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INTERNATIONAL NEWS

UK, Mexico sign trade deal

The United Kingdom on December 15 signed a trade deal with Mexico, locking in tariff-free trade and other benefits for British businesses and consumers. The UK-Mexico Trade Continuity Agreement will particularly benefit the textiles, automotive, pharmaceutical, agriculture, food and drink industries and other manufacturing industries, sectors where the UK has high trade volume with Mexico.

Both countries have also committed to start negotiating a new and ambitious free trade agreement next year, which will go much further than the existing deal, the UK government said in a press release.

This agreement also represents another step towards the United Kingdom's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), to which we aim to apply for formal accession in early 2021. Both sides have agreed that our future bilateral negotiations should run in parallel to this process.

Joining CPTPP would put the United Kingdom at the centre of an increasingly influential trade network of 11 dynamic economies in the Indo-Pacific region that already accounts for 13 per cent of global gross domestic product (GDP) and would rise to 16 per cent with the United Kingdom's accession.

Around 3,800 UK businesses export goods to Mexico, which the Organisation for Economic Cooperation and Development expects to become one of the world's 10 largest economies within a generation and which has a market of over 130 million consumers.

This agreement guarantees UK businesses the certainty they need to operate in the Mexican market. It could save around £59 million worth of duties that would have been levied on UK exports to Mexico under terms of the World Trade Organisation.

The United Kingdom and Mexico also set out their commitment to a joint political dialogue covering all bilateral and international matters of mutual interest, including continuing and intensifying all areas of current cooperation.

Source: fibre2fashion.com– Dec 17, 2020

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US November retail sales give holiday season solid start

The National Retail Federation (NRF), a US-based retail trade association, has announced that November retail sales dipped from the month before but still showed the sixth consecutive monthly year-over-year gain by government calculations and set the stage for a healthy holiday shopping season compared with last year despite the pandemic.

“Consumers held back on spending in November as virus rates spiked, states-imposed retail restrictions and congressional stimulus discussions were gridlocked,” Matthew Shay, NRF president and CEO, said in a press release. “While consumers have been bolstered by increases in disposable income and savings, it’s clear that additional fiscal stimulus from Congress is needed and we are hopeful it will be passed soon as we enter the final stretch of the holiday season. With retail sales up 8.8 per cent versus November 2019, we still expect a strong holiday season compared with last year.”

“The month-over-month decline isn’t surprising because some spending was pulled forward into October by campaigns encouraging consumers to shop early and shop safe,” Jack Kleinhenz, NRF chief economist, said. “Despite that, as we go into the final weeks of 2020, year-over-year trends show spending is holding up well regardless of month-to-month fluctuations. Nonetheless, we have to remember the remainder of the holiday season depends critically on the virus. We are optimistic, but spending could shift into a lower gear if the virus continues to spread.”

The US Census Bureau said that overall retail sales in November were down 1.1 per cent seasonally adjusted from October but up 4.1 per cent year-over-year. That compares with a monthly drop of 0.1 per cent but a yearly gain of 5.5 per cent in October.

NRF’s calculation of retail sales which excludes automobile dealers, gasoline stations and restaurants to focus on core retail showed November was down 0.3 per cent seasonally adjusted from October but up 8.8 per cent unadjusted year-over-year. That compared with a decrease of 0.1 per cent month-over-month and an increase of 10.5 per cent year-over-year in

October. NRF's numbers were up 10.8 per cent unadjusted year-over-year on a three-month moving average.

Monthly numbers fluctuate even when adjusted for seasonal variations, making year-over-year comparisons a better indication of long-term trends. On a year-over-year basis, retail sales have increased each month since May under NRF's calculation and since June under the Census Bureau calculation. Retail sales during the first 11 months of the year were up 6.6 per cent, according to NRF's calculation.

NRF has forecast that holiday sales will increase between 3.6 per cent and 5.2 per cent over 2019 to a total between $755.3 billion -$766.7 billion. While NRF defines the holiday season as November 1 through December 31, NRF research shows 42 per cent of consumers started holiday shopping sooner than usual this year after NRF urged the public to shop safe and shop early. On average, consumers had about half their holiday shopping left to do as of Thanksgiving weekend.

November saw year-over-year gains in seven out of nine retail categories, led by double-digit increases for online sales, building materials and sporting goods stores.

Specifics from key retail sectors during November include: clothing and clothing accessory stores were down 6.8 per cent month-over-month seasonally adjusted and down 19.2 per cent unadjusted year-over-year.

Source: fibre2fashion.com– Dec 17, 2020

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China: Textile firms weave success despite pandemic

Orders rise for Chinese companies due to production delays in some countries

At an intelligent production workshop in the eighth branch of Anhui Huamao Group, a textile enterprise in Anqing, Anhui province, workers perform their tasks in an orderly manner as equipment whirls away 24 hours a day.

"Orders and customers have been increasing since September. Our order quantity is currently booked up to the end of 2020," said Sun Shanbiao, manager of the eighth branch.

The sharp increase in trade orders has two drivers.

First, the global online shopping carnival known as Singles Day held from Nov 1 to Nov 11 this year and created by Alibaba Group generated a lot of interest. Second, large numbers of orders were transferred from India to China due to India's severe COVID-19 situation, Sun said.

In October, China's textile exports reached $11.66 billion, with a year-on-year growth of 15.9 percent, according to the General Administration of Customs.

Apparel exports stood at $13.18 billion, a year-on-year growth of 6.8 percent, while export growth continued to increase 0.3 percentage point compared with September, maintaining three consecutive months of positive growth.

"Since the second quarter, production, exports and circulation have gradually resumed due to the gradual control of COVID-19 in China," said Sun Huaibin, vice-chairman of the China National Textile and Apparel Council, who added that in addition, digitalization and intelligentization also continuously improved production efficiency and reduced costs.

The same situation happened at Senru Textile Co Ltd in Keqiao district, Shaoxing, Zhejiang province. The company mainly produces knitted fabrics such as cashmere, wool and flannel.

Large numbers of factories in India and Bangladesh have been unable to resume production due to the severe pandemic situation. Therefore, orders were being transferred to China, according to a Senru official, who added that since the beginning of October, export orders began to surge even as the price of raw materials went up daily.

"Most of the additional orders came from Europe and the United States as well as Japan and South Korea. From June to September in previous years, we exported on average one container per day. This year, the export volume dropped sharply before September due to COVID-19. But now export orders have recovered to 70 percent of previous-year levels."

From January to October, the output value of Keqiao district's textile industry reached 83.04 billion yuan ($12.6 billion), accounting for 52.5 percent of the district's total industrial output value. The printing and dyeing industry achieved an output value of 32.3 billion yuan, with a year-on-year growth of 2.1 percent, 2.4 percentage points higher than the district's average, according to a recent report from Hangzhou Daily.

Since September, many large export-oriented textile enterprises in India, Bangladesh, Vietnam and other Asian nations reportedly failed to guarantee normal delivery due to the pandemic, while European and US retailers shifted many orders originally meant for these countries to China in a bid to ensure supplies during the holiday shopping seasons.

In addition, as production stagnated in most other countries due to the ongoing severe pandemic, the scale of China's exports increased sharply, driving up the cost of containers and port freight.

"The volume of foreign trade orders has seen an increase since May, and has basically recovered to the level of last year since the beginning of June, despite the damage inflicted by the pandemic," said Yan Liangmin, general manager of Zehao Textile Co Ltd in Keqiao.

"The major difficulty confronting us now is rising ocean freight costs due to the increasing demand for transport because of China's booming export volume and the poor circulation of containers caused by the pandemic," Yan said.

Freight rates for European routes, Persian Gulf routes, South American routes and other international routes have all increased since June. In October, container throughput at China's eight key hub ports rose 11.1 percent year-on-year, the highest in nearly 10 months, said the China Ports and Harbors Association.

The pandemic has had a severe impact on both supply chains and demand, said Li Xingqian, director of the foreign trade department at the Ministry of Commerce.

China is the world's largest textile producer and exporter with advantages in the export of labor intensive products. Since remarkable progress has been made in coordinating epidemic prevention and control to promote economic and social development, China has taken the lead in resuming work and production, effectively guaranteeing supplies for the international market and supporting the smooth operation of international industrial and supply chains, added Li.

Since May, orders for Chinese fabrics and raw materials for textiles have increased by more than 100 percent. Clothing industry orders have undergone a year-on-year increase of more than 200 percent, quadrupling in July, said Alibaba.com, the business-to-business online marketplace run by Chinese e-commerce giant Alibaba Group.

Source: chinadaily.com.cn– Dec 18, 2020

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Current investments in Colombia strengthen nearshore sourcing options

For decades, U.S. companies turned to Asia for offshore manufacturing and operations. Yet, the soft economy, the lingering U.S. trade dispute with China and the unrelenting pandemic have disrupted global trade and vital supply lines. Current and prospective offshoring buyers in Phoenix and nationwide are now rethinking their options.

Even deep and ongoing investments in the manufacturing and logistics infrastructure cannot wash away U.S. companies' lingering concerns.

Colombia, a robust and growing nearshore provider to the Americas, also is investing billions to bolster the infrastructure and services companies need to fulfill their sourcing needs. Companies seeking sourcing solutions in the automotive and auto parts, metalworking, construction materials; fashion, textiles, clothing and garments; chemicals, plastics and packaging; health care and telehealth solutions; and business process outsourcing (BPO) and IT services, are watching deep investments being laid out before them.

Manufacturing facilities; ports, rail, logistics and distribution operations; roads and bridges; traditional and renewable energy development and transmission; and training of its young and skilled labor pool, showcase Colombia's importance as a thriving nearshore option.

"Colombia's public and private sector leaders have realized that investments made across the country serve our people and partners and are setting the stage for continued sourcing success," said Flavia Santoro, president of

ProColombia, a Colombian government agency. “For companies in Phoenix and throughout the U.S., these investments make Colombia an ideal nearshoring partner for critical manufacturing, BPO and IT development, and other vital services.”

Key sector investments

Billions of dollars are being strategically invested in areas critical to growth, from cities like Antioquia, Barranquilla, Bogota, Cartagena and Valle del Cauca, to regions including Orinoquía, the Amazon, and the nation’s eastern, central, Pacific and Caribbean regions.

Targeted sectors include sustainable energy, like wind, solar and hydro to roads; infrastructure, like bridges, seaports, river navigability, distribution, warehousing, logistics and intermodal logistics hubs. Growing technology has some referring to Colombia as the “Silicon Valley of Latin America.”

Among the programs, the government’s Fifth Generation of Infrastructure Program, or “5G,” will invest $5.9 billion in 12 initiatives, putting 90,000 Colombians to work building the nation’s road network, railway, airport and fluvial infrastructure. In Valle del Cauca, the 5G program, with a CAPEX of $393.3 million will lay 192 miles of highway to connect the city of Buga with Santander de Quilichao.

Energy development and transmission

The Magdalena River is home to the nation’s most important hydro system. A $460 million public-private partnership recovery project will stretch from Barrancabermeja to Barranquilla in the county’s north region on the Atlantic Coast. Funded with support from the Inter-American Development Bank, the project includes channeling works, maintenance dredging, recovery of the dikes and directional levees, according to the National Infrastructure Agency.

A hydro project on the Dique Canal will connect Cartagena to the Magdalena River through a 72-mile channel with opportunities for freight transportation. Another $832 million will be spent on the canal’s environmental rehabilitation, the National Infrastructure Agency noted.

To guarantee reliable electrical service, more than three dozen power transmission projects between 2019 and 2021 will come online, including the first battery-based energy storage system in the Atlantico department. In all, investments top $2.5 billion, according to government reports.

A $700 million project will deliver an LNG regasification plant, LNG terminal and a floating storage regasification unit to store the gas. Located in Puerto Solo in the Buenaventura bay on the Pacific coast, it will serve western Colombia, according to a government site.
Recommended

Human service infrastructure

The development of the Canoas wastewater treatment plant has a $1.5 billion commitment to invest in the project from the private sector, according to a 2019 report from the International Trade Administration. The project, part of a strategy to clean up the contaminated Bogotá River, makes sense. Bogota is the economic, cultural and administrative center of Colombia and is a gateway to Latin America. With 22% of Colombia's population of 50.47 million in 2019, Bogota accounted for 31.5% of the nation's GDP. These figures are not lost on multinational corporations. The number of companies with foreign capital that have decided to start operations in Bogota doubled in the last decade, rising to some 1,500 companies in 2018 alone.

Some of the sectors with the largest investment opportunities are the:

- Technology-based services, as a result of trained professionals and quality technological infrastructure.
- BPO, because of the availability, quality, low cost of wages, the connectivity, market dynamism, strategic location and government support.
- Creative and cultural industries, which are entrepreneurial dynamic both nationally and internationally.
- Cosmetics and personal care markets in Bogota because of the dynamism of the exports and the expansion of foreign companies that invest in the beauty sector of Colombia.
- Health services since the Bogota health care system coverage has grown significantly over the past years.

Caribbean region

The Caribbean enjoys economic diversity, tourism, and its port infrastructure. The Caribbean region of Colombia is home to one of the country's most powerful and important industrial sectors, which include clusters, such as the petrochemical-plastic, metal mechanic, agrochemicals and pharmaceutical goods.

It is well suited to establish BPO operations in both Spanish and English because of the bilingual professionals in Barranquilla. Moreover, the region has favorable solar radiation and wind speed index to develop energy projects from non-conventional, renewable sources. Colombian's two main ports on the Caribbean in Cartagena and Bolívar are among Latin America's most active in terms of cargo movement. In all, this port zone includes 26 public and private port concessions.

An industrial area focused on innovation, the central region has experienced investment in the auto parts sector, for the assembly of manufacturing factories for vehicle parts and accessories to meet the demand of local assemblers and the replacement market. Risaralda has the Center for Innovation and Technological Development of Manufacturing and Metalworking (CINDETEMM), made up of companies that produce auto parts and motorcycle parts. Additionally, it has the RMR cluster (Red Metalmecánica de Risaralda). Given the presence of companies such as Busscar from Colombia, the department has high-quality suppliers for bus parts. In addition, the suppliers also serve large companies such as Marcopolo, Fanalca and Mercedes Benz, among others.

Pacific region

The Pacific region is an industrial and agro-industrial hub with access to expanding port infrastructure and orientation to new commercial destinations. It is one of the largest agricultural producers in Colombia. Its geography and climate nearly guarantee production all year-round. El Valle offers a multimodal platform on the Pacific Ocean with the Port of Buenaventura, the international airport in Cali, modern highways, and seven free trade zones. The Pacific region is a convenient location to connect with other countries in the Pacific Rim. It has a competitive salary structure in LATAM and abundant bilingual professionals. It is an ideal place for global services companies and has a large academic ecosystem with several research and development centers.

Orinoquía and Amazon

These regions are among the most important in the country because of their natural gas and oil reserves, their agricultural capacity and the diversity of species in the tropical jungle. Investment opportunities include ecotourism and nature tourism projects. Given its geography, there are some investment projects of wind energy. The production of wind energy in Colombia is one of the best in Latin America, as it has winds of 9 meters per second (80 meters high). Almost 400 renewable energy generation projects include 358 solar energy projects, 15 wind energy and 18 biomass projects, with an installed capacity of 6,135 megawatts, noted a government summary of generation projects dated March 31, 2018.

Eastern region

The Eastern region has, among other sectors, centers of highly complex health services. It has a bright future for agro-industrial production, specifically for oils and fats, cocoa, dairy products and meat. The provision of highly complex health services emerges as an interesting opportunity in the region due to the competitiveness in costs of treatments, surgeries and the development of an advanced health cluster with the presence of multinational companies and high-quality professionals. The country's geographic position also favors supplying infrastructure and construction sectors in countries of the Caribbean, Central America and the Andean Zone.

Source: bizjournals.com– Dec 17, 2020

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Sri Lanka targets US$2.5bn FDI in 2021: Minister

Sri Lanka is targeting 2.5 billion US dollars in foreign direct investments in 2021, with several commitments already being made, State Minister for Finance and Capital Markets, Nivard Cabraal said.

About a billion dollars of investments were in the pipeline for the Colombo Port City, he said.

"That is very real," he told an investment forum organized by Asia Securities, a Colombo-based investment house.

"The Hambantota tyre factor is 300 million dollar of which 175 million will come next year."

A pharmaceutical zone is expected to get another 200 million dollars.

"Once you have inflows of that nature there would be many others would get excited," he explained.

He said Sri Lanka was working on providing stable macro-fundamentals to investors.

A Special Economic Zone law is expected to be passed for the Port City. Projects so far have been given tax benefits under a under a highly discretionary Strategic Investment Law.

Source: economynext.com– Dec 17, 2020

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CCI celebrates first ever virtual Cotton Day in India

Cotton Council International (CCI), along with the leadership of the US cotton industry, organised the first ever virtual Cotton Day India 2020 themed 'Leading through change: Your partner for a new world'. It included discussions on some of the most pressing topics facing the cotton industry in India and globally, with sustainability taking centre stage.

The virtual event, featuring eminent speakers and panellists from the Indian textile industry, US Department of Agriculture, National Cotton Council of America (NCC), Supima and CCI, focused on the outlook for the global cotton industry, opportunities for the Indian cotton textile industry and the need for leadership during the time of crisis.

In a COVID-19 era, with the onus now on brands and their supply chain partners to demonstrate their environmental credentials, coupled with greater supply chain scrutiny and demand for traceability, most panellists agreed that sustainability in cotton production aligned with UN sustainability goals is the way forward for the industry as a whole.

The keynote address on Indian cotton update was delivered by Lazaro Sandoval, senior agricultural attaché, USDA Foreign Agricultural Service

(FAS). Also pressing on the importance of leadership through crisis, sustainability and retail scenario post COVID-19 was addressed by Michael Duke, former CEO of Wal-Mart.

Speaking about Cotton Day India 2020, CCI executive director Bruce Atherley said, "India is an important trade partner for US cotton with every second bale imported into the country being produced in the US. One of the key factors for this is 'trust' associated with US cotton. Quality, transparency, sustainability and the premium value of US cotton fibre has created a preference for US cotton. We are also the first country in the world to High-Volume Instrument (HVI) test 100 per cent of the bales to ensure that clients/mills get what they order. As the world grapples with COVID-19, we are seeing a steady increase in customers demanding more sustainable products."

"To enable mills and manufacturers to combat these pre-existing and more recent pressures, COTTON USA recently introduced its new, game-changing COTTON USA SOLUTIONS technical consultancy programme. With access to our first-of-its-kind industry initiative, businesses can equip themselves with the resources, data and opportunities they need for next-level success and profitability," Atherley added.

According to Dr. Gary Adams, President, U.S. Cotton Trust Protocol, "The Trust Protocol has set new standards for sustainable cotton production by bringing quantifiable and verifiable goals and measurement mapped to six key sustainability metrics – land use, soil carbon, water management, soil loss, greenhouse gas emissions, and energy efficiency."

Peush Narang, CCI's India representative added, "The US cotton industry has a history of strong relationship with India. For year 2019, cotton was the second highest exported agricultural commodity from US to India. The United States is India's largest exporting partner for cotton apparel.

Global brands and retailers have always looked up to India for textile products, especially made from cotton. US cotton has been the first choice whenever mills need to export high quality yarns. India has been amongst the top two users of Supima, an extra-long staple cotton grown in USA."

The key industry partners to Cotton Day India 2020 event included the U.S. Cotton Trust Protocol, Supima, Cotton Incorporated and Oritain.

Source: fibre2fashion.com– Dec 17, 2020

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USA: Denim Retailers Prepare for Spring/Summer 2021 with Optimism

For retailers emerging from a global pandemic and navigating one of the most challenging economic crises in recent history, Spring/Summer 2021 assortment planning is far from business as usual.

New considerations such as changing consumer demand and tighter finances—coupled with the fierce competition jeans retailers are now facing with loungewear and at-home fashion—have impacted the way retailers are planning their assortments for spring. And with in-person trade shows such as Project, Coterie and Liberty Fairs now providing digital alternatives for buying opportunities, even the way retailers place their orders has changed.

For David Shelist, owner of The Denim Lounge in Chicago, his assortment for next spring has been focused on providing unique value for the consumer. The store's classic bestsellers—which consist of premium denim labels for men and women and hats and tops for children—are evolving as new preferences emerge.

"It's been a tough go on selling dark, ankle-length skinnies," he said, adding that consumers are now seeking out unique pieces that they don't currently have in their closet.

Shelist is loading his spring assortment with vibrant colors, along with various fabrics and styles, including looser fits with unique hems and distressing throughout. But while he's looking for newness, he's looking no further than styles from his current brand partners.

"I want to partner with my existing lines since we have well-established relationships," he said. "I trust the companies we have been supporting for a long time."

This quest for newness could be a result of consumers spending more time indoors taking inventory of their current closet. It may also be owed to a pent-up desire to dress up again. The interest in new silhouettes and fashion pieces also echoes recent trends identified by product intelligence company

Trendalytics, which reported that online searches for men's patchwork jeans are up 53 percent compared to last year. And with searches for wide-leg jeans up 78 percent compared to last year, Trendalytics anticipates denim's retro cycle to continue to gain momentum over the next year.

Shelist is giving consumers what they want. Unfortunately, it may not be what's best, nor aligned with reports that consumers are growing more aware of the environmental impact of their purchases. Despite his own hopes for a shift to more sustainable denim, Shelist said that's not what his customers are currently demanding. "Unfortunately, [sustainability doesn't seem that] important," he said. "My customers are not asking for sustainable jeans right now, though I hope that changes."

For Howard Gee, founder of San Francisco denim boutique AB Fits, consumer demands are evolving post-pandemic. Because people are covering their faces with masks, they're now more likely to play with bold colors and textures, he noted.

"If you wear a yellow sweater and walk in a room, you've said a lot already," he said. "Now you can say something just by wearing certain clothing."

As a result, his store's spring assortment consists of "louder" pieces. And while soft, comfortable fabrics are now most popular, he pointed out that they must also be thoughtful. "We focus on pieces that are comfortable but also very well-tailored," he said. "That big, comfortably puffy stuff can become frumpy very fast. Everything needs to be casually thoughtful."

The traditional boutique landscape is not the only channel to have changed as a result of the pandemic. Larger retailers are adjusting their factory orders, namely for products that will resonate with more eco-conscious consumers.

"As one of the largest apparel retailers in the world, we have a responsibility at our scale and size to make a positive impact," said Michele Sizemore, senior vice president of global product development at Gap. "We produce around 110 million yards of denim a year—that scale is a tremendous opportunity to be a force for good."

In addition to sustainability, post-pandemic Gap consumers are looking for comfortable denim—both in tops and dresses as well as in their jeans. Sizemore noted that the brand's "Soft Wear" denim collection is a best seller that it's building upon for upcoming collections. Part of Gap's water-saving

Washwell program that uses 20 percent less water than traditional washes, the Soft Wear collection is made with a blend of comfort-enhancing fibers like Lycra and recycled spandex.

While no retailer has emerged from the pandemic unscathed, Gap has fared well, as its customer base is made up of all ages. “Kids are continuing to grow, so they often need new items,” she said. “We are seeing that people are most definitely still shopping.”

Abercrombie & Fitch Co. is also reporting strong demand for denim across both of its Abercrombie & Fitch and Hollister brands. “We have stayed close to our customers, pivoting and adapting our products, marketing, messaging and inventory to align with their changing reality,” a spokesperson told Rivet. “While our [Abercrombie & Fitch] soft and cozy collections have been well-received, our customer has also been responding to our improved fashion content, including denim.”

The most popular styles across both brands include a shift away from skinny jeans for women and girls’—a trend that the retailer predicts will continue through S/S 21. Mom jeans and vintage straight-leg styles, as well as upcycled and re-done elements, including patch and repair, will breathe new life into classic denim fits for the upcoming season.

Size-inclusive women’s brand Universal Standard has also fared well through the pandemic, noting that customer demand for its denim and athleisure products were both consistent throughout.

“Because of the pandemic, we saw a huge growth in sales for our athleisure category,” said Polina Veksler, Universal Standard co-founder and CEO. “Logically, you would think that denim would be negatively impacted, but we did not see any slowdown in denim sales. I think that a huge reason for this is because our denim has more stretch than average, making it so comfortable to wear while working from home.”

For these reasons, the company is leaning more heavily into its denim business in 2021, starting the year off with new styles and washes, including a high-waisted sailor style. What it will change for future seasons is the way it works with suppliers, as the pandemic shined a light on the need to work more closely with factories to pre-plan further ahead of time so it can replenish stock more quickly.

"We're still very bullish on denim as a category for next year," Veksler said. "Denim has always been an important category for us because it garners the most repeat purchases, and we want to surprise our customer with great options to express their style."

Source: sourcingjournal.com– Dec 17, 2020

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Argentina's Textile Sector Faces Bleak Outlook

"Argentina is not doing well."

This is the way Juan Chicote, who makes sweaters in the city of Mar de Plata near Buenos Aires, summarized the state of the debt-laden South American country, whose three-year recession deepened with the coronavirus pandemic and where the economy is forecast to contract more than 10 percent this year.

Chicote, who owns the Pura Vida sweater and hoodies brand, said the textiles and apparel industry will likely see revenues plunge 60 percent this year from around $10 billion in 2019, extending a decade-long decline as exports have shrunk and local retailers fend off ultra-cheap competitors from China. Textile manufacturing headcount, which last year hovered around 700,000, has also more than halved, he added. "The [overall] unemployment rate in Mar de Plata is 20 percent. It's really very sad," added Chicote.

When the pandemic hit Argentina in the spring, Buenos Aires shuttered the economy for seven months, bringing huge losses for retailers and grinding apparel production to a near halt.

"This was a very difficult year as we were stopped for a very long time," Chicote noted. "It certainly hasn't been a year to make money."

Worsening matters, raw materials have shot up in price amid higher fuel costs and inflation, squeezing mom-and-pop apparel makers or pymes, many of which have closed, despite government efforts to shore up the sector.

Matters are so bad that not even memorabilia linked to late soccer star Maradona's death is seen being able to lift manufacturers' near-term fortunes, observers said. "We are expecting a 60 percent to 70 percent plunge," they added. "Many businesses have closed and exports have stalled because we are too competitive against other countries."

This comes despite the fact that Argentina's peso hovers at an all-time low against the U.S. dollar and is poised to fall further in 2021 as the government delays a whopping $44 billion debt restructuring with foreign investors. The state's woes have resurrected fears of a devaluation and shuttered credit for corporate entities.

While the government has said a deal with the International Monetary Fund is in the works by March or April, executives don't expect a breakthrough in the country's fiscal nor economic health anytime soon. As of press time, inflation topped 37 percent while four of nine Argentinians were said to remain in poverty.

Officials at top apparel trade lobby Camara Industrial Argentina de la Indumentaria (CIAI) conceded things are tough, noting the peso has fallen 50 percent from last year. However, they insisted things are looking up as the country battles the virus.

"We saw an improvement in fourth-quarter activity and today all retailers are open, something we didn't have for seven months," said CIAI president Claudio Drescher, adding that sales topped expectations during Mother's Day on Oct. 17 and that "we are seeing a consumption recovery before Christmas."

Drescher forecast the industry will decline 30 percent this year in terms of manufactured units, which totaled shy of 150 million in 2019, adding that the new numbers are much better than a 70 percent decline forecast at the pandemic's height in March.

To survive the crisis, the government recently announced $350 million in financing aid for the sector, also to help manufacturers invest in innovation and Industry 4.0. processes, which Dreschler said are pivotal to boost competitiveness.

Drescher declined to provide revenue figures for 2020, adding that the peso's growing devaluation and high volatility have complicated accounting.

Source: sourcingjournal.com– Dec 17, 2020

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Will Cambodia's garment sector rebound after 'horror year'?

L on Vanna has been working around the clock for months but she doesn't sew clothes anymore - she guards the machines in the abandoned garment factory in Cambodia where she once worked.

Vanna believes the sewing machines are her only hope for saving her home and land, which she put up as collateral for a loan to feed herself and her ailing parents after the new coronavirus pandemic shuttered the factory in March.

"Those machines are my money; they are my life," Vanna said, pledging to hold them hostage until she receives about $2,000 in wages and bonuses owed since bosses shut the factory, some 50km south of the capital, Phnom Penh, unannounced.

"We only know how to sew clothes," she said, sat among half a dozen former workers who guard the factory around the clock, and in August chased away men sent by the factory owners to retrieve the machines.

"But we see no hope in the industry, only shut downs and sackings, so we can't give up."

Cambodia's $7 billion garment sector - the country's largest employer with 800,000, mostly female, workers - was dealt a double blow this year by the coronavirus pandemic and by European Union (EU) tariffs imposed over human rights abuses.

Some Cambodian exports lost duty-free access to the EU in August as the bloc signalled its discontent over the Southeast Asian country's crackdown on opposition, civil society and the media.

Hard-won labour rights have also been rolled back this year in the garment industry, workers' advocates say, as the virus has fuelled 'union-busting' at factories and poorer wages and conditions for those still in a job.

Cambodia has rolled out some assistance for laid off garment workers, but workers and advocates say it has been insufficient and difficult to access.

Labour ministry spokesman Heng Suor told the Thomson Reuters Foundation that the process of applying for financial support was “not hard at all ... as long as the factory files for suspension properly”.

Horror year

Across the developing world, millions of workers in garment supply chains were laid off and left unpaid in 2020 as the pandemic pummeled the international fashion industry.

Cambodian workers are owed more than $120 million in unpaid wages for the first three months of the pandemic alone, according to advocacy group Labour Behind the Label, describing it as a “mounting humanitarian crisis.”

Exports to the EU - usually worth around $5.5 billion a year - dipped by almost $1 billion in the first nine months of 2020.

Global brands, including Adidas and Levi Strauss, had urged Cambodia to reform and drop criminal charges against union leaders but Prime Minister Hun Sen, in power for 35 years, said the country would not “bow down” to foreign demands.

Bent Gehrt, Southeast Asia field director for U.S.-based Worker Rights Consortium monitoring group, described 2020 as a “horror year for garment workers”.

“The country’s performance on labour rights has deteriorated so severely that it has become a marketing liability for the country as a producer and increased brands’ reputational risk,” he said.

Poised to rebound

Opinions are mixed over the industry’s future.

At least 110 factories have shut permanently due to the loss of orders and the fate of scores more remains unknown, said Ken Loo, a representative for factory owners, adding that the situation will become clearer when 2021 membership fees are due.

Loo said Cambodia's garment industry is well-placed to rebound as exports to the United States have surged in 2020, more than 60 new factories have registered, and Cambodia has far fewer coronavirus cases than other Asian production hubs.

While India has recorded almost 10 million infections, the second highest globally after the United States, and Myanmar more than 100,000 cases, Cambodia has had less than 400 cases and no deaths, a tally by Johns Hopkins University shows.

"Look at the alternatives - Myanmar, for example, where Covid is out of control," said the Loo, secretary-general at the Garment Manufacturers Association in Cambodia.

"This will be a factor for investors in the future."

Loo said he was also optimistic about trade with Britain after the completion of its transition out of the EU on Dec. 31, which will bring an end to EU tariffs and allow Cambodia to export to Britain duty-free.

"I don't say it will make up the entire difference ... but I don't think we are in a worse position," he said.

Problematic

But fashion giant H&M, which has about 50 factories in Cambodia, said sourcing in Cambodia had become "problematic" because of increased tariffs, labour rights and environmental concerns, particularly its recent heavy investment in coal.

"Production countries that continue to see coal as a viable energy source for the future could potentially lose out on future investments," H&M's Cambodia country manager Christer Horn Af Aminne said.

Meanwhile, for Cambodians who do have work, competition has driven down conditions and unionists continue to be targeted, said Yang Sophorn, president of the Cambodian Alliance of Trade Unions.

"Last month alone, we organised two new local unions in factories and our leaders at both have already been subject to either threats of, or actual, dismissal," she said.

Cambodia's garment workers are due to receive a $2 rise in the minimum wage to $192 per month in January - still below the living wage of $588 calculated by the Asia Floor Wage Alliance, a supply chain lobby group.

The women guarding the sewing machines at Vanna's former factory, each owed a few hundred to a few thousand dollars, said they had little else to do and would not be leaving.

"I've sold my motorbike now, so I can't go anywhere," Hoeun Toeuth, 38, said from behind a face mask.

"But we still have rice, and we will struggle until the end - this is the life of the worker."

Source: hindustantimes.com– Dec 17, 2020

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COVID 19 dampens spirit as textile and apparel exports decline across countries

The COVID-19 pandemic has affected flow of orders amongst major textile and apparel exporting countries of the globe. While India had already lost many textile orders to China before RCEP was signed, the agreement has further widened loss of orders.

Vietnam's annual textile and apparel exports to drop

As per a report from Vietnam Industry and Trade Electronic News, Vietnam's textile and apparel exports are expected to drop by 9.3 per cent to $24.76 billion in the first 10 months of this fiscal. Its annual exports are expected to drop by 10 per cent year-on-year to $33-35 billion on account of drop in demand from European and American markets.

As per reports, the value of Vietnamese textile and apparel exports dropped by 2 percent during the first quarter and by 27 per cent in the second quarter. Though they improved slightly in the third quarter, Vietnam's textile and apparel exports are still expected to drop by 10 per cent year-on-year to reach $35 billion. This drop has forced textile and apparel companies in Vietnam to adjust their product structure and shift from traditional to high-end products including suits, shirts, work clothes, knitted garments and traditional shirts.

Sri Lanka notes lowest decline in apparel exports

The country saw a 21.97 per cent decline in textiles and apparels exports during the first nine months of this year, says a Daily Financial Times report. Sri Lanka's apparel exports declined to their lowest in five years to $3.1 billion during the period.

Sri Lanka Joint Apparel Association Forum (JAAF) also estimates a 22.15 per cent fall in Sri Lankan textile and apparel exports to $1.4 billion. According to the association, the country's exports to the EU fell by 21.36 per cent year-on-year to $1.3 billion while its exports to other countries/regions fell 23.25 per cent year-on-year to $400 million.

Insufficient raw material slow Myanmar's orders

Statistics from Myanmar's Ministry of Commerce reveal, apparel exports in FY2019-20 declined 6.95 per cent to $4.28 billion from $4.6 billion in the same period last year. The country's apparel industry enjoys preferential tariffs on its exports to EU. Its apparel exports constitute 30 per cent of the total export value. However, the onset of the pandemic blocked its raw material imports slowing down its orders from the international market. As the result Myanmar had close down some of its apparel factories, leaving thousands of employees unemployed.

To avoid raw material shortage, experts advised Myanmar's government and private units to establish a complete supply chain of spinning, weaving, dyeing and finishing, sewing and manufacturing in the apparel industry.

Jordan introduces discounts to boost sales

As per the Jordan Industry Association, in the first nine months of this year, Jordan exported apparels and leather worth approximately $1.27 million, reports Petra News. This was a 15 per cent year-on-year decline from previous year.

ordan expects this decline to widen to 25 per cent in Q4 of the current year before gradually returning to normal in early 2021. Some of these companies are presently manufacturing masks, protective clothing and shoes for local needs. They export around $550 million worth of goods annually, leading to a creation of 33,000 jobs.

Jordan's weekend apparel sales account for 50 per cent of its total apparel sales, says a Jordan Times report. Though the country began preparations for winter sales in September itself, 90 per cent of its products remain unsold in the warehouses.

To boost sales and increase cash flow within the industry, Jordanian merchants plan to discount prices this season, leading to fierce competition. Jordan currently has 11,000 apparel stores, which accounts for 60 per cent of stores in major commercial centers. The country exports its apparels to countries such as China, Turkey, India, Bangladesh, Egypt and European countries.

Source: fashionatingworld.com– Dec 17, 2020

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JCPenney's Closing More Stores Later This Month

JCPenney has made its first big post-bankruptcy move—this time adding 15 new closures to the 160 stores already shed from its base this year.

In January, the pre-bankruptcy chain announced plans to close six store locations before filing for Chapter 11 bankruptcy protection in May. It subsequently revealed that closures could reach 200, but closed just 154 while operating under bankruptcy court oversight. The mass merchant recently exited bankruptcy through a sale of the operating business to its two largest landlords, Simon Property Group and Brookfield Asset Management.

A spokeswoman for the retailer on Thursday confirmed the store closures, noting that the new doors that will be closing are part of its store optimization plan to close up to 200 locations.

"As part of our store optimization strategy that began in June with our financial restructuring, we have made the decision to close an additional 15 stores," she said, adding that liquidation sales will commence before the end of December and "close to the public in mid to late March."

"While store closure decisions are never easy, our store optimization strategy is intended to better position JCPenney to drive sustainable, profitable growth and included plans to close up to 200 stores in phases throughout 2020," she said.

Regarding its store closings, a JCPenney company blog last updated on Dec. 11 said that the retailer has announced "more than 170 store closures in 2020."

The six doors pre-bankruptcy, plus the 154 during Chapter 11 and now the additional 15 locations brings the store closure total to 175 doors.

The blog also said, "We will continue to operate the majority of our stores and our flagship store, jcp.com, to ensure our valued customers continue to have access to the products and brands they need and want."

Source: sourcingjournal.com– Dec 17, 2020

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Hybrid exhibition to support Intertextile Apparel in March

The organisers of Intertextile Shanghai Apparel Fabrics have announced that Spring edition will be held from March 10 - 12, 2021 at National Exhibition and Convention Centre (Shanghai). The fair will adopt a hybrid format with online platforms and digital solutions complementing the physical fair, to support exhibitors in China's recovering textile market.

Running as originally scheduled, the 2020 Autumn edition welcomed nearly 3,400 exhibitors from 20 countries and regions, and attracted over 73,500 visitors. Over 240 virtual meetings were also arranged during the fair through the fair's new Connect Plus platform and the VIP business matching programme.

"As a global apparel textile flagship, the Spring edition of Intertextile Apparel in 2021 will continue to serve as a reliable sourcing platform, both in-person and virtually, for the textile industry to connect and recover. With travel restrictions still in effect in many countries and regions, digital solutions and the hybrid format of the fair are essential to facilitate suppliers and buyers in their sourcing process. We look forward to international exhibitors joining us via the onsite or online formats, allowing them to take advantage of the opportunities offered by China's recovering textile market," Wendy Wen, senior general manager of Messe Frankfurt (HK) Ltd, said in a press release.

The fair will take place as China's textile market continues to show signs of quick recovery from the effects of the pandemic. With industrial output continuing to remain strong, Chinese consumer confidence is also starting to rebound. According to a McKinsey study, net optimism of consumers is now at 54 per cent, the highest compared to respondents from other countries. This recovery in the economy and consumer demand was also observed by exhibitors from the 2020 Autumn edition, who expressed how the fair provided a much-need trading platform for making up lost business.

"Intertextile is a great way to reconnect with the textile industry. On just the first day, we acquired 35 contacts for new fabrics and met with 10 new brands and can confidently say we've met our expectations so far. More importantly there are large crowds of people, meaning that people are not afraid to travel domestically, which is a good sign. Intertextile successfully opening as planned is a good first start, indicating the market is gradually returning to normal," Steve Stewart, apparel vice president, Asia at The Lycra Company, said.

For exhibitors who cannot travel to China, the Hybrid Showcase will be held again to display their products for onsite buyers to touch and feel, with audio visual equipment provided to help present their company. These 'hybrid exhibitors' will be able to stay connected with onsite and online buyers via the instant messaging and video calling functions of the Intertextile mobile app and the fair's online business matching tool, Connect Plus, which will be accessible before, during and after the fair.

"Due to Covid-19, we didn't travel to the fair. But we joined Intertextile's Hybrid Showcase and sent over some fancy knits for display, which are our company's most popular products. We gained around 40 new contacts some of them are our target customers and we started talking with them via emails after the fair. As this was the first time we joined a hybrid format trade fair, we didn't expect so much and we are satisfied with the results," James Nam, president at NK Fabric from Korea, said in the release.

Intertextile's country & region pavilions and dedicated product zones will be offering a comprehensive range of products to help buyers meet their specific souring needs.

Source: fibre2fashion.com– Dec 17, 2020

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Pakistan: Exports and textiles

The Commerce Ministry is advising one and perhaps rightly so that Pakistan's exports are on an uptake, especially textiles, where Faisalabad is leading the way both in terms of investment and onward export bookings. When going to the actual numbers Pakistan's exports in dollar terms registered only a paltry increase of 2.71 percent in the month of November '20 over October '20, and 2.11 percent over the period July-November '20 over the same period July-November '19.

However, if we take into account that Rupee almost lost 40 percent value in the 5 months comparison, the results are laudable, since they indicate not only the coverage of the devaluation gap, but also an enhanced capacity utilisation to be able reach the output to achieve these numbers—needless to say that the accompanying employment generation is an added and a much-needed benefit.

While congratulations to the Ministry are in order, these short-term successes need to be evaluated more carefully and in the right perspective. Most of the increased business has either come at the expense of Bangladesh as the devaluation made Pakistani products more competitive—mainly in made-ups or from China (nearly 30 percent) where China allowed preferential access to low-cost Pakistani yarns and textiles.

Ironically, both markets may wither away as quickly as they came unless the Pakistani government takes timely action to cement these gains. It is obvious that the incremental sales are price elastic and if the edge by way of cheaper prices is not maintained, the business may go to someone else or even back to where it previously was.

Already the Bangladeshi government has announced a host of support measures that facilitate its textile industry by up to 10 percent in its cost-reduction initiatives and on the other hand, the flows to China are beginning to slow down significantly as its one-time requirements come to end and Chinese factories start planning closures for the approaching Chinese New Year when almost everything comes to a standstill for nearly 4 to 6 weeks.

So what is it that our government should do to ensure that these exports' gains remain sustainable? The answer may be straightforward in that to see to it that Pakistani industry's cost of production or its inputs cost does not go up, albeit to manage it may not be so simple. Inflation in Pakistan continues to hover around the double digit mark, the state-owned enterprises not only keep on incurring losses but these deficits are increasing with each passing day, economic mismanagement at the state level remains brazen with its failure to optimally manage imports of energy based fuels and essentials, and last but not least failure to remove an unhealthy oversight cum over-regulation of the private sector still adds unnecessary costs that could easily be avoided or reduced.

All these elements sooner or later manifest themselves in the power and energy requirements of the industry or put price pressures on operational efficiencies and on the very ingredients used in producing the end products for exports. Given that the regional competition is heating up to regain its lost market share, this would be a good time for the Pakistani government to also respond by announcing its own new policy measures that help ease of doing business by removing any frivolous industrial hurdles and to withdraw some of the present counterproductive levies/regulations. Principal amongst these would be to take the industry back into zero-rating, fix energy (power and gas) prices for the next 18 months, release all stuck-up refunds of exporters, and announce a 5-year tax holiday on any new industrial investment that ensures 85 percent or more of its sales in exports.

It is important to take into account here that the cost-push challenge that the Pakistani textile manufacturing is facing today will not just end here. While the advised changes will surely address the situation in the short-term, it may not be enough to meet the very serious long-term adversity that we face in the shape of an eroding national cotton crop. Though the final figures are not out yet, there is a distinct possibility that the Pakistani cotton crop may be reduced to merely 6 million bales this year and that too of a very compromised overall quality level. Historically we have seen this crop to be as high as 13 million bales with indigenous quality seed development like the MNH-93 being ahead of the curve not only in its yield/output, but also in its quality.

Unless this negative trend in cotton produce is quickly arrested, we could end up losing the very underlying base on which the entire Pakistani textile chain stands on. Luckily, the gap this year was filled by tapping on the comparatively cheaper cotton availability in the global markets, however, such high dependence on one's main imported raw material carries an inherent risk of industry erosion in case there happens to be a crop shortage internationally. Again, history is full of examples on how the textile business is forever migrating and once the leading powers in textile production today find themselves to be no longer relevant. If not careful, there is no guarantee on why Pakistan should be an exception.

For anyone interested in tracing these vagaries of national textile fortunes, there is a fascinating book that has recently come out by Virginia Postrel, titled, "The Fabric of Civilisation: How Textiles Made the World". In it she takes us on a journey as epic, and varying, as the Silk Road itself. Postrel begins with the Bronze Age civilisation of Knossos, on Crete, where Daedalus was said to have crafted the wings that carried him and Icarus over the Aegean. Knossos, as it turns out, "was a textile superpower". Postrel writes, "So were Egypt, China, Mexico, Guatemala, Japan, England, Italy, France and other cultures that we visit, but today nearly everyone finds itself subjugated to Chinese industrial power, cotton & textiles included—How times change!"

Source: nation.com.pk– Dec 17, 2020

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Exploring Exports Driven Growth: Learning from Pakistan-China Free Trade Agreement

Changes in the subsidy policy of Pakistan proposed from exports diverting industries of textile and leather towards exports creating industries of beverages, rice, surgical Instruments and sports goods in a research by Anwar Shah et al. from Quaid-i-Azam University of Pakistan and Baku Engineering University of Azerbaijan who examined the impact of Pakistan-China free trade agreement (FTA) on exports creation under the Central Asia Regional Economic Cooperation (CAREC) Institute research grants program which supports researchers from members of the CAREC Think Tanks Network (CTTN) to produce targeted knowledge products which add to the body of knowledge on regional cooperation in CAREC.

"This is one of the knowledge products that we help create to advance regional cooperation and contribute to the partnership for sustainable development goals," said Syed Shakeel Shah, Director at the CAREC Institute.

The analysis of Anwar Shah et al. covered 83 industries. The research found that post-FTA, total exports of China from ten major industries was $88 billion. While this figure for Pakistan stood at $17 billion from ten major industries.

The in-depth analysis at the industry level showed that the total exports creation of Pakistan with China after FTA stood at $6.1 million per annum. This equals 0.02 percent of the total average yearly exports of Pakistan. Further, Shah et al. found that food and beverage sector had the highest (72 percent) share in exports creation with China.

Exports diversion with 15 most favored nations (MFN) of Pakistan was also analyzed. The findings demonstrated that half of the industries in the textile sector diverted exports from the MFN partner towards China. This is in spite of the fact that the textile sector remains the largest beneficiary of subsidies in Pakistan.

This work also explored the possible factors of modest performance in terms of exports creation by Pakistani industries. The major factor happens to be low level of exportable surplus. Authors suggest that potential FTAs between Pakistan and other CAREC countries is possible in industries where the production of exportable surplus is relatively higher.

CAREC Institute is an intergovernmental organization, jointly governed by 11 member countries, with an international organization status in the PRC, dedicated to promoting economic cooperation among CAREC members through research, capacity building, policy advocacy, and partnerships.

The Institute acts as a knowledge connector among the five CAREC clusters – economic and financial stability; trade, tourism, and economic corridors; infrastructure and economic connectivity; agriculture and water; and human development – to ensure coherence in design and implementation of policies, programs, and projects to promote regional economic cooperation and integration, where integration is defined as a strategy that promotes the benefits of collective and collaborative activities among member countries through economies of scale, more vigorous intra-regional trade, expansion of markets, shared information platforms for exchange, and harmonized frameworks for social and economic interaction.

Source: dnd.com.pk– Dec 17, 2020

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Bangladesh: 42% garment workers yet to receive stimulus

About 1.4 million of the total workers working in the garment sector did not receive government incentives

As many as 42 per cent, or about 1.4 million apparel workers, did not receive or were deprived from government incentives given to the sector to combat the economic fallout of the Covid-19 pandemic, said Transparency International Bangladesh (TIB).

TIB Executive Director Iftekharuzzaman unveiled the data while addressing the findings of its latest report titled "RMG Sector in Covid-19 Crisis: Governance Challenges and Way Forward" on Thursday.

As per the report findings, most incentives were given to the factory owners to deal with the business crisis and about 84 per cent of about Tk 52,800 crore of the incentives paid to address business interests of the owners.

Though as of April - July, the estimated salary and allowance of readymade garment workers was around Tk 12,692 crore, the incentive amount in this package paid by the government was Tk 9,188 crore, 27.6 per cent less than the requirement, it also said.

As a result, about 42 per cent or about 1.4 million of the total workers working in the garment sector did not receive or were deprived from government incentives, the report said.

There are allegations that 21,000 workers in 64 factories, which took incentives, did not receive their salaries and allowances due to announcement of factory layoffs and dismissed workers, it also said.

The TIB report also mentioned no guidelines for sub-contract factories, which create uncertainty on the salaries and allowances of about 1.5 million workers of 3,000 factories.

The large factories got priority in receiving incentive funds. In some cases, large factory owners have been accused of using political influence and lobbying for getting incentives, it added.

Talking on data during March -November 2020, Iftekharuzzaman said that the sector was given 50 per cent of the financial support, although it contributes about 10 per cent to the national GDP.

In order to ensure health protection, BGMEA in collaboration with the World Health Organization formulated a health protection guideline for garment factories. In many cases, BGMEA guidelines have not been fully followed by factory management.

According to the data, most factories ensure wearing masks but do not have adequate hand washing facilities and hygiene has not been ensured in the canteen and toilet.

Moreover, most of the factory owners did not follow the instructions to start the factory with 30-50 per cent workers within the shifting system.

In case of violation of supply materials of health care to the workers and compliance with hygiene rules in accordance with the guidelines framed by BGMEA, utilization declaration (UD) facility should be revoked and penalties should be imposed, the TIB suggested.

Buyer organisations need to be committed to conducting ethical business and the issue of ensuring the rights of workers in times of disaster should be linked with the existing conditions of the base price of garments and work orders, said the anti-corruption watchdog.

"To combat the second phase of infection, we need to provide adequate health care and transportation to various committees set up by the government and employers organizations, so that these committees can play an effective role in ensuring workers' rights and their safety in the factory," it adds.

TIB also called for making public all information on coronavirus infection, layoffs, cancellation and reinstatement of work orders, use and distribution of incentive funds.

Source: dhakatribune.com– Dec 17, 2020

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NATIONAL NEWS

Can India Gain From US Ban On Xinjiang Cotton Imports? Here's What The Textile Industry Says

The Indian textile industry is looking to tap the opportunity arising out of the US ban on cotton imports from a Chinese quasi-military organisation, which is allegedly using forced labour of Uighur Muslims.

Two weeks ago, the US Customs and Border Protection (CBP) agency came up with a “Withhold Release Order” banning cotton and cotton products from the Xinjiang Production and Construction Corp (XPCC), one of China’s largest producers.

The US doesn’t import cotton from China but buys a good quantity of cotton products from China. However, the CBP could now look at cotton textile products made from the banned cotton in countries such as Vietnam, Bangladesh and the Philippines.

The CBP action is part of several decisions the Donald Trump administration has taken in the last few weeks as it heads to demit office in the third week of January. These decisions could make things difficult for incumbent president Joe Biden.

Trump’s actions include banning access to US technology and investments for major Chinese companies, mainly State-owned ones.

However, Biden has pledged to work with the allies of the US to put pressure on China to curb human rights and trade abuses.

XPCC accounts for 30 per cent of Chinese cotton. The US ban will force garment makers and apparel manufacturers to ensure that their products do not contain the fibre from XPCC farms.

The Xinjiang Uighur Region in China accounts for 86 per cent of total cotton produced in China. It makes up 70 per cent of all cotton spun into yarn and enjoys the largest share in China’s yarn export basket.

Nearly 75 per cent of fabric exports from China are likely to have been made from Xinjiang cotton.

There are a few problems that the global textile industry could face in view of the US CBP order.

Countries such as Bangladesh, Vietnam and the Philippines use Chinese cotton for their products and there is no guarantee that the raw material has not emanated from the controversial province.

The “Withhold Release Order” allows the border police to detain shipments if it suspects forced-labour is involved in making the products.

There was further damage to the Chinese cause as yesterday (15 December) media reported that China was allegedly forcing hundreds of thousands of Uighurs to pick cotton in Xinjiang province farms.

Other minorities were also being pushed into forced manual labour by the Chinese authorities, the reports said.

According to available data, China enjoys a 24 per cent share in the US textile fabrics market, 40 per cent yarn market and 36 per cent share in clothing. Compared to this, India’s share, respectively, is 9.42 per cent, 13.83 per cent and 4.38 per cent.

In 2018, China made up nearly 35 per cent of textile and clothing imports by the US compared with India’s share of 7.11 per cent.

The question now in the industry is can India benefit from the US ban on XPCC and how much ground it can make in bridging the gap of nearly $35 billion in the American market.

The textiles industry is sure that it can gain, but it is not sure how much it would actually translate into as benefits.

According to K Selvaraj, Secretary-General, Southern India Mills Association (SIMA), the global market has been looking at alternatives to China soon after the Coronavirus (COVID-19) pandemic began spreading across the globe.

“India is the second-largest textile producer and has ample opportunities. However, it has been lagging behind because of issues with regard to manmade fibres. Our raw material prices were expensive. We have now got a level-playing field in manmade fibres, except fibres such as viscose,” said Selvaraju.

The textiles industry is now looking forward to the Rs 10,600-crore focus product linked incentive (PLI) scheme set to be announced by the Narendra Modi government soon.

"The PLI scheme will encourage bigger scale of operation, an advantage China enjoys currently. Even Bangladeshi firms have a bigger scale of operation. In India, we have been affected by the definition of medium and small enterprises. There are also two other schemes in the pipeline for the textiles industry," the SIMA Secretary-General said.

The two schemes, likely to be announced by the Union government soon, are mega industrial parks and the establishment of a National Textile Fund (NTF).

"The NTF will allow the government to infuse Rs 35,000 equity fund at a lower interest or longer credit period. Currently, banks provide loans for a period of seven years, whereas it takes nine-10 years for a textile firm to pay back. This is because sometimes, recession sets in given the textile industry circle and projects could also be delayed," he said.

The NTF was expected to be a rational one, though it could take time for the government to announce it, the SIMA official said.

However, Selvaraj agreed that China's problems in the US market offered to "throw a lot of opportunities" and a pact with Bangladesh, which is on cards, could also prove to be a win-win factor.

Tiruppur Exporters Association Executive Secretary K Sakthivel said that India could be up for competition from Vietnam, from where US sources a lot of its textiles needs.

"US buys a lot from Bangladesh and Indonesia too. But our industry people are getting enquiries from the US and we have to see how far we can gain," he said.

Also, India's position will be determined by Biden's approach to the Chinese issue.

The other problem, Sakthivel said, was that Chinese share in the US market had dropped by some seven per cent since 2013, but India gained only a meagre 0.5 per cent from it. "Vietnam and Bangladesh walked away with 6.5 per cent of this share," he said.

Selvaraju said that cotton made up only 20 per cent of textiles and clothing exports with manmade fibres making up the rest.

“Also, cotton is available only for five months here, which makes us competitive for 7-8 months only in a year. We have sought a price stabilisation fund that will benefit cotton farmers. It will ensure year-long supply,” the SIMA official said.

TEA’s Sakthivel said that the current surge in cotton prices is a cause for concern but a more important issue was labour shortage in places such as Tiruppur.

“At least 30 per cent of the labour who had gone home during Coronavirus have not returned. The rate of attrition in Tiruppur is high and there is no guarantee that they will return,” he said.

However, rating agencies such as ICRA say that Indian domestic textiles industry will gain from the US-China spat, particularly since Xinjiang is a major cotton-growing province.

Another rating agency, Ind-Ra, has said that Indian textiles industry has begun pushing more of its products in the US market and it would stand to gain much in the terry towel and bed linens segment.

Experts said that the US ban could now result in more demand for raw cotton from India, particularly from Vietnam and Bangladesh.

Currently, both these countries are buying a good amount of cotton from India, which is expected to export at least 50 lakh bales (170 kg) cotton this season to September 2021.

Source: swarajyamag.com– Dec 16, 2020

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As economy recovers, fall in direct tax mop-up slows

Third instalment of advance tax down only 17.6% as on Dec 15 against 22% at the start of Nov

Direct tax mop-up is showing signs of improvement with the third instalment of advance tax collections down only by 17.6 per cent against 22 per cent at the start of November.

“Initial indications, as on December 15, show that total net collection (gross minus refund) of direct taxes reached over ₹4.95 -lakh crore against ₹6.01-lakh crore on the corresponding date of 2019,” a senior government official said while clarifying that since bank- wise reconciliation is on, knowing the exact advance tax collection under the third instalment will take some time. However, the official was optimistic that the final figures will be much higher than the initial trend.

Any assessee having an estimated TDS (Tax Deducted at Source)/TCS (Tax Collected at Source) for the year of ₹10,000 or more, is required to pay his/her tax in advance. This is required to be paid in four instalments (15 per cent of the total by June 15, 45 per cent by September 15, 75 per cent by December 15 and the entire amount by March 15). According to Budget documents, the government has set a target of gross collection at ₹13.19-lakh crore for the current fiscal year — ₹ 6.81-lakh crore of corporation tax and ₹6.38-lakh crore of personal income tax.

Equalisation levy

Giving some details about various heads, the official said corporate tax collection as on December 15 was over ₹2.26-lakh crore while it was about ₹2.57-lakh crore through personal income tax. Collection through equalisation levy crossed ₹1,100 crore. Region wise, barring Bengaluru, all regions are in the negative zone with Kanpur seeing maximum de-growth of 32.7 per cent.

Commenting on the tax collection trend, Sandeep Jhunjhunwala, Partner at Nangia Andersen LLP, said with the wheels of the economy back at a normal pace and the increasing hope of fighting the pandemic, the latest direct tax collection data bespeak positivity and faith of the taxpayers as the slowing of the decline. Besides, slow growth in collection of direct taxes was already expected for the year on account of the reduction in corporate tax rates and

TDS/TCS rates and various other pro tempore relaxations provided by the Government to cope with the liquidity crisis created by the Covid pandemic. More time for filing returns

Pushing forward of returns filing due dates has also given taxpayers more time to deposit self-assessment taxes. "Along with the collection of the pending self-assessment tax and fourth quarter taxes, the collection under the Vivad Se Vishwas scheme, which will accrue in the coming quarter, should help push up direct tax collection for 2020-21. New levies in the form of equalisation levy on e-commerce transactions and the domestic e-commerce transaction tax would also add to the kitty," he said.

Source: thehindubusinessline.com– Dec 17, 2020

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Slow inland movement of empty containers adding to capacity shortfall

The global container inventory crisis is leading to a disproportionate hike in container rates and disrupting supply chains across the world.

Shipping lines, however, are mobilizing empty containers to Indian seaports, but it is the inland movement of these containers which is posing greater difficulty.

A large inventory of containers is currently clogged in the US and the European Union, as containers are stuck inland, Sunil Vaswani, executive director of Container Shipping Lines Association told.

"Empty containers are being brought in by shipping lines to India, but ports are unable to accept new containers as they are congested far in excess of their capacity," he added.

It is the slow inland movement of empty containers, therefore, which is further constraining capacity. Shipping lines also said the Container Corporation of India, responsible for the inland transportation of containers, mostly via the railways network, also needs to expedite this clearance.

“The Jawaharlal Nehru Port Trust outside Mumbai, for instance, is full because the empties are not being taken out,” Sharad Kumar Saraf, president, FIEO said. JNPT, or Nava Sheva port is the country’s largest container port.

“Cargo arriving on the east and southern coasts is facing particular delays due to congestion at trans-shipment hubs. We are attempting to bypass the transshipment hub in Colombo altogether and create adhoc facilities hubs elsewhere, in Cochin, for instance,” Vaswani said.

He also indicated that containers not being destuffed in time by importers to be made available for exports is adding to turnaround times. He said CSLA has also requested the Indian Railways to subsidise freight rates for the movement of empty containers.

Source: indiaseatradenews.com– Dec 18, 2020

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PTA Users Industry seeks single GST rate for entire sector

To help the Indian textile industry to grow at a faster pace and to achieve the target of $240 billion by 2025 from the present $140 billion set by Prime Minister Narendra Modi, the Polyester, Textile and Apparel (PTA) Users Industry has urged the government to consider single GST rate for the entire textile sector from raw material to fabric/garments.

Single GST rate from raw material to fabric/garments will remove inverted duty structure anomaly, according to the PTA Users Industry.

"The government should also announce New Textile Policy to provide higher incentive for exports including yarn & fibre to enable domestic producers compete in the international market," the Industry said in an advertisement thanking the Prime Minister and Union ministers of finance, textiles, and commerce and industry for their unstinted support and for formulating policies to make the country's textile sector more vibrant and growth oriented.

The Industry has also sought reduction of import duties on raw materials which are in short supply to zero, while also discouraging any application for imposing anti-dumping duty. It has further urged that the recently announced production link incentive scheme for apparel and garments should be made applicable for fibre and yarns.

In addition, the government should negotiate trade agreements with the US and the EU so that high duties paid by Indian textiles is reduced, the Industry said in an advertisement in a national daily.

Mentioning that the Indian textile industry is very confident of meeting the set targets with the encouraging policies of the government, the Industry congratulated the government on its encouraging policies to fuel growth of the industry.

Steps taken by the government to encourage the Indian textile industry include removal of anti-dumping duty on PTA in the Budget 2020-21, and withdrawing/closing anti-dumping investigation on MEG, which together have resulted in creating level playing field in terms of key raw material prices of all polyester manufacturing units.

Fabrics and garments producers benefitted by these steps as competitively priced yarns was available to them, giving them opportunities to increase exports and domestic consumption. "Textile industry now moves at high growth rate, thereby creating more job opportunities and fresh investments," the advertisement said.

Source: fibre2fashion.com– Dec 17, 2020

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Exports from Tirupur surge to record levels

It’s a perfect Christmas gift that garment exporters from the knitwear capital Tirupur were looking for, as exports for the October-December quarter may be among the best quarters ever, with a 15% increase in exports.

“We expect exports to grow at least 15% (by volume) and 10% by value for this quarter,” said Raja Shanmugham, head of Tirupur Exporters Association. The demand pull has been so strong that exports for the current fiscal may top last years’ Rs 25,000 crore even though more than two months were lost due to lockdown and production impairment due to labour shortage.

A combination of factors: Pent up demand, anti-China action from buyers,, favourable Euro and inherent business resilience will all make Christmas 2020 a cheerful one.

October exports were up 8%, November was up 1% and December is showing a strong trend. “Exports are back, with a bang. The growth that we are seeing is here to stay,” said Apparel Export Promotion Council’s head A Sakthivel.

Shanmugam however is keeping his fingers crossed. “There are some issues which I am not comfortable with. While most migrant workers are back, restart of long-distance train services bring back more. Besides, some European countries are witnessing a second wave of Covid and have announced partial lockdowns which could impact Christmas buying,” he said.

Not just exports. Stocking up by domestic brands has been high, driving business. “Domestic demand is matching exports. We expect domestic supplies to overtake exports, if the present demand continues,: Shanmugam added. Tirupur usually exports 60% of its merchandise and the rest is despatched to the domestic markets.

Sakthivel however is bullish. “Most of the Christmas buying happens online. Shipments for Christmas are over and it has been very good,” he said.

American embargo on exports of cotton from China and knitwear made using Chinese cotton is helping Indian exporters. “Several brands are now avoiding China and coming to Tirupur,” he said.

The INR/Euro which was at 78.97 last year is now 89.47. This is a leg up considering European Union is the largest importer of Tirupur garments. Garment exports from Tirupur dropped to Rs 25,000 crore for the year ended March 2020, from Rs 26,000 crore in the previous year as Covid pandemic wiped away most of March exports.

The target was to export garments worth Rs 28,000 crore. Domestic sales were flat at Rs 25000 crore for the fiscal. The town employs 6 lakh workers, half of whom are guest workers from other states.

Source: timesofindia.com– Dec 17, 2020

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Immense opportunities for apparel exports to Spain: AEPC

As per AEPC, Indian apparel manufacturers, including readymade garment players have immense opportunities to increase exports to Spain as the European country imports significantly from other countries. According to AEPC, India is currently the seventh largest readymade garment supplier to Spain with export value of $817.6 million in 2019. The country exported $217.6 million worth of manmade fiber garments to Spain.

At the 'India-Spain Synergies in Apparel and Textiles' organized by the AEPC, Madan Singh Bhandari, Deputy Ambassador of India to Spain said Indian apparel manufacturers can significantly increase their exports to Spain considering the recent transformations that the sector has undergone in India.

A Sakthivel, Chairman, AEPC said in the last three months there has been an increase in exports compared to last year. Corona crisis has turned out to be an opportunity as India has been able to increase its production of medical textiles, technical textiles and also MMF based garments.

Source: fashionatingworld.com – Dec 17, 2020

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Gorakhpur Chamber of Industries demands establishment of garment park

As ready-made garment has been included as the second alternative for one district one product (ODOP), Gorakhpur chamber of industries has demanded the establishment of a garment park in the district.

The chairman of Gorakhpur Chamber of Industries, Vishnu Ajit Saria, and former chairman SK Agarwal met Gorakhpur Industrial Development Authority (GIDA) CEO Sanjeev Rajan, and suggested him to allocate 50 acres of land in Bheeti Rawat area to build a garment park. Saria and Agarwal said the park would attract many industrialists from other places to Gorakhpur.

“The chamber of industries has sought the construction of a garment park, and we strive to fulfil their demand in the days to come. I have asked the officials of the chamber of industries to provide the list of garment industrialists, and the details about the requirement of land," said GIDA CEO.

The chairman of Gorakhpur chamber of industries, Vishnu Ajit Saria, said that already a huge number of industrialists are working in the district but the units are scattered. Once all the the units are established in one place, it will benefit both the traders and the customers. He added that the move would help in increasing employment opportunities.

The chamber of industries has started making survey to make a list of industrialists in readymade garment industry in the district , general secretary, Pravin Modi said. "We are planning to keep space for small, middle and big industrialists at Ready Made Garment Park," he said.

SK Agarwal said that machines of the ready-made garment industry take less space and the garments could be produced in a multistorey building. "Besides, the government is working on developing an industrial corridor along the Purvanchal expressway, and also intends to establish a textile park in it," he added.

Source: timesofindia.com – Dec 17, 2020

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