark locations were reduced by some 25 percent during this period of closure.

All orders placed with suppliers have been honored, McLintock confirmed. In a "small number" of markets, trading hours and store occupancy levels continue to be restricted and uncertainty about further temporary store closures in the short-term remains.

Since the start of this financial year, Primark has opened new stores at U.S. shopping centers including the American Dream megamall and entertainment complex in New Jersey and Sawgrass Mills in Florida. The retailer has also opened three stores internationally in the past two months, including one in Rome, and two more in Spain in Barcelona and León.

These store openings bring Primark's total estate to 389 stores and 16.5 million square feet of retail selling space.
U.K. footfall picks up ahead of Christmas

ABF's confidence in Primark comes as store foot traffic continues to jump throughout the U.K., with footfall increasing 19.5 percent week over week in the seven-day period of Dec. 6 to Dec. 13, with rises of 26.3 percent in shopping centers and 21.1 percent at high-street retail locations.

The weekly traffic increase stands in sharp contrast with 2019 when footfall declined by 0.9 percent following rises in the previous two weeks (1.3 percent in the previous week and 7.6 percent in the week of Black Friday). This year, in-store traffic in the U.K. improved 8 percent during the week of Black Friday even in the wake of the lockdowns.

Footfall rose in all periods across the entire day, although during daytime business hours, the increase was nearly one-quarter greater than post-6 p.m. The jump in traffic was 20.4 percent during the daytime hours between 9 a.m. and 6 p.m., as opposed to 16.9 percent from 6 p.m. to midnight. But either way, this is a positive sign for retailers as it indicates that shoppers are using the extended hours to visit stores.

Retail parks, which are the equivalent of larger non-mall shopping centers in the U.S., saw the smallest week-over-week traffic growth at 9 percent, but they have had by far the smallest traffic drop of physical locations compared to last year. Much of the success comes from the fact that retail parks often include food stores that are still heavily trafficked.

These parks have only experienced an 8.6 percent dip year-over-year from Dec. 6 to Dec. 12, compared to the 38.1 percent footfall decrease in the high street locations and a 33.2 percent decline in shopping center traffic. Overall, brick-and-mortar footfall throughout the U.K. is 29.9 percent lower than last year across all destinations.

During the annual meeting, McLintock assured that its businesses have completed "all practical preparations" as the U.K. preps to exit the European Union this month, noting that "contingency plans are in place should our businesses experience some disruption at that time."

Source: sourcingjournal.com– Dec 14, 2020

HOME

****

New Xinjiang Report: More Than 500K Uyghurs Forced to Pick Cotton

More than half a million ethnic minority workers in China's Xinjiang Uyghur Autonomous Region are forced to pick cotton by hand through a state-sponsored labor transfer and "poverty alleviation" scheme, new research claims.

Previous evidence for forced labor in the northwestern region, where the Chinese government holds some 1.8 million Uyghurs, Kazakhs and other Turkic Muslim minorities in internment camps and prisons, involved only low-skilled manufacturing, such as the production of textiles and apparel, according to the report, which was published Tuesday by the Center for Global Policy, a Washington, D.C.-based think tank.

This report, on the other hand, "provides new evidence for coercion specifically related to cotton picking," wrote Adrian Zenz, the study's author. "These findings have much wider implications, affecting all supply chains that involve Xinjiang cotton as a raw material."

The revelations, he added, have "potentially drastic consequences" for the global supply chain: Xinjiang produces 85 percent of China's cotton, which in turn comprise roughly one-fifth of the world's supply.

Evidence gathered by Zenz through government documents and state media reports showed that the Uyghur-majority prefectures of Aksu, Hotan and Kashgar marshaled at least 570,000 people to pick cotton in 2018. Labor transfer of ethnic minorities from other districts, along with prison labor, is likely to add "several hundred thousand" to that number. "While not directly related to the campaign of mass internment, these labor transfers can include persons who have been released from internment camps," he said.

The news comes two weeks after U.S. Customs and Border Protection issued a Withhold Release Order blocking all imports from the Xinjiang Production and Construction Corps (XPCC), a sprawling paramilitary organization that produces one-third of cotton in China, over concerns about the use of forced Uyghur labor to farm and process the fiber. The Treasury Department has also placed the XPCC on its sanctions list, prohibiting all American companies and citizens—or non-American companies and citizens subject to U.S. jurisdiction—from engaging with the organization, whether directly or indirectly.

Though mechanized harvesting in XPCC regions reached a share of 83 percent in 2019, more than 70 percent of the high-quality long-staple cotton predominantly cultivated in southern Xinjiang is still processed manually, Zenz said. State policies touting “poverty alleviation through employment,” he said, have bolstered the numbers of local minority pickers while reducing the area’s reliance on outside Han Chinese migrant laborers.

“The intensive two- to three-month period of cotton picking represents a strategic opportunity to boost rural incomes, and therefore plays a key role in achieving the state’s poverty alleviation targets,” he wrote, though he noted that cotton picking is “grueling and typically poorly paid work.”

Workers are closely monitored with on-site surveillance by government officials—and, on occasion, police officers—to ensure that pickers have a “stable” state of mind and “administer political indoctrination sessions” designed to “lead all ethnic workers to obey the law and to proactively resist illegal religious activities,” Zenz said, quoting a government notice. Some districts place Uyghur children and seniors into centralized care while working-age adults are dispatched to pick cotton.

“The report brings sharper clarity to our understanding of forced-labor risk in the apparel supply chain, providing significant new evidence that forced labor is not only present in Xinjiang’s all-important cotton sector, but that it is systematic,” Scott Nova, executive director of the Worker Rights Consortium, a member of the End Uyghur Forced Labour coalition, told Sourcing Journal.

Representative Jim McGovern (D-Mass.), sponsor of the Uyghur Forced Labor Prevention Act, which would assume all goods manufactured in Xinjiang are made with forced labor unless “clear and convincing evidence” demonstrates otherwise, called on the Senate Tuesday to shepherd the legislation into law following its passage in the House of Representatives in September.

“We know forced labor is widespread and systematic in Xinjiang,” he said in a statement. “We also know that many global corporations are complicit in the exploitation of Uyghur forced labor and these products continue to make their way into global supply chains and our country. It is long past time for the Senate to stand up to the Chinese government and stop listening to corporate lobbyists who are working to weaken the legislation.”

The New York Times previously wrote that Apple, Coca-Cola and Nike are reportedly lobbying the Senate to weaken or kill the legislation despite claiming zero tolerance for forced labor in their supply chains. In July, the Coalition to End Forced Labor in the Uyghur Region urged brands to sever ties with suppliers complicit in modern slavery and end all sourcing from Xinjiang, from cotton fiber to finished garments.

Brands that have cited the strength of their codes of conduct and social auditing efforts will be increasingly hard pressed to prove compliance with federal statutes, which prohibit the importation of merchandise mined, manufactured or produced, wholly or in part, by forced labor, including convict labor, forced child labor and indentured labor.

A number of supply-chain auditing firms, including Bureau Veritas and Worldwide Responsible Accredited Production, said they are no longer conducting inspections in Xinjiang because they're unable to acquire the necessary amount of access to conduct due diligence. The Better Cotton Initiative stopped auditing and certifying farms in Xinjiang due to similar apprehensions.

"Companies need to come clean about their corporate lobbying on this bill and the Senate must pass this bill as is," said Cathy Feingold, international director at AFL-CIO. "By uncovering back room attempts to water down the bill, the public now knows that household brands have spun lie after lie to cover up their ties to factory camps in the Uyghur region and skirt corporate liability. Without these public disclosures or accountability, we can only assume their goal is to continue to profit off the forced labor of the Uyghur people."

Source: sourcingjournal.com– Dec 15, 2020

HOME

****

Ireland imports 60 per cent clothing and apparels from Asia

As per the Central Statistics Office, Ireland imported over 60 per cent of its clothing and apparels from Asia in 2019 - with almost 70 million women's T-shirts and jumpers being bought from the continent. Ireland imported more than 56 million ladies' and girls' T-shirts and over 30 million ladies' and girls' jumpers in 2019. Of these, 46 million and 23 million respectively were imported from Asia.

Almost €57 billion of goods were imported from Europe, of which more than €20billion came from the UK, our largest import partner. Asia accounted for €17.4 billion of Irish exports in 2019 - making it a larger export destination than any country in Europe, with €8.2 billion exported to China.

Ireland's largest trading partners in Asia are China and Japan, while it exported €1.7 billion to Africa and €700 million to South America in 2019. Almost a third, or €49billion worth, of all its exports in 2019 were medical and pharmaceutical products.

Source: fashionatingworld.com– Dec 15, 2020

HOME

****

Vietnam's footwear and textile set for strong bounce back

A diversified supply chain and numerous free trade agreements (FTAs) have set the stage for a strong comeback for Vietnam's footwear and textile sector, said experts and industry leaders.

Despite the Covid-19 pandemic, the sector reported strong export figures for 2020 with foreign brands and partners already saying they would either increase production or place additional orders from Vietnamese textile makers in 2021, according to the Vietnam Textile and Apparel Association (VITAS).

"In the short-run, firms should be trying to seek new markets and diversify their products. In the long-run, they must eye sustainable development and advanced automation," said Đỗ Quỳnh Chi from the Ministry of Labour, Invalids and Social Affairs.

The pandemic encouraged domestic firms to connect among themselves in order to secure supply materials and establish joint production operations.

It was especially important for smaller firms as they were able to learn from bigger players, to adopt better technologies and access more advanced machines.

Nguyễn Văn Thời, CEO of textile maker Thái Nguyên-based TNG, said international supply chain disruptions caused by the pandemic forced his firm to look for domestic suppliers.

In addition, FTAs such as the EU-Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) set strict standards for textile firms on product origins, forcing firms to source production materials domestically, said VITAS' president Vũ Đức Giang.

Giang said Vietnamese firms retained certain advantages as their products typically fetch higher value and required more sophisticated production techniques compared against competitors.

For instance, Vietnamese firms overtook their rivals to become the largest exporter to the US in June this year, a place usually held by Chinese firms.

While Vietnamese firms only hold a modest market share in the EU, the EVFTA, which came into effects on Aug 1 this year, is said to provide a major boost to Vietnamese exports. Among them are footwear and textile products, which were forecast to increase by 50 per cent and 67 per cent, respectively by 2025.

According to VITAS, demand for textile products in major markets such as the US and the EU is set to return to pre-pandemic levels in the latter half of 2022.

The association urged firms to stay connected, to share solutions and to pool their resources to overcome the pandemic as well as to improve management and production efficiency.

The Ministry of Industry and Trade (MoIT) and the Ministry of Trade, Industry and Energy of South Korea recently signed an exchange letter on the implementation of the cumulation of origin of textile between the two nations under the EVFTA.

The letter was inked in the framework of the 10th meeting of the Vietnam-South Korea Joint Committee on Energy, Industry and Trade Cooperation and the 4th meeting of the joint committee on the implementation of the Vietnam--South Korea Free Trade Agreement (VKFTA), the MoIT's Asia-Africa Market Department said, adding the document is significant in helping Vietnamese firms easily access high-quality textile materials from South Korea for production for export to the EU.

The EU needs to import more than US$250 billion worth of garment and textile products each year. However, Vietnam accounted for only a 2 per cent share in this potential market, according to the MoIT.

However, according to the commitments of the EVFTA, besides meeting strict quality criteria, to enjoy preferential tariffs local businesses must implement strict origin requirements.

Specifically, exports to the EU must use fabric produced in Vietnam or the EU. The agreement also allows firms to use fabric from countries which have FTAs with both Vietnam and the EU.

This issue is still a weakness for the local textile and garment industry because most raw materials are imported from countries that have not signed FTAs with the EU.

In this context, Vietnam negotiated with the EU countries on cumulative rules of origin, allowing Vietnamese exporters to use fabric made by a third-party country that has an FTA with the EU like South Korea.

Before the EVFTA took effect, the MoIT conducted a negotiation with the Korean Ministry of Trade, Industry and Energy to carry out the cumulative rules under the EVFTA.

Source: thestar.com.my– Dec 15, 2020

HOME

****

Vietnam eyes US$55bn in clothing exports by 2025

Vietnam's garment sector has set a US$55bn target for exports by 2025, but orders are expected to be lower over the next year as the world continues to grapple with the coronavirus pandemic.

The target was unveiled at the sixth congress of the Vietnam Textile and Apparel Association (VITAS) in Hanoi.

To meet the new goal, the garment sector will capitalise on free trade agreements Vietnam has signed, including the Eurasian Economic Union, the European Union (EVFTRA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP).

Manufacturers are also urged to resolve areas of weakness such as design and brand development and to move from outsourcing to making products with added value.

In 2019, the country's garment exports grew to US$38.9bn from $28.1bn in 2016.

It is expecting to record US$35.2bn in exports for 2020, having been hit hard by the fallout from the coronavirus pandemic. 84.5% of leather and footwear businesses and 53.5% of textile businesses reported order cancellations.

Over the next year, Vietnam is expecting continued dampened demand for garment and footwear in key markets such as the US and EU – with footwear orders falling between 21-27% and garments down by 40-45% – and only returning to pre-pandemic levels by the end of 2022 or early 2023.

Source: just-style.com– Dec 14, 2020

HOME

****

What Does 'Transparency' Mean? 74% of Bangladesh RMG Manufacturers Aren't Sure

The 2013 collapse of Rana Plaza in Bangladesh marked a watershed moment for accountability in the garment supply chain, ushering in a new level of transparency for fire, electrical and building safety conditions and driving a significant—even unprecedented—degree of improvements.

Despite the proliferation of social initiatives such as the Fair Wear Foundation and innovations like Brac University's Mapped in Bangladesh, clothing brands, manufacturers and workers in the South Asian nation continue to face "significant barriers" to achieving greater transparency, a new report says.

Commissioned by the Laudes Foundation, the philanthropic arm of retail chain C&A, research for "Transparency Assessment: Examining the Transparency Journey for the Bangladesh Apparel Sector" was conducted before the Covid-19 pandemic hit. Yet "its conclusions and recommendations are more relevant than ever" for the world's second-largest exporter of garments after China, its authors wrote.

One key finding: "Transparency," which the study defines as the public disclosure of data, can suggest different things to brands, manufacturers and workers, resulting in a "lack of shared vision" among stakeholders.

In a survey of 104 apparel manufacturers in Dhaka, Gazipur, Narayanganj and Chattagra, for example, 74 percent said they're uncertain what transparency means. For 87 percent of those polled, transparency is defined as the "public disclosure of information on some labor issues/working conditions and safety-related compliance."

Nearly two-thirds of manufacturers (65 percent) consider transparency to be the "public disclosure of all information by different stakeholders in the supply chain," and 58 percent believe transparency is the public disclosure of "any" information that can make stakeholders more accountable.

More than half (55 percent) think transparency refers to the creation of a platform where buyers, factory owners and workers can "interact and communicate for a win-win situation."

Many manufacturers also said they consider information to be transparent if they disclose it to their respective brand customers or to monitoring authorities such as the Accord on Fire and Building Safety in Bangladesh (replaced by the RMG Sustainability Council), the Alliance for Bangladesh Worker Safety (now Nirapon) and the Department of Inspection for Factories and Establishment.

“Greater consensus is therefore needed among stakeholders regarding which issues should be disclosed,” the authors wrote, since misalignment can build barriers to the degrees of disclosure.

More than 67 percent of manufacturers indicated that information sharing tended to flow one way: Buyers may know manufacturers’ costs, for example, but manufacturers do not know what brands pay in their respective segments of the supply chain. Roughly half of manufacturers reported a scarcity of data about brands’ purchasing practices in the public domain, along with insufficient information about procedures for matters such as dispute settlement. Manufacturers also pointed to a dearth of factory-specific safety information in one consolidated public platform (26 percent) and a lack of effective dialogue between factory management and workers and worker representatives (42 percent).

One concern raised by the report is the mixed feelings many manufacturers have about transparency. Most of those surveyed expected more public disclosures to bring positive impacts: 73 percent believed greater transparency will result in more favorable terms from brands, 67 percent said it will improve trust among managers, workers and business partners, and 66 percent said it will attract new orders.

There are limits, however, to what manufacturers are comfortable sharing in public. Most of the time, manufacturers only want to be more open with the specific brands with which they do business. In addition, 74 percent said greater transparency could result in a loss of business. Just under two-thirds (64 percent) worried transparency could lead to increased worker dissatisfaction, since employees might compare their income with revenue earnings without accounting for the non-negotiable costs of operating the business. Half of respondents (52 percent) said brands may use disclosed information to bargain for lower prices.

“Despite growing efforts to expand the depth and breadth of transparency in Bangladesh, this study reveals a confusing landscape where there is still insufficient understanding of transparency and its benefits,” the authors wrote. “Along with targeted actions for each stakeholder group, industry interventions should focus on the principle of reciprocity, coordinating effort and building consensus.”

Brands, manufacturers and workers, they added, are all in a position to provide, receive and benefit from transparent information. Wherever possible, the principle of reciprocity should be applied when examining opportunities for greater transparency.

As the Bangladesh garment industry emerges from the coronavirus crisis, new standards of transparency will serve it well in the future, they said, noting that the absence of “critical, transparent information” about factory re-openings and wage payments contributed to “considerable human suffering.”

“Across the supply chain, transparency does not always mean the same thing,” the authors said. “A cultural change is required so all stakeholders share the same understanding and participate in promoting transparency. This will help maintain a balance in the RMG value chain so that transparency is not used by one party to disadvantage another.”

Source: sourcingjournal.com– Dec 14, 2020

HOME

****

US interested in development plans for Chittagong Port

US companies are ready to provide expertise and systems, including those to reduce congestion and boost efficiency, says Chargé d’Affaires at the US Embassy in Dhaka JoAnne Wagner

Chargé d’Affaires at US Embassy in Dhaka JoAnne Wagner has said that his country is interested in the development plans for the Chittagong Port due to its role as gatekeeper for Bangladesh’s export economy. Wagner conveyed it to Chittagong Port Authority Chairman Rear Admiral SM Abul Kalam Azad.

During the meeting, Wagner said the US Trade and Development Agency is eager to support infrastructure projects in high-growth emerging markets such as Bangladesh with feasibility studies, technical assistance, and pilot projects.

“US companies are ready to provide expertise and systems, including those to reduce congestion and boost efficiency,” she added. Wagner and his colleagues visited Chittagong Sunday and Monday to support the robust economic partnership between Bangladesh and the US, said the US Embassy.

Wagner discussed expansion plans for Chittagong Port, including opportunities for participation by US companies; engaged with female entrepreneurs pursuing successful businesses and overcoming gender discrimination; and explored further opportunities with the operators of Pahartali Textile and Hosiery Mills for using US-grown cotton.

Successfully operating any business is difficult, even more so when faced with additional challenges due to the operator’s gender, members of the Chittagong Women Chamber of Commerce and Industry told the US diplomat during a roundtable discussion.

The entrepreneurs shared methods they use to overcome discrimination and promote and grow their businesses. They noted the growing contribution women business owners and operators make to the Bangladesh economy.

“I was impressed by the innovative and committed women of the Chittagong Women Chamber of Commerce and encouraged by the example they set for so many aspiring female entrepreneurs,” said Wagner. The US said it is committed to partnering with Bangladesh to promote inclusive economic prosperity and help create the conditions to encourage economic growth by traditionally underrepresented groups, including women.

Pahartali Textile and Hosiery Mills, a unit of Ispahani Limited, is one of the pioneer textile mills of Bangladesh. With Mirza Salman Ispahani, chairman of Ispahani Limited, Wagner discussed further opportunities for using US-grown cotton to produce yarns for the knit and woven industries in Bangladesh.

She noted the mill demonstrates how quality imports from the US can support the export economy of Bangladesh.

Source: maritimegateway.com– Dec 16, 2020

HOME

****

NATIONAL NEWS

Exports dip 8.74 per cent in November; trade deficit narrows to $9.87 billion

Declining for the second straight month, India's exports dipped 8.74 per cent on a yearly basis in November to USD 23.52 billion on account of contraction in shipments of key sectors like petroleum, engineering, chemicals and gems and jewellery, even as trade deficit narrowed to USD 9.87 billion.

Imports declined for the ninth month in a row, slipping 13.32 per cent to USD 33.39 billion in November 2020, government data released on Tuesday showed.

Although the trade deficit in the month narrowed as compared to USD 12.75 billion in November 2019, the deficit (difference between imports and exports) increased sequentially from USD 8.78 billion in October this year.

The country's exports stood at USD 25.77 billion in November 2019.During April-November 2020-21, exports dropped by 17.76 per cent to USD 173.66 billion, while imports contracted by 33.55 per cent to USD 215.69 billion.

Trade deficit stood at USD 42 billion during the first eight months of the fiscal, as compared to USD 113.42 billion in the same period last year. Oil imports in November tumbled 43.36 per cent to USD 6.27 billion. In the eight-month period, the imports contracted by 48.7 per cent to USD 44.11 billion.

Export sectors which recorded negative growth during November include petroleum products (-59.73 per cent), leather (-29.8 per cent), cashew (-24.53 per cent), plastic and linoleum (-23.26 per cent), marine products (-16 per cent), oil seeds (-15.2 per cent), man-made yarn/fabrics/made-ups (-11 per cent), engineering goods (-8.12 per cent), chemicals (-8 per cent), coffee (-1.27 per cent) and readymade textiles (-1.19 per cent).

However, outbound shipments of oil meals, iron ore, rice, ceramic products and handicrafts recorded positive growth. Gold imports, which have a bearing on trade deficit, grew by about 3 per cent to USD 3 billion.

Commenting on the data, Founder Chairman of Trade Promotion Council of India (TPCI) Mohit Singla said the overall de-growth in exports can be largely linked to decline in exports of petroleum products. However, he added that exports of processed food have seen consistent growth.

Federation of Indian Export Organisations (FIEO) President Sharad Kumar Saraf said outbound shipments dipped due to supply-side disruptions, including restricted container movement and declining petroleum exports on the back of crashing prices.

“Besides, farmers’ agitation in some of the hinterland states have also affected exports during the month. Exports have been seeing signs of revival as order booking position has continuously improved and more new orders are in the offing.

“Going by this trend, we expect that by the end of 2020-21, overall merchandise exports would touch USD 290 billion,” Saraf said.

Prahalathan Iyer, chief general manager, Research & Analysis, India Exim Bank, said Christmas and New Year demand from “our key export markets might bring some positivity in our export growth in December.”

Source: financialexpress.com– Dec 15, 2020

HOME

****

Trade imbalance causes container shortage; freight rates hit the roof

Container shortage in India due to the uneven import-export scenario is taking costs through the roof for both, shipping lines as well as the importers and exporters.

“Freights have jumped on all routes in the range of 20-100 percent depending on the sector. Exporters are operating on losses at times as customer is not ready to absorb the hike,” Mark S. Fernandes, director, IMC Chamber of Commerce and Industry, told Business Standard.

Imports to India plummeted 22-24 percent in the April-November period, while exports have risen to 29 percent in the same period creating equipment (container) imbalance in the domestic market, informed industry officials.

“China was a strong importing partner for India. After Chinese imports came under scanner and bans were placed on Chinese goods, the imports to the country have gone for a toss, resulting in this equipment imbalance for India,” said Umesh Grover, secretary general at Container Freight Station Association of India (CFSAI).

Increased freight cost has impacted the margins of exporters across the sectors. “We are in a helpless situation. Customer is not ready to pick up goods at increased prices, while shipping lines have raised freight. So we have to bear the cost since material is already produced and needs to be delivered.

For my company, freights have jumped between 3-5 times in the last four months. The shipping lines have been ruthless in increasing costs. There is complete madness in the market and shipping line have formed a cartel to make up for the losses it incurred during worldwide lockdown (early this year),” said an exporter on condition of anonymity. The exporter largely sends consignments to China and the Far East.

Though freights have gone up for the container segment, the issue of availability of containers eases to some extent if bookings are done in advance. “Now the exporters are planning with shipping lines about 1-2 months in advance and making sure cargo moves on time. There is no major delay in getting containers if it is planned better,” said Fernandes.

A 40-foot standard container can carry 22-23 tonne of cargo and is meant for lighter and voluminous material, while a 20-foot standard container is used for carrying heavier material and can hold 28 tonne cargo.

“There is a waiting list for even booking in advance. It is not all that easy to book but once a container is booked, availability is assured. Getting a slot is a struggle again,” said an industry expert on condition of anonymity.

Balmer Lawrie, Hyundai and Nathani among others were some of the container manufacturers in India who went out of business after China started producing the equipment at a much competitive price of $1000 a container as against $1800-$2000 a container manufactured in India.

"Shipping line could order for making more containers but once trade situation comes to normal, which is expected by February. Those newly ordered containers are going to be an inventory. So shipping lines are not keen to invest in new containers at present," said Grover.

Today, India has no container manufacturers. The biggest container manufacturer in the world is China. At present, a 40-foot standard container is manufactured at about $5000, which is a jump from close to $3,500 per container.

"It is not easy for shipping lines to survive as well. Their operating costs have gone up. Trade overall is hit, so there are less ships on water and have to transport a lot of empties, fuel costs have jumped. Due to the pandemic, crew cannot be relieved without conducting certain procedures, which takes time and is also an additional cost. There is cost burden across the chain, not just for exporters," said Grover.

Meanwhile, container ports such as JNPT and Chennai are trying to keep operational efficiency in order to check costs for both -- the shipping lines as well as for importers/exporters -- from the port end.

"There is cargo growth at the port and we are in a recovery mode. We are ensuring there is no congestion at the port so that no additional cost burden is incurred by any of the stakeholders," said a senior traffic official with JNPT.

Source: business-standard.com– Dec 15, 2020

HOME

****

Textile companies see slower fall in their revenue as export markets show promise

As per the Cricil report revenue reduction for home textile exporters will be limited to 10-12 per cent this fiscal compared with 30-35 per cent for the overall textile sector.

MUMBAI: Some of the top Indian textile companies are seeing some hope in the coming months as the revenues dropped less than what many expected them to.

Many textile companies are now focussing on exports and are hoping that revenues and profit margins would pick up in the coming months, a report said. Most of the textile companies have been under stress for the past few years. The Covid pandemic and the economic slowdown that followed had only made the situation worse for the sector, say industry trackers.

As per the Cricil report revenue reduction for home textile exporters will be limited to 10-12 per cent this fiscal compared with 30-35 per cent for the overall textile sector. The report was based on 50 companies that account for over 60 per cent of India’s home textile exports.

“Export order flow has improved significantly beginning with the second quarter of current fiscal due to reopening of departmental stores and pent-up demand.

With people spending more time at home, including for work, drastically lower socialising opportunities, and sharper focus on health and hygiene, demand for home textile products will continue to grow. Demand is expected to stay strong in the third quarter as well due to the festive season, when these retailers launch large-scale programmes,” said Anuj Sethi, Senior Director, CRISIL Ratings.

The report added that the lower requirement of capacity addition and working capital will limit material moderation in the credit profiles of home textile exporters this fiscal.

The Rs 55,000 crore Indian home textile sector, comprising products such as terry towels, bed sheets and spreads, pillow cases, curtains, and rugs and carpets, derives as much as 60-70 per cent of its revenue from exports.

The United States and the European Union account for over 80 per cent of these exports, with big-box retailers of essentials and departmental stores among the major customers, the report added.

Source: economictimes.com– Dec 15, 2020

HOME

****

Indian home textile exporters weave their way out of downturn, and how!

Higher in-home consumption due to increased stay-at-home period and a sharper focus on health and hygiene amid the pandemic are helping Indian home textile exporters weave their way out of the downturn faster than other textiles segments, according to a Crisil report released on Tuesday.

Revenue de-growth for home textile exporters will be limited to 10-12 per cent this fiscal compared with 30-35 per cent for the overall textile sector, indicates a Crisil analysis of 50 companies that account for over 60 per cent of India's home textile exports.

Lower revenues would hurt operating margins. However, lower requirement of capacity addition and working capital will limit material moderation in the credit profiles of home textile exporters this fiscal. The Rs 55,000 crore Indian home textile sector, comprising products such as terry towels, bed sheets and spreads, pillow cases, curtains, and rugs and carpets, derives as much as 60-70 per cent of its revenue from exports. The United States and the European Union account for over 80 per cent of these exports, with big-box retailers of essentials and departmental stores among the major customers, the report added.

Anuj Sethi, senior director, Crisil Ratings said "Export order flow has improved significantly beginning with the second quarter of current fiscal due to reopening of departmental stores and pent-up demand.

With people spending more time at home, including for work, drastically lower socialising opportunities, and sharper focus on health and hygiene, demand for home textile products will continue to grow.

Demand is expected to stay strong in the third quarter as well due to the festive season, when these retailers launch large-scale programmes."

The improvement is borne out by a 7 per cent on-year sales growth in the fiscal second quarter for four large listed home textile exporters who had logged 40 per cent lower revenue on-year in the first quarter. The lockdown had a limited impact on retailers of essentials as these operated through the pandemic.

However, sales at departmental stores suffered heavily in the March-May period. Some retailers also underwent restructuring, leading to permanent store closures. Additionally, manufacturing was impacted due to plant shutdowns for 30-45 days. A weak first quarter will have a bearing on revenues for the full fiscal, which are expected to decline 10-12 per cent, the Crisil report adds.

Also, lower capacity utilisation and benign realisations in the first quarter will lead to suboptimal coverage of fixed costs despite cheaper cotton prices and favourable currency movement. This will lead to moderation in the operating margin of home textile exporters by 200 basis points to 12-13 per cent from 15 per cent seen over the past two fiscals. With sufficient capacity available, investments in capacity addition are expected to be moderate this fiscal. Also, lower inventory requirements owing to continued soft cotton prices in the coming season will keep working capital requirements stable, and hence debt levels under control.

Gautam Shahi, director, Crisil Ratings said, “While moderation in operating margins will lead to a decline in the interest-coverage ratio* for the sample set to ~3.5 times this fiscal from 4.5-5 times over the past two fiscals, the debt to equity ratio will still sustain at adequate levels of 1-1.2 times because of controlled debt utilisation. This will limit material impact on credit profiles.”

In the milieu, continued order flow from major export markets, improvement in domestic demand, and the ability of players to manage liquidity amid the continuing pandemic will be key monitorables. That said, home textile manufacturers deriving a larger part of their revenue domestically are affected more than exporters due to extensive lockdowns in India and gradual opening of many retail outlets, leading to slower recovery, the Crisil report added.

Source: economictimes.com– Dec 15, 2020

HOME

****

Shri Piyush Goyal invites Foreign Investors to be a part of India's growth story

Minister of Railways, Commerce & Industry, Consumer Affairs and Food & Public Distribution Shri Piyush Goyal has welcomed the Foreign investors to be a part of India's growth story. Addressing the inaugural session of CII's Partnership Summit 2020 through virtual means today, he welcomed them with open arms, a red carpet and assured complete assistance, partnership & involvement through your journey in this land of opportunities.

The Minister said that continuing on an open path, India has been systematically opening up to global investors new sectors of our economy and encouraging businesses through strategic relationships with different investment partners, strengthening our economic plans for the future.

He said that FDI(Foreign Direct Investment) flows in India have been continuously growing. "During the first9 months of this year, at the peak of COVID-19 pandemic, our FDI has grown.

We have one of the most facilitative FDI policies in the world. During the April-September period, FDI inflows are at $40 billion, which has been higher than last year by about 13%. Last year, we announced one of the most attractive tax rates available anywhere in the world at 22% tax for businesses in India and 15% tax for new manufacturing facilities set up after October 2019."

Shri Goyal said that a number of new schemes have been introduced including Production-Linked Incentive Scheme to attract industries to come to India. "We have investment promotion cells in all the ministries. Central Govt & States are working together to attract & promote investments even before the onset of the pandemic, India was rapidly announcing a slew of reform measures aimed at improving the economy & productivity levels in the economy.

India is introducing conducive reforms & facilitation measures to encourage greater global involvement in our V-shaped recovery.I invite you to board the bus of development, growth & prosperity that Prime Minister Shri Narendra Modi is crafting for the people of India."

Dwelling on the theme of the partnership summit, which is about partnerships for lives, livelihoods & growth, Shri Goyal said that this will help all of us in our joint endeavour to get our economies back on the growth path & encourage new opportunities.

"Our aim is not only to grow sustainably at high levels but achieve the target of becoming a $5 trillion economy by 2025. Historic reforms in different sectors will hold the country in good stead in our effort to improve prosperity levels of the people. India does not wish to miss the sunshine under the warm sun that India is blessed with.

We believe in the new world there will be new thinking, new opportunities for growth. Alone, we can accomplish little but together our reach may exceed beyond anyone's imagination. This is the time to be in India, this is the time to expand your presence & investments in India. India is a land of opportunities."

Source: pib.gov.in– Dec 15, 2020

HOME

****

RoDTEP rates not decided, MEIS for exports may continue till end-March 2021

The government had said that the MEIS will be replaced with the RoDTEP scheme with effect from January 1, 2021. Have the details of this scheme been announced?

No. The government had sought details from exporters to enable calculation and fixation of RoDTEP rates. But, no rates have been notified for any export product so far. It appears that the MEIS for most export products will continue till end-March 2021.

We had exported certain goods, but realised less foreign exchange than the value declared in the shipping bill. How to adjust this shortfall for the purpose of calculating our entitlement under various schemes?

In case of a shortfall in foreign exchange realisation with respect to the shipping bill FOB value, pro rata distribution of realised foreign exchange against each export item will be made by the system itself. Suppose a shipping bill contains three export products (A, B and C) with FOB values of $40, $60 and $80, respectively (total FOB value $180). Now, if the total NFE realised according to e-BRC is $90, then by pro-rata calculation, the benefits on the three products will be calculated on $20, $30 and $40 respectively.

We intend to import certain goods for jobbing under notification 32/97-Cus April 1, 1997. Are all duties exempted under this notification, as in the case of advance authorisation?

No. Under the said notification 32/97-Cus, only the basic duty of customs and the additional duty of customs leviable under Section 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 are exempted.

In case of a real estate project comprising residential and commercial portions (more than 15 per cent), how is the minimum procurement limit of 80 per cent to be tested, evaluated and complied with where the project has single RERA registration and a single GST registration and it is not feasible to get separate registrations due to the peculiar nature of buildings?

The promoter must apportion and account for the procurements for residential and commercial portions on the basis of the ratio of the carpet area of the residential and commercial apartments in the project.

Our turnover is more than Rs 100 crore and less than Rs 500 crore. From January 1, we are required to follow the e-invoice system. We are already registered in the GST portal. Are we required to register again in the e-invoice system portal?

Yes, there is a need for separate registration again on the e-invoice system portal. Any registered user under GST who wishes to generate IRN needs to register on e-invoice system using his GSTIN. Once GSTIN is entered, the system sends an OTP to his mobile number registered with the GST portal and after he authenticates it, the system enables him to generate his/her user name and password for the e-invoice system. After generation of username and password of his/her choice, he/she may proceed to make entries to generate IRN.

Source: business-standard.com– Dec 15, 2020

HOME

****

Industry, govt have to partner for India to become USD 5 trillion economy by 2025: Piyush Goyal

The industry and government have to partner to achieve the target of India becoming a USD 5 trillion economy by 2025, Union Minister Piyush Goyal said on Tuesday.

The commerce and industry minister also expressed confidence in the capabilities of the business community as well as startups which can make India the top economy globally in the next 25-30 years.

"But the challenge is for us to accept. When we celebrate 100 years of Independence in 2047, can we all not resolve to be the number one economy in the world?," Goyal said at a virtual conference organised by the Indian Chamber of Commerce.

Today the world is looking at India as a trusted partner in its quest for resilient global supply chains, he pointed out. "If we don't grab this opportunity today, posterity will never ever forgive us. It is our duty. Each one of us has to take this opportunity, make Aatmanirbhar Bharat our mantra, our inspiration, our goal," Goyal said.

The minister observed that by being 'aatmanirbhar' (self-reliant), India was not closing its engagement with the world, but on the contrary, expanding its participation globally.

"We should import modern technology, equipment which can help us do the job better, produce to scale, better quality, better productivity standards, cost competitive manufacturing in India," Goyal said.

By leveraging all this, India can become the "factory of the world, just like we are today recognised as the pharmacy of the world," he added.

"We will all work as one, work as a team, industry and government have to partner to truly ensure that we reach our 5 trillion dollar economy target by 2025, 10 trillion dollar maybe in another seven-eight years after that," the minister added.

Source: financialexpress.com– Dec 15, 2020

HOME

****

Home textile exporters set to bounce back faster than other segments

Work-from-home and focus on hygiene drive demand globally

Home textile exporters are emerging out of the downturn faster than other textile segments with increase in demand from people working from home and a sharper focus on health and hygiene amid the pandemic.

Revenue degrowth of home textile exporters will be limited to 10-12 per cent this fiscal compared with 30-35 per cent for the overall textile sector, according to a Crisil analysis of 50 companies that account for over 60 per cent of India's home textile exports.

While lower revenues will hurt operating margins, exporters would save on fall in the requirement for working capital and lesser capex.

The ₹55,000-crore Indian home textile sector, comprising products such as terry towels, bed sheets and spreads, pillow cases, curtains and rugs and carpets, derives 60-70 per cent of its revenue from exports.

The United States and the European Union account for over 80 per cent of these exports, with big-box retailers of essentials and departmental stores among the major customers.

Anuj Sethi, Senior Director, Crisil Ratings, said export order flow has improved significantly beginning with the second quarter of the current fiscal due to reopening of departmental stores and pent-up demand.

Sales are expected to stay strong in the third quarter due to the festive season, when these retailers launch large-scale programmes, he said.

The improvement is borne out by a 7 per cent sales growth in the fiscal second quarter for four large, listed home textile exporters which logged 40 per cent lower revenue on-year in the first quarter.

The lockdown had a limited impact on retailers of essentials as these operated through the Covid-19 pandemic. However, sales at departmental stores suffered heavily in the March-May period. Some retailers also underwent restructuring, leading to permanent store closures.

Operating margin of home textile exporters is expected to fall by 200 basis points to 12-13 per cent from 15 per cent seen over the past two fiscals.

That said, home textile manufacturers deriving a larger part of their revenue domestically are affected more than exporters due to extensive lockdowns in India and gradual opening of many retail outlets, leading to slower recovery.

Source: thehindubusinessline.com– Dec 15, 2020

HOME

****

Cotton futures up nearly 1% at Rs 20,240 per bale on MCX

Cotton futures continued to extended gains and traded firm at Rs 20,240 per bale on December 14. Last week, it had gained nearly a percent to settle at Rs 20,050 per bale on the MCX.

The bullish WASDE report has lifted sentiments in Cotton last week and it surged above Rs 20,300 levels on Friday. However, following some profit-taking in ICE Cotton futures after a steep hike from the last couple of sessions kept domestic cotton futures under some pressure in the last session of last week.

The USDA has revised US Cotton stock estimates in December to 5.7 million bales of 480 lbs against 7.2 million bales estimated last month.

Cotton arrival across the country in the first 10 days of December has reached near three lakh tons, up by 50 percent from last month but still 25 percent lower than last year.

In the futures market, cotton for December delivery touched an intraday high of Rs 20,280 and an intraday low of Rs 20,130 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 16,350 and a high of Rs 20,670.

Cotton futures for December delivery gained Rs 190, or 0.95 percent, to Rs 20,240 per bale at 15:23 hours IST on a business turnover of 2,374 lots. The same for January contract jumped Rs 180, or 0.89 percent at Rs 20,500 per bale with a business volume of 697 lots.

The value of December and January's contracts traded so far is Rs 23.66 crore and Rs 10.60 crore, respectively.

Mohit Vyas, Analyst at Kotak Securities said, "Good weekly export figures from US, steady recovery in crude oil and vaccine optimism will keep Cotton on a strong note in near future."

At 09:56 (GMT), US Cotton futures rose 0.81 percent quoting at 74.68 cents/pound on Intercontinental Exchange (ICE).

Source: moneycontrol.com– Dec 14, 2020

HOME

****

Garment makers want GST to be cut to 5% from 12%

The Clothing Manufacturers Association of India has urged the Centre to reduce GST on all readymade garments to 5 per cent from 12 per cent and retain the same on all types of cotton yarn, synthetic yarn, fabrics and made-ups.

In a pre-Budget memorandum sent to the Centre, Babubhai S Ayar, Chairman of Ashish Domestic Garments Manufacturers Association and ex-Vice president of The Clothing Manufacturers Association of India, said that in order to grow the textile and clothing industry to the set target of $280 billion by 2025, the government should bring in progressive, export and production-oriented policy in the new Textile Policy.

Regulating imports

Unrestricted import of duty free garments from Bangladesh and China should be restricted, he said.

"Moreover, import of used garments into India should be fully stopped since it affects productivity of trade and production capacity of Indian garment manufacturers," he said. Though the government has increased the limit of small scale industries to ₹5 crore, banks are not extending confessional of 1.5 per cent on lending rates to companies that have been reclassified as SSI under new norms.

The last Textile Policy was announced in 2000. It will be in the interest of the trade to frame new textile policy every five years, he said.

Urging the government to facilitate textile parks such as the new Asmita Apparel Park spread on 100 acres in the outskirts of Mumbai, Ayar said the production linked incentive scheme for apparel and garments should be made applicable to fibre and yarn.

Source: thehindubusinessline.com – Dec 15, 2020

HOME

****

Govt extends deadline for completing GST anti-profiteering probe till March 2021

The government has extended the deadline till March 31, 2021 for completing GST anti-profiteering investigations, which were to be completed by November this year. Through a notification, the Central Board of Indirect Taxes and Customs (CBIC) extended the deadline for completion of such investigations by authorities, like DGAP, under section 171 of GST Act, till March 31, 2021. In September, CBIC had extended the deadline till November 30, 2020. Section 171 of GST Act deals with anti-profiteering measures.

Under the GST law, a National Anti-Profiteering Authority (NAA) and a Standing Committee on anti-profiteering have been set up to examine complaints of not passing on tax rate cut benefits to consumers. GST was rolled out on July 1, 2017.

Directorate General of Anti Profiteering(DGAP) investigates profiteering complaints and submits report to NAA, which passes the final order. DGAP is mandated to complete the investigation within a period of six months of the receipt of the reference from the Standing Committee, which can be further extended by three months.

The GST rules also specify that NAA shall, within a period of six months from the date of the receipt of the report from DGAP, determine whether a registered person has passed on the benefit of GST rate cut or the benefit of input tax credit to the recipient by way of commensurate reduction in prices.

EY Tax Partner Abhishek Jain said the government has further extended timeline for anti-profiteering authorities to complete their investigations, and as such any investigation required to be closed by DGAP by November 30, 2020 can now be completed up to March 31, 2021.

"This extension, much like the previous one, seems to be on account of the limitations posed (inability for businesses to provide requisite data) to the revenue authorities on account of the ongoing pandemic, as well as the quantum of pending cases," he said.

Source: financialexpress.com – Dec 15, 2020

HOME

****

Odisha CM announces Rs 289.42-crore package for MSMEs

Odisha Chief Minister Naveen Patnaik on Tuesday approved a stimulus package of Rs 289.42 crore for MSMEs that have been facing stiff challenges amid the Covid-19 pandemic, official sources said.

The package includes assistance measures such as interest subvention, top-up subsidy, reimbursement of state GST and waiver of annual institutional maintenance charges.

The initiative will help entrepreneurs, mostly women and those from the weaker sections, to overcome unexpected challenges that came along with the pandemic, a senior official said.

"In ECLGS (Emergency Credit Line Guarantee Scheme), 1,70,000 MSME units will reap the benefit of interest subvention. A sum of Rs 108.29 crore is being released to help 40 per cent of all women-run MSMEs," the official said.

According to the recently amended industrial policy resolution (IPR) approved by the state cabinet, as many as 175 enterprises will be eligible for reimbursement of state GST for the period July 1, 2017 to March 31, 2020.

The waiver of annual institutional maintenance charge, which is payable by MSMEs and comes to around Rs 5.83 crore annually, will be borne by Odisha Industrial Infrastructure Development Corporation, the official said.

Along with that, Covid-19 assistance package (CAP), launched by Panchayati Raj and Drinking Water Department, will also provide relief to nano and micro enterprises, he added.

Source: hindustantimes.com – Dec 15, 2020

HOME

****

Festive demand high, but apparel retailers yet to recover

Although festive demand and the early onset of winter have given apparel retailers a fillip, complete recovery is still a while away. Retail majors V-Mart Retail, Cantabil Retail, United Colors of Benetton and Lifestyle International have reported sales recovery to the same levels as last year, if not more, in November.

Cantabil Retail, which has a large presence in tier II, III, and IV towns, claimed a 25% growth in sales in November as compared to the same period last year. V-Mart, too, claims to have secured double-digit growth compared to 2019 due to small town sales. Lifestyle International, with its urban mainstay, reported that its festive sales remained at 75% of last year's levels.

United Colors of Benetton witnessed a 90% sales recovery in metro cities, but in tier II, III, and IV markets, which contribute about 40% of its business, the company claims to have grown over the last year. "High streets are performing consistently but business in malls remains on the lower side," says Sundeep Chugh, MD, and CEO, Benetton India. Its stores in airports are also underperforming.

Moreover, the demand for categories like formal wear and ethnic wear also returned in the third quarter due to the onset of the marriage season. A recent survey by brand loyalty programme Payback of 3,000 respondents saw a 41% growth in preference for occasion wear and 16% for formal wear. Kids wear, fitness apparel and winter wear are other categories that are witnessing growth.

According to experts, products in the lower price bands (below Rs 1,000) have been most impacted due to the pandemic but mid-premium (Rs 1,000-2,000) and premium (upwards of Rs 2,000) have been faring well.

The growth witnessed in recent months, however, is not going to make up for the loss of revenue in the first and second quarters. For FY21, companies will see a dip of 25-40% in revenue.

Cantabil Retail, for instance, which is projecting to match up last year's festive sales of Rs 107 crore in the third quarter (Q3), is expecting a drop of 30-35% for its FY21 revenue as compared to FY20. The company had reported a revenue of Rs 340 crore last fiscal.

"The first quarter was completely wiped out due to the lockdown and hence it will have an impact on our overall revenue for the year," says Shivendra Nigam, chief financial officer, Cantabil Retail.

According to Siddharth Jain, partner, Kearney, India's apparel market is sized at Rs 4,20,000 crore, of which urban India has a two-third share. Due to the impact of the pandemic, the overall market will decline by 25%, while the urban segment will witness an even higher fall of 35%. Earlier, India Ratings and Research, too, had estimated that apparel retailers would close FY21 with a 40-45% decline in revenues.

Heading into the next year, managing inventory is going to remain challenging for these players, says Jain, as demand remains uncertain. Inventory for this segment needs to be planned five-six months in advance.

Similarly, the surge in e-commerce presents yet another challenge for retailers. Abhishek Malhotra, partner, McKinsey & Company says that while online channels contributed about 10-12% of sales to the apparel segment in the pre-Covid period, several players have doubled their sales from the channel in the last few months.

Offline majors that have a large store footprint may struggle with selling their wares online, considering that apparel particularly has a high return rate — 30-40% — on e-commerce.

All hopes are now on 2021's spring-summer season. "Last year, consumers hadn't purchased spring-summer stock, so we expect the demand for apparel to be high in February and March," says Vineet Jain, COO, V-Mart Retail.

Source: financialexpress.com – Dec 15, 2020

HOME

****

India Exim Bank, Bank of Africa BMCE Group sign MoU

India Exim Bank recently signed a memorandum of understanding (MoU) with the Bank of Africa BMCE Group during the India-Morocco Business Forum to further promote bilateral trade and investment.

The aim is to strengthen cooperation in financing, guaranteeing and other financial mechanism to support projects of interest of both the institutions. This will also help boost India's textile exports to Morocco.

The forum was jointly organised by both the institutions on December 11.

India's bilateral trade with Morocco has increased from $1.2 billion in 2010 to $2.1 billion in 2019. While India's imports from Morocco are largely dominated by phosphate and potash, India's exports to the country are more diversified covering textiles, chemical products, petroleum products, pharmaceutical products.

The banks will also jointly explore funding support for Indian companies setting up operations in Morocco and Moroccan companies setting up operations in India, according to a press release from India Exim Bank.

Till date, India Exim Bank has supported 64 Indian companies for setting up ventures in the Middle East North Africa region.

Source: fibre2fashion.com– Dec 15, 2020

HOME

****