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INTERNATIONAL NEWS

Cambodia-China FTA provides larger market access, brings more benefits: ministry

The free trade agreement between Cambodia and China will provide greater market access to Cambodian products and bring more benefits to the two peoples, the Cambodian Commerce Ministry said on Monday after the two sides wrapped up trade talks.

"The successful conclusion of the negotiations for the FTA in a short time has clearly reflected the commitment of the two countries' leaders to building closer ties, and this FTA will provide a lot of socio-economic benefits to the two peoples," the ministry said in a press release.

According to a joint statement, Chinese Commerce Minister Zhong Shan and his Cambodian counterpart Pan Sorasak officially announced the conclusion of the China-Cambodia FTA negotiations via a video conference on Monday, and the deal is expected to be signed within this year.

Seang Thay, secretary of state and spokesman for Cambodia's Commerce Ministry, told Xinhua that the Southeast Asian nation saw China as a huge market, especially for its agricultural products such as rice, cassavas, bananas and mangoes, among others.

"Once signed, the deal will give us greater market access, and definitely, trade and investment volume between the two countries will be further expanded," he said, noting that the agreement "will importantly contribute to building a community of shared future for Cambodia and China."

Two-way trade between the two countries stood at 9.42 billion U.S. dollars in 2019, according to the Chinese Embassy in Cambodia.

The two countries began to discuss the feasibility of a bilateral FTA in December 2019 and launched the first round of negotiations in January this year.

Source: china.org.cn– Jul 21, 2020

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USA: Nearshoring, a distant dream feel US apparel manufacturers

Even though it's perceived as a positive step, US apparel manufacturers are skeptical about increasing calls for nearingshoring supply chains. They believe, textile and apparel production in the US is unlikely to return to its former glory as it does not have the required scale and quality of raw materials.

One prominent example of this is the lack of hemp raw material in the country. Philadelphia-based designer Mary Alice Duff, who began sourcing hemp domestically, found the fiber fabric available in the US is not scaled, nor skilled enough. Additionally, the 2019 tariff hike has also increased hemp prices in the country by around 25 per cent. Hence, Duff is compelled to source hemp-cotton blend from China.

Upgrading its manufacturing skills

Another factor that holds back nearshoring of apparel manufacturing is the lack of latest technology. Fatima Anwar, CEO, Ethical and Sustainable Apparel Sourcing, says the convenience of co-locating the entire garment manufacturing process should not be overlooked. According to her, the US is unlikely to see resurgence in apparel production unless the cut-and-sew capabilities of manufacturers are upgraded.

Though automation could fix these problems it hasn't yet done so as the cut-and-sew process is incredibly labor-intensive. Bangladesh manufacturers don't have the technology as yet to make fully-automated facilities. Hence, Anwar is forced to keep one foot in New York and one in Bangladesh.

Though her clients are based in the US, the manufacturers she connects with are in Bangladesh. US sourcing of textiles does not make business sense for most of her large-scale clients.

And Anwar says buyers are mainly attracted drawn to three factors: convenience, price and experience. Experience translates to high quality and high productivity rates.

According US production resources might make sense for small quantities at a luxury price point. The country does not have a lot of people specialized in textile and textile formulation.

Filling supply chain gaps with dead stock

However, the US has plenty of dead stock that can help brands fill the gap in their supply chains, says Stephanie Benedetto, Founder, Queen of Raw, an online marketplace for dead stock. Benedetto estimates the US produces more dead stock than it does virgin fabric. In addition to luxury materials like leather and silk, Queen of Raw offers popular synthetic textiles produced in Asia.

Its user base has grown exponentially since the beginning of the pandemic as most US-based brands cancelled orders from suppliers to hold onto cash and, are to yet decide on their future collections. These brands are utilizing the current available time to plan a less wasteful system based on nearshoring. However, it’s quite early to know if they can truly create more localized on-demand, sustainable, efficient supply chains.

Source: fashionatingworld.com– Jul 20, 2020

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USA: Cotton and Crisis Management

Technical applications of cotton are finding applications in crisis management scenarios.

Recently, India’s largest oil and gas company, ONGC uses cotton-based absorbent mats for absorbing oil spills. Cotton-based filters are finding applications in face covers during the COVID-19 pandemic.

COVID-19 situation has revealed that cotton influences the stability of viruses, which is important in developing countermeasures products like masks from cellulosic materials. Research efforts have highlighted cotton destabilizes virus relatively quickly than plastics.

Cotton is an established fiber in fiber to fashion supply chain and genuine interest is emerging to explore new applications for cotton in health and environmental sectors.

Slowly, cotton products are penetrating into crisis management situations in health care and environmental sectors. For 21 years, the Nonwovens and Advanced Materials Laboratory at Texas Tech University managed by this scribe has been researching on advanced applications of cotton. Recently, the research activities are getting commercial acceptance.

One recent recognition has been international, with the acceptance of the cotton-based mat as an oil absorbent by India's leading oil exploration public sector entity, Oil and Natural Gas Corporation, Ltd. (ONGC). Recently, during July 10-12, cotton-based absorbent pads have been effectively used by ONGC at its Godavari river delta oil well sites in Rajahmundry.

ONGC is India's largest crude and natural gas company and is ranked 18th among global players in oil and gas operations with over 30,000 employees. Penetration of cotton-based absorbent technology into this premier Indian company is a milestone with regard to the acceptance of cotton as a high performance fiber. Cotton-based nonwoven mats have moved along from the testing phase to commercial use phase, according to Nambi Srinivasan, vice president of Chennai, India-based WellGro United.

This scribe has been collaborating with WellGro United and its partners to translate ideas to market place. Speaking about the acceptance of the product by ONGC, Nambi Srinivasan stated, "It was a much awaited and prestigious order for us. With the recent positive field results of cotton-based pads, at an ONGC site, we are confident that the ONGC's order opens-up new opportunities globally."

In a similar vein, cotton-based nonwoven mats are finding applications as filters in face covers. Lubbock-based Scarborough Specialties has released face covers with cotton nonwoven filters, which evolved out of research in our Nonwovens Laboratory.

Source: tiehh.ttu.edu.com – Jul 20, 2020

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China's technical textile exports earn $34 bn in Jan-May

Technical textile exports from China fetched $34.29 billion in the first five months of 2020. This included $22.56 billion of masks and $2.19 billion of protective clothing, according to the official data.

The industry also witnessed a sharp growth in production, sales and profits, owing to the soaring demand for these goods due to the COVID-19 pandemic.

During the five-month period, profits of large-scale technical textile companies, i.e. companies with annual revenues of more than 20 million yuan ($2.86 million) skyrocketed 189.08 per cent year-on-year to 12.69 billion, according to data from the ministry of industry and information technology.

Total revenues of these large-scale enterprises shot up by 13.25 per cent year-on-year to 103.92 billion yuan.

Source: technicaltextile.net– Jul 20, 2020

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First Intertextile fair of 2020 takes place in Shenzhen

From July 15-17, Messe Frankfurt hosted its first trade fair since February and first Intertextile Apparel show of the year: Intertextile Shenzhen Apparel Fabrics. The fair was newly rebranded to align with the two well-established Intertextile Apparel shows in Shanghai and was well-received despite the current industry challenges and travel restrictions.

Held at the larger, brand-new Shenzhen World Exhibition & Convention Center, the 2020 edition of Intertextile Shenzhen Apparel Fabrics welcomed a total of 886 exhibitors covering 50,000 sqm. Together with the concurrently held Yarn Expo Shenzhen, CHIC and PH Value, the four fairs attracted over 42,000 visits.

“With events beginning to resume in China, we are glad to be back in a position to support the textile industry and facilitate well-overdue business interactions.

The show was the first to be held by Messe Frankfurt since February, when events were forced to be postponed or cancelled due to the pandemic, and we are pleased that Intertextile Shenzhen was able to go ahead as scheduled, providing a trusted platform for the industry to reconnect," Wendy Wen, senior general manager of Messe Frankfurt (HK) Ltd, said after the conclusion of the fair.

"Whilst international participation was somewhat restricted, there have been many encouraging factors to highlight and takeaway," Wen said. "Part of the new strategy around this fair is to capitalise on the potential in the region offered by China's new Greater Bay Area concept. Through cooperation with the organisers of CHIC and PH Value, we have been able to offer the full textile supply chain by bringing the upstream and downstream of the industry together with these two fairs alongside Intertextile and Yarn Expo."

"The overall positive response from participants has shown there's a strong market for the Intertextile Shanghai platform in the southern Chinese region. Another highlight of the fair was the presence of the Fine Japan Zone which proved to be popular, reconfirming the business potential for overseas exhibitors at this fair.

And the move to the larger venue is a pivotal step which will allow the fair to develop and expand alongside the increasing demand for apparel products in the region." Wen said. "Thinking ahead, we are now looking forward to organising Intertextile Shanghai Apparel Fabrics Autumn Edition in September, as our next step to helping the industry recover, with hopes that later in the year, international exhibitors and visitors will be able to participate more easily."

"Our goal was to meet new customers, and we've met quite a lot including from the Greater Bay Area, as well as from Sichuan, Shanxi, Wuhan, Hangzhou and Shanghai. They were interested in our spring/summer 2021 collections and our cotton, knitted and woven products. We also met brand buyers including Ellassay and Max Mara.

Usually we meet bigger brands at the Shanghai edition and smaller brands, manufacturers and wholesalers at the Shenzhen edition, so this fair is complementary to the Shanghai edition," Tomohiko Yamada, director president, Stylem Trading (Shenzhen) Limited, Japan, said in a press release.

“We had three online VIP business matching meetings with overseas buyers during the fair. The results are quite good as the matching of both parties’ needs was accurate, and the connection for the online meetings was smooth. Holding the fair in July is the perfect timing for our business with overseas customers,” Merry Li, Zhangjiagang Vcare Textile, China, said.

“We’ve exhibited at Intertextile for nearly 20 years, and decided to exhibit here because Shenzhen is located at the heart of the Greater Bay Area, which is a base for many domestic fashion brands. The Greater Bay Area is a hot topic in recent years. This makes Intertextile Shenzhen a not-to-be-missed event for the industry. Our online business meetings with overseas clients went smoothly, and were really helpful to us,” Liu Weilong, Huafang Co Ltd, China, said in the release.

Source: fibre2fashion.com– Jul 20, 2020

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Turkey’s textile exports recover in June 2020.

Turkey’s leading e-magazine textilegence.com states, though the country’s textile and raw materials exports were hugely impacted by the COVID-19 pandemic in the first half of 2020, they soon managed to enter a rapid recovery process.

Turkey’s textile exports during January-June ’20, declined 17.4 per cent to $4.1 billion compared to the same period previous year. However, in June, the country’s textile exports increased by 19.8 per cent to $766 million compared to the previous year. Its overall exports in the first half of the year increased by 15.8 per cent to $13.5 billion

Turkey’s quantity-based textile exports during the January-June period decreased by 14.3 per cent to 999,000 ton. However, exports in June increased by 16.3 per cent. The country exported the highest amount of textile and raw materials to 28 EU countries during the month.

However, its exports to the EU fell 18.5 per cent to $2 billion Exports to other European countries increased by 114.9 per cent to reach $11 million in June. Its exports to the Old East Bloc Countries increased by 37.2 per cent in June to $87 million dollars. In the context of the January-June period of

2020, its textile exports to this market decreased by 10.9 per cent to $431 million.

Technical textiles were the most important product exported by Turkey during the January-June 2020 period. Turkey's export of technical textiles increased by 43.9 per cent compared to the same period of the previous year to reach $1.1 billion. The export of technical textiles products in June was calculated as $318 million with an increase of 202 per cent.

Source: fashionatingworld.com– Jul 20, 2020

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Vietnam: Textile industry ready for EVFTA's effectiveness

According to the Ministry of Industry and Trade, in the past six months, due to the impacts of the Covid-19 pandemic, garment and textile export turnover merely reached $12.8 billion, of which, garment and textile exports to the European market exceeded $2 billion.

Last year, the total garment and textile export turnover reached around $39 billion, of which, the European market contributed more than $8 billion. Currently, the EU has become the third-largest garment and textile importer of Vietnam after the US and Japan.

However, according to the evaluation of textile enterprises, currently, garment and textile exports to the EU are still quite modest compared to the potential of this market. The reason is that Vietnam's textile and apparel products exported to the EU are imposed extremely high import tariffs. Mr. Pham Van Viet, Chairman of the Board of Directors of Viet Thang Jean Company shared that denim products of this company exported to the EU are currently subject to a tax rate of up to 16 percent. Meanwhile, on average, Vietnam's garment products exported to this market are levied a tax rate of about 9 percent.

High tax rates and high labor costs in the past two years have weakened the competitive advantage of Vietnam's textile and garment products compared to those of Myanmar, Laos, Cambodia, India, and Bangladesh. The representative of the Vietnam Textile and Apparel Association emphasized that to maintain the market share in the European market, many domestic garment and textile enterprises have turned to process sophisticated products that require higher skills. A few enterprises with large internal capital capacity have switched to designing, manufacturing, and selling branded products.

However, the complicated situation of the pandemic since the beginning of this year has led to a sharp drop in the number of textile export orders. On the other hand, it has also changed the consumption trend of textiles in the third and fourth quarters of this year.

The market will likely recover basic textile products with low or average value. Thereby, textile enterprises in this segment will take the upper hand in the number of orders in the global supply chain.

The fact that the National Assembly ratified the EVFTA which will become effective as of August 1 is a large opportunity for the garment and textile industry. Because, according to the commitments of the EVFTA, among key export products of Vietnam into the EU, garment and textile products will be removed import tariffs on 77.3 percent of export turnover for five years, and import tariffs on the rest 22.7 percent of exports will also be eliminated after seven years.

Besides enjoying duty incentives, the EVFTA promises to provide Vietnamese textile and apparel enterprises the opportunity to import high-quality machinery and access to raw materials under the European standards.

With the aforesaid opportunities, many textile and garment enterprises are ready to take advantage of the tariff incentives when the agreement comes into effect. Many enterprises have invested in all facilities from factories, and machinery to technology, to meet the technical standards of importers. According to Mr. Tran Nhu Tung, member of the Board of Directors of Thanh Cong Textile Garment Investment Trading Joint Stock Company (TCM), with what that the EVFTA will bring, as well as the potential that TCM currently has, the company aims to achieve an increase of 30-50 percent in exports into the EU in the next few years.

To realize the opportunities that the EVFTA brings, TCM has built a textile dyeing factory in Hoa Phu Industrial Park in Vinh Long Province with more than 1,500 employees. It is estimated that this factory provides enough fabric for the company's production needs each year.

In the longer term, TCM is expected to promote the opening of another factory in the West of Vietnam to be able to take initiative in raw materials for its production. Similarly, some garment enterprises in Ho Chi Minh City have already prepared factories, machinery, technologies, as well as raw materials, and auxiliary materials to grasp the opportunities from the EVFTA.

Mr. Pham Van Viet, Chairman of the Board of Directors of Viet Thang Jean Company, said that since the EVFTA was signed, Viet Thang Jean has signed long-term procurement of raw materials from partners in South Korea and Turkey to replace raw materials from China to meet the requirements of the rules of origin according to the commitments of the EVFTA.

However, it must be admitted that there are only a few enterprises that can meet the requirements like TCM or Viet Thang Jean. Because for many years, the garment and textile industry still depends largely on raw materials and supplies imported from China and this material has not been accepted by the European market. To overcome this, the Ho Chi Minh City Textile and Garment - Embroidery Association said that for non-processing enterprises, there are two options. First, they either produce fabric by themselves or buy domestic raw materials. Secondly, they should import raw materials from countries with bilateral trade agreements with the EU such as South Korea and Turkey.

Another problem of the textile and garment industry is that many enterprises exporting to the EU are small and medium-sized enterprises with limited resources and their production processes have not met the European standards. They have not invested adequately in researching and developing products, have not effectively exploited the intellectual property assets and trademarks. They lack human resources with foreign language skills and professional trade negotiation skills to carry out export activities to the EU market.

Therefore, what Vietnamese businesses need to do immediately is to invest in increasing the value and quality of products to enhance competitiveness in the EU market. Enterprises need to meet the standards and the management process prescribed by the EU, attach importance to social responsibility, make transparent information on labor and production environment, especially ensure the rules of origin.

Source: sggpnews.org.vn– Jul 20, 2020

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Sri Lanka exports bounce back in June 2020 to US$ 906 million

According to the Sri Lanka Customs provisional statistics, earnings from merchandise exports rebounded in June 2020 to US$ 906 million increased by 50.4% compared to the US$ 602 million earned in May 2020, the Export Development Board (EDB) reported.

The export sector progressively commencing actions following the relaxation of lockdown measures and the recovery of both domestic and global supply and demand chains to some extent contributed to the growth.

EDB Chairman Prabhash Subasinghe said the bounce is certainly back in exports which has now become the breadwinner for Sri Lanka's favorable trade balance.

"Exports have become a national priority, now more than ever, it is certainly impressive to see a strong V shaped recovery in the export sector, comparatively to the lowest point in April 2020, exports are up 327%. I thank the entire export community for serving the national economic needs at our most vulnerable time and we at the EDB stand ready to serve our export community," he said.

Export Earnings from Merchandise in June 2020 increased by 50.4% compared with the value recorded in May 2020. However, in comparison to June 2019, earnings from merchandise exports declined by 16.42%.

Export earnings from Apparel & Textiles increased 83.72% to US$ 402.04 million during the month of June 2020 compared with US$ 218.83 million recorded in May 2020. However, 20.22% decline recorded in June 2020 in comparison to June 2019.

Export earnings from tea increased as both values (6.14%) and volumes (4.52%) increased in June 2020 compared with May 2020. In addition, export earnings from tea recorded 1.55% increase in June 2020 in comparison to June 2019.

Earnings from all the major categories of Coconut based products increased in June 2020 compared with June 2019 due to the improved performance in export of Coconut Oil, Cocopeat & Activated Carbon.

In addition, Export earnings from Rubber & Rubber finished products increased by 34.58% to US$ 68.89 million during the month of June 2020 compared with May 2020. With the poor performance recorded in tire sector, Export of Rubber & Rubber finished products decreased by 14.74% during the month of June 2020 compared with the same month in the previous year.

Export earnings from Spices and Essential Oils increased significantly in June 2020 compared with May 2020 as the growth in cinnamon (81.7%), pepper (84.78%), nutmeg and mace (106.67%) and essential oils (22.75%). In parallel export earnings from Spices and Essential Oils increased by 29.96% in June 2020 in comparison to June 2019.

Earnings from seafood increased by 13.7% to US$ 24.32 million in June 2020 in comparison to US$ 21.39 million recorded in June 2019 and also increased by 110.93% in June 2020 compared with May 2019 due to the better performance of export of frozen fish.

Meanwhile, export earnings from Food & Beverages (-8.36%) and Electrical & Electronic Products (-6.28%) declined during the month of June 2020 compared with June 2019.

Moreover, led by a higher demand for personal protective equipment (PPE) such as face masks, protective suits, surgical gloves, etc., earnings from exports of Apparel & Textiles and Rubber & rubber-based products grew significantly during the month of June 2020. PPE related exports recorded US$ 106.46 million in June 2020.

Total export earning for January to June 2020 was US$ 4,362.34 million compared to US$ 5,929.74 million recorded in a similar period of the previous year – a decline of 26.43%. This is a 58% achievement of Revised Merchandise Export Target of US$ 7,521 million in 2020.

Major Exports such as Apparel & Textiles (US$ 1,936.66 million), Tea (US$ 571.66 million) and Coconut & Coconut Based Products (US$ 281.59million) and Rubber & Rubber based products (US$ 349.17 million) recorded decrease of 29.64%, 16.54%, 10.33% and 23.62% respectively during Jan-June 2020 compared to the similar period of previous year. Petroleum & Other Export crops recorded positive growth rates during the period.

The top export destinations during the period Jan-June 2020 were United States of America (US$ 1,147.5 million), United Kingdom (US$ 361.6 million) India (US$ 277.5 million), Germany (US$ 250.3 million) and Italy (US$ 183 million).

Being the largest single country export destination, United States of America absorbed US$ 242.36 million worth of exports in June 2020 as 66.56% increase in comparison to US$ 145.51 million absorbed in May 2020. However, exports to United States of America decreased by 9.37% in June 2020 in comparison to June 2019.

In addition, Exports to United Kingdom as the largest trading partner in the EU Region recorded an increase of 53.64% to US$ 65.39 million in June 2020 compared with May 2020. Meanwhile exports to UK decreased by 30.46% in June 2020 in comparison in June 2019.

However, Exports to Italy, France, and Russia showed better performance in comparison of June 2019 - June 2020 and May - June 2020.

Exports to India, China, Germany, Belgium & Netherlands increased by 60%, 40%, 42.9%, 80% and 34% respectively in June 2020 compared with May 2020 while exports in June 2020 decreased by 15.3%, 20.29%, 12.72%, 15.6% and 10.8% respectively in comparison in June 2019.

The EDB estimates services exports including ICT/BPM, Construction, Financial services, Transport & Logistics and Wellness Tourism to a level of US $ 1,780.5 million during the period of Jan-June 2020 compared to US$ 2,026.58 million recorded in the corresponding period of previous year. However, estimated service exports declined by 12.14% during the period of Jan-June 2020 compared with the corresponding period of previous year.

Compared with the overall performance of Merchandise exports, the exports of services have performed well during the period of Jan-June 2020.

Source: colombopage.com– Jul 19, 2020

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Association of Uzbek textile manufacturers talks industry development

The Government of Uzbekistan pays great attention to the introduction of European standards in the textile production sector, a representative of Uzbekistan Textile and Garment Industry Association (Uztextileprom) told Trend in an interview.

ISO quality standards are introduced in almost all enterprises of the Association's member enterprises. A number of large enterprises have Business Social Compliance Initiative (BSCI) certificates, and established cooperation with international scientific institutes such as Hohenstein, KATRI, TUV and others.

"Association, together with German International Cooperation Agency (GIZ), started the project on sustainable development and added value in cotton industry, to introduce managers and agronomists of cotton-textile clusters to Better Cotton Initiative (BCI) quality standard. The trainings are conducted by international experts from the Organic Agriculture Research Institute (FiBL, Switzerland) and BCI certified experts," stated the representative.

In 2019, the first organic cotton in Uzbekistan was grown and certified. This year, Uzbekistan planned to grow organic cotton on 1,000 hectares, and within the GIZ project cotton will be grown on 10,000 hectares, according to BCI standards.

Russia, China, Kazakhstan and Turkey are the main consumers of textile products from Uzbekistan, State Committee on Statistics of Uzbekistan reported earlier.

"Presently, Uzbekistan is capable to export yarns and fabrics to China, despite the fact that China is the leader in this field. The Baltic countries also show big interest in the product. Among other European countries, Poland is one of the largest importers of Uzbek textiles," stated the representative.

The Government of Uzbekistan is working on obtaining status of a beneficiary country of European Union's system of preferences (GSP+) for Uzbek textile products, which will allow exporting the products to the EU market without duties.

"We expect that following obtaining a GSP+ beneficiary country status, textile exports to the EU will increase several times," noted the representative of Uztextileprom.

Uzbekistan is the sixth cotton manufacturer in the world. By the government decision, the country has completely abandoned the export of cotton fiber since 2019.

Source: en.trend.az– Jul 20, 2020

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Digital mode adopted in Pakistan's apparel sector to explore global market amidst pandemic

As the worldwide economy has been facing slowdown in the post-Corona scenario and all international textile exhibitions have been cancelled the Pakistan Readymade Garments Manufacturers and Exporters Association has taken the initiative to participate in the Digital Global Apparel Sourcing Expo, adopting the latest trend to explore world market for Pakistani apparel goods through virtual mode.

The one-month long digital apparel show, organized by the International Apparel Federation (IAF) and the Foursource, has already been launched online on 15th of this month, running till August 14 2020.

In a joint statement issued here on Monday, PRGMEA regional chairman Sohail A. Sheikh and Chief Coordinator Ijaz A. Khokhar observed that this is another initiative of PRGMEA, becoming the first trade body from Pakistan to participate on self-finance basis in a digital textile show and use this worldwide technological fashion industry platform for B2B matchmaking, as both the exporters as well as the importers are now reluctant to travel abroad and attend 'physical trade exhibitions' and explore market.

Ijaz Khokhar, who is also the Regional President of International Apparel Federation (IAF), said that owing to Covid-19 all trade shows are cancelled, so marketing trends have now moved to Digital Exhibitions.

"We are hoping for very encouraging response and all our participants are curious to see the outcome of this first experiment," he added.

He pointed out that many countries are exhibiting their garment products while more than 15,000 buyers are in connection through this virtual worldwide expo, engaging retail & large brand buyers, sourcing managers, brand owners, start up labels, designers and buying houses agents globally.

Ijaz Khokhar stated that keeping in view of the hardships of the business community in the post-pandemic situation, the International Apparel Federation has taken the step for holding Digital Global Apparel Expo to minimize the problems confronted by the business community.

PRGMEA regional chairman Sohail A. Sheikh said that the International event is an ideal opportunity for forward thinking manufacturers, looking to connect with buyers on global scale, as it is providing multi-fold marketing on the Foursource platform and through the network of IAF.

Sohail A. Sheikh said that in the wake of COVID-19 impact on the country's export of textile sector, there was a need on the part of the textile sector to adopt with changing circumstances. He was of the view that digitalization has now become the need of the hour and it is inevitable to use digital tools to explore world market.

He said that the digital show fuels the business of fashion by helping facilitate connections between buyers and brands with outstanding services like retail concierge and matchmaking programs, bridging relationships and strengthening connections. Additionally, retailers and buyers have opportunities to learn, network and conduct business with new exhibiting brands, he added.

At the virtual show, companies can display all kinds of garments for Men, Women, Juniors and Children. It offers an opportunity for Pakistan to boost its exports to as well as revive the closed manufacturing capacity.

Source: nation.com.pk– Jul 20, 2020

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Bangladesh: RMG export earnings in July 1-18 total $1.57b

The country's ready-made garment (RMG) export earnings in the first 18 days of July stood at US$1.57 billion despite the Covid-19 pandemic, which local manufacturers consider as a good sign of reviving new or cancelled work orders.

Bangladesh fetched $1.78 billion during the same period of July 2019.

The July 2020 earnings over that of last year declined by 11.74 per cent, according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data.

The country fetched $2.25 billion, $374.67 million, $1.23 billion and $2.24 billion in March, April, May and June of this year respectively. Subsequently, growth declined by 20.14 per cent, 85.25 per cent, 62.06 per cent and 6.63 per cent from March to June over the corresponding months of last year, according to data.

When asked, Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said the present trend is positive, considering the overall situation.

He said exports in July will be higher, as manufacturers will try to complete their shipments ahead of the Eid-ul-Azha. He, however, said buyers are now placing 70 per cent work orders compared to last year.

Responding to a question, BGMEA president Dr Rubana Huq said RMG exports is around $210 million lower than the 18 days' earnings of last July. "It is certainly a positive sign of hope for the industry (considering the ongoing pandemic)."

She, however, added that this might not necessarily indicate new order placements by the buyers, but reinstatement of the orders, cancelled immediately after the Covid-19 outbreak started.

The industry lost $4.33 billion worth of export from March to June, and its growth is still below the positive trend, she noted. Regarding work orders, the BGMEA president said orders are being placed up to 60 per cent over that of last year, which is not enough for most factories to run in their full capacity.

"Placement is going on, but a total recovery will take up to the middle of next year," she predicted.

H&M, one of the country's largest global apparel buyers, announced in March temporary suspension of placing new orders to its listed supplier factories in Bangladesh amid the coronavirus outbreak.

When asked, H&M Bangladesh country manager Ziaur Rahman said the company has placed new work orders worth over $400 million until July 12.

The Swedish retailer annually sources more than $3.0 billion worth of RMG items from Bangladesh. It has recently announced a plan to close a total of 170 stores permanently in 2020.

In an email communication, Dominic Roter, press officer at Communications Department of H&M Group, told FE: "We do not see this closure having any material impact on our strategic planning and sourcing from Bangladesh, a market that is very important for us."

"We have longstanding relationships with our suppliers in the region, and are in close contact with each and every one of them, as they are our partners." Just as under normal circumstances, the company now fully stands by its responsible purchasing practices and contractual agreements, Dominic Roter noted.

"We take delivery of and pay for already produced goods, as well as goods in production, if delivered within a reasonable timeframe. We are fulfilling all payments to our suppliers on time at the originally agreed price, without any re-negotiations," he added.

Representatives of global buyers in Bangladesh said the new situation has rather created opportunities, as buyers are maximising use of the country.

They are also observing a tendency of moving business from China and Turkey to Bangladesh. However, Mr Fazlul Hoque of BKMEA expressed doubt over complete grabbing of orders, shifting from China.

He said Bangladesh is still in an advantageous position for the EU market due to duty-free market access there.

"But for the US market, Vietnam is ahead of Bangladesh because of having Chinese investors there, who might shift the US orders to Vietnam," he observed.

Source: thefinancialexpress.com.bd– Jul 20, 2020

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Bangladesh: RMG sector must settle lead time, FDI issues to face post-pandemic challenges

Experts and businesses on Monday said that the country's readymade garment businesses must shorten the lead time related to product shipment and go for artificial fibre and the government should allow foreign direct investment in the sector to fight off post-pandemic challenges.

At a webinar on assessing the impact of the COVID-19 pandemic on Bangladesh RMG sector, they also observed that the concentration in products, material mix and markets together with lower market share in manmade fibre were undermining the RMG growth potential.

The France Bangladesh Chamber of Commerce and Industry and the Policy Research Institute organised the webinar.

Bangladesh needs to shorten its lead time by developing its backward linkage industries as current dependency on imports for MMF and inefficient customs processing have contributed to much longer lead time, PRI executive director Ahsan H Mansur said.

'Investing heavily on from backward linkage integration to manufacturing of yarns and fabrics would be the central elements of post-COVID-19 recovery efforts,' he said.

Ahsan said that Bangladesh should strive for heavy investments in digitising the process and transforming value chains as the product development would become more flexible and agile to face the post-pandemic challenges.

Seeking investments from France, he said that it should be an issue for discussion to attract investments from the France companies which were interested to leave China.

Kihak Sung, chairman of Youngone Corporation, said that the FDI was very important for the RMG sector in Bangladesh as foreign investments would bring new technology.

He said that the global companies who were interested to migrate from China were considering Vietnam due to equitable policy of the country.

Kihak said that they exported products worth $100 million to France a year but they lost 25 per cent of their business in the country in the last fiscal year due to the coronavirus pandemic.

'We are suffering a lot due to the drastic fall in consumption on the global market,' he said.

Deepak Dsouza, chief executive officer of Decathlon Sports Bangladesh, said that they worked with 60 factories what employed one lakh people and no factory lost business from the brand.

'Although COVID-19 has posed huge challenges for business, we are committed to taking all the orders from Bangladesh,' he said.

Deepak said that Bangladesh produced only 6 per cent of synthetic products but demand for the synthetic textiles had been increasing gradually in the European Union and the United States.

He said that to face the post-pandemic challenges Bangladesh should think about how to reduce lead time and increase the production of synthetic products.

Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, said that Bangladeshi suppliers faced problems in France as two brands cancelled their orders fully and filed applications for bankruptcy.

She emphasised ethical buying practices, saying that fulfilling the promised payment terms by the buyers could ensure wellbeing of the RMG workers.

Rubana proposed an unemployment fund to support the workers who would lose their jobs due to the pandemic.

Foreign secretary Masud bin Momen said that the government was facilitating businesses so that they could tap the potentials of changed situation on the global market.

Citing the opportunity of personal protective equipment business, he said that Bangladesh exported PPE worth $6.6 million.

The foreign secretary also said that the government was working to capture the part of the investments diverting from China.

Syed Mahmudul Huq, president of the CCIFB, and Mahbubul Anam, former president of the Bangladesh Freight Forwarders Association, also spoke at the event, among others.

Source: newagebd.net– Jul 20, 2020

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NATIONAL NEWS

With $2 billion in exports, MSMEs get international reach via Amazon's GSP

From a Mumbai-based textile company that has become one of the most popular brands in the bed-linen category on Amazon's US marketplace to a Bengaluru-based electronics toy manufacturer that expanded its presence beyond India and the US to the UK, Canada, Australia and the UAE — several MSMEs have grown as a part of Amazon's Global selling Programme (GSP).

The online retailer's GSP, which has clocked $2 billion in sales from India since its launch in 2015, saw the highest exports last year from cities like Delhi, Jaipur, Mumbai, Surat, Bengaluru and Indore. This January, Amazon had aimed for its GSP — which comprises 60,000 Indian exporters — to reach $10 billion in exports by Indian sellers by 2025.

Mumbai-based NMK Textiles, which was established in 2006, manufactured and exported high-end bed linens to large department stores in the US and Canada. However, after 2016, the company saw its offline exports business slowing down, pushing it to rework its supply chain and launching its new brand on Amazon GSP in 2017.

In the past three years, NMK Textiles' brand California Design Den has seen an over 100 per cent y-o-y growth in Amazon's US marketplace, which paved the way for its expansion into other Amazon marketplaces. By 2022, the brand aims to post $100 million in sales on Amazon's GSP.

"We will continue to empower Indian micro, small and medium enterprises (MSMEs) at Amazon. We are committed to digitise 10 million MSMEs, create 1 million incremental jobs and drive $10 billion in e-commerce exports by 2025," Amit Agarwal, senior vice-president & country head, Amazon India, said at the launch of the third edition of Amazon Global Exports Digest.

The gross merchandise sales on the GSP from India grew by 47 per cent year-on-year (y-o-y) in 2019, with Amazon's flagship Prime Day sales posting 72 per cent on-year growth for exporters from the country.

According to the Amazon Global Exports Digest 2020, released Monday, solid sheets, kitchen linen, toys, towels, apparel, spices and leather bags were among the top exported items from the Western part of India on the GSP, with the highest contributors from the region being Jaipur, Mumbai, Surat, Ahmedabad, Udaipur and Pune. Jodhpur and Kota in Rajasthan, and Bharuch in Gujarat featured among the top emerging cities from where goods are being exported.

Similarly, Bengaluru-based PlayShifu, which started as an indigenous augmented reality-based recreational solution for Indian children, expanded to five other countries clocking eight times y-o-y growth on Amazon's global selling platform in the first three years of the company's operations since 2016. PlayShifu was an outlier in India's southern region, from where the key categories to be exported include jewellery, leather journals, kantha quilts, tapestry, home décor products and herbal extracts.

Another Mumbai-based MSME Aromatan Cosmetics — which sells incense and fragrances on Amazon — saw rapid growth on the GSP, with the company being able to expand from its traditional markets. "We have been making bakhoor, the most authentic and the purest form of incense, for 107 years. Our product range is consumed by people all over the world.

We have been traditionally exporting to the Middle East and Africa. But Amazon has given us a tremendous opportunity to directly serve customers in the US and Europe.

We have rapidly grown from daily earnings of $200 to $2,500. We are excited to see this growth within a year and are committed to making this a $2 million sales platform in next two years," said Taha Nabee, vice-president, Aromatan Cosmetics.

Listing the priority areas where Amazon India is working on to increase exports of India-made goods on its platform, Agarwal said that the company's "work with various state governments and industry bodies on creating more awareness about e-commerce exports on ground, end-to-end digitisation of processes for MSMEs to get started off as exporters, and building effective yet low cost logistics solutions is progressing well".

Source: indianexpress.com– Jul 21, 2020

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Free trade agreements have not served India's economy well: S Jaishankar

The free trade agreements (FTAs) that India entered into over the years have not been able to largely serve the country's economy well in terms of building its capacities, though all such pacts are not the same, External Affairs Minister S Jaishankar said on Monday.

The external affairs minister said there are ways of engaging the world which do not necessarily have to be "FTA-centric". Jaishankar made the comments during an online interaction with leading industrialist Sunil Kant Munjal and strategic affairs expert Prof C Raja Mohan on CNBC-TV18.

Replying to a question on New Delhi's ties with neighbouring countries, he said it is a complex neighbourhood and India is often like a "punching bag", adding creation of structural linkages could address the problem of "volatility" resulted by domestic politics of the countries.

Elaborating on his views on FTAs, Jaishankar said:"The fact is that they have not served the economy well in terms of building our capacities. I think there are ways of engaging the world which do not necessarily have to be FTA-centric," the external affairs minister said.

He, however, added that all the FTAs are not the same.

"Look at the state of the economy, look at the state of the manufacturing then look me in the eyes and say yes these FTAs have served me well. You won't be able to do that," Jaishankar said during the discussion on geopolitics of opportunities.
He said post COVID-19, the world is heading towards a more protectionist economy.

When asked about non-alignment and the current geo-politics, the external affairs minister said it was a term of a particular era and particular geopolitical landscape.

Noting that India maintains a strong streak of independence in its foreign policy, he said today people turn to the country as part of solution, as it has been a key player in dealing with all major global issues and challenges like maritime security, climate change and terrorism.

"If we are to grow by leveraging the international situation, then you have to exploit the opportunities out there," he said.

"Either you are in the game or you are not in the game.... I would say that the era of great caution and a very much greater dependence on multilateralism, that era is to a certain extent behind us.

"We have to step out more, we have to be more confident, we have to articulate our interests better, we need to take risks because without taking risks like in business or in banking, you cannot get ahead. Those are the choices we have to make and I think there is no getting away from it," he added.

To a question on the neighbourhood, he said the relations at times are impacted by the interplay of politics and sharp positioning.

"We need to create those structural linkages between us and our neighbours so that they they care of political cycles and any volatility their politics may produce," he said.

"Because, very often people say things about us. We are actually like a punching bag and the domestic issues which one of our neighbours is having," Jaishankar said in an apparent reference to Nepal.

"I would say the sensible thing to do is to make sure that you have strong structural linkages so that the politics of the day plays on, but the realities of the economics and the social interactions and the people to people contacts... that carries on.

"Having said that I would take a lot of care with my neighbours to kind of smoothen the frictions as they come along. Sometimes you anticipate problems, sometimes it is important that you do not get provoked," he said.

About China, he said the economies of India and China were roughly of the same size when the then prime minister Rajiv Gandhi visited Beijing in 1988.

However, now, China's economy is about four-and-half or five times that of India largely due to a series of reforms the neighbouring country initiated around 40 years back.

He said India too grew "fairly significantly" during the period.

“The fact that we did not intensively industrialised, or pushed manufacturing the way many other Asian economies did. The fact that we opened up very much later, we opened up a full decade-and-half after China did,” he said.

Source: financialexpress.com– Jul 20, 2020

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FI CBDT to start sharing depreciation, turnover info of small biz with MSME Ministry

The income tax department will soon start sharing data related to depreciation, sales and gross turnover of micro, small and medium enterprises with the MSME Ministry.

The Central Board of Direct Taxes (CBDT) has directed Principal Director General of Income Tax (Systems) to share information with the MSME Ministry.

Section 138 of Income Tax Act empowers income tax authorities to share information/ details of its taxpayers with other government agencies, as may be notified.

The information to be shared include depreciation on plant and machinery as reported in ITR3, 5 and 6, sales/gross receipts of business as reported in ITR-3, 5 and 6; and gross turnover/gross receipts as reported in ITR-4.

"To facilitate the process of furnishing information, Principal Director General of Income-tax (Systems) would enter into a Memorandum of Understanding ('MoU') with Notified Authority of Ministry of MSME, Government of India which inter-alia would include the mode of transfer of data. Maintenance of confidentiality, mechanism for safe preservation of data, weeding out after usage etc," the CBDT order dated July 14 said.

The timeline for furnishing information will also be decided by Principal Director General of Income-tax (Systems) in consultation with the concerned Ministry and included in the said MoU, the order added.

Nangia & Co LLP Partner Shailesh Kumar said that last month the government notified new criteria for qualifying as MSME, based on investment in plant, machinery and turnover.

"Vide present order read with Notification no 48 of 2020 issued by the CBDT, nodal authorities are appointed in both Ministry of MSME as well as in Income Tax department, so that information required by Ministry of MSME regarding investment/ turnover of an entity for declaring it as qualifying MSME can be obtained directly from Income tax department," he said.

This exchange of information will ensure that only those entities will qualify as MSME under new rules, which have prescribed investment in plant & machinery and turnover as reported in their ITR, Kumar added.

After 14 years since the MSME Development Act came into existence in 2006, a revision in MSME definition was announced in the Aatmanirbhar Bharat package on May 13.

As per the revised definition, an enterprise is micro where the investment in plant and machinery or equipment does not exceed Rs 1 crore and turnover does not cross Rs 5 crore.

A small enterprise is the one where the investment in plant and machinery or equipment does not exceed Rs 10 crore and turnover is not over Rs 50 crore.

For medium enterprise, as per the new classification, the investment in plant and machinery or equipment should not exceed Rs 50 crore and turnover should be below Rs 250 crore.

Source: economictimes.com– Jul 20, 2020

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Fast fashion industry wants cheap, disposable & trendy clothes, but it comes at a price

Sustainability in the textile & fashion industry is under an intense spotlight. Most of the fashion product sales happen in the developed world — with USA and Europe accounting for just under half of global sales by value — but an overwhelming majority of the cotton farmers and the bulk of global production of textiles and ready-made garments happens in the developing world.

While discussing any issue related to the fashion supply chain, it is important to be reminded that the textile and apparel industry is a very important contributor to the world economy. The industry has one of the largest, longest, and complicated global supply chains spreading to every single country on the planet. Global apparel consumption is estimated to be around $1.8 trillion making it around 2.3% of global GDP. The global demand is forecast to grow at an annual rate of 5% per year as markets in China and other emerging countries expand.

The industry contributes significantly to export revenues of several countries: for example, nearly 85% of export earnings of Bangladesh come from readymade garments exports.

It is also one of the world's largest employers as a sector. The industry employs between 60 to 75 million people globally. In India, the textile & apparel sector is the second largest employer after the agriculture sector.

However, the industry is afflicted with questionable working conditions- from inhuman working hours to lack of proper sanitation and drinking water, dreadful work environment and disregard for the workers' health and safety, especially in the cut & sew operation, which is the most labor intensive and is performed primarily in low wage countries.

Getting a fix

Over the last few years, there has been a significant increase in awareness of these issues globally including among consumers. The consumer groups, as well as several human rights organizations, have been putting pressure on the brands and retailers to provide visibility on the working conditions. But so far, not much has changed.

Why is it so? We cannot approach this problem with naiveté and need to be cognizant of the reality of economics of the industry. The fast fashion industry thrives on the promise of cheap and disposable, trendy clothing. US Bureau of Labor Statistics shows that consumer spending on apparel as a percentage of total consumer expenditure has more than halved from 5 percent in 1987. This is when the frequency of purchase has gone up 60%.

Brands have their own economics and so far there are no signs of propensity to pay higher price for clothing labeled as sustainable. There are many reasons for that, and not the least being lack of trust on such labels. The result is that brands continue to put pressure on factories to produce cheaper and faster. The latest Better Buying index found suppliers in the lowest cost locations being pressured for further lower prices, with 38% of Bangladesh suppliers reporting their buyers have held them to last year's prices, despite inflation and rising wages.

These conditions prevail in garment factories because manufacturing has become a very thin margin and low profitability operation. The factories save costs by under-investing in health and safety and forcing overtime.

The only solution to the problem is an investment in better working conditions of factories.

Improved profitability from more efficient factory operations

It is widely accepted in industry discourse that improvement in productivity is an important part of "the solution" to achieve improved well being of millions of garment workers. Improvement in efficiency reduces the manufacturing cost per garment which could be directed towards better well being of the factory workers.

This step to improve efficiency must be supported by increased transparency and openness to ensure that fruits of improvement are also reaching all the beneficiaries. This transparency can then be provided in a trustable manner to educate and convince consumers who are otherwise skeptical of the claims made by retailers.

Our analysis suggests that the root causes of low productivity in the garment manufacturing factory floors come from poor managerial skills, not following data-driven methods for process planning and poor wage structure.

The reason factories do not upgrade to new methods of timekeeping and training is because of upfront investments and uncertainty of outcomes. If any gains from efficiency improvements are spent to pay for these up-front costs, then the cost-benefit analysis does not remain compelling.

The industry must support innovative solution providers that are willing to break this entry barrier and work as partners to help the industry break their shackles.

After all, consumers want the clothes to not only look good but also feel good.

Source: economictimes.com– Jul 18, 2020

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India Inc remains divided over change in input sourcing strategy: FICCI survey

Amid simmering tension between India and China, Indian industry is divided over changing its input sourcing strategies currently heavily dependent on China.

While sectors like automotive, textile machinery are looking at diversifying their input sourcing, capital goods and electronics sectors don't find it viable, according to the latest quarterly survey of Indian manufacturing by industry lobby group Federation of Indian Chambers of Commerce and Industry (FICCI).

Half of the respondents of the automotive sector and one third of the respondents in textile machinery indicated they are planning to change their raw material and input sourcing strategies. However, capital goods, cement and ceramics, chemical, fertilisers and pharmaceuticals, leather and footwear and textiles sectors said they are not planning to change theirs. Two thirds of respondents of electronics and electricals said they are not planning change source of inputs.

In the crucial chemicals, fertilisers and pharmaceuticals sector which is heavily dependent on China, 78% of respondents indicated that they are not planning to change their raw material/input sourcing strategies. “The remaining respondents stated that they will try to strengthen the in-house manufacturing and some of the key raw material sourcing will be shifted away from one country," the FICCI survey said.

Chinese imports and investments have been facing new scrutiny in India after a tense border standoff that left 20 Indian soldiers and an unspecified number of Chinese troops dead. India is aiming at reducing trade links with China as part of policy to cut dependence on the country.

India has banned railway and road projects for Chinese companies and has barred 59 apps from the country, including TikTok, on national security grounds. Prime Minister Narendra Modi has said India needs to end its dependence on import of solar panels, which are mostly sourced from China. Earlier this month, power minister R.K. Singh announced India will not allow import of power equipment from China and Pakistan because of cyber-security threats.

The proportion of respondents reporting higher output during June quarter of FY21 has fallen to just 10% as compared to 15% in March quarter of FY20. The future investment outlook looks subdued as only 22% respondents reported plans for capacity additions for the next six months as compared to 28% in previous quarter.

“High raw material prices, high cost of finance, uncertainty of demand, shortage of skilled labor and working capital, high logistics cost, low domestic and global demand due to imposition of lockdown across all countries to contain spread of coronavirus, excess capacities due to high volume of cheap imports into India, lack of financial assistance, unstable market, complex procedures for obtaining environmental clearances, high power tariff, are some of the major constraints which are affecting expansion plans of the respondents," the FICCI survey said.

Hiring outlook for the sector shows a bleak picture as 85% of the respondents mentioned that they are not likely to hire additional workforce in the next three months. Average interest rate paid by the manufacturers has reduced slightly to 9.4% per annum in June quarter as against 9.9% p.a. March quarter and the highest rate remains as high as 14.5%. The recent cuts in repo rate by RBI have not led to a consequential reduction in the lending rate as reported by 65% of the respondents.

Source: livemint.com– Jul 20, 2020

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Help Indian MSMEs market products globally: Nitin Gadkari to Amazon

Union MSME Minister Nitin Gadkari on Monday urged e-commerce major Amazon to list products from small businesses separately on its platform and help micro entrepreneurs market their goods globally.

Highlighting that the micro, small and medium enterprises (MSME) sector is a major job creator and backbone of the Indian economy, Gadkari said the quality of their products is good but more expertise is needed in design and packaging.

“I would request you, if it is possible, to find out a solution for MSMEs. With your international exposure, if you can plan product designing and giving new vision, awareness, product development to all entrepreneurs, regarding what global companies want…it is a win-win situation. It will increase your turnover and help Indian economy,” the minister said. He was speaking at the unveiling of Amazon’s Exports Digest 2020.

Gadkari said the MSME sector accounts for 30 per cent of India’s growth and about 48 per cent of the country’s exports. Gadkari added the vision is to increase the contribution of MSMEs to 60 per cent of India’s exports within the next five years.

“The rural, tribal and agri sections of the economy need to be developed on a priority basis…65 per cent of our population belongs to these areas.

There are 115 aspirational districts where per capita income is very negligible. “Goods exported from Indian MSMEs via the programme can be classified into micro, small and medium.
My suggestion is to also make a separate category of handloom, handicrafts and particularly agro-MSMEs,” he said.

The minister also said the government is focussing on expanding agro-MSMEs, processing, handloom, bio-fuel and other industries.

Source: financialexpress.com– Jul 20, 2020

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New e-commerce policy with mandatory display of 'country of origin' on products by this week: Ram Vilas Paswan

The new rules for electronic retailers, including mandatory display of ‘country of origin’ on their products, will come into force by the end of this week, Union minister Ram Vilas Paswan said on Monday and emphasised that the entities will face penal action for any non-compliance. The ‘Consumer Protection (E-Commerce) Rules, 2020’ will be applicable to all electronic retailers (e-tailers) registered in India or abroad but offering goods and services to Indian consumers, he said.

“Most rules framed under the Consumer Protection Act 2019 have come into force from today (Monday). However, e-commerce rules will get notified by the end of this week, while rules on direct selling will take some more time,” the Consumer Affairs Minister told reporters in a virtual press conference. The e-commerce rules are “mandatory in nature” and violation of these will attract penalties as decided by the consumer protection authority and consumer courts as provided under the Act, he said.

Consumer Affairs Secretary Leena Nandan said the rules have been finalised after taking inputs from the Department for Promotion of Industry and Internal Trade (DPIIT), under the aegis of the commerce ministry, so that they do not contravene with the overall e-commerce policy. As per the rules, the e-commerce players will have to display the total ‘price’ of goods and services offered for sale along with break-up of other charges.

They are also required to mention the ‘expiry date’ of goods offered for sale and the ‘country of origin’ of goods and services that are necessary for enabling the consumer to make an informed decision at the pre-purchase stage. E-tailers have to display details about return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, and grievance redressal mechanism, and any other similar information that may be required by consumers to make informed decisions.

Sellers offering goods and services through a marketplace e-commerce entity will have to provide the above details to the e-commerce entity to be displayed on its platform or website. They are also not allowed to “manipulate the price” of the goods and services offered on their platforms to gain unreasonable profit and discriminate between consumers of the same class or make any arbitrary classification of consumers affecting their rights under the Act.

Further, e-tailers will have to provide information on available payment methods, the security of those payment methods, any fees or charges payable by users, the procedure to cancel regular payments under those methods, charge-back options, if any, and the contact information of the relevant payment service provider.

That apart, e-tailers are required to display prominently to its users details about the ‘sellers’ offering goods and services, including the name of their business, whether registered or not, their geographic address, customer care number, any rating or other aggregated feedback about such seller, and any other information necessary for enabling consumers to make informed decisions at the pre-purchase stage.

They are also required to provide a ticket number for each complaint lodged, through which the consumer can track the status of the complaint. However, the rules will not permit any inventory e-commerce entity, including single-brand retailers and multi-channel single-brand retailers, to “falsely represent itself as a consumer and post reviews about goods and services or misrepresent the quality or the features of any goods and services”.

The inventory e-commerce entities will also have to ensure that the advertisements for marketing of goods and services are consistent with the actual characteristics, access and usage conditions of such goods or services.

Under the rules, no inventory e-commerce entity will be allowed to refuse to take back goods, or withdraw or discontinue services purchased or agreed to be purchased, or refuse to refund consideration, if paid, if such goods or services are defective, deficient spurious, or if the goods or services are not of the features as advertised or as agreed to, or if such goods or services are delivered late from the stated delivery schedule.

Source: financialexpress.com– Jul 20, 2020

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India begins anti-subsidy probe on Chinese export of certain yarn

The Commerce and Industry Ministry on Monday initiated a probe into alleged low-cost imports of a certain type of yarn from China, which is impacting the domestic industry.

The Commerce Ministry's investigation arm Directorate General of Trade Remedies (DGTR) has started the probe to assess if the subsidy programme of China for exports of "Viscose Rayon Filament Yarn above 60 deniers"" is impacting the Indian industry. Association of Man-Made Fibre Industry of India (AMFII) has filed an application before the DGTR, on behalf of domestic industry, for anti-subsidy investigation on the imports of this yarn from China.

The applicant has alleged that material injury to the domestic industry is being caused due to subsidized imports from China and has requested for imposition of countervailing duty on these imports. The product resembles silk, cotton and wool in its feel and texture. It is used in making woven fabrics, home furnishings, knitting and others. It is a popular choice for making fabrics such as georgettes, crepes and chiffons.

"On the basis of the duly substantiated written application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence submitted by the domestic industry, substantiating subsidization" of the yarn originating in or exported from China, "the authority hereby initiates an investigation to determine the existence, degree and effect of alleged subsidies...and to recommend the amount of countervailing duty, which, if levied, would be adequate to remove the injury to the domestic industry," the DGTR said in a notification.

If it is established that subsidies by China are impacting domestic industry, the DGTR would recommend the amount of countervailing duty, which if levied, would be adequate to remove the injury to the domestic industry. The period for investigation is from April 2019 to March 2020.

However, it will cover the data of 2016-19. Under the global trade rules of the World Trade Organization (WTO), a member country is allowed to impose anti-subsidy or countervailing duty if a product is subsidised by the government of its trading partner. These duties are trade remedies to protect domestic industry. Subsidy on a product makes it competitive in price terms in other markets. Countries provide subsidies to boost their exports. India and China both are members of the Geneva-based multi-lateral organisation. China is a major trading partner of India.

Source: outlookindia.com– Jul 20, 2020

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Clothing retailers defer new launches over lower demand amid coronavirus

Clothing and apparel retailers have deferred new launches for this season due to slower than expected recovery in consumer demand following coronavirus (Covid-19) driven nationwide lockdown and delay in unlocking of retail shops.

Many apparel and clothing retailers have not opened their retail stores, at all, due to lockdown. Large retailers like Big Bazaar, FBB and Cantabil have opened their selective stores with 'no exchange, no return' policy. Thus, retailers are operating with 25-30 per cent of their store capacity.

Since, apparel and clothing differ in fitting for similar size, depending upon manufacturers, consumers often exchange clothes. With the exchange facility not available now, consumers are hesitant on buying clothes and eventually defer their purchase.

“New launches are completely on hold. Since Covid-19 pandemic came into light and nationwide lockdown started, there has been no launches of new brand or collection. Barring a few in January - February this year, new launches of brands and collections are deferred,” said Ujjwal Lahoti, managing director, Lahoti Overseas, one of India’s largest kidswear brands producers and retailers.

Apparel and clothing retailers used to come out with 'end of season sale' with branded products sale at heavy discounted price around this time every year. This year, however, the 'end of season sale' has disappeared as many retailers are struggling for survival amid high rentals and other fixed costs and extremely weak sales.

"Enthusiasm is gone. Not only new launches but opening up of new pipeline stores too have been deferred. Earlier, we used to operate some stores just for location advantage even if they were non-profitable.

Now, business sentiment has completely changed with retailers' focus on break even or profit earning before expansion into new products or location," said Rahul Mehta, Chief Mentor, Clothing Manufacturers Association of India (CMAI).

With slower than initially envisaged recovery in sales of apparels and home textiles, domestic retailers are deferring new season launches to October - November 2020, which is trickling down to lower offtake for fabrics and yarn.

In contrast, better demand for downstream products in some of the international markets, together with competitive prices for Indian cotton, and therefore, cotton yarn, are resulting in a relatively better export demand for India's cotton yarn. However, the export demand is not adequate to compensate the sector for the loss in demand in the domestic market, which consumes nearly 70% of the yarn produced in the country.

"Many retailers are aiming new launches to begin during Dussehra and Diwali season. But, the senario looks gloomy this year," said Mehta.

Meanwhile, the national lockdown implemented in India from March 25, 2020 onwards, to contain the spread of the virus, was officially lifted from the second week of June 2020 with certain guidelines and restrictions. However, even after a month, the operations for spinners have not yet fully ramped up.

This is despite the fact that several companies outside the containment zones had already commenced operations in April and May 2020, after taking requisite approvals from the concerned authorities. Capacity utilisation for most players across the sector is estimated to have averaged at between 30 and 40 per cent in April - June quarter 2020 (Q1, FY2021).

"The main reason for the slow recovery has been the sluggishness in demand in the downstream segments of fabrics and apparels. The trend has been weaker in the domestic market, where consumer-discretionary spending and consumer footfalls in markets remains abysmal, particularly in metros and tier-I markets. Yarn, being an intermediate product, is resultantly facing a ripple effect of the contraction in demand in the downstream segments," said Jayanta Roy, Senior Vice President, Icra Ratings.

Apart from Covid-19 related concerns, another cause for worry for the Indian spinning sector has been the flare-up witnessed in geo-political tensions between India and China in recent months.

Source: business-standard.com– Jul 18, 2020

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India revives initiative for Preferential Trade Agreement with S.African Customs Union

Discussions between Southern African Customs Union (SACU) [South Africa, Namibia, Botswana, Lesotho, Eswatini] and India to achieve a Preferential Trade Agreement (PTA) have been revived with the two sides holding a virtual meeting last week to discuss various aspects of the PTA.

The Indian side at the dialogue was led by Srikar Reddy, Joint Secretary, Department of Commerce while SACU was led by Amb. Steve Katjiuanjo, Executive Director, Ministry of Industrialization,Trade and SME Development of Namibia.

Reddy underlined India's historically close ties with Southern Africa and its steadfast commitment to deepen economic engagement with this region. He informed that in 2019-20, trade between India and Africa as a whole stood at $ 66.7 billion, of which the India-SACU trade was $ 10.9 billion with an immense potential to expand further.

Amb Katjiuanjo called India as a strategic partner for SACU. Trade is currently in SACU's favour, thus showing that the region is benefiting from access to the vast Indian market.

Prashant Agrawal, High Commissioner of India to Namibia, said on the occasion that in these unprecedented times of Covid-19 pandemic and its economic challenges, economies of the region, including of Namibia, could vastly benefit by enhanced trade and commercial links with India's $ 2.9 trillion economy.

India stood fully committed and ready to support manufacturing and industry in Namibia in areas such as agriculture, irrigation, renewables, ICT, pharma and medical supplies. Both sides reviewed the progress made and discussed steps to quickly move forward on the PTA.

India-Namibia bilateral trade during 2018-19 was $ 135.92 million with India's exports valued at $ 82.37 million, while India's imports stood at $ 53.55 million. Mining sector is an area of mutual interest. Namibia is rich in uranium, diamonds, copper, phosphates and other minerals. Indian technological prowess in IT, engineering, pharmaceuticals, railways and SMEs is of interest to Namibia. Bilateral cooperation in the energy and agricultural sectors also has good prospects.

Meanwhile exports from India to South Africa include vehicles and components thereof, transport equipment, drugs and pharmaceuticals, engineering goods, footwear, dyes and intermediates, chemicals, textiles, rice, gems and jewellery, etc.

Imports from South Africa to India include gold, steam coal, copper ores & concentrates, phosphoric acid, manganese ore, aluminium ingots & other minerals. India-S Africa bilateral trade was $ 10,584.5 million during 2018-19.

Source: economictimes.com– Jul 19, 2020

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Local lockdowns: Retailers seek nod for stores to open for longer hours

Say ad hoc curbs disrupting supply chain, movement of staff

The Retailers Association of India (RAI) has expressed concerns about ad hoc restrictions being imposed due to local lockdowns in states such as Uttar Pradesh, Maharashtra, Andhra Pradesh and Karnataka. The association said restrictions imposed by state governments are posing significant operational issues for retailers at a time when the retail sector is already under severe stress.

The restricted hours of operations and curbs on movement of staff and goods vehicles have disrupted the supply chains and skewed the buying patterns, the RAI added. Shops being allowed to open for a fewer number of hours leads to crowding since the demand is inelastic and this leads to breach of social distancing norms, it added. In addition, the industry body has pointed to ad hoc restrictions that keep changing and are resulting in law enforcement agencies stopping goods vehicles and employees from reaching stores.

In a statement, Sandeep Kataria, CEO, Bata India said: “Restricted shopping time can lead to unnecessary overcrowding of stores, which is unfavourable towards the personal safety of both store staff and customers. Longer operational hours will support recovery for retailers as well as help adhering to social distancing norms.”

‘Need concerted efforts’

Kumar Rajagopalan,CEO, RAI, said that the industry body has submitted representations to state and local authorities in Uttar Pradesh, Maharashtra, Andhra Pradesh and Karnataka requesting removal of the timing restrictions that have been imposed in some regions.

“The need of the hour is concerted efforts by all stakeholders. While retailers are doing their bit by following stringent hygiene practices, the policymakers, too, need to support to ensure economic revival across the country. Consumption is important for the country and supports the business environment,” he added.

The association has urged these state governments to mandatorily allow essential shops including kiranas, general trade shops, supermarkets, hypermarkets and wholesalers to operate all days of the week until 9 pm. It has also asked them to ensure uniform and regular opening of all categories of retail for full working hours, while following stringent hygiene practices and adhering to social distancing norms.

Added Arvind Mediratta, MD and CEO, Metro Cash & Carry India: “The decision to close all stores on weekends in Uttar Pradesh and to reinforce a stringent lockdown in Bengaluru is going to severely impact business. These lockdowns will create severe inconvenience for all citizens as they also bar operations of food and grocery retail and wholesale stores.”

Source: thehindubusinessline.com– Jul 20, 2020

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Amazon boosts Indian exports: MSMEs, brands cross $2 billion in sales on global selling platform

Domestic MSMEs and brands which are listed on e-commerce platform Amazon's Global Selling Programme (GSP) have crossed $2 billion in cumulative exports. Even as Prime Minister Narendra Modi continues to push for Make in India and boosting exports of local products, the US-based e-tailer said that it has helped various Indian micro, small and medium enterprises (MSMEs) and brands to export to other countries.

"The GSP helps take homegrown businesses global and provides an avenue for MSMEs to build global brands. The programme is witnessing momentous growth. It took three years for the programme to hit exports of USD 1 billion and now it has grown 100 per cent to hit the next USD 1 billion in less than 18 months," Amit Agarwal, senior VP and country head Amazon India, said.

The program, which started with a few hundreds of sellers, has over 60,000 exporters now. The Jeff Bezos-owned company had also pledged to enable $10 billion in cumulative exports by 2025 in January. Speaking on India's MSME sector, Amit Agarwal said that MSMEs are the backbone of the Indian economy. The company now looks to digitally empower them to boost exports and create jobs.

Moreover, he also said that exports business will be bolstered by MSMEs which will also support hundreds of families amid the coronavirus pandemic. "Exports will continue to play a critical role in this revival. GSP is helping local go global. This is more important than ever for our small businesses, and for the nation, as it recovers from unprecedented time," he said.

Meanwhile, Nitin Gadkari, union road transport and MSME minister, also said that the MSME sector is a crucial contributor to Indian economy with the sector amounting to about 30% of the growth of the country and about 48% of India's exports. He also had suggestions for the industry and said that while the product quality from MSMEs is good, the sector must now work on improving the packaging.

Source: financialexpress.com– Jul 20, 2020

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TN govt signs MoUs for ₹10,399-crore investments with industrial groups

These investments are set to create 13,500 jobs across the State in sectors such as solar cells, data centres and industrial parks

Tamil Nadu continues to forge ahead in attracting new investments. On Monday, the State government signed MoUs worth ₹10,399 crore that will create 13,507 jobs.

The MoUs were signed in the presence of Chief Minsiter Edapaddi K Palaniswami in sectors such as solar cells, data centre, industrial parks and cashew nut process, according to a press release by the State government.

The companies that signed the MoUs are — Vikramsolar (investment of ₹5,423 crore for employment of 7,542 persons) in Oragadam; Yotta (Hiranandani) (₹4,000 crore investment to create 2,500 jobs) in Oragadam; ELGi Equipment (₹250 crore investment to create 600 jobs) in Coimbatore; CGD Sathrai Pvt Ltd (₹250 crore investment to create 1,500 jobs) in Wallajabad; NDR Integrated Industrial Park (₹200 crore investment to create 500 jobs) in Ranipet; Aqua Group (₹200 crore investment for 400 jobs) in Coimbatore; JS Auto Cast (₹40 crore investment) in Coimbatore and GI Agro Tech (₹36 crore investment) in Villupuram, the press release added.

It may be recalled that on May 27, the State government signed 17 MoUs worth ₹15,128 crore with various companies with potential employment generation for 47,150 people. The companies include Daimler India Commercial Vehicles, Salcomp, Ashton Shoes, ST Tele Media, HDCI Data Centre Holdings, Polymatech Electronics and ENGIE Group through Vivid Solaire.

Source: thehindubusinessline.com– Jul 20, 2020

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State govts cannot increase working hours beyond eight, Centre tells parliamentary panel

Working hours cannot be increased beyond eight hours a day without paying for overtime as some states have tried to do by diluting the labour laws, top officials of the Centre indicated to a parliamentary panel on Monday.

The top brass of the Ministry of Labour and Employment on Monday briefed the parliamentary standing committee on labour, chaired by BJD MP Bhartruhari Mahtab, on changes in the labour laws effected by state governments during lockdown and issues faced by migrant workers amid the pandemic.

About nine states proposed to increase the working hours from eight to twelve by diluting the labour laws, but later rolled back the decision after facing flak from various stakeholders, especially the trade unions. The parliamentary panel on labour had written to various state governments seeking explanation for diluting the labour laws.

The panel members led by Mahtab questioned the central government officials about dilution in labour laws, especially increasing the working hours from eight to twelve, a source in the panel said.

Responding to the panel, the labour ministry officials said the changes attempted by state governments have to be according to the proposed four labour codes. They said since India is a signatory to the International Labour Organisation (ILO), the country cannot go beyond the stipulated eight hours, sources in the panel told PTI.

The officials also informed the panel that if the working hours have to be increased, it has to be done with the consent of workers and they need to be compensated with overtime or compensatory leaves, they said.

The panel also questioned about the plight of migrant workers during the lockdown, to which the officials conveyed that they are widening the ambit of the definition of migrant workers'.

The panel members also suggested to include self-employed people such as hawkers, rickshaw-pullers and others in the definition of migrant workers, and that they should get all those benefits which they are entitled to in their native states.

The panel also suggested to ease the conditions for availing benefits of the Employees' State Insurance (ESI) and Employees' Provident Fund (EPF) so that migrant workers can avail these benefits, sources said.

ESI and EPF are self-financing and welfare scheme for workers.

The members also pitched for removal of the criteria on minimum number of employees and wages to avail these two social security schemes, to which the officials responded positively, sources added.

Source: financialexpress.com– Jul 20, 2020

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GST data unleashed

Courtesy Covid, there were no major celebrations on GST completing three years in India. However, the GST Network issued a 40-page statistical report on an assortment of areas under the GST. Since this is only a statistical report, and not a Notification, it makes for easy reading.

The report states that the total number of active taxpayers as on June 2020 was 1.23 crore — an increase of around 14 per cent from April 2018. It was in April 2018 that GST revenues crossed the magical ₹1-lakh-crore mark — and the figure has remained almost the same prior to the pandemic striking. Somebody in GSTN should enquire why despite a 14 per cent rise in the number of active taxpayers, GST revenues remain flat. It is also clear that the concept of casual taxable person has not found favour with the taxpayers — total registrations across the country were only 45.

Interestingly, there were also a grand total of three non-resident taxpayers. Maharashtra, Uttar Pradesh, Gujarat, Tamil Nadu and Karnataka lead the list of active taxpayers. To add a bit of fizz to the data, GSTN should have compared this with the list of active taxpayers in the pre-GST regime. It could be argued that the data are not comparable since the threshold limits were different in the two regimes. Yet, we should remember that these are statistics — any number can be interpreted in any manner.

Data, data

The Central Board of Indirect Taxes and Customs (CBIC) should be pleased that the graph on the total number of returns filed is climbing with some troughs in between. If not for the setback of the last few months, the cumulative number of returns could well have touched 50 crore.

Not all registered taxpayers have filed their monthly GSTR 3B returns — on an average 75-80 per cent do this on time. The statistics on the contribution from different constitutions of business reveals a startling fact — 80.18 per cent of taxpayers are proprietors and not listed or limited companies. Partnership forms contribute around 10.78 per cent.

This could be because large companies tend to be exporters who don't have to charge GST. The above should be cause of concern to CBIC — the pandemic has added to the woes of the government, as GST revenues are linked to the compensation payable to State governments.

If there is one area where GST has delivered, it is e-way bills. On February 29, 2020, a record 25.19 lakh e-way bills were generated. More than 70 crore e-way bills have been generated till now.

The report also has non-statistical information in the form of outreach initiatives taken by the CBIC. They announced the launch of GST Interactive Technical Assistant (GITA) — a chatbot.

The chatbot works on Artificial Intelligence and is loaded with pre-drafted responses to the queries asked by taxpayers on common topics such as payment, e-way bill, registration, refunds and returns.

Chatbots, in general, suffer from the drawback of not being able to answer too many questions. Probably the only advantage that GITA has over any GST consultant is that it will not tire and give in to eccentricities as many consultants do. GITA will answer only what it has been told to and, therefore, cannot answer questions such as 'When will GSTAT be established?' or 'Do you feel GST law is successful in India?'

Source: thehindubusinessline.com– Jul 20, 2020

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