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INTERNATIONAL NEWS

USA: Cotton's Price Story Continues to Improve

Cotton's price run continued all week, with the old crop July futures contract closing at 53.15 and the new crop December futures contract at 55.60. Fundamental news was scarce on the week, but it was constructive in that the market held the gains that resulted after the so-called very bearish USDA April supply demand report.

This response continues to add fuel to the contention that the April report only confirmed what the market had already declared. The uncertainty surrounding 2020 plantings – specifically in the U.S. and coupled with the greater uncertainty about world cotton consumption – has yet to give good price direction, much less any detail about price highs and lows. However, short term technical indicators did prove to be positive, as the 10-day moving average passed over the 20-day price curve.

Additionally, since the recent double bottom in Chinese cotton futures, New York futures have performed much better. The new crop December contact has all but reached 56 cents and is offering growers about a 64-65 price for lint produced in 2020.

Thus, despite the dreadfully low ICE futures prices, net prices to growers for the 2020 crop from all sources are now within the grasp of 70 cents. Included in this calculation are the lint price with CCC loan differentials, the LDP and the seed cotton payment. Any gin or warehouse rebate would be a plus.

Old crop recap sales were active, with a major Memphis merchant capturing most of the business. Thus, the market is set to see the same merchant as a very strong taker of the certificated stocks delivered on the May futures contract (May futures first notice day is April 24, thus leaving four more trading days before the delivery period begins). Activity suggests the merchant in question has a good volume of solid guaranteed contracts for export delivery well into the future.

While U.S. export expectations were lowered 1.5 million bales in the USDA WASDE release, shipments continue very strong. Granted, new sales have become weak, and sales cancellations dwarfed new sales this past week. Net sales of U.S. cotton for the week ending April 9 were a negative of 183,900 bales of upland and with no Pima sales. However, marketing year exports to date are 9.4 million bales – more than 21% percent higher than the same time a year ago.

Additionally, shipments continue at the best pace since the 2010-11 marketing year. In the last three weeks, China has cancelled cotton sales of just over 284,000 bales. U.S. export sales to date for the 2019-20 marketing season now total 15.1 million bales.

Some contract months have experienced higher highs and higher lows – the necessary ingredients for an upward trending market. December continues to see higher lows but has not been able to establish higher lows on a daily basis. Thus, the market is still looking for more ammunition to move higher. Likely, the ammunition will not come until we get another month into the planting season.

Source: cottongrower.com - Apr 20, 2020

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USA: Tariff Deferral's Impact on Apparel and Footwear: What You Need to Know

The 90-day duty deferral on certain imports for American businesses will have some benefits, but many in the apparel and footwear industries are hoping for more from the administration in its efforts to support a flailing retail sector.

The executive order announced Sunday accompanied by a ruling from U.S. Customs and Border Protection (CBP) gives importers a 90-day break on paying tariffs for certain products, but it excludes the fashion items hit with punitive China tariffs. Only importers that have suffered a 40 percent drop in gross receipts in March and April are eligible for the payment pause, which is expected to have a positive impact on cash flow for retailers.

"While the public comments are detailed, the trade is still in a dialogue with CBP over some of the operational questions around how it will work," Vincent Iacopella, executive vice president of growth and strategy at Alba Wheels Up International Inc., a customs brokerage company, told Sourcing Journal Monday. "So far, it looks like this could help mitigate some liquidity challenges for apparel importers who have China goods not subject to 301 duties, or that are manufacturing in other Pacific Rim countries on which 301 duties would not apply."

Retailers are facing a squeeze from all sides as demand has all but disappeared and pressure on the supply side is mounting with orders unpaid for piling up at factories and DCs. The duty aid, while welcome, may not be enough to help some out of the situation the COVID-19 outbreak has forced them into.

The National Retail Federation (NRF) said as much in a statement Monday.

"Retailers don't build stores, buy products and hire associates only to close their doors for weeks at a time. The challenges to the retail industry brought on by this pandemic are severely acute, at best," NRF president and CEO Matthew Shay said, adding, "We encourage the administration to broaden these deferrals for additional relief.

Similarly, Retail Industry Leaders Association (RILA) president Brian Dodge wants to see the deferral broadened to 180 days to boost up an industry that has already sent millions into unemployment lines.

As the order presently stands, in its own calculations of the 90-day deferral action's value, the American Apparel and Footwear Association (AAFA) estimated that roughly 35 percent of apparel, 34 percent of footwear and 65 percent of travel goods will likely be excluded from the benefit "because of the high concentration of products still made in China and the high concentration of those products that are subject to 301," AAFA president and CEO Steve Lamar said.

"It won't help those [goods] subject to 301 China duties, but will help any company importing from countries on goods not subject to trade remedies, for example Vietnam, Bangladesh. Especially since apparel is not presently included in GSP," Iacopella noted.

For footwear, the duty deferral will apply to most goods made outside of China, which is only around 30 percent of what the U.S. imports, as roughly 70 percent of shoes sold stateside do come from China.

The bright side, according to Footwear Distributors and Retailers of America (FDRA) president and CEO Matt Priest, may be the list 4B China tariffs that had been slated to take effect on Dec. 15 before President Trump called them off.

"If your product is from China and it's on list 4B...our expectation is that you can defer duties on those products," he said. "And that's a lot of product, some of the lower-priced goods that were at Walmart and Target and the like." Items like sports footwear, golf shoes, most footwear with rubber outsoles, plus leather uppers for shoes, had been on the 4B list.

When it comes to list 4A goods, which still face a 7.5 percent additional tariff, Priest says importers won't be able to defer the regular duty rate and only pay the punitive portion.

"There's no ability to split those two up, so for product on list 4A, you cannot defer those duty payments, even if it's the part of your duties not part of the 301," he said. For the footwear industry, the 90-day deferral still means a sizable, albeit temporary, relief.

"There's a potential that there's $250 to $300 million in duties that companies will be able to defer for product that came in in March and April," Priest said.

On the other side of the conversation, the National Council of Textile Organizations (NCTO), which represents the U.S. textile manufacturers, thinks the tariff deferral is "counterproductive" to what could be a time for rebuilding the domestic industry—a mission the Trump administration has claimed to champion.

"At a time when domestic textile producers and [their] workforce have mobilized to transform their production lines to manufacture the personal protective equipment (PPE) supplies for frontline healthcare and medical workers fighting the COVID-19 pandemic, the administration's decision to defer duties for 90 days on the vast majority of products imported into the United States is counterproductive," NCTO president and CEO Kim Glas said Monday.

"Our industry is being asked to do extraordinary things," she added. "We are heeding that call, but we need help to ensure the supply chains we are creating overnight don't evaporate tomorrow. We need strong procurement policies and additional funding for our industries to ramp up and retool–not further measures that incentivize offshore production."

Source: sourcingjournal.com - Apr 20, 2020

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Textile and Apparel Imports Plummet but Shipments from Latin America Rise

The Department of Commerce's Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 4.78 billion square meter equivalents in February 2020, down 16.0 percent from January and 11.0 percent from February 2019.

	SME	Monthly change %	Annual change %	$ Value	Monthly change %	Annual change %
China	1.76 billion	-28.7	-29.0	$1.71 billion	-30.8	-42.0
India	525.7 million	-2.3	+13.7	$723.0 million	+0.5	+7.7
Vietnam	437.1 million	-14.1	-2.6	$1.13 billion	-18.7	+2.6
Pakistan	219.9 million	-15.7	+9.4	$223.6 million	-14.4	-1.9
Bangladesh	215.4 million	-11.1	+1.4	$542.5 million	-14.9	+3.6
Mexico	206.5 million	+4.5	-5.0	$334.5 million	+10.2	-5.8
Korea	146.2 million	-22.1	-2.5	$64.4 million	-19.8	-4.9
Indonesia	130.0 million	-15.0	-5.9	$397.0 million	-10.8	-4.2
Cambodia	129.9 million	-6.1	+38.1	$291.2 million	-8.7	+40.2
Honduras	83.7 million	+36.8	+7.0	$223.5 million	+44.0	+6.5
Canada	80.0 million	-2.3	+9.6	$95.9 million	+14.1	+2.5
El Salvador	61.9 million	+32.3	-5.6	$156.8 million	+29.6	+6.8
Taiwan	52.9 million	-22.2	-19.0	37.9 million	-28.4	-13.0

Textile imports totaled 2.78 billion SME, down 17.8 percent for the month and 10.6 percent from the previous year, while apparel imports of 2.01 billion SME were down 13.0 percent from January and 11.6 percent from a year before. Overall Imports. Total year-to-date imports were 10.5 billion SME, down 9.9 percent from the previous year, as textile imports fell 8.8 percent to 6.15 billion SME and apparel imports fell 11.4 percent to 4.32 billion SME

For the year ending in February imports were 68.7 billion SME, down 0.8 percent from a year earlier, as textile imports increased 0.6 percent to 41.5 billion SME but apparel imports fell 3.0 percent to 27.2 billion SME. Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for February 2020.

Source: strtrade.com - Apr 21, 2020

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USA: 100,000 Stores Could Disappear in the Next Five Years

Analysts believe 100,000 stores could be wiped off the retail map by 2025—and apparel could be hardest hit.

With e-commerce driving growth in retail, especially as the coronavirus pandemic forces consumers to digital channels for both discretionary and essential needs, merchants will have a tough time rationalizing their store footprints, a trend that could accelerate the so-called retail apocalypse industry insiders have been debating for years.

UBS retail analyst Michael Lasser predicts online penetration will hit 25 percent by 2025, up from 15 percent in 2019. By his calculations, each 100 basis points that e-commerce gains will drive 10,000 stores out of business.

In a worst-case scenario in which e-commerce reaches 30 percent penetration in that same frame, more than 150,000 retail doors might go dark. Meanwhile, a 20 percent penetration for online retail would drive 50,000 stores to shut off the lights for good. Retailers with scale, such as Costco, The Home Depot, Lowe's, Ross, Target, TJX, and Walmart, to name a few, are seen as the winners in this scenario, capable of leveraging their resources and scale to survive tumult and upheaval.

Though store closures will vary be sector, apparel retail is seen as the biggest loser, with 24,000 doors expected to disappear from malls and Main Streets.Consumer electronics will lose 12,500 doors, while home furnishings will close 11,300 stores. Grocery retailers are predicted to close 11,000 locations. And as those doors close, Lasser expects enclosed malls will be under pressure as well.

"Currently there are nine malls per 1 million households. This is up from eight in 1980," Lasser said, adding there could be about 100 mall closures in the next half decade. It comes as little surprise that smaller retailers are at higher risk.

Amazon's dominant growth has ratcheted up pressure on the retail sector, especially for store-based brands. The online titan, Lasser noted, operated roughly 190 million square feet of U.S. fulfillment space in 2019, a meteoric rise from 12 million in 2009. "This was the equivalent of adding 40,000 retail stores," he said.

Wayfair's trajectory has closely followed Amazon's, with fulfillment center square footage jumping to 15.5 million in 2019 from 795,000 in the 2014-2015 frame.

On the department store front, Lasser expects the channel to see more store closures ahead as store productivity has now plunged below peak levels from the second quarter of 2005 when sales per store averged $18.6 million versus $10 million today.

"We think regional, highly leveraged chains will accelerate closures and potentially go out of business," Lasser said. "Combining with challenging same-store sales trends at the remaining department stores, we don't expect industry sales or productivity to go higher."

Because department stores are losing fewer customers to off-price, he expects retailers such as Macy's and Kohl's will stabilize as they do a better job at retaining their customers.

Source: sourcingjournal.com - Apr 20, 2020

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U.S., Brazil to Seek Trade Agreement in 2020

The U.S. and Brazil will seek to conclude this year an agreement on trade rules and transparency, including trade facilitation and good regulatory practices, according to an announcement from the Office of the U.S. Trade Representative. The decision was reached during an April 16 discussion on implementing an ambitious bilateral economic and trade agenda, as agreed by presidents Jair Bolsonaro and Donald Trump in March.

According to USTR, the two countries will pursue this goal by accelerating their trade dialogue under the Brazil-U.S. Commission on Economic and Trade Relations, which "will remain the locus for further engagement … to advance in the short-term agenda as well as in the preparatory work toward a deeper partnership." They also plan to engage in domestic consultations, including with lawmakers, to solicit input on how best to expand trade and develop the bilateral economic relationship.

Source: strtrade.com- Apr 21, 2020

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The National Council of Textile Organizations (NCTO) Statement On Administration's 90-Day Tariff Deferral

The National Council of Textile Organizations (NCTO), representing the full spectrum of U.S. textiles from fiber through finished products, issued a statement from NCTO President and CEO Kim Glas today, voicing concern over the administration's executive order instituting a non-reciprocal 90-day deferral on certain tariffs.

The temporary postponement of duties does not apply to products with antidumping or countervailing duties or those products subject to penalty duties under Section 232, 201 and 301. As further details of the order emerge, we are closely reviewing the implications for the U.S. textile industry.

"At a time when domestic textile producers and its workforce have mobilized to transform their production lines to manufacture the personal protective equipment (PPE) supplies for frontline healthcare and medical workers fighting the COVID-19 pandemic, the administration's decision to defer duties for 90 days on the vast majority of products imported into the United States is counterproductive.

This move contradicts the administration's top stated priority of rebuilding American manufacturing and buying American and could have severe negative implications for the entire U.S. textile industry, whose companies and workforce already are facing enormous economic hardship.

We support the need to temporarily eliminate barriers to the entry of emergency medical supplies and certain PPE inputs tied directly to the COVID-19 response. But make no mistake, the key drivers behind efforts to defer tariffs have nothing to do with facilitating access to PPE products or stopping the spread of COVID-19.

Our industry is being asked to do extraordinary things. We are heeding that call, but we need help to ensure the supply chains we are creating overnight don't evaporate tomorrow. We need strong procurement policies and additional funding for our industries to ramp up and retool – not further measures that incentivize offshore production. We need to maximize the U.S. domestic production chain right now to every extent possible in helping fight COVID-19 and make the products American frontline workers desperately need.

We need to provide immediate and substantial relief to our manufacturing sector and their workforce who are suffering enormously right now. It's critical that we have a long-term U.S. government plan to ensure that we aren't relying on offshore producers to make medically necessary, live-saving PPE. We shouldn't be providing handouts to reward the very companies that helped offshore these industries so many years ago.

Tariffs are one of the few mechanisms in place to help partially address the challenges U.S. manufacturers face in competing with imports from countries with exceptionally low wages, poor working conditions, and minimal environmental and safety standards."

Source: textileworld.com- Apr 20, 2020

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Malaysia: Textile, clothing and footwear industry in a meltdown

More textile, clothing and footwear manufacturers and retailers are likely to shutter due to plummeting global demand as hundreds of millions of people are put on lockdown and the world battles one of the worst health crises this century.

Textile and garment manufacturer Esquel Group Malaysia Sdn Bhd (EGM) became the latest victim of the pandemic as the Hong Kong-based company announced it would shutter its operations in Malaysia due to falling demand from retailers in the US and other countries.

The company manufactures high-end brands like Hugo Boss and Ralph Lauren. It had been in the country for 50 years and the closure of its two operations would make 2,000 people at the world's largest woven shirt-maker jobless.

The lockdown in the US, the world's largest retail market valued at more than US$5 trillion (RM21.84 trillion), had forced retailers to close their businesses and, subsequently, killing demand for manufacturers like EGM.

Malaysia has been one of the world's largest textile and clothing manufacturing countries since the 1970s due to its cheap labour. And other manufacturers like footwear are now worried of a similar fate.

Footwear manufacturers are already witnessing a drop of up to 80% in sales, which will make their labour intensive business untenable.

Malaysian Footwear Manufacturers Association president Rachel Foo said its 400 members — both retailers and manufacturers — are facing a grim future. She said footwear manufacturers who are exporting to markets abroad have to pay penalties due to the failure to meet export deadlines.

"Footwear manufacturers are already facing difficulty to pay workers and now they have to pay penalties, which are not a small amount," she told The Malaysian Reserve (TMR).

The government had imposed its Movement Control Order (MCO) since March 18, forcing millions of people to stay home and shuttering non-essential manufacturing operations. Foo said the first three months of this financial year have been a complete "washout for both retail and manufacturers".

"The remaining nine months will now be crucial for us and we are looking at various scenarios, especially if the MCO will be extended again.

"If the MCO is extended until Hari Raya (Aidilfitri), who will buy shoes after that period? Yes, we can resume our business, but who will buy if there is no demand?" Last week, Reuters reported Pou Chen Corp, the world's largest manufacturer of branded athletic and casual footwear for the likes of Nike and Adidas, has been ordered to suspend production at its Pouyuen Vietnam business over Covid-19 concerns.

Christy Ng, fashion entrepreneur and founder of shoe retailer and manufacturer Christy Ng Sdn Bhd, admitted she is facing a difficult time to sustain her business. "We are going bankrupt. We do not have enough funds to pay for rent and salaries. We need money to pay salaries. We do not have enough money to pay our workers this month," she told TMR.

Ng said two of her 10 landlords had offered to waive the rent for the whole duration of the MCO."They knew we could not stomach this anymore. But not all landlords are doing this. The others are either giving partial waivers or none at all. "We do have an online platform, but it's not enough to cover the losses from retail and the salaries of all retail staff," Ng said, adding that she had to cease the manufacturing operations, but continued to pay the staff's salary.

"I'm not sure about the future of my business after this. This pandemic is killing all business owners. A lot of us will close after this."

Economic analyst Dr Aimi Zulhazmi Abdul Rashid said generally the weakest segment would be the small and medium enterprises (SMEs), which contribute 30% of the GDP and provide employment for 65% of the workforce.

"Many of the SMEs across all industries are affected by the recession. Despite broad base subsidies from the government, many SMEs are expected to close down, shrink their operations, lay off workers.

"This is highly likely in tourism, retail, manufacturing, entertainment, sports and lifestyle sectors," he told TMR.

Source: themalaysianreserve.com- Apr 20, 2020

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Italian, U.K. Textile Industries Dodge the Worst, Prepare to Restart

Paul Alger of UKFT, believes the textile industry has been much less affected by the coronavirus than ready-to-wear.

The textile industries in Italy and the U.K. are faring better than their ready-to-wear counterparts, working around the challenges of lockdown, continuing to take orders from clients, making samples and rearranging, rather than canceling, major international showcases, such as Milano Unica. Première Vision, meanwhile, is sticking to its original dates of Sept. 15 to 17.

Fabrizio Ciafrei, managing director of the Loro Piana Textile Division, said he was "not excessively worried" by the new timing of Milano Unica, which will now take place from Sept. 7 to 9, instead of in July. He noted that, until a few seasons ago, Milano Unica was usually held in September, until it switched to the summer date in 2017.

"True, there will be less time available for the entire pipeline, but we believe that, with some effort and rationality, a tighter calendar in this period can be managed," said Ciafrei.

He conceded that it will be an “unusual” edition of Milano Unica, which will “adapt to the evolution of the measures to contain the virus that will be put in place after the summer. An unusual Milano Unica, but not less attractive — on the contrary.”

Ciafrei believes that just when everyone will be “looking for real excellence and novelties, this event will represent the relaunch for Milan and the entire textile industry, the spark that will restart the whole textile and fashion sector. This also thanks to the development of new digital platforms.”

For Loro Piana, “there will be the opportunity to reinterpret, in a modern key, the excellence of our most exclusive fiber, cashmere, with the development of new fabrics for jackets and coats, increasingly lighter and comfortable.”

Paul Alger, international business director of the UK Fashion and Textile Association, UKFT, said “the general perception is that the textile industry is much less affected than the ready-to-wear side,” which has been negatively impacted by timing.

“I think the September edition of Première Vision should be OK, also because those buyers who skipped the February edition of PV — the Chinese, the Americans and the Japanese — won’t have been to the show for a year,” and there will be pent-up demand, he said.

“Also, despite the absence of those buyers in February, PV hung together pretty well. Buyers that were not able to travel were able to work with local talent spotters and buying houses during the February edition of PV.”

Alessandro Barberis Canonico, chief executive officer of Vitale Barberis Canonico and the newly appointed president of the Milano Unica textile trade show, said that if companies are allowed to return to work in early May, there is “enough time” to produce the collections.

While his company oversees a complete production cycle, from spinning to carding, he admitted that others, which rely on suppliers, may face delays. Asked about how realistic it is for Milano Unica to be held in September, so soon after lockdown lifts, the executive said that the show “can take place if the pandemic dies down by early June.”

He admitted “we are playing in the dark, but we must hold the show, there are no alternatives. It’s the moment to present our creativity.” Traveling could be a concern, either because of protracted bans or for psychological reasons, and social distancing may still feel like a safety net.

Milano Unica is expected to count 414 exhibitors, who are currently "working on the samples. And they will send them somehow. We can ship, so we will do everything possible to present the collections. Italians are creative and will be able to find solutions." He noted that the trade show's Shanghai edition is also planned for September with around 60 exhibitors.

Stefano Albini, president of Bergamo, Italy-based cotton specialist Albini Group, said the fall collection is currently being designed remotely and although the manufacturing of samples has been slowed, the company will be able to make up for the lost time, presenting its pre-fall 2021 lineup to clients in July and the fall 2021 at the fair in September.

"We hope to be able to restart on May 4 to avoid being hit by foreign competitors," Albini noted. He expects fashion sales to start picking up with the fall 2020 season. "I hope the customers' psychosis will not last longer than the health concerns. As we offer high-quality and sustainable products, we hope the market will repay us instead of turning to average and undifferentiated suppliers," Albini said, hoping end customers will channel their money into local and European products.

He said the firm could leverage its subsidiaries in Egypt and the Czech Republic to continue its manufacturing activities, although logistics operations and deliveries were put on hold but will resume this week.

The Albini Group's president was cautiously optimistic about future trends. "The whole world, including Europe and the U.S., which are our most important markets, and the Far East will start to recover despite not returning to a pre-crisis scenario," he said, citing an International Monetary Fund projection that sees global GDP increasing 5.8 percent in 2021. "The outbreak taught us to be nimble and flexible and eager to change our plans quickly," he concluded.

The mills and manufacturers are certainly benefiting from fortuitous timing, with those companies working 12 months in advance of the industry. The September trade fairs will showcase fabrics for the fall/winter 2021 collections.

Franco Mantero, ceo of Mantero Seta SpA, shows at Première Vision and said the timing suits the company just right. The show “was always held at the beginning of the fall and never as much as this year the dates in mid-September are so commercially right.”

However, questions remain in terms of health concerns. “We must be sure that all safety measures will be respected. Many events in other sectors have been canceled precisely because they could not guarantee the best compliance to the health protocols.”

He concluded that most of Mantero’s production is made to measure for clients that have different requests, needs and timing so “even more, we will work with single clients in a specific way developing the fabrics that are most suitable for their collections.”

Worries remain, however, and it’s unclear how big the brands’ and designers’ appetites will be for fabric for their new collections and how many people will want to hop a plane to visit a trade fair.

The Italian lockdown lasts until May 3, while it’s unclear when the British one will ease — the British government said it will last for another three weeks, at least.

The Italian fashion industry has repeatedly urged the government to allow businesses to restart even before the lockdown lifts, while the British are eager to get back to work and planning to bring employees back — in phases — in May.

According to preliminary figures released by Confindustria Moda, Italy’s textile industry generated 7.57 billion euros in revenues last year, down 4.7 percent compared to 2018.

Ercole Botto Poala, ceo of Biella, Italy-based textile firm Reda, believes the textile and fashion sectors could feel pressure from the COVID-19 crisis for at least two years.

“The crisis occurred between the last stretch of the fall 2020 sales campaign and the first stages of spring 2021,” he said. “These additional three weeks of lockdown will have an exponential impact, compared to the previous ones.

We thought we could catch up by working in August if needed, but those clients that initially accepted a delay might turn to other suppliers if we further postpone shipments for fall 2020 fabrics," he said, labelling the COVID-19 as an "unfair competitor."

The company's sales campaign — which is now being carried out remotely — might face a slump, with cancellations coming in and clients turning to suppliers in Portugal or Turkey that are still operating.

"Brands and retailers are feeling the impact now, with a spring 2020 season that is almost lost at retail. We will see consequences on orders for next spring — which we already developed and invested in — because they will have dead stock and will probably scale back on requests," the executive said.

Similarly, Albini noted that orders for the spring 2021 collection might decline "although a few surveys point that when the lockdown is lifted, sales of apparel and tourist services are the first to experience a rebound," he said. The textile sector's slowdown will also have a ripple effect on the fall 2021 season, which will be presented at the Milano Unica textile trade show in September, "the latest acceptable date," according to Botto Poala.

"We will have to produce a collection with a huge pressure on the little revenues we will have generated by then from the previous, spring 2021, season. Additionally as these collections will hit retail when hopefully the emergency is over, we cannot skimp on them. Fall 2021 is the season for fashion's relaunch," he said.

Mantero of Mantero Seta SpA said one of his goals going forward was to understand "the new needs of clients." He also plans to set up an "organization that will depend on the expected volumes, which will be much smaller compared to our real production capacity."

Johnstons of Elgin's ceo Simon Cotton said that while business forges ahead, the company will be casting an eye over budgets and re-evaluating which trade fairs to attend this year.

Johnstons is the U.K.'s largest textile employer, with a fully vertical operation from fiber to finished garment. It employs around 1,000 people and manufactures for the world's top luxury brands as well as for its own label. With regard to textiles, it sells to a relatively small number of high-end brands.

He said the company is "reviewing everything with regard to trade shows," including the brand's participation in Première Vision and Pitti Uomo, which will also take place in September. "It's unlikely that many buyers will be traveling like they used to, so we'll be looking at the economics" of taking part in all of the trade fairs, he said.

He acknowledged that the trade fairs themselves are in a difficult position, having to balance their financial concerns and scheduled events with putting measures in place for the safety of buyers and sellers alike. He added that, during the lockdown, companies have been getting used to doing digital presentations and video conferences "and finding more effective ways of reaching their customers," rather than flying around the world to meet them.

Cotton said Johnstons is currently employing a skeleton staff to take care of sampling, and plans to phase in more workers and operations in May and June, per the British government's directions. He said samples for the fall 2021 season will be finished in a few weeks.

The British silk supplier Pongees is also concerned that people won't be flying, and has decided to take a different approach, looking to focus on local business and industries other than fashion for as long as the crisis lasts.

"We were really pleased that Textile Forum [the British fabrics trade fair] took place in March, as we are working on the orders and interest we received from what was the last fabric exhibition of the season, with no further exhibitions in the calendar until the autumn," said Nick Moore, Pongees' managing director.

"However, we think that many buyers will not be traveling outside of their home country, so while we already attend many of the leading overseas exhibitions, I will be considering others. In addition, we are looking at developing business in some of the sectors where we have a small footprint — such as interior designers and craft retailers — to increase our presence. Hopefully, as soon as everyone is able to socialize, there will be a demand for new clothes, particularly outfits for special occasions and that is the market in which we excel."

He said that while business has slowed down in the past couple of weeks, "we decided to remain open, and luckily are still receiving orders, so fabric and swatches are being dispatched daily. We are fortunate that we work mainly with independent designers rather than the large retail fashion groups, so have not been hit as hard as some textile businesses.

We always keep a good level of stock so have been able to offer customers our full range and suppliers are now delivering again so that is helpful. We have to remain positive and flexible as business is going to be tough for some time yet."

Source: wwd.com - Apr 20, 2020

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Contactless delivery in China sets bar high for retailers

Retailers worldwide have adapted delivery and returns propositions to ensure customer and staff safety during the COVID-19 crisis and these will transform consumer expectations, says data analytics firm GlobalData. Alibaba, JD.com's food and grocery arms and food service providers like Meituan-Dianping in China introduced contactless delivery methods.

GlobalData's latest report, 'COVID-19 Impact on Delivery and Returns', reveals that contactless delivery was widely introduced in China, setting the bar high for retailers and foodservice providers globally.

Meituan customers were informed of both the chef and delivery driver's temperature—a level of detail that has not yet been replicated in other countries. Contactless delivery has been introduced by retailers internationally, including in the United Kingdom and the United States, helping them to keep their online operations open, according to GlobalData press release.

Returns timings and methods are also being affected by COVID-19, with many consumers being unable to return items if they are self-isolating, or if the shop they usually return items to has closed. In response to this, retailers have extended their returns periods to either a set number of days or a specified number of days after stores re-open.

Consumers may come to expect this longer returns period, though many will not want to wait this long for a refund so this change will have little impact on long term behaviour.

Source: fibre2fashion.com - Apr 20, 2020

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European sporting goods sector hit by COVID-19: FESI

A recent survey by the Federation of the European Sporting Goods Industry (FESI), the European sporting goods sector is strongly affected by the COVID-19 outbreak, with 45 per cent companies declaring a loss of turnover ranging between 50 and 90 per cent since the beginning of the crisis,.

The survey conducted among FESI members—companies and national federations—comprised 40 per cent large enterprises, 30 per cent small and medium enterprises and 20 per cent micro-enterprises.

The closure of brick and mortar stores all over Europe and internationally, as well as changes of consumers' behavior lead to serious drop in sales.

Many companies—around 35 per cent of FESI members—have exceptionally decided to reorganize their supply chains to help produce medical personal protection equipment and other related products to support healthcare workers.

While national governments and the European Union have put in place economic rescue plans to financially support those affected by the crisis, for some companies the support of the financial sector is not yet fully sufficient.

The survey also indicates the current impact of the outbreak on production depends on a wide variety of factors like governments' social distancing measures, the evolution of the virus in each country, order cancellations from other clients and the overall clear lack of short- and long-term visibility for the companies.

Regarding e-commerce, the survey found digitalisation is a key driver for the sporting goods industry and companies with efficient omni-channel retail strategies are better equipped to cope with the crisis.

Source: fashionatingworld.com - Apr 20, 2020

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Vietnam: Q1 trade surplus close to $4 billion

A $2 billion trade surplus in March has boosted Vietnam's first quarter surplus to $3.74 billion, the General Department of Vietnam Customs reported.

Total trade rose 5.7 percent year-on-year to $122.73 billion in the first quarter, of which $77 billion came from foreign-owned companies, up 3.8 percent.

The FDI sector's export and import were $42.55 billion and $34.82 billion respectively, leading to a trade surplus of $7.73 billion.

Asia accounted for nearly 65 percent of the country's total trade at $79.52 billion, a 4 percent year-on-year rise. But imports to this market exceeded exports by nearly $16.5 billion.

Trade with the U.S. rose 18.3 percent – the highest – to $24.35 billion. Trade with Europe shrank by 2.8 percent to $15.16 billion.

Vietnam's foreign trade turnover in March reached $46.28 billion, a 17.4 percent increase over February. Of this, export and import exceeded $24 billion and $22 billion, up 15.7 percent and 19.2 percent year-on-year, respectively.

The country's main export items were still phones, computers, electronic devices and components, footwear, wood, seafood, and iron and steel, with phones and electronic components mostly coming from FDI companies.

The main imports were electronic components, computers and raw materials for the textile and footwear industries.

Source: e.vnexpress.net- Apr 20, 2020

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Bangladesh Factories 'Definitely' Won't Reopen in April: BGMEA President

Factories in Bangladesh are still closed, and their expected reopening has been pushed further out.

Earlier this month, organizations representing manufacturers in Bangladesh agreed to close garment factories in the country through April 25, when the government-imposed lockdown to slow the spread of the coronavirus is slated to end. Now both restarting dates could be in jeopardy as cases in the country climb and a new mass gathering on Saturday has raised concerns about further spread.

The World Health Organization (WHO) reported 306 new cases of COVID-19 in Bangladesh Sunday, bringing the total in the country to a likely undercounted 2,144, as testing kits there remain in insufficient supply. One week ago, the one-day new case count was 197. On Saturday, in defiance of the country-wide lockdown order, more than 100,000 people gathered to attend a funeral for a senior leader of the Islamist party in the Brahmanbaria district of Bangladesh, CNN reported. Now there are concerns the event could spark a greater spread of the virus.

"The virus is so unpredictable," Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) told Sourcing Journal Saturday, as she addressed a potential timeline for factories to reopen in the country. "We can only try and apply the best precaution and prepare the industry to open when we sense safety. That is definitely not going to be in April."

In the interim, factories are still facing a cash-flow crunch resulting from canceled retail orders, and the various media reports and campaigns for supporting the supply chain and its garment workers have done little to right things for reeling retailers, which, in many cases don't know which next step to take as ongoing store closures bury them further into the coronavirus crisis. For many, that next step won't likely be to pay for goods they aren't taking in just to maintain positive partnerships with the Tier 2 and Tier 3 suppliers that could suffer the most.

For now, Huq says BGMEA is working on protocols for factory reopening so that manufacturers will be best prepared to safely resume operations once they get the green light.

As part of those protocols, all factories looking to restart production will have to obtain the necessary permission from government agencies and any relevant local authorities. Factories in areas like Narayanganj, which are being identified as epicenters, will only be opened in the second phase of operations.

"BGMEA recommends a staggered approach to reopening and populating factories. To reduce the transmission, it may be advised to engage first the workers that live near the factory," the outlined protocols note. "It is advisable that factories begin operating with 50% where possible, introduce rota [rotating schedule] work for office, production and non-production staff to reduce transmission and ensure that each post is covered on each day."

Following these guidelines, even re-opened factories could face productivity constraints once orders and operations resume, which could pose a slew of unforeseen supply chain delays even when Western retailers are ready to reopen stores and start bringing product back in.

Source: sourcingjournal.com- Apr 20, 2020

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Uzbekistan urges Cotton Campaign to end cotton boycott

Uzbek minister of employment and labour relations Nozim Khusanov recently issued an open letter to Cotton Campaign, a coalition of human rights, labour and business organisations, requesting its members to lift a global boycott on Uzbek cotton initiated in 2006 due to traditional reliance on forced and child labour in the Uzbek cotton industry.

Over 300 global brands and retailers have signed a pledge not to source Uzbek cotton, hampering export growth and the development of the country's textile industry.

The boycott needs to be lifted in light of demonstrable progress in protecting human rights and social welfare in Uzbekistan, Khusanov said. Lifting of the cotton boycott is one of the few measures that could quickly generate much-needed jobs and support the economic wellbeing of Uzbeks during the COVID-19 crisis, according to a press release from the ministry.

Textile production alone employs 200,000 workers in Uzbekistan; their wages support the livelihoods of a million people.

The ministry estimates 1.5 million Uzbeks are currently unemployed and 200,000 are expected to fall below the poverty line because of a lockdown.

Khusanov also invited the Cotton Campaign to 'continue to work collaboratively' with the Uzbek government to enter a 'new chapter of reform'.

Source: fibre2fashion.com- Apr 20, 2020

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In Bangladesh western brands demand big discounts from factories: BGMEA

BGMEA has revealed Western clothing brands that agreed not to cancel orders due to the epidemic are demanding price cuts of up to 50 per cent heaping economic pain on a country already reeling from the crisis.

Millions of Bangladeshi households depend on the garment sector, which has been hit hard by the epidemic. Exports fell 84 per cent in the first half of April as $3 billion-worth of orders were cancelled or suspended.

Bangladesh, which ranks behind only China as a supplier of clothes to Western countries, relies on the garment industry for more than 80 per cent of its exports, with some 4,000 factories employing about 4 million people, mostly women.

With Western economies struggling due to the crisis and retailers in many countries closed, brands have begun cancelling orders, though some have pledged to take delivery of already made or in production clothes.

The government announced a $588 million package to help the crucial export sector pay its workers last month.

Source: fashionatingworld.com - Apr 20, 2020

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Pakistan: No major activity witnessed on cotton market

Amid hope of softening in the lock down in the coming days the trading opened on Monday in the Cotton market as the Sindh government has given approval of starting their operations to seventeen factories related to export oriented industry.

Market sources said that out of seventeen factories fourteen are of textile sector and three factories are related to engineering sector which were given permission by the Sindh government to start their operations. Although no major trading activity was witnessed in the market at the start of the week but the market sources are hopeful that market will remain stable whenever the market will re-open after the lock down.

Cotton Analyst Naseem Usman said that spot rate remained unchanged at Rs 8800. He also said that although no trading was seen in Binola. However, Binola was available in both Sindh and Punjab at the rate of Rs 1600 to Rs 1800 per maund.

Sources also said that cotton seed was not available for trading as ginners had all the stock of Binola. The rate of cotton in Sindh and Punjab is in between Rs 7000 to Rs 8800 per maund. He showed his apprehensions that if the government has not announced the support price of cotton it will effect the production of cotton in the country.

Source: brecorder.com - Apr 21, 2020

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Bangladesh: 397 RMG factories laid off, ineligible for Tk5,000cr fund

Factories that employ nearly 10 lakh workers and employees were laid off in line with the Bangladesh Labor Act-2013, and none of the staffers was fired

As many as 397 apparel factories have suspended their production due to lack of orders from foreign buyers during the coronavirus pandemic, according to the latest data of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The factories that employ nearly 10 lakh workers and employees were laid off in line with the Bangladesh Labor Act-2013, and none of the staffers was fired.

The tally of the laid off factories was based on data from March 26 to Monday, a top BGMEA leader said.

The export-oriented apparel factories are located in Dhaka, Narayanganj, Gazipur and Savar.

Meanwhile, a notice of the finance ministry, issued on Sunday, categorically said the laid off garment units would not be eligible for a Tk5,000 crore fund meant for workers' wages of the clothing factories.

The Finance Division under the finance ministry sent the notice to Bangladesh Bank, as the fund will be channel from central bank to scheduled banks.

According to the section 12 of the labour law, an employer may, at any time, if necessary in the event of fire, sudden catastrophe or epidemics, stop any section or sections of his establishment, wholly or partly, for such period as the cause for such stoppage continues to exist.

If the stoppage lasts more than three days, workers have to be paid under section 16 (1) of the Labor Act.

Workers are entitled to 50% of basic wages and the full amount of housing allowance in the first 45 days of the suspension period. After the first 45 days, workers are entitled to 25% of basic wages and the full amount of housing allowance, stipulates the section.

"As of today (Monday), 397 RMG factory owners have declared lay-offs due to the coronavirus pandemic. But lay- offs do not mean the factories are closed down and workers fired. They will be paid as per the Bangladesh Labour Act," BGMEA Director Md Rezwan Selim told Dhaka Tribune.

When there were work orders and situation improved, workers would join their works, added Rezwan.

The situation was not in the hands of factory owners as the pandemic was the global problem, he said. Most of the export destinations had been hard hit by the coronavirus, he added.

According to BGMEA and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) data, global retailers and brands have canceled nearly $6 billion worth of work orders due to the outbreak of coronavirus.

Meanwhile, trade union leaders claimed that garment owners were firing workers in the name of lay- offs, depriving them of their legitimate benefits.

“Typically, job duration of 20% to 25% workers in the apparel sector is below one year. If the factory is laid off as per the law, they will lose jobs without any benefits,” said Salauddin Shwapon, President, Bangladesh Revolutionary Garments Workers Federation.

As per the law, if a worker’s job duration in a factory is less than one year, s/he will not be eligible for any compensation in case of lay off.

Meanwhile, 14 clothing factories belonging to the BGMEA have closed their operations from March 26 to April 20 due to the impact of coronavirus outbreak.

Source: dhakatribune.com- Apr 21, 2020

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China says India's FDI restrictions against WTO rules, G-20 consensus

Calls for revision of discriminatory practices

China has taken on India for imposing additional restrictions on investors from the country and has said that the barriers directed only at a few nations violated World Trade Organisation's (WTO) principle of `non-discrimination'.

"We hope India would revise relevant discriminatory practices, treat investments from different countries equally, and foster an open, fair and equitable business environment," according to a statement by the spokesperson of the Chinese Embassy in India on Monday.

The statement asserted that Chinese investment had driven the development of India's industries, such as mobile phone, household electrical appliances, infrastructure and automobile, creating a large number of jobs in India, and promoting mutual beneficial and win-win cooperation.

"As of December 2019, China's cumulative investment in India has exceeded $ 8 billion, far more than the total investments of India's other border-sharing countries," the statement pointed out, adding that the impact of the policy on Chinese investors is clear.

Revised FDI policy

The Department for Promotion of Industry and Internal Trade (DPIIT), on Saturday, revised its foreign direct investment (FDI) policy, making it mandatory for all foreign investments from countries with which India shares a land border with, to come through the government approval route.

This was done based on apprehensions that if investments were allowed to be made freely from the neighbouring countries without checks there could be hostile takeovers because of the deteriorating market and economic conditions in India due to the spread of COVID-19.

This means that while FDI from rest of the countries could come in through the automatic route in sectors where it is allowed such as automobiles, auto parts, construction, asset reconstruction, agriculture, single brand retail, manufacturing, coal, gems & jewellery, and textiles, capital goods, pharmaceuticals,electronic systems and ports and shipping, if it is made from investors in China and six other neighbouring countries it will need to have prior government approval. Earlier, these restrictions were applicable only on Pakistan and Bangladesh.

"Where companies choose to invest and operate depends on the country's economic fundamentals and business environment," the statement said. Facing the economic downturn caused by COVID-19, countries should work together to create a favorable investment environment to speed up the resumption of companies' production and operation, the spokesperson added.

India's new FDI restrictions not only violated WTO norms but more importantly, they do not conform to the consensus of G20 leaders and trade ministers to realise a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment, and to keep our markets open, it said.

Source: thehindubusinessline.com- Apr 20, 2020

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Textiles ministry notifies extension of scheme to rebate taxes on garment exports

Garment exporters will continue to get rebate on central and state taxes on their outward shipments as the government has decided to extend the RoSCTL scheme beyond March 2020 to enhance competitiveness of the labour-intensive textiles sector.

The Ministry of Textiles has issued a notification extending the Scheme of Rebate of State and Central Taxes and Levies on Export of Garments and Made-ups (RoSCTL) which was in force up to March 31, 2020.

The RoSCTL scheme provides rebate on all embedded taxes on exports.

"The Government has decided to continue the said Scheme w.e.f. April 01, 2020 until such time that the RoSCTL Scheme is merged with Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme without any change in Scheme guidelines and rates as notified (earlier)," said the notification.

Finance Minister Nirmala Sitharaman had in September last year approved the RoDTEP to incentivise exporters at an estimated cost of Rs 50,000 crore to the exchequer.

She had said RoDTEP will replace the existing incentive schemes and "will more than adequately incentivise exporters than the existing schemes put together."

"The textile and apparel industry was of the opinion that government should not withdraw RoSCTL till RoDTEP comes into force effectively, as it will hurt the cost competitiveness of Indian apparels and made-ups in the international market where Indian products have to compete with cheap products of China, Bangladesh, Vietnam, etc,"Confederation of Indian Textile Industries Chairman T Rajkumar told PTI.

He observed that the continuation of RoSCTL will make Indian apparels and made-ups cost competitive internationally by rebating all taxes and levies which are currently not being rebated under any other scheme.

"However, looking at the current pandemic of Covid-19, we request the government to extend support by covering the entire textile value chain under the RoSCTL scheme which will help in increasing the exports of entire textiles value chain,"Rajkumar suggested.

Under the RoSCTL scheme, maximum rate of rebate for apparel is 6.05 per cent, while for made-ups, this goes up to 8.2 per cent. The made-ups segment comprises home textiles products such as bed linen, curtains, pillows and carpets.

Last month, the Union Cabinet had taken a decision regarding continuation of RoSCTL.

While extending the scheme, the government had said the continuation of the RoSCTL scheme beyond March 31, 2020, is expected to make the textile sector competitive by rebating all taxes/levies which are currently not being rebated under any other mechanism.

Exporters get rebate of state taxes and levies like VAT on fuel used in transportation, and embedded State Goods and Services Tax (SGST) paid on inputs such as pesticides and fertilisers.

Central taxes and levies on which rebate is given include, central excise duty on fuel used in transportation, embedded CGST paid on inputs and embedded CGST and Compensation Cess on coal used in production of electricity.

An exporter opting for the scheme makes claim for rebate on exports at item-level. Meanwhile, the textiles ministry has also decided to ease norms under Amended Technology Upgradation Fund Scheme (ATUFS) during post lockdown period of the COVID-19 outbreak.

The government provides credit linked capital investment subsidy with aim of 'Make in India' and 'Zero Defect and Zero Effect' in manufacturing. Under ATUFS, capital investment subsidy (CIS) is provided to various segments of the textiles sector, including garmenting and technical textiles.

Garmenting and technical textiles segments can get 15 per cent CIS, subject to an upper limit of Rs 30 crore.

Source: business-standard.com- Apr 19, 2020

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India's economic growth may fall to 1.1% this fiscal: SBI

A recent report by State Bank of India (SBI) estimated the loss for fiscal 2020-21 at ₹12.1 lakh crore or 6 per cent of nominal gross value added (GVA), taking the nominal GVA growth for the fiscal to be 4.2 per cent. The nominal gross domestic product (GDP) can be closer to 4.2 per cent as there is a strong possibility of subsidies out-stripping tax collections.

"However, taking nominal GDP growth at 4.2 per cent, the real GDP growth for FY21 will be around 1.1 per cent," said the report authored by SBI's group chief economic adviser Soumya Kanti Ghosh.

"Interestingly, we are building in a downward revision in FY20 GDP growth from 5 per cent to 4.1 per cent that results in gain of 1.1 percent for FY21 which is exactly our estimate for FY21. Thus, if FY20 GDP is not revised down to 4.1 per cent, then growth for FY21 can be even lower than 1.1 per cent," the report said.

"The Q4 FY20 GDP could now be at 1.1 per cent and Q1 FY21 GDP can witness a contraction of 6 percent or even higher and Q2 FY20 could witness no growth. The lockdown is going to have a significant impact on our macro-parameters," the report said.

As per the Periodic Labour Force Survey (PLFS) report 2017-18, there are 37.3 crore workers engaged as self-employed, regular and casual workers with share of self-employed at 52 per cent, casual worker at 25 per cent and the rest engaged as regular wage earners and others.

The report estimated the income loss per day of these 37.3 crore workers due to lockdown is about ₹10,000 crore, which translates into a loss of ₹4.05 lakh crore for the entire lockdown period.

For causal labourers, this income loss it at least ₹1 lakh crore. Thus any fiscal package should at least strive to more than make up for this ₹4 lakh crore income loss.

As the GDP forecasts change, fiscal estimates will also change accordingly. Net tax revenue will have a shortfall of at least around ₹4.12 lakh crore and revenue shortfall for states will be ₹1.32 lakh crore, said the report.

The revised fiscal deficit will be at 5.7 per cent of GDP and after taking into account only the current extra-budgetary resources (EBR), the deficit rises to 6.6 per cent of GDP.

The fiscal deficit of states will rise to 3.5 per cent of GDP from the budgeted 2 per cent in 2020-21.

"We estimate that the EBR number will rise significantly as the government will try to mobilise resources more through unconventional means like COVID bonds, monetisation of deficit and others," it said.

Source: fibre2fashion.com- Apr 21, 2020

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Punjab aims to raise area under cotton to 5 lakh hectares

The Punjab agriculture department has decided to enhance area under cotton crop by from 3.9 lakh hectares in the ongoing season to 5 lakh hectares in the coming sowing season.

The state has made arrangements to provide inputs and BT cotton seeds to achieve the target under crop diversification plan. Cotton is the second largest traditional kharif crop in southwestern districts of Punjab after paddy.

Additional chief secretary (development) Viswajeet Khanna said the department had chalked out a comprehensive strategy to switch the area from paddy to maize and cotton in a phased manner.

Khanna said the department had put all arrangements in place to achieve goals and state had arranged 21.5 lakh packets of BT cotton seed from the seed producing companies out of total need of 25 lakh packets.

Rest of the seed is under transit or reserved by companies in the buffers of Haryana/Rajasthan. Out of 21 lakh packets, 12.75 lakh packets have been transported to dealer points and out of which seed dealers have delivered 3.25 lakh packets to farmers through home delivery.

Agriculture department has started a campaign to remove weeds from vacant plots, roadside, open grounds. All chief Agriculture officers (CAOs) have been directed to complete this task and to coordinate with canal/ drainage authorities for cleaning canals/drains in time for smooth supply of canal water to reach up to end points for ensuring smooth sowing of cotton. Khanna said all staff had been asked to keep strict vigil on smuggling of unauthorised fake seeds.

He sid the department, in veiw of the coronavirus lockdown, had prepared a detailed plan for timely arrangements of inputs like BT cotton seeds and fertilisers. The department has also coordinated with the Cotton Corporation of India (CCI) to buy last season's remaining cotton produce from farmers.

Source: timesofindia.com- Apr 20, 2020

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Coronavirus relief: SEIS sops for services exporters to continue

The government will likely rethink its position and grant exporters benefits under the Service Exports From India Scheme (SEIS) for some more time to help them tide over the pandemic impact, an official source told FE. It may also use incentives under the scheme to promote sectors like tourism, battered by coronavirus pandemic, he added.

Through the SEIS, the government offers domestic exporters duty credit scrips at 5-7% of the net foreign exchange earned, depending on the nature of services. Trade analysts say the actual outgo under the SEIS could be around Rs 3,000-4,000 crore a year, although latest official data are not available.

Before the Covid-19 spread, commerce and industry minister Piyush Goyal had in February warned of abolishing the SEIS, saying the scheme hadn't contributed to a rise in services exports and that a few players were cornering a major chunk of the incentives. Recently, when the commerce ministry extended the validity of the foreign trade policy (FTP) for 2015-20 by a year through March 2021, benefits under a similar scheme for merchandise exporters — MEIS — were allowed to continue. But it said a call on whether to extend the SEIS validity would be taken soon.

However, given that the US and the EU, India's top two services export markets, have been hammered by the pandemic, the government is contemplating easing its stance temporarily, possibly with tougher riders, according to the source cited earlier. A senior commerce ministry official, however, said a decision on this matter would be finalised soon.

India's services exports rose just over 4% year-on-year in FY20 to $214 billion, while merchandise exports contracted by close to 5% to $314 billion, according to a quick estimate by the commerce ministry. While merchandise trade witnessed a deficit of $153 billion in FY20, the surplus in services trade was to the tune of $83 billion, which narrowed the overall trade deficit to $70 billion.

A recent RBI survey suggested the US (and Canada) and Europe made up for 61.2% and 25.6%, respectively, of India's exports of software and ITeS — the largest services segment — worth $118 billion in FY19.

Highlighting that industry has to get out of the mindset of subsidies, as these are detrimental to the country's long-term interests, Goyal had in February made a case for discontinuing the SEIS at the earliest possible opportunity: "For example, we now give subsidies on services exports. I have gone through the list in great details, barely 2,200 companies take that subsidy. Some of them are such large names, making 1000s of crores of rupees of profit, that there is no business of giving them a subsidy," he said. However, given the changed scenario, services exporters need continued support to survive.

Analysts say the government must come out with a revamped SEIS, if it so desires, only when it announces the next FTP. Until then, any decision to continue with the current policy will be good, as it will lend stability and predictability in the policy regime for these exporters.

After a mid-term review of the current FTP, the government had in December 2017 announced additional incentives worth Rs 8,450 crore a year to boost both merchandise and services exports.

The higher incentive under the SEIS for services like business, legal accounting, architecture, engineering, education, hospital, hotels and restaurants would cost the exchequer Rs 1,140 crore a year, the commerce ministry had said.

Source: financialexpress.com- Apr 20, 2020

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Cotton procurement to resume, gets Govt nod

Maharashtra Government has allowed cotton procurement to resume across the State, with a condition that all guidelines regarding COVID-19 must be followed. Maharashtra State Co-operative Cotton Growers' Marketing Federation (or, Cotton Federation), will resume fair average quality (FAQ) cotton procurement from Tuesday.

Private traders have been allowed to procure non-FAQ grade cotton. Balasaheb Patil, Co-operation and Marketing Minister, announced to resume cotton procurement across Maharashtra from April 20. Anantrao Deshmukh, Chairman of Cotton Federation, told 'The Hitavada' on Sunday that the federation was authorised to procure only FAQ grade cotton as subagent of Cotton Corporation of India. “Accordingly, we will resume procurement of FAQ grade cotton. State Government has sent letter to Collectors of the districts where cotton procurement can be done,” he said. Deshmukh said that the federation would start procurement in Amravati district from Tuesday. Amravati district has seven centres.

Of these, three will start procuring cotton from Tuesday and one from Wednesday. As far as other districts are concerned, procurement will resume wherever it is possible. Zonal Managers of the federation are being contacted in various parts of the State to streamline the procurement process in co-ordination with respective district administration.

The list of cotton-growers who had registered with Agriculture Produce Marketing Committee (APMC) is ready. At present, however, funds with the Cotton Federation stand exhausted. Previously, Deshmukh said, the Government had approved loan of Rs 2,300 crore. Now, fresh loan of Rs 1,000 crore has been approved, but it will take a few days as the bank guarantee and other formalities are to be completed, he added.

Besides, the federation is waiting for the Government to release margin money of Rs 100 crore. “We need funds. For, if cotton is procured, farmers will have to be paid in seven days,” he said. Meanwhile, according to Deshmukh, in Amravati district, some ginning factories pointed out some problems including labour shortage, damage caused to spare part of the press and non-availability of the same immediately.

At such places, the procurement process will go slow, Deshmukh said. But, at each of the centers, social distancing norms will be followed. Deshmukh had requested the State Government to allow private traders to procure non-FAQ grade cotton. Accordingly, it has been done. Anoop Kumar, Principal Secretary (Marketing), has issued a letter in this regard.

‘Maintain social distancing at APMC yard’ Anoop Kumar, Principal Secretary (Marketing), has issued a letter to District Collectors of Nagpur, Yavatmal, Akola, Amravati, Wardha, Buldhana, Chandrapur, Nanded, Jalgaon, Beed, Parbhani and Aurangabad asking them to make necessary arrangements to resume cotton procurement. He has asked them to issue certain guidelines to ensure social distancing at ginning and pressing factories and cotton procurement centres, including regulating the number of vehicles allowed at Agriculture Produce Marketing Committee (APMC) yards.

Private traders have been allowed to procure non-FAQ grade cotton, in accordance with COVID-19 guidelines. Passes/identity cards should be issued to officers, employees, labourer, loaders, etc involved in cotton procurement and related process, for travel to and fro their residence and ginning/pressing factory concerned. Bawankule demands cotton, paddy, procurement at support

Chandrashekhar Bawankule, former Guardian Minister of Nagpur district, has urged the State Government to start cotton procurement centres at the earliest. He has sent a letter in this regard to Uddhav Thackeray, Chief Minister of Maharashtra. In the letter, he demanded that cotton should be procured at the support price of Rs 5,550/- per quintal. Besides, farmes should be given Rs 700/- per quintal bonus for paddy procurement, and Chana should be procured at the rate of Rs 4,875/- per quintal. In all these procurements, money should be given to farmers immediately to provide them relief, he demanded.

Source: thehitavada.com- Apr 20, 2020

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Nine industries open at 50% manpower during lockdown in UP

In the second phase of the lockdown, the Uttar Pradesh (UP) government has permitted nine industries to function with some restrictions. These include textile (barring garments), cement, steel and chemicals. State chief secretary RK Tiwari recently issued an order directing district magistrates to make necessary arrangements for running these industries.

The order says that besides sugar, flour, lentils, oil mills, bready and cattle feed industries, which were functioning in the lockdown earlier, new industries have been added. The common affluent treatment plants (CTPs) in the industrial areas will also function during the lockdown.

However, industrial units in the 'hotspot' zones will not be allowed to function till further orders. The industrial units that have been allowed to function during the lockdown will run with only 50 per cent of their manpower capacity, according to a report in a top business daily.

The industries capable of providing food, lodging and other facilities to their workers will do so during the lockdown. However, in case the workers are being brought from outside, the industrial units will make arrangements for their safe transportation.

Source: fibre2fashion.com- Apr 21, 2020

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Logistics pain stands in the way of plan to restart India's factories

Hopes of a controlled restart to industrial production are bedevilled by uncertainty over logistics, even as India heads for a phased exit from the lockdown that began on 25 March.

Given the crippling shortage of workers and trucks, and skeletal air cargo operations, the industry is staring at an uphill task, even as curbs begin to ease from Monday depending on the infections in a region. Besides, the Centre's orders allowing goods movement are yet to reach local authorities in many districts.

"The whole supply chain is picking up very, very slowly," said Vineet Agarwal, managing director, TCI, one of India's largest logistics companies. "Things have improved a little bit in the past few days and some movement of trucks has started, but we have to wait to see how things shape up from Monday. There could be local governments that may not open up."

The movement of essential goods, such as pharmaceuticals and fast-moving consumer goods (FMCG), has improved, but "there is still huge congestion at ports," he said.

Apart from the shortage of truck drivers and workers to load and unload goods, there are issues with private ports defying government orders to waive demurrage, or the charge payable to discharge goods within a time.

The port congestion has also hurt exports and imports.

"We have about ₹1,000 crore worth of export orders for the month of April from our distributors and retailers overseas. Due to the lockdown, these orders are now held up," said Rakesh Sharma, executive director, Bajaj Auto Ltd.

Bajaj, India's largest exporter of two- and three-wheelers, is exploring options to meet its export orders.

Imports are also proving to be as much of a challenge. Though component shipments from major Chinese suppliers have started after a long gap, domestic manufacturers are unable to move them from ports to their factories.

"A lot of our material is stuck at ports as freight forwarding was not allowed during the lockdown," said Arpit Chhabra, co-founder and CEO of IoTfy, an Indian electronics company, adding he was hoping to move some of the goods from this week to warehouses.

Rahul Agarwal, managing director and CEO at computer maker Lenovo India, said the company's factories in China that supply components and products to India are now running at 100% capacity, but goods that have landed here can't be moved from domestic ports. Lenovo has a factory in Puducherry, which it expects to restart gradually.

While goods movement has perked up a bit, it will still take weeks to improve significantly, said Harsh Pati Singhania, vice-chairman and director, JK Organisation.

"The material that was stuck on roads has all been cleared. But now, the issue is moving goods from your warehouses and godowns to points of consumption," he said.

The lockdown had resulted in a virtual shutdown of most operations of the diversified business group, which operates in tyres, cement, agri business and paper, besides others.

"Really, the challenge is not the start of factories, but how do we get demand moving. There has to be money in the hands of consumers to spend. Then only you will have the pull (that is needed for production)," Singhania said, urging the government to come out with an economic relief package.

Automobile companies are trying to gauge demand before deciding on the import of components, an industry executive said on condition of anonymity.

Logistics companies are also planning to ramp up operations slowly because of uncertain demand. Leading logistics company Spoton said it will resume services initially to a few pin codes, but its air services will remain suspended for the time being.

In a letter to its customers, Uday R. Sharma, director-sales, Spoton Logistics Pvt. Ltd said, "The operating costs for us during this phase will be higher due to labour and driver shortages, lower throughput led by falling demand in many sectors of the economy."

Source: livemint.com- Apr 20, 2020

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Apparel exporters plead govt to pay April-May wages

Apparel exporters have requested the government to pay the wages of workers engaged in the apparel exporting industry for April and May months, to bail out the sector. They have suggested that the government can pay wages from the funds available in the Atal Bimit Vyakti Kalyan Yojana (ABKVY) which has huge reserves of about ₹91,000 crore.

"We humbly wish to inform that we are not in a position to pay wages for the months of April and May despite our best intention, as there is absolutely no production and no revenue stream," Apparel Export Promotion Council (AEPC) chairman A Sakthivel wrote in a letter to Prime Minster Narendra Modi.

The apparel exporting industry has cleared all wages for March dutifully following the Prime Minister's request, the letter said.

Sakthivel said that the apparel exporting industry, which is the largest employer after agriculture, has been very badly impacted due to Covid-19 as principal export markets of the US and Europe are under lockdown since the past several weeks. The sector urgently needs a big stimulus package from the government, he said.

"Buyers have not paid us for goods shipped months ago. On top of that they have cancelled/postponed deliveries of current orders. Overall, we estimate a loss of export of over $4 billion. Coupled with this, the lockdown in our country has also resulted in complete stoppage of work," he said.

Apparel products exported to the fashion retailers of the world have a shelf life of 2-4 weeks only and thereafter those goods are sold at deep discounts. The letter informed that the buyers are either not paying or asking for hefty discounts for merchandise already shipped. Some have cancelled confirmed orders, and some have postponed with discounts.

Sakthivel said that the apparel exporting industry is highly labour-intensive where the wage bill is about 30 per cent of product cost, whereas in other sectors it ranges around 5 per cent. He further informed that the apparel sector works on very low margins of 4-5 per cent.

“Our members are not only facing an acute fund crunch, like many other industries, but are also incurring huge losses due to cancellations and discounts. This, coupled with the fact that there is no revenue generation during the lockdown, will lead to the closure of many factories and consequently result in huge job losses. It has become extremely difficult to economically survive in these trying times. The industry is collapsing and looking for the much-needed ray of hope and support to survive and sustain.

“A matter of immediate concern is payment of wages to workers. We have been explaining to our members the need to pay wages as per statutory/ moral obligation. However, the feedback we have received from the majority of exporters is that in spite of best intention to pay there is simply no liquidity available to pay,” Sakthivel said.

Source: fibre2fashion.com- Apr 20, 2020

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