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INTERNATIONAL NEWS

Trade Will Be Toughest Test for Biden's Foreign Policy

Joe Biden campaigned on a platform to restore America's standing in the world by repairing ties with our allies, create greater domestic equity through improvements in the Affordable Care Act and aggressive efforts to advance the interests of women and minorities, and accelerate U.S. efforts to reduce greenhouse gases.

The country can't accomplish massive new programs without big deficits or taxes a Republican Senate won't permit. He could pay his campaign debts with surgical improvements to the ACA funded by dedicated levies, and coax Republican cooperation by offering torts reform and bending to wherever ideas the GOP may have about improving competition. And with more aggressive enforcement from the Justice Department Civil Rights Division and the regulatory powers of the Departments of Labor and Education.

Reckon with China

Internationally, Biden must reckon with a China that will soon have a larger economy, has an impressive navy, is flexing its muscles in the South China Sea and Straights of Taiwan, and suppressing democracy in Hong Kong. At best we are in a stalemate and at worst, we could be pulled into a ruinous confrontation that establishes China as the pre-eminent power in the Pacific.

France and Germany combined are as populous and about four times richer than Russia. Clearly the Europeans can afford to entirely provide for their own defense. The Europeans will be told, albeit more politely, to do much more for themselves, because America's resources are needed in the Pacific.

China's economy is at once complex—a state-orchestrated market system, similar to Germany and Japan in the 1930s—and simple—a free rider in the international trading system created principally by the World Trade Organization.

The WTO permitted China to accomplish export-led growth and create an economic and military juggernaut that is now bent on reshaping the entire global system to serve the values and vision of the Chinese Communist Party.

The WTO system was designed to link together democratic market economies and assist developing countries by establishing rules that promote trade based on comparative advantage. The agreements very much look as if they were written by economists to create work for lawyers.

Dispute settlement

Beyond reducing tariffs and quotas—quite effectively but for agriculture and textiles—the WTO agreements lay out general rules for product standards, customs administration, subsidies, intellectual property regimes and other instruments of domestic policy that clever bureaucrats can manipulate for mercantilist purposes. It leaves to dispute settlement panels and an Appellate Body to elaborate their situational meaning.

The rules are general, because technology and the ways governments can subvert open trade are constantly evolving. A de facto common law system has emerged, which when it works well, provides predictable limits on the protectionist pressures special interests can bring to bear on domestic politicians.

China's economic system is too inconsistent with Western market economies for the WTO to accommodate. It has run circles around WTO dispute settlement and does most whatever it likes. It targets Western industries by closing its markets, forces foreign investors to transfer technology to gain market access, and subsidizes exports. It has accomplished dominant positions, for example, in solar panels and 5G technology.

The Obama and Trump administrations responded by refusing to approve judges to the Appellate Body and that crippled dispute settlement. The Europeans, Chinese and others countered by creating a contingent arbitration mechanism outside the WTO to review dispute settlement panel findings.

What Europe wants

China should not be in the WTO, but the Europeans want to deal with Beijing there. China has grown too large for the United States to confront without allies, and the Europeans want tangible gestures that show Trump era abuse of America First is over.

President Donald Trump's steel and aluminum tariffs are on the table but the Europeans have quite a laundry list of issues.

Ambassador Robert Lighthizer proposed replacing the Appellate Body with bilateral arbitration that would not set precedents—but without precedents, the WTO system is rudderless and subject to the whims of the biggest player—soon to be China.

The Biden administration could approve the appointment of new appellate judges but condition that on an American exception for dispute settlement with China.

That would permit the United States to impose remedies it deemed necessary to counter China's aggressive protectionism and force the Europeans and other advanced industrialized countries to consider the same.

China needs trade to prosper. Excluding China from WTO dispute settlement would force it to take multilateral negotiations more seriously or face increasing isolation.

Source: newsmax.com– Dec 16, 2020

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Trade Tensions: Vietnam Manipulated Currency, Treasury Claims

In what may be one of its final acts before the Biden administration takes over, the Trump administration formally accused Vietnam of currency manipulation.

The U.S. Treasury made that disclosure on Wednesday in a semi-annual currency manipulation report. It said that the Southeast Asian nation, along with Switzerland, allegedly took actions through June to devalue their currencies against the U.S. dollar.

Those actions gave Vietnam, which has become a huge manufacturer of apparel as companies sought to expand their manufacturing base beyond China, an "unfair competitive advantage" in the international markets by making its product cheaper abroad by devaluing its currency, the dong. The U.S. is probing is whether Vietnam illegally harvests and trades timber.

The Treasury Department in May 2019 removed Switzerland and India from its currency monitoring list, but kept China, Japan, Korea, Germany, Italy, Singapore and Malaysia. The latest report added India, Taiwan and Thailand to the list as well. Despite the ongoing trade tensions, China was not labeled a currency manipulator. That's not to say the Trump administration hasn't tried—last year it briefly applied, then dropped, the label.

In October, the Trump administration first began a probe of the Southeast Asian country's trade practices, levying tariffs against Vietnamese tires last month after the Commerce and Treasury Departments concluded that currency-manipulation took place.

Trump has been vocal about closing the U.S. trade gap, and Vietnam has been a focus of his administration this year. Ordinarily, Vietnam could find itself on the receiving end of sanctions via new tariffs on imports, known as countervailing duties. But even if imposed, it could take some time before new duties can go into effect, and time is running out before Trump leaves office.

When the October Vietnam probe began, the fashion industry was quick to take notice, given how much apparel and footwear manufacturing now occurs in the country as high labor costs forced many to look beyond China for new sourcing options. Most of that shift moved to Vietnam and, to an extent, Cambodia. Most who made the shift early got the benefit when the U.S. later imposed tariffs on imports from China amid an ongoing trade war. But many fearwhat will happen next if Vietnamese imports are sanctioned, too.

The American Apparel & Footwear Association was quick to urge the government to "refrain from sowing further supply chain disruption" during the Covid-19 pandemic. And the AAFA didn't miss a beat Wednesday following the currency manipulation designation.

AAFA Trade Policy Committee members said they're "concerned that the [U.S. Trade Representative] will use this report and act quickly to impose preliminary tariffs as high as 25% on imports from Vietnam by the end of the week." It noted that the USTR is scheduled to hold hearings at the end of December for both Vietnam's currency valuation and illegal timber, and that the AAFA has requested time to testify at both hearings.

The AAFA and apparel industry have reason to be concerned over the latest development with Vietnam. According to Chris Rogers, research director at Panjiva, the supply chain research unit of S&P Glboal Market Intelligence, who spoke at a Sourcing Journal event recently, a change in administration wouldn't mean an easy pass on trade.

"A Biden presidency could be less hostile," Rogers said, noting that the industry shouldn't expect any changes to trade policy. "He has talked about jobs and re-shoring [of production]. He has said he wants to sort out jobs at home before sorting out trade deals overseas."

Source: sourcingjournal.com– Dec 16, 2020

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Japan posts record run of export declines on soft US, China demand

Japan's exports fell in November, dashing expectations for an end to the two-year run of declines, largely due to weaker U.S.- and China-bound shipments and suggesting a slower pace of recovery for the world's third-largest economy. The trade data is likely to be of some concern for policymakers counting on solid external demand to boost factory output and broader corporate activity to revive the economy.

"The risk that Japan's economy will stall in the first quarter is gradually becoming stronger," said Takeshi Minami, chief economist at Norinchukin Research Institute. "It feels like Japan's economic recovery is somewhat behind that in China and the United States and European countries given the exports trend and state of domestic demand."

Ministry of Finance (MOF) data out on Wednesday showed exports fell 4.2% in November from a year earlier, defying the economists' median estimate of a 0.5% increase in a Reuters poll. That marked the 24th straight month of decline, the longest stretch on record based on comparable data going back to 1979, and follows a 0.2% drop in the previous month.

Japan’s exports have failed to match the strong recoveries seen in major Asian manufacturing rivals China and South Korea, which have benefited from brisk global demand for technology that enables remote working during the pandemic. In contrast, analysts said Japanese manufacturers face challenges selling high-value capital goods, such as factory machinery, to overseas markets at a time when growing demand for consumer goods is driving the recovery in many of those economies.

“Goods used in companies’ capital spending are seeing the biggest delay, even as cars are being sold well and the rebound in semiconductors has been quite strong,” said Atsushi Takeda, chief economist at Itochu Economic Research Institute. Takeda added that a long stretch of import declines, which fell for their 19th straight month in November, pointed to persistent weakness in domestic demand, highlighting Japan’s relatively slow economic recovery.

By destination, shipments to the United States contracted for the first time in three months, falling 2.5% in November versus the same month a year earlier, as weak demand for aircraft equipment helped offset higher car exports. Exports to China, Japan’s largest trading partner, rose at the slowest pace in five months, growing 3.8%, driven by communication devices. Shipments to Asia fell for the first time in two months, decreasing 4.3%, while those to the European Union dropped 2.6% in November.

Imports shed 11.1% in November compared with the same month a year earlier, versus the median estimate for a 10.5% decrease. Japan’s trade surplus narrowed to 366.8 billion yen ($3.54 billion), versus the median estimate for a 529.8 billion yen surplus. Japan’s cabinet on Tuesday approved a third supplementary budget to fund a fresh $708 billion stimulus package, which includes about 40 trillion yen in direct fiscal spending and focuses on investment in new growth areas such as green and digital innovation.

Data last week confirmed the economy rebounded sharply in the third quarter from its biggest postwar slump in April-June. A private-sector survey showed on Wednesday Japan’s factory activity came within striking distance of stabilisation in December, adding to signs that the economy is on the mend.

Source: financialexpress.com– Dec 16, 2020

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IHS Markit Experts State Top 10 Economic Predictions for 2021

IHS Markit financial and economic experts gave their annual Top 10 economic predictions on Wednesday.

With the underlying theme for 2021 of "overcoming the pandemic and charting new paths for the global economy," IHS executive director for global economics Sara Johnson, vice president of life sciences Gustav Ando, chief U.S. economist Joel Prakken, chief European economist Ken Wattret and financial consultant Brian Lawson gave their insights and forecast on a webinar.

Here are their Top 10 economic predictions for the year ahead

1. While the Covid-19 virus will stay with us, effective treatments and vaccines will be widely available to large segments of populations by mid-2021, facilitating a transition to the post-pandemic economy.

"The rapid deployment of effective vaccines and reopening of economies should gradually unleash a new wave of spending on travel and services, driving robust growth in the later part of 2021," Johnson said.

While the unanimous initial vaccination focus centers on health workers and patients in nursing and long-term care facilities, the commercial impact is widespread. However, the vaccination effort faces logistical barriers including sourcing raw materials and cold-chain distribution.

Despite third-quarter rebounds across Europe, real gross domestic product (GDP) is still well down from fourth-quarter 2019 levels, except for Ireland. Given the scale of GDP losses, a growth "spurt" is likely from a mid-2021 post-vaccination rollout, although fiscal problems and low potential growth rates pose longer-term hindrances.

2. The global economy will enter 2021 at a subdued growth rate and accelerate to a brisk pace in the second half.

The global economy will recover in 2021, led by Asia and North America, with all regions returning to economic expansion in 2021.

“After a 4.0 percent decline in 2020, the global economy is expected to expand 4.5 percent next year, with global output expected to reach a new peak,” Johnson said.

3. In 2021, investors and policymakers will shift their focus from Covid-19 to the environment.

Increasing environmental, social and governance (ESG) concerns will be of growing importance and impact to companies and governments. An increased political focus on ESG will range from European Union (EU) taxonomy to the U.S. Federal Reserve’s application to join the Network for Greening the Financial System.

4. Monetary policies will remain accommodative and more central banks will lean toward the U.S. Federal Reserve’s flexible average inflation targeting (FAIT) policy.

Although now there may be more upside to term yields than downside to the equity premium, the outlook for earnings and dividends remain somewhat guarded. The bottom line is for modest equity price gains over 2021.

5. The global financial sector should avoid major crises in 2021, at least in advanced economies, but banking risks will rise.

Multiple adverse fundamentals will extend into 2021, even if the Covid-19 virus is contained, although many of these are gradual rather than shock events. These include the inevitability of lasting economic damage from Covid-19 causing corporate failures to increase over time and many jobs to disappear.

Underlying asset quality and credit deterioration is delayed and masked by state measures to mitigate the pandemic. Globally, higher debt burdens for sovereigns and corporates are seen, but state support is likely where feasible to preserve systemic stability. Weaker and troubled countries remain vulnerable to localized financial stress.
6. Finished good prices will accelerate in 2021.

Industrial materials prices have rallied strongly since early May, reaching their highest levels since September 2014. These cost increases will be pushed downstream over the next six to nine months. Going forward, IHS Markit sees industrial materials prices rising relatively slowly through 2021.

The rebound in commodity prices will spark an acceleration in finished goods prices during the next six to nine months. As Covid-19 vaccines become widely available, consumer demand and price pressures will begin to shift from goods to services.

7. The U.S. economy will start 2021 slowly and accelerate in the second half. If another modest stimulus bill is implemented and a highly successful Covid-19 inoculation program is well underway by summer, full year real GDP growth is expected to exceed 4 percent next year, with a reasonably good probability of growth reaching above 5 percent in the second half of 2021.

IHS said President-elect Joe Biden’s fiscal agenda is ambitious, but is unlikely to be implemented in 2021.

8. Europe’s 2021 annual growth rates will fall short of market consensus expectations.

The COVID-19 virus’ prevalence and related containment measures will continue to hinder the recovery early in 2021. Lagged increases in business failures and unemployment is forecast to restrain growth as policy support diminishes, though IHS expects a pronounced vaccine-driven pick-up in Eurozone growth rates from mid-year. Eurozone real GDP is projected to rise about 3.5 percent in 2021, with the return to pre-pandemic levels not expected until late 2022.

9. Mainland China’s economy will accelerate to the strongest growth rate in recent years, but the rebound will wane.

Mainland China is enjoying an economic resurgence, but it won’t last, IHS said. With economic reforms stalling, productivity growth is slowing. In response to the 2020 surge in corporate debt, the government will tighten liquidity as the economic expansion firms. Foreign companies will continue to diversify sourcing away from mainland China.

10. The dollar should weaken in 2021 in a lagged response to the Fed’s sharp pivot to monetary accommodation in early 2020 and an increase in investor risk tolerance.

The dollar’s real trade-weighted exchange rate index is projected to decline through mid-2023 in response to the expectation that U.S. interest rates will remain low for an extended period, an increase in investor risk tolerance will lead to recovery in currencies of some emerging markets, and the persistence of large U.S. current-account deficits.

"The bottom line for global economic growth in 2021 is for a slow start and fast finish," Johnson said. "Despite an acceleration in finished goods prices, overall inflation will remain mild in 2021 as global output and employment remain below potential."

Source: sourcingjournal.com– Dec 16, 2020

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Premiere Vision Paris to hold digital show in Feb 2021

While awaiting a return to physical events, Premiere Vision Paris will be holding a digital show for its February edition, presaging continued health constraints on a global scale. The digital show, a week-long event running from February 15 to 19, will introduce new services for the industry and reflects the marked acceleration of the group's digitisation.

Premiere Vision will also be bringing online its new website, to be rolled out in several stages over the coming year, which will bring together all the trade shows and its Marketplace.

Throughout the last few months, Premiere Vision has been engaged in supporting the international fashion industry as it faces the difficult challenges posed by the Covid-19 health crisis, introducing new and innovative e-commerce features to its Marketplace, and speeding the development of its digital system.

Since September, Premiere Vision has helped to maintain the industry's business activity and motivate its community by successfully organising 2 digital events and 2 shows, thus allowing creative fashion brands and manufacturers to continue to work and support their businesses: The Premiere Vision Made in France show at the Carreau du Temple on September 1 & 2 - a record attendance of 98 exhibitors and 3,528 visitors; the Premiere Vision Paris digital show on September 15 & 16 - 1,675 e-shops, more than 43,000 products, 19,500 unique visitors from nearly 120 countries, over 4,000 participants in the digital talks; Premiere Vision Shenzhen from November 25 to 27 - this new event held in China is a side-byside show located in the heart of fashion source - one of the leading textile and fashion trade shows in Asia, held twice a year in Shenzhen; The Digital Denim Week, an online event standing in for the Denim Premiere Vision show, from November 30 to December 4.

"While a recovery seems to be taking shape on the horizon, aided by the arrival of vaccines, the posthealth crisis period is gradually coming into view, along with some difficult economic consequences. Nonetheless, the current period has accelerated and given rise to new business opportunities for the fashion market," Gilles Lasbordes, managing director of Premiere Vision, said in a press release.

"We confirm our goal of holding our trade fairs and events planned for 2021, on a course that will henceforth combine physical and/or digital events. The pace of health developments will set the pace for this resumption. Our digital events are much richer now, and they will continue to improve and grow increasingly sophisticated. In the meantime, they allow all industry players - buyers, creative teams, decision-makers, and of course suppliers and manufacturers - to come together, continue interacting, and work," Lasbordes said.

Source: fibre2fashion.com– Dec 16, 2020

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Global export of knit accessories slightly declines

The global export of knit accessories has slightly dropped 2.99 per cent to $10,055.07 million in 2019 compared to $10,364.50 million in 2017. Total exports declined 10.36 per cent in 2019 over the previous year, according to data from TexPro. Further, the exports are expected to move down to $9,026.94 million in 2022 with a rate of 10.23 per cent from 2019.

The global import value of knit accessories was $6,102.12 million in 2017, which surged 6.40 per cent to $6,492.61 million in 2019, according to Fibre2Fashion's market analysis tool TexPro. Total imports decreased 0.60 per cent in 2019 over the previous year and is expected to slash to $6,231.07 million in 2022 with a rate of 4.03 per cent from 2019.

China ($6,464.28 million), US ($363.73 million), Sri Lanka ($335.68 million) and Italy ($307.55 million) were the key exporters of knit accessories across the globe in 2019, together comprising 74.30 per cent of total export. These were followed by Belgium ($256.02 million), Germany ($255.02 million) and Pakistan ($198.29 million).

From 2015 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by US (95.50 per cent), China (55.26 per cent) and Sri Lanka (46.15 per cent).

US ($1,386.41 million), Germany ($551.22 million), Japan ($532.94 million), France ($368.41 million) and UK ($358.84 million) were the key importers of knit accessories in the globe in 2019, together comprising 49.25 per cent of total import. These were followed by Belgium ($264.01 million), Netherlands ($201.45 million) and Russia ($188.84 million).

From 2015 to 2019, the most notable rate of growth in terms of import value, amongst the main importing countries, was attained by UK (46.50 per cent), France (18.07 per cent) and Germany (12.80 per cent).

Source: fibre2fashion.com– Dec 16, 2020

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Govt denies access grants to virtual trade fairs: UKFT

UKFT has been working to encourage UK government to extend tradeshow access grants to companies wanting to show virtual trade fairs. At present, Pitti Uomo, Pitti Bimbo and Pitti Filati are scheduled to take place physically on February 21-23. The Paris Men's and Women's Fashion Week and Who's Next shows are slated to take place physically around March 4-8.

While, Intertextile Shanghai is set to take place from March 10-12.

UKFT in its press release stated that, DIT Tradeshow Access grants are available for these physical shows, and NB grants may be withdrawn by DIT (Department for International Trade), if the FCDO (Foreign, Commonwealth & Development Office) advises against travel to the market at the time of the show.

In these circumstances, DIT would potentially agree to support companies with a grant if the brand was represented by an agent, but companies will be required to provide documentary proof that their stand was manned by a local agent.

Most of the other key fashion and textile trade events are running virtually only in January-March. Key virtual only events include: Playtime, Project Men's on NuOrder, Coterie on NuOrder, Magic on NuOrder, Tranoi Connect, Lingerie Connect (organised by Salon de la Lingerie and Curve), Première Vision Paris, and
H + H.

Despite continued lobbying by UKFT and despite having received support from the Department for International Trade, the UK government has still not agreed to make the existing funding available for use at virtual trade fairs.

Whilst the jury is still out on the effectiveness of some of these platforms in generating actual sales, they remain the only option available for many companies in the immediate future and the signs are that they are here to stay even after physical shows become the norm again. According to the release, the UK needs to be visible in key international markets to recover from Covid-19 and reassure the world that the UK is still open for business after Brexit. However, if UK businesses continue to be absent from these platforms, the UK's competitors will take advantage of the situation.

There is a direct correlation between the level of grants offered by countries like Italy and the number of companies from those countries showing on these platforms. At last season's New York events, with the Italian government providing 100 per cent funding there were over 80 Italian companies participating, whereas with 0 per cent funding from the UK government there was zero participation from UK companies.

Looking at 2021, UKFT anticipates that wholesale business will begin to grow from spring onwards, especially as we approach summer. Direct to consumer will remain an important trend and will challenge traditional wholesale routes to market, but in some of its key export markets such as Japan, China and the Middle East UKFT is already seeing some signs of activity and companies are going to need to look at their promotional budgets very carefully and decide what they can afford to do and what will give them the best return on investment.

Source: fibre2fashion.com– Dec 16, 2020

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Bangladesh: Covid restrictions in Europe add to woes of garment suppliers

Covid restrictions in Europe add to woes of garment suppliers

Lockdowns and tightening of coronavirus restrictions ahead of Christmas in several European countries to tackle the second wave of infections have started adding to the woes of garment exporters in Bangladesh.

Europe is the largest trading bloc for Bangladesh and accounts for more than 60 per cent of the country's exports.

Of the total shipment to the EU, more than 90 per cent are apparel items.

Last fiscal year, apparel shipment stood at $27.95 billion, which was $12.49 billion in FY10.

The apparel shipment has been facing a crisis from the onset of the unprecedented pandemic. Recently, it has started recovering from the first phase of the pandemic-induced shock. But the second wave, which started from September, may nip the early recovery in the bud.

Most of the major export destinations such as Germany, France, Spain, the Netherlands, and Italy have either announced lockdowns or are considering to announce strict measures to restrict the movement of people following a surge of infections in recent weeks.

The Netherlands has entered a five-week lockdown, with non-essential shops, theatres and gyms all closing. Germany enforced a hard lockdown from yesterday after the number of infections hit record levels.

As part of the restriction measures, non-essential shops would remain closed, and garment items fall in this category. The sales in the retail shops in Europe dropped 21 per cent this Christmas compared to that a year ago, according to media reports.

"As Germany, the single largest importing country in the EU, is going into lockdown until January 10, it will only aggravate the negative impact on the exports," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"Apparel is a non-essential item, and it will take a nosedive."

With a slight pause, the recurrence of Covid-19 has appeared as "decapitating the already dead", Huq said.

Injured by the first wave, the industry was already bleeding and left to such a disrupted and weakest position that a repetition of a fraction of the magnitude of the first wave may be more intense, she said.

MA Jabbar, managing director of DBL Group, a garment exporter, said the second wave, as well as the lockdowns ahead of Christmas in Europe, had already impacted the shipment from his company.

Although the entrepreneur could manage work orders to a great extent, the prices offered by the retailers and brands are too low.

"We are just running our business and keeping the jobs of thousands of workers," said Jabbar, who mainly exports apparel items to Europe, especially to Germany.

"We will feel the impact, but I am hopeful that by April, the situation will improve a lot as the vaccinations in Europe will hopefully be completed by this time," he said. Currently, he is catering to spring and summer orders.

After the first wave, he recovered well, although there was uncertainty. "I am very optimistic that we can overcome the second wave too," Jabbar said.

The factories with composite production facilities, which can carry out all tasks from making yarn in spinning mills to making shipment of finished garments under one platform, were comparatively less affected, according to the entrepreneur.

"This is why the backward linkage should be concentrated in the country to reduce long lead time with varieties of fabrics. We have done investment in the backward linkage."

Huq said the impact of the first wave was undoubtedly incomparable.

The sector accepted high discounts and delayed payments to clear the cancelled goods, which had its impact on the financial stability of the industry.

Garment price went down by 4.85 per cent year-on-year since September.

The factories had to pay wages and all the regular payments, and forced loans have been created against factories mostly working for bankrupted buyers.

According to a BGMEA study, the garment industry lost $6 billion in export in FY20, meaning that the capacity was seriously underutilised.

The BGMEA did not have an inclusive picture of the real-time cancellation scenario and non-payments. However, a survey of 50 factories shows that instead of cancellation, buyers are following a go-slow approach in placing new orders and factories reported 30 per cent fewer orders.

"This is the picture of the industry, and the situation is worsening day by day," Huq said.

The uncertainty puts the industry in an unpredictable situation and impacts in the area of uncertainty over confirmed business, shipment, allocation of capacity, and they all have an effect on business viability, she said.

The BGMEA chief is staring at tough days ahead.

The repayment of wage-support loans is scheduled to start from January 2021, and the suspension of loan classification will expire by the end of 2020, if not further extended. Other temporary policy supports will also come to an end.

"We need policy support to go over this temporary bump," she said.

She is also hopeful about making a turnaround by the middle of 2021.

Source: thedailystar.net– Dec 17, 2020

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Pakistan: Italy to set up cultural centre in capital

To further boost bilateral relations between the two countries and let the people gain a better understanding of the Italian culture, Rome has decided to set up a cultural centre in the federal capital.

This was disclosed by the Italian Ambassador Andreas Ferrarese on Tuesday.

"I want to open up a cultural centre, maybe in one part of the new embassy, and promote Italian cuisine, art, paintings, music so that the Pakistanis can know more about Italy," he said while elaborating on the centre.

Ferrarese added that he wanted to set up the cultural centre in the embassy, construction of which is underway in the diplomatic enclave. He added that construction of the new embassy building was his priority.

He underlined the importance of promoting cultural connectivity as a means to help promote bilateral trade.

The envoy said that he will also encourage the exchange of students to further strengthen bilateral relations.

Ferrarese said that there was huge trade potential in different sectors of the economy which can be exploited. In this regard, he said that soon, a new economic mission will also be deployed in Pakistan to enhance trade and economic connectivity.

If bilateral trade between the two countries is promoted to its full potential, it can rise from its current level of $1.7 billion to $5 billion in the next three years.

Replying to a question, he said that Pakistan had exported goods worth $731 million to Italy during the fiscal year 2019-20. Major exports included textiles, leather, rice, ethanol, cotton, crocheted, cereals, rawhides and other skins, beverages, spirits and vinegar, plastics, footwear and gaiters.

During the same period, Ferrarese said Pakistan's imports from Italy stood at $521 million and included ships, boats, and other floating structures, machinery, pharmaceutical products, aircraft, spacecraft, electrical, electronic equipment, Organic chemicals, iron and steel, miscellaneous chemical products, optical, photo, technical and medical apparatus.

Apart from products and goods, he said that Italy is also providing technical assistance in textiles, leather and marble sectors.

He said dairy and livestock, olive and olive products, plastics, processed food and the construction sector are the areas where Italy can expand its cooperation with Pakistan.

Moreover, Italy was also supporting Pakistan in the Generalized Scheme of Preferences (GSP+) status in every review by the European Union countries.

Further, the ambassador said that Italy has become the largest contributor from the EU in home remittances to Pakistan.

The envoy said that the Pak-Italy Joint Economic Commission, a forum for bilateral economic engagement, was expected to meet in Rome in the last quarter of this year.

Source: tribune.com.pk– Dec 16, 2020

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Pakistan's Textile Industry "Wins Big" As India, Bangladesh Get Ravaged By COVID-19 Pandemic

While India went into full lockdown in March due to the COVID-19 pandemic, Pakistan opened its factories in the midst of a national lockdown as early as April.

This early opening gave Pakistan a big win in textile exports over its neighbors including India and Bangladesh. While the supply chains in India and Bangladesh came to a halt in late March, Pakistan eased its restrictions attracting the global textile importers to Pakistani traders and manufacturers.

Shahid Sattar, secretary-general at the All Pakistan Textile Mills Association told Bloomberg that orders from multiple nations including China, India and Bangladesh were shifted to Pakistan.

According to data published by the Pakistan Bureau of Statistics, the growth in textile shipments was surged by 3.8 percent to $4.8 billion between July and October in comparison to $4.6 billion last year.

Meanwhile, India's textile industry contributes about 2 percent to the country's total Gross Domestic Product (GDP) and employees over around 4.5 crore workers, including 35.22 lakh handloom workers all over the country.

It accounts for about 15 percent of the total export. The industry has been ravaged by the pandemic and would take a long time to recover, said Secretary, Clothing Manufacturers' Association of India, Naseer Humayun. India is one of the largest textile producing countries and largest textile exporters responsible for more than 6.9 percent of the world's total textile production and its textile industry valued at approximately US$ 150 billion. A Bloomberg report stated that companies like Guess? Inc., Hugo Boss AG, Target Corp. and Hanesbrands Inc. to Pakistan when other Southasian nations went into lockdown.

Hugo Boss told Bloomberg in an email that it focuses on long-term supplier partnerships while watching for "additional or new procurement channels," while Hanesbrands said it sources from many countries, including China and Pakistan, to supplement production from company-owned facilities. External factors like the US-China tensions and ongoing supply disruptions induced by the Covid-19 pandemic in India and Bangladesh helped the orders from the West to almost double since July, said Dawn quoting Khurram Mukhtar, a textile exporter in Pakistan.

He added that cost and tariff advantages over Chinese competitors in European and American markets while Indian and Bangladeshi rivals are struggling because of supply chain disruptions is helping Pakistan's textile industry emerge as a leader on a global scale.

The lockdown imposed in both countries had a stark difference. While India went into a complete lockdown, Pakistan was laxer. Prime Minister Imran Khan in his address to the nation said that the country cannot afford to go on full lockdown.

"If we were like Italy, France, America, or England, I would have locked Pakistan down completely," Khan said in an address to the nation on March 22. "But our problem is that 25% of Pakistanis are below the poverty line.

They can't even afford two square meals a day. If working-class Pakistanis are locked up for two weeks, how will they feed their families?".

The approach also prevented economic hardship that came after the lockdown. In contrast, India's total lockdown trapped workers in the big cities that was followed by massive migration. Experts have argued that while the movement of labor from cities to villages was low in Pakistan, the virus that came to cities through international travelers, stayed in the cities only.

Source: eurasiantimes.com– Dec 16, 2020

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NATIONAL NEWS

India, UK discuss investment, FTA during Raab's visit

Visiting UK secretary of state for foreign affairs Dominic Raab and his Indian counterpart S Jaishankar yesterday discussed bilateral trade and investment, a possible free trade agreement (FTA), Indo-Pacific defence and security, and cooperation for early recovery from the pandemic. Both sides agreed on a 10-year, 360-degree roadmap for upgrading India-UK partnership to the next level.

Raab listed enhanced trade partnership next year and a future free trade agreement as the top priority and confirmed Prime Minister Boris Johnson's participation as chief guest in the Republic Day next month. He also invited Prime Minister Narendra Modi to join the UK-hosted G7 summit next year.

"I think that could unlock huge opportunities for British and Indian businesses, lowering barriers in areas like food and drink, healthcare and life sciences, IT, data, chemicals and financial services. I think there are some exciting possibilities ahead," said Raab.

The Indian government said in a statement that to tap the full potential of bilateral trade and economic relations, both sides recognised the importance of fast tracking the discussions on a trade deal as well as concluding a ‘comprehensive migration and mobility partnership agreement’ that can facilitate swifter movement of students and professionals in both directions.

Jaishankar, who spoke of a serious intent to take trade relations with the United Kingdom forward, said the talks focused on five broad themes: connecting people, trade and prosperity, defence and security, climate, and health.

Jaishankar was accompanied in the meeting by the principal scientific advisor who coordinates India's COVID vaccine response.

"Oxford University, AstraZeneca and the Serum Institute India have been working closely together. And the Institute is now planning to produce one billion doses of the Oxford vaccine by the end of next year, many of which will be destined for low and middle income countries," Raab said.

The Apparel Export Promotion Council (AEPC) appealed to the Indian government last month to enter into a preferential trade agreement (PTA) with the United Kingdom.

Apparel exports from India to the United Kingdom, which is India's third largest export destination after the United States and West Asian countries, have been facing a tariff disadvantage of 9.6 per cent compared to countries like Bangladesh due to the European Union's generalised scheme of preferences (GSP).

Source: fibre2fashion.com– Dec 16, 2020

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India's economy recovers fast but will take more than a year to reach pre-pandemic levels: SBI Research

The Indian economy has significantly recovered in the current fiscal's second quarter, from the record slump of a 23.9 per cent in the first quarter; however, it still has a long way to go to reach the pre-pandemic levels. India's economy will take almost 7 quarters from Q4 FY21 to reach the pre-pandemic level in nominal terms, and there will be a permanent output loss of around 9 per cent of GDP, said a report by SBI Research.

On the back of a better than expected recovery, it is estimated that FY21 GDP will face a contraction of 7.4 per cent, compared to 10.9 per cent estimated earlier, SBI Ecowrap report said. The forecasted GDP growth for Q3 would be around 0.1 per cent.

Out of the 41 high frequency leading indicators, 58 per cent are showing an acceleration in Q3. The positive momentum of various economic indicators includes RTO transactions, revenue collection at RTO, revenue earning of freight traffic, weekly food arrival, and a higher petrol and diesel consumption that continued in November.

The business activity index has also shown improving momentum after a modest decline in the week of Diwali. Given the base effect, the FY22 GDP is expected to be at 11 per cent. However, the research underlined that all projections are conditional on the absence of another wave of infections.

On the other hand, even as the growth outlook has improved, the decline in Government expenditure has been quite significant to Rs 3.62 lakh crore in Q2 FY21 from Rs 4.86 lakh crore in Q1 FY21. The revenue and capital expenditure both declined in Q2 compared to Q1, with larger decline witnessed in revenue expenditure. Moreover, October data showed further decline in overall expenditure compared to September.

Meanwhile, the SBI Research estimated that a large part of fiscal expenditure by the Government has been indirect and are off-balance sheet items. Thus, the Government might be able to spend in Q4 to resurrect growth further. It has revised the fiscal deficit estimates for FY21 at 8 per cent of GDP.

Source: financialexpress.com– Dec 16, 2020

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French shipping company imposes $200 per TEU emergency space surcharge from India

French container shipping company CMA CGM S A on Tuesday started levying an Emergency Space Surcharge (ESS) of $200 per twenty-foot equivalent unit (TEU) from South East India ports as the cascading impact of global equipment shortages, port congestion and shipping delays including in India, creates space constraints on ships and force freight rates to soar to record levels.

The emergency space surcharge is being levied for loading from South East India ports to the North Continent, the Mediterranean, North Africa, Red Sea and Latin America as part of "continued effort to provide customers with reliable and efficient service," CMA CGM said in an advisory to customers.

The South East India ports includes Kolkata, Cochin, Ennore, Haldia, Kattupalli, Krishnapatnam, Chennai, Pipavav, Tuticorin and Visakhapatnam.

The destination covered include North Europe, Scandinavia and Poland, Baltic, East and West Mediterranean, North Africa, Morocco, Red Sea, South America West Coast, Central America East Coast and the Caribbean, Central America West Coast and Mexico West Coast, Leeward, Windward, French Guiana and French West Indies.

The emergency space surcharge will be charged on dry, reefer, out of gauge (OOG) - container size beyond 40 high cube - and paying empties, until further notice.

Soaring rates

Container shipping rates from India have soared over the past few months. From Cochin, the prevailing rates are 100-150 per cent higher than what it was in January. Peak season and other surcharges have contributed to the spurt in rates.

“The situation in India is an offshoot of the ongoing global shipping crisis, where record imports to the US and Europe from Asia have created an equipment imbalance – a container shortage in Asia and idle inventory in the US and Europe,” says Harsh Deo, a supplier relations executive at Cogoport, which helps plan, book and manage shipments.

“That, along with port congestion, shipping delays and weather-related disruptions such as cyclone Nivar in the case of ports in Chennai area – are to blame for runaway freight costs,” Deo said.

Kattupalli port near Chennai will temporarily stop accepting exports from December 18 in a bid to stop containers piling up at its yard.

‘Build connected ecosystem’

While the shipping industry is still dealing with the challenges of Covid-19, Deo says that the “current situation across ports is not a Covid induced issue”.

“This is a systemic failure only brought to surface by Covid. It has resulted in certain stakeholders having an undue advantage in the supply chain. Low adoption of technology and inventory visibility is bound to create such issues in the future.

The only way to avoid this scenario is to build a connected ecosystem with real-time visibility of containers. This, along with predictive models, will help foresee such issues in advance and help the stakeholders plan accordingly,” Deo added.

Source: thehindubusinessline.com– Dec 16, 2020

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Textile, apparel stocks in focus; Page Ind, TCNS Clothing surge up to 14%

Shares of textiles, readymade garments and apparel companies were trading actively on Wednesday on expectation of higher demand going forward.

Individually, Page Industries, TCNS Clothing Company, Himatsingka Seide, Gokaldas Exports, Dollar Industries, Bombay Dyeing and Manufacturing, Arvind Fashions, Siyaram Silk Mills, and Monte Carlo Fashions from these segments were up between 5 per cent and 14 per cent on the BSE. In comparison, the S&P BSE Sensex was up 0.78 per cent at 46,623 points at 01:49 pm.

According to experts, demand from the home textile industry is expected to remain supportive in the near-to-medium term. The home textile industry, they say, witnessed a strong demand revival during July-September quarter (Q2FY21) on high demand from big retailers (selling essentials), who saw their inventory pipeline running dry due to demand recovery, lower channel inventory, and precautionary buying by big retailers during the Covid-19 pandemic.

"Outlook for the Home Textile business continues to remain positive, with Indian textile players best placed to utilize this opportunity. The same for Yarn and Garments players looks positive, which is due to higher demand for Apparels from the US and Europe and beginning of the festive season," said a textile sector report by Motilal Oswal Financial Services.

Meanwhile rating agency CRISIL says that the 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.

The 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.

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, it said.

Source: business-standard.com– Dec 16, 2020

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MSMEs likely to create five crore new jobs in next five years: Gadkari

Micro, small and medium enterprises (MSMEs) are likely to create five crore new jobs in the next five years, minister for MSMEs Nitin Gadkari said on Tuesday. "Until now, we (MSMEs) have created 11 crore jobs and we are now planning to create five crore new jobs in the next five years," Gadkari said at a CII event.

The minister said he envisions the MSME sector to contribute 40% to the country's gross domestic product (GDP) from around 30%; at the same time, the sector's contribution to the country's export to go up to 60% from 48% now.

Gadkari said while the Covid-19 pandemic has adversely affected the sector, government extended support to the sector with various policy changes that should enhance their risk-taking abilities, leading to increase in investment. Gadkari, who is also the minister for road transport and highways, said the government was targeting Rs 25 lakh crore investment in the road development sector, but he did not give any timeline.

He said toll income on the national highways, despite disruptions, might go up to Rs 34,000 crore in the current fiscal from Rs 24,000 crore in the last fiscal. Toll income might go up to Rs 1 lakh crore a year in five years.

Source: financialexpress.com– Dec 16, 2020

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Centre extends deadline for States to complete reforms to avail additional borrowing

Centre on Wednesday extended the deadline till February 15 for States to implement reforms to be eligible for additional borrowing.

These four reforms are implementation of One Nation One Ration Card system; ease of doing business reform; urban local body/utility reforms; and power sector reforms.

As part of Atmanirbhar Bharat, States have been permitted to raises additional 2 per cent over and above 3 per cent of the GSDP under Fiscal Responsibility and Budget Management (FRBM) Act.

However, to avail the additional 2 per cent, some conditions have been prescribed. The first 0.5 per cent can be borrowed without any condition, while for the next 0.5 per cent States need to go for 'Option 1' of the mechanism to meet GST compensation shortfall. For the remaining 1 per cent, each of four reform measures will enable 0.25 per cent of additional borrowing — making a total of ₹2.14 lakh crore available. Earlier, States were given a time line of December 31 to complete reforms.

So far, nine States have implemented the One Nation One Ration Card system, four States have completed the ease of doing business reform and one State has done the urban local body/utility reforms. Additional borrowing permission of ₹40,251 crore has been granted to these States. Extention of the date for completion of reforms is likely to motivate other "States also to complete the reform process expediously and avail the linked financial benefits," a statement issued by the Finance Ministry said.

In view of the resource requirement to meet the challenges posed by the Covid-19 pandemic, the Centre decided in May to raise the borrowing limit of the States. This was aimed at enabling the States to mobilise additional financial resources of up to ₹4.27 lakh crore. The purpose was to motivate the States to carry out reforms in various citizen-centric areas, a statement issued by the Finance Minister said.

Capex benefit

The second benefit available to the States on completing three out of the four reforms is additional funds assistance under the 'Scheme for Financial

Assistance to States for Capital Expenditure'. Under the scheme, an amount of ₹2,000 crore is earmarked for the States that will complete at least three out of the four stipulated reforms.

The scheme was announced by the Finance Minister on October 12 as part of Aatmanirbhar Bharat 2.0. It is aimed at boosting capital expenditure by State governments who are facing a difficult financial environment this year.

A total amount of ₹12,000 crore has been earmarked by the Central government of India under this scheme. According to the Statement, capital expenditure has a higher multiplier effect, enhancing the future productive capacity of the economy, and results in a higher rate of economy growth.

Source: thehindubusinessline.com– Dec 16, 2020

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MSMEs in 2021: Six key trends to watch out in B2B e-commerce to jumpstart small business recovery

Ease of Doing Business for MSMEs: MSMEs in India account for 11 crore jobs and 29 per cent of the country's GDP. In 2021, restoring MSMEs' economic momentum will be integral to giving the real GDP growth rate a big push. MSMEs will need to explore sales and distribution opportunities and find new ways for business expansion. MSMEs will also have to rethink market penetration and customer outreach. Most importantly they will need access to easy and low-cost credit. The most reliable way for MSMEs to achieve an end-to-end exponential growth will be to embrace the technology enablement of their supply chain functions. B2B e-commerce platforms with their technological capabilities will partner MSMEs towards these goals with agility at scale in 2021.

Democratizing Technology Enablement for MSMEs

The fundamental reason for low technology penetration is the high total cost of ownership (TCO). The situation will change significantly in 2021 due to the government's Rs 8000 crore BharatNET and FFTH programs that will provide low-cost broadband connectivity to 150,000-gram panchayats across the country. MSMEs will be able to connect to B2B e-commerce platforms better. B2B e-commerce models build themselves on cloudhosted applications that are scalable and thus offer a high degree of operating and financial leverage. Such cloud applications from B2B e-commerce platforms that drive multiple transactions and automate diverse supply chain functions from sales distribution, analytics-based customer outreach, and supply chain finance will catch traction with MSMEs.

Growing MSMEs' Sales and Distribution

The pandemic has demonstrated how offline and manual sales and distribution processes can drive a wedge between MSMEs and their enterprise customers and thus create supply chain gaps. The government's heavy-duty outlay of Rs 2.3 trillion in engineering a 5G optic fiber network across the country will expedite MSME-B2B e-commerce partnerships in 2021. B2B e-commerce platforms will provide a cost-efficient and seamless digital interface between MSMEs and enterprise customers in manufacturing and connect the former to more opportunities to sell higher and better, thanks to the 5G digital infrastructure. MSMEs that enroll in B2B e-commerce ecosystems will have the scope to earn up to 51 per cent higher revenues annually than their offline counterparts.

Enabling MSMEs to Expand Smoothly

Through the pandemic, some MSMEs have swiftly switched from the manufacturing of non-essential goods to that of essential goods. What has constrained other MSMEs from doing so is the high proportion of variable costs of offline business expansion routes. The governments' CLCS-TUS initiative to subsidize technology enablement in MSMEs will be a game-changer in 2021 amid the recovery from the pandemic. B2B e-commerce platforms will be able to enable 60-80 per cent spend reduction for MSMEs through digital business expansion.

Enabling Superior Market Penetration, Customer Outreach

Offline modes of market penetration and customer outreach are not outcome-based and thus increase risks for MSMEs. With B2B e-commerce, MSMEs can reach a 70 per cent broader customer base for domestic and global trade. The government's initiative to invest Rs 27,300 crore in creating the single-window e-logistics market for MSMEs provides an excellent opportunity for B2B e-commerce and MSMEs platforms to collaborate. B2B e-commerce platforms will enable MSMEs to penetrate deep into remote locations across the country where OEM customers have faced challenges with the procurement of industrial supplies.

Assisting MSMEs with Supply Chain Finance

Delayed payments have been a source of concern for MSMEs through the pandemic. While the government's legislation to secure MSMEs' payments within 45 days is laudable, MSMEs need reliable short-term supply chain credit sources. Banks have to follow due diligence to optimize the risks of NPAs in their balance sheets and therefore have to anchor MSME debt offerings to collaterals compulsively. On the other hand, B2B e-commerce platforms can use analytics and big data and create alternative risk assessment models. They can use digital capabilities to analyze MSMEs' cash flow, turnover, customer portfolio, supplier ratings by leading OEM customers, and records of bad-debts, if any, and provide agile supply chain credit to them.

Enabling MSMEs to be Self-Reliant

MSME units need to make their supply chain faster, more cost-efficient, transparent, and safer quickly. The intent of B2B e-commerce platforms in 2021 will be to integrate MSMEs in Indian manufacturing with global value chains and secure a higher proportion of gross value added in global manufacturing over the long term. B2B e-commerce networks can enable this through greater local capacity utilization of MSMEs and unlocking new opportunities for domestic and global trade.

Source: financialexpress.com– Dec 16, 2020

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About 4.5 lakh lorries to be off the roads from Dec 27

After MHC's verdict to install speed regulators, owners to protest against overpriced accessories

About 4.5 lakh lorries in Tamil Nadu would be off roads indefinitely from December 27 to protest against what is seen as overpriced accessories like GPS system and speed governors.

After the verdict of the Madurai bench of the Madras High Court to install speed regulators and reflective tapes on vehicles, the state government has been forcing lorry owners to buy the accessories from particular companies which were overcharging, said MR Kumarasamy of Lorry Owners

Federation of Tamil Nadu. He was speaking to reporters on the sidelines of a meeting with lorry owners of various districts on Wednesday.

Alleging that the government was forcing the lorry owners to buy the speed governors sold at ₹1,500 in neighbouring Karnataka but priced at ₹8,000 in Tamil Nadu, he said.

Besides, he said, the owners were being forced to buy GPS units and reflective stickers from particular companies, leading to incurring loss of crores of rupees to the owners. There are 49 approved companies who market these units and stickers at a lesser price than those companies recommended by the government, he said.

Other problems include the capacity of load to be carried by the lorries, penalising the vehicles parked at petrol pumps and corruption at transport checkposts, he said.

In the wake of these issues, the lorry owners have decided to keep their vehicles off the road till the demands are met, he added.

Source: thehindubusinessline.com– Dec 16, 2020

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SIMA's research wing to focus on ELS, organic cotton

SIMA Cotton Development & Research Association (SIMA CD&RA) is gearing up to focus on the Extra Long Staple cotton variety in the coming season, besides eyeing the potential for organic and naturally coloured cotton.

The newly-elected Chairman of the association R Ravichandran said that successful completion of ELS cotton trials in Rajasthan, Madhya Pradesh, Maharashtra and Tamil Nadu has given hope for expansion into other areas. "We have identified farmers and necessary area for multiplying the pure organic cotton under contract farming in the coming season.

Few leading mills have already indicated interest to venture into this project in the pilot phase," he said, highlighting the launch of Indian cotton brand "Kasthuri" and development of Shakthi BT and SIMA Platinum by SIMA CD

&RA. “The latter two have recently been certified and ready for commercial multiplication”, he added.

“The association has developed brown colour and green colour cotton seeds. The brown colour cotton seed is ready for commercial multiplication. The naturally coloured cotton will be organic and an ultimate solution for textile processing,” he said.

The SIMA CD&RA Chief has appealed to the powers that be to launch Technology Mission on Cotton 2.0 to increase the yield from 500 kg per hectare to 750 kg per hectare in the next five years and adopt various technologies to double the farmers’ income and sustain the same without MSP operations.

New Office bearers

R Ravichandran, Director, Veejay Yarns and Fabrics Pvt Ltd, was elected Chairman of The SIMA Cotton Development & Research Association (SIMA CD & RA) for 2020-21, while G Venkatramachandran, Managing Director, Laven Technoblend Ltd, and SK Sundararaman, Managing Director, Shiva Texyarn Limited, as Deputy Chairman and Vice-Chairman at the 45th AGM of the association held at SIMA premises here this afternoon.

Source: thehindubusinessline.com – Dec 16, 2020

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