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INTERNATIONAL NEWS

USA: Trade Deficit Resumes Downward Trend as Exports and Imports Fall

The U.S. trade deficit in goods and services fell 6.8 percent in January after a 13.5 percent jump in December, according to trade statistics released March 6 by the Department of Commerce.

The monthly deficit of $45.3 billion reflected a 0.4 percent decrease in exports to $208.6 billion and a 1.6 percent decline in imports to $253.9 billion. DOC states that the monthly deficit saw a 15.8 percent drop from a year earlier as exports rose 1.1 percent and imports fell 2.4 percent.

Country/region	Deficit	% Change	Surplus	% Change
China	$23.7 billion	-7.8		
European Union	$13.5 billion	-3.6		
Mexico	$9.2 billion	-2.1		
Germany	$5.6 billion	+1.8		
Japan	$5.3 billion	+20.5		
Italy	$2.6 billion	-10.3		
Taiwan	$1.8 billion	-25.0		
India	$1.7 billion	0		
France	$0.7 billion	+133.3		
Canada	$0.7 billion	-84.1		
South Korea	$0.6 billion	-68.4		
Singapore	$0.1 billion	Change from $0.5 billion surplus		
Saudi Arabia	<$0.1 billion	Change from $0.3 billion surplus		
South/Central America			$5.8 billion	+26.1
Hong Kong			$1.8 billion	-5.3
Brazil			$1.7 billion	+88.9
United Kingdom			$1.6 billion	+166.7

The deficit in goods trade fell 3.7 percent in January to $67.0 billion. Imports of goods were down 2.0 percent to $203.4 billion, including decreases of $1.3 billion in non-monetary gold and $600 million in other petroleum products.

Exports of goods were down 1.0 percent to $136.4 billion, including an increase of $900 million in automotive vehicles, parts, and engines along with decreases of $1.7 billion in civilian aircraft, $800 million in crude oil, and $600 million in fuel oil.

The services surplus gained 2.8 percent to $21.7 billion, with imports down 0.2 percent to $50.5 billion and exports up 0.7 percent to $72.2 billion.

Source: strtrade.com-Mar 21, 2020

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US government must deem manufacturing facilities essential

US textiles and nonwovens associations have issued a joint statement urging federal, state and local governments to deem textiles and nonwovens manufacturing facilities as "essential" when drafting "Shelter in Place" orders in response to the COVID-19 crisis.

"Our associations recognize the serious challenges our elected officials, health administrators and others are facing when issuing orders to protect communities across the country and we understand the necessity for leaders to enforce a 'Shelter in Place" order or quarantine orders," the organisations said.

"Our members make a broad range of inputs and finished products used in an array of personal protective equipment (PPE) and medical nonwoven/textile supplies, including surgical gowns, face masks, antibacterial wipes, lab coats, blood pressure cuffs, cotton swabs and hazmat suits. These items are vital to the government's effort to ramp up emergency production of these critical supplies."

"If workers who produce these goods are not granted an "essential" exemption from "Shelter in Place" and other quarantine orders to go to their manufacturing and distribution facilities, it will cause major disruptions in the availability of these goods. This will create significant hardship to healthcare providers and consumers across the country who depend on steady and stable supplies of these critical items."

"We are asking the administration and state and local authorities to provide greater certainty and clarity for our companies and employees and ask for a clear exclusion of our manufacturing operations from "Shelter in Place" orders as the textile and nonwoven products that we make in the U.S. play an essential role in mitigating the shortages of critical supplies. Such a designation will help us avoid disruptions of vital goods and services during this challenging time."

Source: innovationintextiles.com-Mar 20, 2020

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Outlook in China Brightens as Textile Factories Begin to Reopen

Textile industry members and experts weigh in on progress made in China as coronavirus begins to level.

As fashion industry stakeholders eagerly await news regarding coronavirus' impact on the Chinese textile manufacturing sector, the situation to beginning to brighten.

And while the flow of goods in the U.S. and Europe has halted as retail stores shutter, and spring items are shipped back, news from China offers light at the end of the tunnel.

Sources said textile factories in China are reopening, and the workforce is regaining its footing rather quickly. Stanley Chao, managing director at All in Consulting, a firm that helps western companies do business in China, told WWD, "The [factories] I speak with are in the Guangdong area.

About 80 percent of workforce is back; the 20 percent not returning are from the Wuhan area that are still locked down. They are running about eight weeks behind schedule and expect to make up that by mid to late April."

Chao added, "Guangdong province has been more affected by Wuhan lockdown given the proximity. Some of the textile factories in Shanghai and the north are fully operational with everybody back. They are running ahead of Guangdong factories."

And interestingly, Chao explained that some factories have shifted manufacturing processes entirely to focus on creating products for aid. “Many of these textile factories have converted to making medical disposals: masks, hospital gowns, etc.

The CCP has asked factories to switch to medical supplies, if possible. For example, a Halloween costume-maker in Guangdong has fully switched to making masks, gowns and plastic biohazard backs. This may mean that Halloween costumes will be in short supply, as many Halloween factories have switched over.”

On the technology front, companies such as Chain of Demand, a predictive analytics company based in Hong Kong that uses artificial intelligence to help retailers and brands predict sales, minimize markdowns and overstocked inventory, have found that textile businesses are looking at permanent solutions for temporary problems.

The firm told WWD, “Textile and apparel products are still in production at the moment, as factories gradually reopen. However, capacity is still very low, as many workers remain under lockdown in their hometowns. Because of this, businesses have started to evolve by using more technologies in daily operations from mobile conferencing to advanced inventory solutions.”

Chain of Demand said companies are thinking of leaving China entirely: “Businesses have been considering moving production away from China, but as we see with the pandemic, other sourcing countries are also affected as part of the global supply chain. Closer collaboration with suppliers is an alternative and more effective solution that we have seen as an upcoming trend.”

And while Wuhan has been the geographical center of focus throughout the coronavirus pandemic, cities that are economically driven by textile manufacturing have also been heavily affected, according to Lior Ohayon, chief executive officer of Hush, a weighted blanket company.

“As some people are aware, the brunt of the coronavirus hit China in Wuhan. While Wuhan is one of the major hubs of textile production in the country, there are many others, such as Shaoxing County, considered the fabric capital of China.”

Ohayon added, “Despite some closures, restrictions outside of Wuhan have become slightly more relaxed and production is on the rise again. For many businesses, product shortages are shipping, rather than production-related. The lesson companies are taking from this is to keep larger supplies of Chinese manufactured products at the ready. This does not always mean need more space at sales locations, but at more accessible warehouses.”

And some factories that have taken well-advised “breaks” are now back to work, according to Edith G. Tolchin, the owner of EGT Global Trading. Tolchin is the author of several books on sourcing and manufacturing in China, and has manufactured and imported textile products from China since 1990.

Tolchin told WWD, “A China textile factory I have been working with for the past 10-plus years had advised us that they were taking a break for about two weeks, [around mid]-February. They did [take a break] and reopened the factory for production of baby textile items the last week of February. To my knowledge, they are current with orders and are shipping my client’s next container load shipments within the next week — I am in daily contact with the factory.”

Source: wwd.com-Mar 20, 2020

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The Coronavirus Tsunami: What’s To Come For U.S. Retail

It’s hard to imagine where it will end. Retailers like Apple, Nike and Warby Parker are shuttering their doors to stem the spread of Coronavirus; Amazon’s “Prime” promise of 2-day delivery is laughable on a good day with the company being barraged with orders (and trying to hire 100,000 workers to help); and retailer Patagonia is going one step further by closing their online store until the virus abates.

While China’s manufacturing bounces back to life after experiencing significant drops in new Coronavirus cases, with much of the world months behind or more on the virus curve, the question remains whether there will even be orders to fill. It’s all spiraling into what some economists believe could lead to a global recession or worse following the complete financial market meltdown that continues to heat up.

In these challenging times, it is our responsibility as an industry to hope and work for the best while preparing for the worst. And the worst right now is Italy. The best – by virtue of having emerged from their outbreak - is China. For the purpose of this article, I'm going to focus on a few key points we're seeing in both of these markets related to impact that may be headed to the U.S., as well as what recovery may look like.

U.S. Textile Market May Have a Long Slog: Whether it is producing luxury goods in the North, or leather and jewelry in the South, Italy's production has come to a standstill. With a trajectory that doesn't look like the country will recover anytime soon, the Wall Street Journal's Sylvers reported that foreign buyers around the world are cancelling orders of Italian textiles and products, impacting the entire clothing supply chain — from companies who produce the fabrics, to those who create the clothes and accessories.

The U.S. textile and apparel industry is a nearly $70 billion sector when measured by value of industry shipments. With more than 340,000 jobs, the U.S. industry manufactures textile raw materials, yarns, fabrics, apparel, home furnishings, and other textile finished products. As we look ahead, it's likely that the U.S. will be similarly affected with a ripple effect on not only the manufacturing supply chain, but demand for their goods.

To stem the tide, President Trump is taking advice from the National Council of Textile Organizations (NCTO) as it relates to the impact of tariffs on imported goods, duties, and the inclusion of the textile sector in an economic stimulus package. These changes may affect the impact of the virus on the industry, as well as the speed at which it recovers.

Luxury Goods Should Be Ready for Bounce-Back: According to this piece in Forbes, if China gives us a window into what's going to happen here, we can expect the luxury market to be among the hardest-hit sectors in the U.S. Luxury industry executives predict the Coronavirus could wipe out between €30 and €40 billion in sales according to the story, citing an ad hoc survey conducted in February by Italian luxury brand consortium Altagamma, in association with Boston Consulting Group and investment firm Bernstein, which predicted the virus would be responsible for "dragging the industry down to levels not seen since 2015."

A consumer psychologist quoted in the piece predicts that since luxury purchases are such an emotional buy, the luxury industry could benefit quickly. "Once the immediate threat [of the Coronavirus] lifts…luxury consumers will come back stronger in a backlash against all the worry and anxiety they came through." He notes that this happened after World War II, 9/11, and the most recent Great Recession.

Hermès International CEO Axel Dumas said he foresees "potential normalization" of operations with seven of its 11 stores in China beginning to resume operations.

Foot Traffic Will Return to Stores and Malls - In A Somewhat Guarded Way: If we follow the trajectory of China, U.S. economic recovery is likely approximately six weeks away. A recent PYMNTS article reported that retail is finally bouncing back in China. Apple has reopened 42 stores in China and malls are also beginning to see more foot traffic. Chow Tai Fook Jewellery Group Ltd., the world's biggest jeweler by sales, said about 85 percent of its more than 3,600 Chinese stores have resumed operations so far. But it's definitely a slow progression. According to a March 2020 YouGov survey, 85% of internet users surveyed in China said they still have avoided crowded public places over the past two weeks. We'll need to watch China for a few more weeks to get a better sense of how long it may take U.S. consumers to return to their favorite stores.

Retail Technology Solutions May Enable Business to Get Back Online Faster: This article in PaymentsSource from February discusses how having cashierless payments enables people to shop without fear of coming into contact with others in China. It also outlines how accepting mobile payments like WeChat Pay in Shanghai, which is what about 90% of 3,000 residents in the store's immediate vicinity use as their primary payment method, has enabled customers to pay without downloading any special apps.

According to the piece, digital payment flows have also helped the Chinese government track transactions as part of the recovery effort. It's also not a big leap to think about companies that already had technology in place which enables them to digitally test products and gather data on customer preferences, streamline the supply chain and increase speed to market to stay ahead.

I often talk about the need for retailers to connect with their audiences to understand them, and bring them the products, pricing and service they expect. The current situation is no different.

While we may feel less connected with each other physically, retailers and brands should continue to find ways to stay connected with their employees, customers and partners virtually. The technology has long been available, and now is the time to lean into it.

Those that do will not only find themselves better equipped to rebound when things turn around, but will also find that they have strengthened the bonds with those who matter most. Be well, everyone. Stay safe.

Source: forbes.com-Mar 20, 2020

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Levi's, Adidas Accelerate Goods Out of Cambodia

Widespread risks from the coronavirus continue as the outbreak has disrupted global supply chains across most industries.

The impact on the supply chains has been widespread within the autos, electronics, capital goods, commodities and the apparel sectors, which are seeing both a slowdown in sales and in availability of parts, according to the latest research from Panjiva, the supply chain intelligence unit of S&P Global Market Intelligence.

"While many firms are using expedited deliveries to maintain their supply chains, second-order effects are also emerging with the apparel industry now seeing a shortage in materials due to an earlier lack of supplies from China. Global supply chains are expected to take an extended period to fully recover," Chris Rogers, supply chain research analyst at S&P Global Market Intelligence, said.

Second-order effects

Many garment factories located outside of China still rely on the production powerhouse for the raw materials they need to manufacture finish goods, driving the so-called second-order effect of the COVID-19 pandemic.

"At a high level the Cambodian government has warned about a second-order effect for customers of Cambodian factories resulting from fabric shortages from China," a Panjiva study on the supply chain said.

"Levi Strauss and Adidas have rapidly increased their imports to the U.S. from Cambodia recently–while their sourcing of completed goods is diversified, they may not be so in fabrics," Panjiva added, noting that Uniqlo parent Fast Retailing has "already seen a slip in shipments of at least two weeks despite aggressively moving its sourcing to Vietnam from China."

Asian revenue v. Asian supply chain

Though virtually every apparel retailer is scrambling to limit its exposure as the outbreak grips the global economy, Panjiva's data says supply chain exposure in Asia matters more than revenue exposure in the region's retail sector.

Comparing data from Ralph Lauren and Vera Bradley, Panjiva concluded that the former "outperformed" the consumer durables and apparel sector by 14.6 percent with 1.55 twenty-foot equivalent units, or TEU as a measure of cargo capacity, per million cost of goods sold, or COGS, and 16.5 percent reported Asian revenue exposure.

On the other hand, Vera Bradley underperformed by 14.2 percent with zero percent reported Asian exposure and 12.41 TEU per million COGS. That means Vera Bradley has no exposure in terms of Asian retail, though supply chain exposure was high.

Panjiva's data also indicated that Ralph Lauren's import mix changed over the past two years, with seaborne imports down to 25.4 percent of the total in 2019 versus 34.6 percent in 2018.

The same was also true in consumer staples, where membership warehouse club Costco Wholesale Corp. outperformed the sector by 16.5 percent with 0.29 TEU per million COGS and 0.09 percent reported Asian exposure. Data also showed that imports from Asia fell 10.7 percent year-over-year in the three months ended Feb. 29, 2020. Pricesmart Inc. had zero percent reported Asian exposure, but it underperformed the sector by a negative 13.3 percent. That's because its Asian supply chain exposure was much higher, at 1.43 TEU per million COGS.

Panjiva concluded that taking imports from Asia as a portion of the global total would show the proportion of international trade from Asia, but could overestimate the effect on companies that have little exposure to international trade in general.

The trade firm believes using containerized freight imports, as measured by TEUs, from Asia against a neutral measure of a company's supply chain, in this case the cost of goods sold, is a more nuanced measure across an apparel company's business.

Source: sourcingjournal.com-Mar 20, 2020

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GSP helps beneficiary countries

The EU has three different GSP schemes for beneficiary countries: General GSP, GSP+ and Everything But Arms (EBA). General GSP arrangement is applicable to low-income or lower-middle income countries which do not have other preferential access to the EU market. Under this arrangement, the EU grants partial or full removal of customs duties for products covered by around 66 per cent of tariff lines.

GSP+ is a special incentive arrangement for sustainable development and good governance applicable to vulnerable low and lower-middle income countries. Vulnerability is assessed with respect to share of imports and economic diversification.

The EBA arrangement is a special arrangement applicable to countries classified by the UN as least developed countries. Under EBA, the EU grants duty-free, quota-free access for all imported products except arms and ammunition.

Over 10 per cent of EU imports come from GSP beneficiary countries. The largest product sector to benefit from GSP is apparel and clothing, followed by footwear, mechanical appliances, fish products, leather and plastics.

India is a GSP beneficiary with the largest share of overall imports into the EU (including non-preferential), followed by Vietnam, Nigeria, Bangladesh and Indonesia. Considering only preferential imports, Bangladesh is the EU's number one GSP partner, closely followed by India, Indonesia, Vietnam and Pakistan.

Source: fashionatingworld.com-Mar 20, 2020

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USA: Market Dominoes Keep Falling as COVID-19 Impact Grows

This past Friday the 13th did spook cotton prices...that is if any uncertainty was needed. The goblins and ghosts, absent Casper, were out in force, as well.

The cotton market continues to see some bullish demand fundamentals, but bearish fundamentals are evident as well. The tug of war between the bullish and bearish demand fundamentals is clearly being won by the bears, despite the fact that U.S. export sales and shipments continue to surprise the entire industry.

Yarn demand is slipping as finished textile inventory is building up as the consumer has all but disappeared. The lack of finished product demand caught up with the market, and retail outlets are seeing an unprecedented build-up in inventory (hold on for the sales, if you can).

The market could care less about supply or production at this time. It sees retail demand falling out of bed and it sees the Wall Street collapse. We discussed major problems a month ago, but a business collapse was not one of them. We have, over the years, preached about Wall Street being the principal indicator of the health of the U.S. economy. It is and it will remain so.

Consumer confidence has been very strong and remains so. However, as the coronavirus spread around the world, investor confidence was totally eroded, and the cotton market followed Wall Street – inch by inch, mile after mile right off the ravine. The use of the word “crash” is appropriate.

What went wrong? Look no further than the shutdown of the Italian textile industry. The Italian textile industry employs more than 125,000 Chinese workers in their geographically-centralized textile industry – excellent workers. Most/all of the workers are from Wuhan, China. Thus, the linkages, the dominos, the global chain....and the epicenter of the Chinese coronavirus.

Cotton prices eased down to the 56-cent level I suggested a month ago and where support could be found. However, the market decided to take another cent off that and is now trading the 54-57 cent level, basis the old crop July and the new crop December.

Certainly, there remains pressure to take prices lower, but I don't find any support level, save a disastrous fallout down into the low 40s. Without finding any historical support price, cotton's fair value certainly remains in the mid-50s, and that is too low to generate any world production of consequence.

Until consumer demand can resurface, cotton prices will remain very depressed. Consumers are staying away out of fear of contracting the virus. The dominos are falling in a different direction than in the first two months of the virus attack.

That is, Chinese mills were forced to shut down operations which, in turn, led to concern by retail operations that they would not be able to obtain textile products to sell to the consumer. Those mills are now back to nearly 80% operational, just as the consumer is staying at home trying to prevent being infected with the virus.

Thus, there is a near void of any demand for textile products, and the retail outlet is cancelling orders for apparel and other textile goods. The cut and sew operations, along with the grey goods operations, are beginning to cancel orders held by yarn mills – who, in turn, are beginning to cancel orders previously placed for raw cotton.

Potentially, the market may face a downturn in export sales and shipments. With nearly all of the textile industry's dominoes flat on the table, cotton prices could easily drop further.

Yet, I did not really expect prices to fall below 55 cents – not even in my worst-case scenario.

All the discussion is about demand. Supply will come into focus very, very soon. The world and U.S. crop will be severely limited, and prices will adjust. Beat up as the bull is, this one will have nine lives.

Source: cottongrower.com-Mar 20, 2020

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Egypt plans to quadruple textiles and garments exports by 2025

In January 2020, Egypt's exports of readymade garments fell three per cent. Egypt's textile exports fell 0.4 per cent in January 2020 from the same month last year. In January, exports of home furnishing and textiles rose nine per cent and two per cent.

Egypt's textile exports to the United States rose by one per cent year on year in January 2020, while the country's textile exports to African countries grew by 15 per cent. Egypt's textile exports to Arab countries dropped six percent in January 2020 compared to January 2019.

The country plans to develop its textile industry with the objective of becoming the next textile factory of the planet. Machinery will be renovated and workers will be trained. The vision is to quadruple textiles and garments exports by 2025. The aim is to support Egypt's private sector upstream manufacturers' competitiveness in the world markets.

The restructuring program aims at restoring Egypt's prominent position in the world market and capitalising on the globally renowned fine Egyptian cotton fiber.

The program includes the modernisation of spinning, weaving, knitting, dyeing, finishing, printing and confection, based on a product line definition which brings forth added value to Egyptian cotton, from cotton farming to readymade goods with world class levels in terms of quality and efficiency.

Source: fashionatingworld.com-Mar 20, 2020

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Coronavirus forces 15% of Vietnamese firms to cut production

The coronavirus epidemic has forced 15% of manufacturing companies in Vietnam to cut production, with the clothese and textile industry hard hit, state media reported on Friday, citing data from the country's labour ministry.

It has directly impacted 2.8 million workers in the labour-intensive garment and textile industry as firms have reduced shifts and stopped overtime, Vietnam News Agency reported.

More than 500,000 workers in the transport sector and another 500,000 in the tourism sector have also been affected due to travel curbs, the report added.

The coronavirus, which has killed more than 10,000 people worldwide and infected 87 people in Vietnam as of Friday, has led the country to suspend all international flights and impose restrictions on foreign visitors.

Vietnam-based airlines have cut salaries and encouraged employees to take unpaid leave as they struggle with the impact of coronavirus on travel demand.

Exports of garments and textiles, Vietnam's second largest export earners after smartphones, rose by 18.8% last year to $17.9 billion, according to government's customs data.

Vietnamese garment makers will face a severe shortage of materials from the second quarter because of disruption to their supply chains, the chairman of the Vietnam Textile and Apparel Association Vu Duc Giang said.

Source: news.yahoo.com- Mar 20, 2020

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COVID-19 Pandemic Could Destroy 25 Million Jobs Worldwide, Says ILO

The COVID-19 pandemic could gut more than 25 million jobs worldwide and send global economies into a freefall if governments do not band together to act quickly, the International Labour Organization (ILO) said Wednesday.

"However, if we see an internationally coordinated policy response, as happened in the global financial crisis of 2008/9, then the impact on global unemployment could be significantly lower," the United Nations agency said.

In a preliminary assessment note, the ILO called for "urgent, large-scale and coordinated measures" across three key pillars: protecting workers in the workplace, stimulating the economy and employment, and supporting jobs and incomes.

These measures, the organization said, must include extending social protection, supporting employment retention through short-term work, paid leave and other subsidies, and providing lending and tax relief for micro, small and medium-sized enterprises.

Based on different scenarios for the impact of COVID-19 on worldwide GDP growth, the ILO estimates an increase in global unemployment of between 5.2 million ("low" scenario) and 24.7 million ("high" scenario) from a base level of 188 million in 2019. For comparison, the 2008/9 global financial crisis hiked global unemployment numbers by 22 million.

The organization also expects underemployment to increase "on a large scale" as the economic fallout of the coronavirus outbreak cuts back working hours and wages. Drops in employment could translate into significant income losses for workers of between $860 billion and $3.4 trillion by the end of 2020, it added.

"This is no longer only a global health crisis, it is also a major labour market and economic crisis that is having a huge impact on people," ILO director-general Guy Ryder said in a statement. "In 2008, the world presented a united front to address the consequences of the global financial crisis, and the worst was averted. We need that kind of leadership and resolve now."

The ILO note also warned that certain groups in less protected and low-paid jobs, such as youth and older workers, women and migrants, will be disproportionately affected by the jobs crisis, which could worsen inequality.

The organization also expects working poverty to increase significantly as the “strain on incomes resulting from the decline in economic activity will devastate workers close to or below the poverty line.” In all, between 8.8 million and 35 million additional people will be in working poverty worldwide, compared to the original estimate of 14 million for 2020.

Still, society can wield two “key tools” to help mitigate the damage and restore public confidence in a time of crisis, Ryder said. The first, social dialogue with workers and employers, is“vital” for building public trust and support for the measures necessary to overcome the jobs crunch. The second, international labor standards, provide a “tried-and-trusted foundation” for policy responses that focus on a recovery that is “sustainable and equitable.”

“Everything needs to be done to minimize the damage to people at this difficult time,” he added.

Already, garment production has slowed or stall across the global South, imperiling the livelihoods of garment workers who live in already precarious circumstances with poverty wages and little social protection. Factories in China, where the COVID-19 epidemic first began three months ago, are still struggling to get back online after a nationwide shutdown, even as the number of cases is starting to dwindle.

Source: sourcingjournal.com- Mar 20, 2020

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Garment workers face destitution as Covid-19 closes factories

The fashion industry is facing calls to step in and protect the wages of the 40 million garment workers in their supply chains around the world who face destitution as factories close and orders dry up in the wake of the Covid-19 epidemic.

Many factories in garment-producing countries including Bangladesh, Cambodia and Vietnam are already closing due to a shortage of raw materials from China and declining orders from western clothing brands.

Quarantine and self-isolation measures being rapidly imposed by governments across the world are likely to see the wide-scale closure of thousands more factories in the days and week to come.

Campaigners are demanding that brands take responsibility for the millions of workers in their supply chains who are likely to fall into crippling poverty as they lose their jobs and struggle to provide for their families.

The Clean Clothes Campaign, a coalition of campaigning groups, is also calling on brands to ensure that workers who contract the virus are allowed to take sick leave without repercussions from the factories and continue to receive their wages throughout their period of self-isolation.

Scott Nova, executive director at the Worker Rights Consortium, part of the Clean Clothes Campaign, said that poverty wages, unsafe and unsanitary workplaces and poor health already makes the garment workforce highly vulnerable to the worst effects of the Covid-19 virus

“The fashion industry has evolved in a way that makes it hard in normal times for the people who actually make the clothes we all wear every day to survive on the poverty wages they are paid,” he said.

“While it is understandable that companies are focusing on the needs of their local staff, clothing retailers must accept that if they choose a business model that relies on the labour of millions of garment workers overseas, then these people are their workers as well.”

Nova says it is impossible that garment workers would be able to save enough from their salaries to have funds to fall back on if they lose their jobs or are unable to go into work.

"Many of these workers live in countries where labour laws and protections are not upheld," he says. "The track record of how governments in garment-producing countries and the retailers who profit from cheap labour treat workers in this industry does not bode well for the weeks to come."

The Clean Clothes Campaign is warning that factories are closing in Sri Lanka, Bangladesh, Indonesia, Albania and across Central America

The situation for garment workers in Cambodia and Myanmar is already dire as local media reports suggest up to 10% of factories in the Yangon region of Myanmar are already closed, with workers not being paid their salaries.

In Cambodia tens of thousands of garment workers could also lose their jobs in the coming weeks if the flow of raw materials into the country does not pick up.

Under Cambodian law, employers must seek government authorisation before suspending workers and pay them 40% of the $190 (£161) monthly minimum wage for up to six months. Yet local campaigners are saying that some factories have already sacked workers without pay. Many workers cannot afford to live on their normal salaries and are therefore in high levels of debt; they are now likely to default on their loans.

Tola Moeun, executive director of the Center for Alliance of Labor and Human Rights said: "Apparel brands have been profiting from the labour of Cambodian workers. These brands now need to step up in this time of crisis.".

Source: theguardian.com- Mar 20, 2020

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Bangladesh: Brands Cancel $100 Million in Bangladesh Orders—Putting Thousands of Jobs at Risk

With production orders being rescinded daily, factories in Bangladesh are staring despair in the face—and workers could be collateral damage.

This week, brands and retailers have been pulling back placed production orders as they shoulder shrinking demand and closed stores that can't currently benefit from shipments of new product.

Their requests—which have come as written communications from C-level executives—have been manifold, according to a sourcing agent close to the matter. Brands and retailers with business in Bangladesh are asking vendors to outline what fabric is ready for production and what isn't, and cancelling orders for the latter. In some cases, they've agreed to delay use of the fabric, and in others, they're washing their hands of it entirely.

But what's been perhaps among the most jarring of demands, beyond requests to cancel orders for goods that have already been produced, is that some brands and retailers are asking for discounts on previously placed orders.

Moves like this could prove detrimental for factories that have already paid to purchase the raw materials for the now cancelled or postponed goods, as well as distributed wages to workers, because buyers typically don't pay until goods are shipped.

What's more, according to reports in local newspapers, some buyers are asking their Bangladesh suppliers if they can pay for the products they are taking 30 days later than when the would have. In some cases, they want to make their payments to manufacturers—who already face cash flow challenges—even further out than that.

And this at a time when many factories could very soon be at a loss for how to pay their workers.

"Just in the last one week, an estimated $100 million [in orders] have been asked for cancellation in Bangladesh," the agent told Sourcing Journal. "It seems that…maybe 80 percent of factories will not be able to pay more than a month [worth of wages], and 20 percent may."

By others' estimates, it may not even be as many as 20 percent of factories that can shoulder their business and its staff for much longer than 30 days.

Some brands and retailers are reducing their production receipts by as much as 75 percent through July, or in some cases, through August. And despite corporate social responsibility efforts and aims, most companies have been focused on saving themselves as times get tough amid the COVID-19 pandemic, over considering the well-being of the workers who have been making the clothes to drive their earlier successes.

"There is no sympathy for anybody in the supply chain or where workers can go," the agent said. "We have not faced any crisis like that."

Now, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is stepping in to help protect the sector.

In a meeting this week with local buying offices of foreign brands, leaders from the BGMEA said no confirmed placed orders should be cancelled. For brands that would like to postpone orders, they said the goods should be partly paid for so the factories would have funds to pay workers. In its own concession to aid brands and retailers, BGMEA said factories would be willing to hold the goods until companies are ready to take them.

Concern for workers in the second-largest garment manufacturing country after China is mounting.

On Friday, global workers' rights group Clean Clothes Campaign said more than 100 factories in Bangladesh have already lost orders, which could have "dire" consequences for workers and a country that relies on garments for as much as 80 percent of its exports.

Source: sourcingjournal.com - Mar 20, 2020

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Pakistan: Textile exporters say order cancellations growing

Some textile exporters may have to lay off employees mainly daily-wage workers after most of the orders were delayed for an indefinite period due to lockdown in various European countries.

"More than 50 per cent of our ready-to-shipment export orders have been delayed by importers in several countries especially in Europe, where most of the cities are facing lockdowns due to Covid-19 outbreak," the Pakistan Textile Exporters Association (PTEA) Secretary General Aziz Ullah Goheer said while talking to Dawn on Friday.

The PTEA represents 254 registered member mills involved in manufacturing and export of home textile, fabrics, spinning, garments employing over 500,000 daily-wage workers.

Cognisant of the trouble, authorities moved on Friday to create a package of support polices to help mitigate the danger faced by the industry. A team from textile exporter community spent the day in Islamabad in hectic consultations with government following which PM Imran Khan announced that a package will be unveiled on Tuesday, while the central bank announced relaxations of some schemes for exporters.

In Karachi, Sohail Tabba of Lucky Textiles also said that close to half of his company's customers had already asked for indefinite postponement of delivery, and they were expecting more in the days to come. When asked how the company's operation has been impacted by this development, he said the denim unit was down to four days a week and other lines were also cutting output. "More decisions will be made next week," he said without elaborating.

Bashir Ali Mohammad of Gul Ahmad Textiles also painted a bleak picture. "In a way, a postponement of delivery means the order is cancelled" he said. "In fashion, things change after three months."

He said the company was still in discussions with those clients seeking postponements trying to see if they could be persuaded to lift at least some of the stock that was ready for delivery. "But we have to manage our relations with them while managing the losses at our end," he said.

One bright spot, according to him, was the measures being announced by the government, including those by the State Bank of Pakistan which he said will help mitigate the impact.

On the other hand, Pakistan Hosiery Manufacturers Association (PHMA) urged government to announce an instant relief package to help retain millions of workers.

“As the industry is considering laying off workers following the cancellation of export orders, we ask the government to announce a relief package with immediate effect for the workers,” said PHMA Vice Chairman Shafiq Butt on Friday.

He said in the current situation, industry is unable to pay workers due to liquidity crunch amidst non-payment of sales tax refunds. “The industry has also started giving notices to employees, even those working on regular basis for layoffs.”

Source: dawn.com - Mar 21, 2020

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Pakistan: Textile mill owners demand moratorium on gas, electricity bills amid spread of coronavirus

Textile mills on Thursday demanded that the government freeze gas and electricity bills for the spinning industry for at least two months to help it underpin exports sector amid the spread of the coronavirus that holds a potential recession risk, reported The News.

All Pakistan Textile Mills Association said that the government should help the textile spinning industry by freezing gas and electricity bills for at least two months “so that the industry may operate without any interruption in these difficult times and also to avoid mass unemployment of the workers”.

Zahid Mazhar, chair of the association for Sindh and Balochistan region, urged the government to take drastic measures to save export-oriented textile industry from the negative economic impact of novel coronavirus.

"Since its outbreak in mid-December 2019, coronavirus has caused turmoil in the world's second-largest economy, China, with a trickle-down effect on nearly all big economies," Mazhar said in a statement.

A representative of the association emphasised the need for immediate steps to address the major issues of the industry and exporters, especially the liquidity problem "otherwise all the measures taken by them for reduction in current account deficit would go in vain".

Mazhar demanded the government release the backlog of tax refunds, including deferred sales tax refund and payment of outstanding drawback of local taxes and levies.

"This is the money that belongs to the business and should speedily be returned to help uninterrupted operation of the industry enabling to sustain employment and exports," he said.

Mazhar demanded the government to restore zero-rated tax status for the five export-oriented industries to make them play role in the economic development through earning much-needed foreign exchange reserves.

Source: geo.tv- Mar 20, 2020

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Vietnam: Textile industry suffers as EU, US buyers cancel orders

Vietnam garment makers are struggling as EU and US buyers cancel orders over the Covid-19 crisis. Revenue falls and staff cuts loom.

A French company recently canceled orders it had placed with garment maker TNG in the northern province of Thai Nguyen over the spread of the novel coronavirus in France.

Nguyen Van Thoi, TNG chairman, said that as E.U. accounts for 40 percent of the company's exports, this will dent the company's revenues.
As U.S. buyers have also canceled or postponed their orders, he estimates that about 200 containers that were supposed to go to the E.U. and the U.S. will remain in the country by the end of next month, each of them worth around $100,000.

"We are rushing to deliver as much as we can, while production of the rest will have to be stopped."

The novel coronavirus has already been a blow for Vietnam's textile industry with producers struggling to source materials from China as factories there were shut down by the virus.

Now that the supply chain has mostly been resumed, the industry, third largest in the country in terms of export value, faces the problem of selling to the E.U. and the U.S. where buyers have stopped ordering.

The E.U. on March 17 closed its borders for 30 days to contain the disease. Although the ban does not apply to goods, Vietnamese officials expect exports to the bloc to fall by up to 8 percent in the first and second quarter due to lower demand.

Truong Van Cam, Deputy Chairman of Vietnam Textile and Apparel Association (VITAS), said that E.U. and U.S. buyers have stopped ordering from Vietnam because they are struggling to sell the products amidst the pandemic.

This leaves Vietnamese manufacturers in trouble. A HCMC textile firm that mainly exports to the U.S. has recently been notified that its buyer will stop ordering for three weeks.

Sinh, who owns the company, said: "They said this is only temporary, but we understand they can cancel the order any time, because the disease is spreading unpredictably." Than Duc Viet, CEO of garment maker May 10, said the company might have to stop some production chains because U.S. buyers have delayed their orders.

Sea shipments in March have been postponed to April and May, and buyers have asked to stop the ongoing production of hundreds of thousands of products.

"The damage will be great if this happens on a large scale," Viet said.

Nguyen Xuan Duong, chairman of the Hung Yen Garment Corporation in the northern Hung Yen Province, said that as revenues in the first quarter fell 20 percent year-on-year, the company has been delaying debt repayment to banks.

"We don't know what's going to happen next. Things change every hour now." TNG chairman Thoi said that in the beginning of the year, the company expected revenue in the first two months to rise by 4 percent year-on-year, but now they only hope this year's revenue will remain the same last 2019.

Textile industry employees are likely to be hurt the most. Le Tien Truong, CEO of Vinatex, said that during the difficult time, the company could have to cut down working days of staff who are expecting to see their income fall.

Manufacturers have proposed that the government delays their debt repayment deadlines and lowers interest rates, as well as provides financial support for employees wages to help overcome the difficult time.

The U.S. and the E.U. were two largest buyers of Vietnamese textile products last year. The U.S. accounted for 45 percent of the industry's export value, while the E.U. 13 percent, according to Vietnam Customs.

In the first two months of this year, textile exports to the U.S. rose 5.3 percent year-on-year to $2.25 billion, while that to the E.U. rose 0.3 percent to $570 million.

Source: e.vnexpress.net- Mar 21, 2020

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Pakistan: PHMA seeks economic relief package from government

Pakistan Hosiery Manufacturers & Exporters Association (PHMA) on Friday sought an economic relief package from the government following the Covid-19 pandemic hitting the international trade badly.

Javed Bilwani, Chairman of the Pakistan Apparel Forum and Chief Coordinator, PHMA, expressed concerns over a demand reportedly from world buyers for local exporters-cum-manufacturers to slow down textile output following the virus spread across the world.

"Reportedly, buyers have also asked Pakistani textile exporters to slow down production. Hence, a sense of uncertainty and fear of cancellation of export orders prevails, which demands serious and immediate attention of the government for the sake of survival of the value added textile export sector and announce economic relief measures to protect the export industries," he said.

He said that the government should start “rescue and relief measures" for the export industries with immediate payments of sales tax refunds and restoration of Zero Rating Regime keeping in view the “grave global and national scenario".

Besides the government should make payments of customs rebate, DDT and DLTL, waive all types of mark-ups against refinancing availed by export industries, give extension in payment of utility bills, suspend arrears and late payments surcharge, bring interest rates to a single digit and announce waiver in payments of EOBI and SESSI and other taxes till normalization, he maintained.

He said that exporters have expressed concern that the delays in shipment will lead to piling-up of export inventory and may cause additional expenditures for storage until confirmation of the consignments. Industries, he said, which were required to export goods had been facing unavailability of containers due to their shortage.

“Non-payments against LCs of delayed shipment will multiply the financial pressure of exporters who are already facing severest ever liquidity crunch due to outstanding payments of billions of rupees of exporters in Sales Tax Refund, Custom Rebate, Withholding Tax, DDT and DLTL which have been withheld by the government," Bilwani said.

He said that governments the world over are providing relief packages in shape of cash subsidies, zero percent mark-up, exemptions of payments from taxes and utilities etc.

“Such relief measures are crucial otherwise the ailing export industries may face chaotic situation leading to bankruptcy, closure of industries, massive layoffs and precarious law and order situation," he added.

Source: brecorder.com- Mar 21, 2020

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NATIONAL NEWS

Coronavirus impact: Time for India to explore alternate supply chain destinations, says USISPF CEO

The impact of coronavirus on businesses will likely be felt for many months ahead— particularly as global supply chains, manufacturing hubs, and workforce mobility face disruptions says a top official of US-India Strategic Partnership Forum (USISPF).

Sharing his views with Financial Express Online, Dr Mukesh Aghi, CEO & President USISPF says, “We commend the Government of India is leading the way towards a coordinated effort between SAARC countries to combat the crisis, placing essential items such as masks and sanitizers under essential commodities. India has shown that it can assume leadership in the region and bolster diplomatic ties during a time of crisis.”

“The impact of coronavirus on businesses will likely be felt for many months ahead— particularly as global supply chains, manufacturing hubs, and workforce mobility face disruptions. This is an opportunity for India to adopt a ‘China plus one’ model. This can make India less prone to future vulnerabilities as well.”

“On a related note, in 2018-19, the United States is India’s top goods trade partner, it is no longer China. India remains the United States’ ninth-largest goods trade partner. Despite long-standing trade issues, the growth trajectory of US-India goods trade has largely remained on a positive trajectory. Total bilateral trade in goods grew almost 5% to $92 billion in 2019, with $34 billion worth U.S. exports to India and approximately $58 billion imports from India,” Dr Aghi adds.

What does United Nations say?

According to a report released by the United Nations Conference on Trade and Development (UNCTAD), the impact of the coronavirus epidemic on trade for India is expected to be about $348 million.

The report which was released earlier this month at the UN has stated that India is among the top 15 economies which are affected due to the slowdown of manufacturing in China which has disrupted the world trade.

The slowdown in the manufacturing in China is due to the coronavirus (COVID-19) outbreak which has impacted the world trade and there could be a $50 billion decrease in exports across global value chains.

Globally the sectors which are expected to get affected include precision instruments, machinery, automotive and communication equipment.

For India, sectors that could get impacted include chemicals, textiles and apparel, automotive, electrical machinery, leather products, metals and metal products and wood products and furniture.

Source: financialexpress.com- Mar 20, 2020

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SBI announces emergency credit line in light of COVID-19

India's largest lender State Bank of India became the first bank to open an emergency credit facility for borrowers affected by the Coronavirus outbreak.

In a three-page departmental circular addressed to all its chief general managers, the state-owned lender directed that a maximum loan amount of upto Rs 200 crores or 10 percent of the existing fund based working capital limits can be availed under this emergency line.

The facility will be available till end of June and will be specifically aimed at MSME borrowers. These loans will be given at a flat rate of 7.25%.

"With a view to provide some degree of relief to the borrowers whose operations are impacted by Covid 19, it is decided by the Bank to make available additional credit facilities to the eligible existing borrowers by way of ad-hoc facilities i.e COVID 19 emergency credit line (CECL) to tide over the current crisis situation," the note read.

All standard accounts which have not been classified under the category of special mention accounts 1 & 2 as on March 16 will be eligible. Existing SBI customers who have availed special loan products under the MSME category can also avail this facility.

The borrowers will be able to avail the entire amount in one go and will be repayable in six instalments after a moratorium period of six months from the date of disbursement of the loan.

In light of the Coronavirus outbreak the Indian Banks Association has sought a host of relief measures from the Reserve Bank of India including an extension of 90 days in classifying accounts as non-performing assets (NPA) and deferring the installment of term loans.

The bankers association has also sought allowing deferment on loan payments for a specific period, a percent cut in the cash reserve rate and a six month extension for cases which are undergoing resolution under the inter-creditor framework. Most analysts feel that the Coronovirus outbreak is likely to have the worst impact on small businesses.

"Growth will take a big hit and impact will be felt from 1QFY21 onwards, 4QFY20 will not see the impact much as issues started cropping only a week ago seriously in India," said Suresh Ganpathi of Macquarie. " NPAs in this (MSME) segment have already been running at sub 12% and are expected to rise further from current levels."

Click here for circular

Source: economictimes.com- Mar 20, 2020

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Coronavirus impact: Disrupted supply chains, cancelled export orders hamper India's fledging luxury industry

On February 17, the Reserve Bank of India's consumer confidence survey revealed that the current consumer confidence index had dipped to 83.7 (where 100 is the dividing line between pessimism and optimism), the lowest since March 2015.

But that, says Meenal Agarwal, owner-founder of Marvel Designs, was just the tip of the iceberg. "At the end of the second week of March, as the news of the spread of coronavirus (COVID-19) across the world gained momentum, the consumer index had touched rock bottom."

Marvel Designs may not be a known name to the world outside, but the company, much like others design and embroidery firms, are the lifeblood of the global couture industry. They hire highly skilled Indian artisans and embroiders to create beautiful clothes for big brands such as Christian Dior and Prada.

"My own company hires at least 100 artisans and embroiders. But in the last two weeks, we have had a spate of cancellation of orders, as global brands put off new collections and call of fashion shows. I have had about 25 order cancellations in five days," says Agarwal. "I am now faced with the prospect of letting a large part of my artisanal team go if things don't get better within the next month or two."

While many essential businesses may revive in the third quarter, once things settle down, India's gilded luxury industry — estimated at $23.8 billion in January 2020 by Assocham — may have to wait a tad longer. Insiders say that the slowdown, nay recession, will last more than a month what with parts of the world in 'lockdown', shops, restaurants and theatres closed, and events cancelled.

On March 6, FDCI postponed the Indian Fashion Week, scheduled from March 11 to 14 in New Delhi. This was even before the Indian government called for social isolation. FDCI chairman Sunil Sethi says designers who do business at India Fashion Week will miss making big sales at least this season, incurring losses.

Tiffany, LVMH's iconic jewellery brand that opened its flagship store in Delhi in February, has called off all marketing campaigns for the country, with its Europe head office under a lockdown. In Mumbai, Royal Western India Turf Club suspended racing and off-course betting operations from March 15, until further notice, the first time it has done in its 222-year-old history. Internationally, many of the large auto shows, art and watch events and summits such as Art Basel Hong Kong, Art Dubai, the Geneva auto show, which sees major participation by Indian players, stand cancelled.

Anuj Kejriwal, MD and CEO of Anarock Retail, estimates that retail will continue to witness a domino effect much after the crisis has passed. "It will take a while for organised luxury retail to recover given the disrupted supply lines and the low sentiments that allow you to spend only on essentials." The luxury economy is built on discretionary consumption.

From dining out to buying art, buying couture or spending on personal services such as spa sessions and meals in restaurants are based on how good you feel about the life you lead. “We are already facing an economic recession. Any further hardship due to coronavirus will push sentiments down further,” says art dealer Meenakshi Pahwa, who is also the agent for global galleries such as American Greg Kucera gallery in India.

Samir Modi, Founder, Colorbar predicts that it will take a minimum of a year for a turnaround. “It took us a year after demonetisation. I don’t expect the consumers to come back to the stores immediately after the crisis blows over. We are seeing very little business even online.”

Here is how COVID-19 is leaving so many luxury businesses anxious.

Retail

French kidswear fashion label, Born by Elodie Le Derf, which forayed into India in the last week of February, has closed not just its retail store but even its e-shop indefinitely for now. Le Derf says that the situation is dire back home in France, a country dealing with high COVID-19 cases, forcing her to postpone her India plans.

Most luxury brands in India have their stores within malls, which have been ordered to shut operations in cities like Mumbai. Gaurav Mehta, Founder, Jaipur Watch Company, who has a shop-within-shop in Delhi’s Select City Walk, says that he expects the capital to follow suit. More worrying, he says, is the fall in retail sales with footfalls down by almost 80 percent in the last one week.

Mehta, who also retails on TataCliq, says that while he used to sell watches worth Rs 4.5 to 5 lakh per month on the online e-commerce platform for luxury goods, the sales are down to Rs 50,000. “And the bespoke business is also down because of the massive fluctuation in the gold market. A client booked a watch when the gold was priced lower. By the time I got down to making it, gold had touched Rs 44,000 per 10 gm. Now I have shifted focus to bespoke 3D printed gold-plated watches, which are far cheaper.”

Luxury textile brand, Ekaya, which works with weavers and artisans in Benares and sells through stores in Delhi, says they have seen very few walk-ins. “Currently we are working with buffer stock and we will cross the bridge when we come to it, in terms of how to deal with alternatives once that runs out. This isn’t the time to market or sell and while online has picked up, the sales haven't been as envisaged." Artisans, back in villages, are going to be worst hit by any rollbacks in production.

Click here for more details

Source: moneycontrol.com- Mar 20, 2020

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Indian apparel firms gear up to face COVID-19 impact

Several Indian apparel brands, e-commerce firms and textile bodies have geared up to face the impact of the COVID-19 pandemic by implementing measures, including 'work from home' option for staff, ensure proper communication related to the new coronavirus, assessing earlier revenue targets. Most industry experts feel it is too early to project or predict.

Coimbatore-based Indian Texpreneurs Federation (ITF) is taking measures to get more market information from members and share with entrepreneurs to allow them to take a call on production, its convenor Prabhu Dhamodaran told Fibre2Fashion. He feels better awareness on the trends will reduce the panic.

Buyers from Europe and the United States are either postponing or cancelling orders. Apart from that there is a working capital shortage due to liquidity issues in the market due to current crisis, Dhamodaran said.

One-time restructuring of loan accounts for the needy units to convert their working capital loans as long term loans and infusion of new working capital will help the textile units to manage the crisis. A year's moratorium on interest and term-loan repayments is the need of the hour, he added.

According to Yogesh Kabra, founder of Surat-headquartered menswear brand XYXX, lack of correct and all-encompassing information is primarily the issue that ends up creating panic. His company is trying its best to filter and communicate scientific and authentic information to employees to ensure their safety. It is too early to project anything now, he said.

Menswear brand Cambridge is implementing a half-day work policy for employees in two batches to avoid peak-hour travel using public transport, according to its brand custodian Prashant Bhatia, who said getting right hand sanitisers and face masks is a problem. As sales at the retail outlets have already been hit, it will push the company back by at least three months and will also affect the Festive/Winter sale this year.

The sales team of Bengaluru-based Yashram Brands Unlimited (YBU) is the most affected by the pandemic with a reduction in sales, while its online business continues as before, said its founder-chief executive officer (CEO) Deepa Kumar. Employees come to work in turns and the company has started to cut back a little in purchases and expenditure.

E-commerce firm NorthMist has offered the 'work from home' option to employees and has sanitised its offices, according to co-founder and CEO Arijit Mazumdar. Its sales numbers have dipped significantly. Though the company's business-to-business orders have come to a halt, its business-to-consumer orders have been increasing rapidly. It expects losses to rise.

The retail sector is at a very high risk of exposure, said Saurabh Gupta, director, Mustard Clothing Company, New Delhi, which has offered 'work from home' option to its employees.

Styched CEO Soumajit Bhowmik said his company is relatively less affected as most of the materials or components in its set-up are sourced within India or made in-house. There was a nearly 35 per cent drop in conversion rate last week from the company's e-commerce site and app, he said, as the pandemic has thrown up challenges in shipping, raising delivery time.

As orders have dropped by only 5 per cent, Styched does not expect more than ₹10 lakh loss over two months.

Filatex India continues working at full capacity, but requests for cancellation or delay in shipments from foreign buyers will definitely hit the company, said its chairman and managing director Madhu Sudhan Bhageria. Outsiders are not being allowed inside the plants, people are being screened and thermal check-ups are being conducted.

The company has supplies for the next month, but if the crisis continues, then production would be affected, he added.

Source: fibre2fashion.com- Mar 20, 2020

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Garment industry feels the heat of corona curbs

It might be too early to talk of an economic slowdown triggered by the advance of Covid-19, but organisations across sectors have already started feeling the heat, especially those in manufacturing, hospitality, travel, aviation and textiles.

The situation is more serious in the garment industry, where production at several units is likely to come to a halt from next week.

Initially, the spread of the novel coronavirus in China presented an opportunity for this sector. Now, however, with markets in Europe and the US shutting down, inventory is piling up in warehouses. “It is the most severe crisis that we have seen in the last four decades. All export shipments have been put on hold because of the uncertainty over markets opening up,” says Animesh Saxena, president of the Udyog Vihar Industrial Association.

Saxena, who also owns a manufacturing unit in Udyog Vihar, told TOI that factories will start shutting shop as early as next week, impacting the livelihood of many daily wagers and other employees. So, with operations winding down and domestic workers asked to take leave, the city might witness a mass exodus of migrant labour.

While the garment industry begins to count its losses, the hospitality space, especially hotels, is bearing the brunt of the downturn, with only airlines performing worse. As per a FICCI report published recently, the shock has been felt more by aviation, travel, tourism and hotels. “It is our estimate that the overall loss of total revenue for the 1,40,000 branded/organised hotel rooms across the nation, will be anywhere between $1.3 billion and $1.55 billion,” shared Achin Khanna, managing partner (strategic advisory) at Hotelivate, a city-based hospitality consulting firm. This, he added, amounts to an erosion of between 27% and 32% in overall revenue compared to last year.

At the same time, travel and tourism players are also struggling to meet their targets. A Gurgaon online travel agency (OTA) revealed that outbound travel makes up around 20% of its total business; with cancellations and no new bookings, it anticipates business being adversely affected in the coming weeks. Gurgaon, incidentally, is home to several OTAs and it is expected that a majority of these will face a turbulent 2020.

Meanwhile, in the auto sector, already buffeted by recessionary headwinds, things aren't as gloomy yet but companies are preparing for difficult times ahead as both the supply and demand sides of the business have taken a hit.

"The supply coming in from China and other Asian countries has been impacted but we are currently managing with alternative sources. On the demand side, due to the shutdown of shops, footfalls in dealerships have gone down," informed Harbhajan Singh, chairman, CII, Gurgaon Zone, and director, general & corporate affairs, Honda Motorcycle and Scooters India Pvt Ltd. Singh, though, did add that human life is much more important than business numbers at this juncture.

At other auto companies, the management is working on business continuity plans in anticipation of the outlook worsening in the months to come. "Many companies we are talking to said that they have started stocking up on inventories to meet demand in the coming time, if production takes a hit," said a senior industry executive.

At the same time, original equipment manufacturers in the Gurgaon-Manesar industrial belt are facing the prospect of a double whammy on the back of the coronavirus outbreak, with both supply and demand – the latter from Europe and the US – badly hurt.

"As far as the OEMs are concerned, many clients in Europe have shut down and those in the USA are talking about it. In the short term, this will definitely impact the business," believes Sunjay Kapur, chairman, CII, Haryana State Council, and chairman, Sona Comstar.

Source: timesofindia.com- Mar 21, 2020

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