IBTEX No. 159 of 2020

July 22, 2020

US 74.64 | EUR 86.11 | GBP 94.93 | JPY 0.70

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INTERNATIONAL NEWS

US industry coalition outlines policies for PPE manufacturing

An industry coalition representing the full spectrum of domestic personal protective equipment (PPE) manufacturers such as Alliance for American Manufacturing, American Iron and Steel Institute, American Sheep Institute, etc has outlined policy principles and objectives needed for reshoring and safeguarding domestic PPE manufacturing.

The COVID-19 pandemic, which exposed severe shortages in our nation’s PPE supply and an over-reliance on foreign sourced products, underscores how important it is for the U.S. government to incentivize, support and maintain domestic manufacturing capacity for PPE.

The association members, encompassing every segment of the US textile, apparel and PPE supply chain, as well as unions representing workers, acted swiftly to convert manufacturing facilities and build supply chains virtually overnight to produce desperately needed PPE.

The associations are calling on Congress and the Trump administration to adopt principles outlined in the statement through legislation, executive order and other appropriate means.

Source: fashionatingworld.com – Jul 21, 2020

Home textiles industry express confidence in Heimtextil

Representatives from home textiles industry view upcoming Heimtextil (January 12-15, 2021) as a decisive way to boost their business activities after restart. They have also expressed their confidence in Messe Frankfurt's comprehensive protection and hygiene concept. Both trade and industry thus consider the prerequisites for a safe Heimtextil to be met.

“Heimtextil 2021 will be different – more concentrated and focused on actual business. And the necessary hygiene precautions will also of course change the look of our trade fair,” said Olaf Schmidt, vice president textiles & textile technologies at Messe Frankfurt. “We consider ourselves all the
more lucky that numerous exhibitors and visitors, both national and international, are placing their trust in us by announcing their participation and are counting on Heimtextil to be the first industry highlight after the restart”.

In Germany, bdia (Association of German Interior Architects), the BTE (Association of German Textile and Bedding Retailers), the DecoTeam, Heimtex (Association of the Home Textiles Industry), the MZE (the furniture association for leading, medium-sized specialist stores), the VDB (Association of Bed Dealers) and World-Architects have all stated how incredibly important Heimtextil is. On the international side, the following major industry players have shared their thoughts about Heimtextil: CIE (Consejo Intertextil Español), El Corte Inglés, Home Textiles from Spain, IGI (The Global Wallcoverings Association), Taiwan Textile Federation, Tetsiad (Turkish Home Textile Industrialists' and Businessmen’s Association) and UKFT (UK Fashion and Textile Association) – see below for detailed statements by the industry representatives.

Hall occupancy by exhibitors is now taking concrete shape: by mid-July, 947 exhibitors from 49 countries had made a firm booking for a stand at Heimtextil. They therefore currently occupy a surface area of nine football fields. More stand bookings will follow over the next few weeks and months. Heimtextil has now published an overview of all participating companies on its website:

Heimtextil is also receiving positive signals from the world of politics, which give rise to hopes for a relaxation and speedy return to successful trade fair operations: at trade fairs, it is now important to ensure that the minimum social distance of 1.5 metres is observed. As a guideline, three square metres of space should be available for each person. This will ensure that Heimtextil can permit all visitors entry to the halls at all times. Since the start of July, travel to the EU from selected third countries has been possible again.

“This is an important signal for international exhibitors and trade visitors who come to Germany for our trade fairs and another important building block in the successful restart of the trade fair,” said Jörn Holtmeier, CEO of AUMA (Association of the German Trade Fair Industry). The German government has so far permitted unrestricted travel to Germany for visitors from eleven countries, in addition to the 26 EU member states.
Given the challenging situation facing many companies, Heimtextil is supporting its exhibitors and visitors with a new measure: exhibitors will be given free ticket codes to pass on to their customers. With this gesture, Heimtextil expresses its solidarity with its exhibitors and will allow numerous dealers and furnishing experts to gain free entry to the trade fair.

“We want to create additional incentives for national and international buyers to visit the trade fair in Frankfurt at the start of the year so that they can meet old and new business partners alike,” said Schmidt.

“Even though we discovered the potential of digital meetings during lockdown, nothing beats visiting a trade fair. In order to lend our projects the personal touch and for us to create innovative and original details, the inspiration we get from trade fairs is indispensable. Where else can you inform yourself so quickly and comprehensively about products and innovations, view colours and a design in person, touch materials and fabrics or feel and experience the effect of a particular texture on a surface? We at bdia Hesse want to reinvigorate direct dialogue and are already looking forward to taking our interior architecture colleagues on guided tours of Messe Frankfurt’s Heimtextil again,” said Monika Slomski, chair, Hesse regional association.

“After months of limited contact, many home and household textile dealers are once again looking forward to personal meetings with their suppliers. BTE is sure that Heimtextil will develop a convincing social distancing and hygiene concept that will enable a low-risk visit to the trade fair. Since the trade in home and household textiles had to cope with comparatively small losses due to corona, many business owners are hopeful for 2021 and eagerly looking forward to seeing new products at the trade fair,” said Axel Augustin, BTE spokesperson and VDB CEO.

“Against a background of rapidly growing global demand for home and household textiles, which is down to the desire for renewal and improved hygiene post Covid-19, Heimtextil 2021 offers us a great opportunity to meet our customers again in a safe and secure environment,” said Cândid Penalba Peiró, president, CIE, Consejo Intertextil Español, Spain.

“As the biggest and most important leading trade fair for home and household textiles, Heimtextil is a fixed and important component in the textile calendar for all members of the industry. For us members of the DecoTeam group, this trade fair is the meeting place for the industry. Business deals and personal meetings with our customers, communication
on all levels, the presentation of new products, creative input – all this now has increased relevance and is of greater importance, especially in these unusual times. We are therefore particularly looking forward to this Heimtextil and are positive that everyone else feels the same,” said Ottmar Ihling, DecoTeam spokesperson, DecoTeam, Germany.

“Heimtextil is the most important trade fair worldwide in our industry. We hope that everything will return to normal as far as January. It would be the perfect time to restart. We believe that Messe Frankfurt will take all necessary health measures and that exhibitors and visitors can enter without any problems. As far as I am informed, all major Turkish companies will participate,” said Erol Turkun, founder, Dina Vanelli, Turkey.

“For us, Heimtextil is the most important international meeting place for ordering home and household textiles. Given the increasing demand for furnishing and decoration, we’re looking forward to meeting our suppliers again in 2021 and eagerly await the new developments, innovations and trends that the textile industry will come up with,” said Cristóbal Montero Álvarez, head of purchasing department for home and household textiles, El Corte Inglés, Spain.

“The German home textiles industry – as is the case in many other sectors too – is going through a very challenging and stressful time. Not all our members were able to benefit from the catch-up effects in May, which makes it all the more important that the industry has a strong presence at Heimtextil at the start of the year in order to kick-start a strong new year with the international community. We therefore strongly recommend that our association members take part in the international industry meeting. Even though we will be experiencing a leading trade fair in a different way, in Frankfurt, important national and international buyers come together, and they also want to make contacts in person and experience new products. In spite of all the challenges, we see the trade fair as a decisive, indispensable support tool for restarting the industry that will also provide orientation,” said Martin Auerbach, CEO, Heimtex, Association of Home Textiles Manufacturers, Germany.

“All Spanish exhibitors are confident and are looking forward to the upcoming Heimtextil in January 2021. After this tough pandemic and its devastating consequences for our industry, we believe that Heimtextil 2021 will give our companies a fresh start in terms of economic activity and a return to normality. The personal encounters with our customers, sales teams and suppliers will be positive. We are all very much looking forward
to meeting everyone in the industry, and Heimtextil is the ideal platform for this,” said Manuel Revert, president, Hometextiles from Spain.

“Heimtextil 2020 was a success for di Nole and we liked seeing all textile lovers in one place. It starts again in 2021 and, after such challenging period, we’re looking forward to starting a new fresh business year in Frankfurt with our worldwide customers and we are happy to be part of Heimtextil again next year with determination and joy. As always, Heimtextil is formidable organised and I can only thank the whole team that is working to take care of ours and our customers’ safety in every possible detail. See you next year .... we can’t wait to be part of Heimtextil 2021,” said Luca Ferrari, president, Manifattura Tessile di Nole, Italy.

“We at MZE, with our ‘Interior Design’ division comprising over 200 interior decorators in Germany and Austria, support all Heimtextil activities and concepts as part of the DecoTeam, particularly during the current situation. We see ourselves as a mouthpiece for our partner companies, many of whom understand the importance and necessity of Heimtextil as our leading trade fair for the sector. The importance of personal contacts with the industry, as well as inspiration and suggestions regarding creative events, is very important, especially in the current situation, despite all the challenges it presents. In our trade sector, the signs continue to point to positive business development. All the more reason why we need a return to personal contact,” said Peter J Schroeder, head of 2HK, interior design at MZE (Möbel-Zentral-Einkauf), Germany.

“Daily webinars, online workshops and Zoom/Skype meetings are the new normal. But personal contact is also important and requires space. As a kick-off event for architects, interior designers and designers, Heimtextil is one of the most important events of the year. The discussions and networking in Frankfurt are a central anchor point for the industry. With a focus on architects, the interior.Architecture.

Hospitality area in hall 4.2 offers a colourful array of innovative exhibitors and a fringe programme for visitors. The guided tours and lectures have been one of the most important sources of information for many years now. As a partner of Heimtextil, World-Architects is looking forward to being part of it once again next year,” said Lisa Pavitschitz, director market development, World Architects, Germany.
Messe Frankfurt is the world’s largest trade fair, congress and event organiser with its own exhibition grounds. With more than 2,600 employees at 29 locations, the company generates annual sales of around €736 million. We are closely networked within our industries. A comprehensive range of services – both onsite and online – ensures that customers worldwide enjoy consistently high quality and flexibility when planning, organising and running their events. The wide range of services includes renting exhibition grounds, trade fair construction and marketing, personnel and food services. With its headquarters in Frankfurt am Main, the company is owned by the City of Frankfurt (60 per cent) and the State of Hesse (40 per cent).

Source: fibre2fashion.com – Jul 21, 2020

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**What Kenya is seeking in free trade deal talks with America**

Kenya’s need to export value-added agricultural products dominated the first round of talks with America after its formal launch on Wednesday last week.

On the negotiation table, the US will be pushing its document with 24 chapters to be adopted so as to get access to almost all Kenyan economic sectors including State-owned enterprises.

Kenya will, on the other hand, present its 14 areas which seek to provide safeguards to secure its industrial and agricultural sectors to avoid dumping America products in the country.

In its objectives document, Nairobi wants to enter negotiation cautiously to make sure that the free trade agreement provides safety nets and exceptions to protect Kenya’s economic interests.

The US is seeking unfettered access to the Kenyan market in the proposed free trade agreement, which could have far-reaching implications on Kenya’s critical agricultural sector and its growth plans.

In a virtual dialogue, the Kenyan team led by Industrialisation, Trade and Enterprise Development Cabinet Secretary Betty Maina, said there was need for agricultural value added products to be allowed in US market while
America pushed for the right regulations to ensure the outcome of the agreement is backed up by right regulatory regime.

According to US players, regulation focusing on digital taxes, intellectual property, and corruption should form a vital part of the deal.

“We must promote good regulatory practices that encourage markers for goods and services. Investors are excited about an environment that guarantees success by following the rules,” said US Ambassador to Kenya Kyle McCarter.

Chairman of the Agriculture Sector Network, Dr Bimal Kantaria, emphasised the need for Foreign Direct Investments (FDI) into the agricultural sector to facilitate value addition for horticulture and floriculture.

Mr Kantaria asked stakeholders to channel more funding into the sector.

In the meeting hosted by the Corporate Council on Africa (CCA) and the Kenya Private Sector Alliance (Kepsa), the private sector expressed optimism in the talks hoping to expand their market share in US once the deal is signed.

Business experts have already warned Kenya to be cautious considering she is entering into an agreement with a superpower.

“The FTA will be ideal for Kenya, but this will depend on how the talks end. Kenya needs to be cognisant it is negotiating with super power and it has to keep interests of its businesses and people at heart. The team should not be dazzled by people on the table,” said Nick Nesbitt, chairman of the Private Sector Consortium who is also chairman of the Kenya Private Sector Alliance and the East Africa Business Council.

Mr Nesbitt said a free trade agreement will not only benefit Kenyans but Africa at large, and that it will complement regional integration efforts within the East African Community (EAC), as well as act as a landmark in African Continental Free Trade Area (AFCFTA) considering Kenya will be the second county in Africa and first in sub-Saharan Africa to achieve that deal.
BILATERAL TRADE

“We have learnt a lot about Morocco which entered into such bilateral trade agreement with the US in 2006 and its economy has grown from $1.13 billion when the agreement came into force to $5.8 billion in 2018.

We support the talks since Kenya will benefit through increased market access abroad,” said Mr Nesbitt.

American Chamber of Commerce-Kenya chief executive Maxwell Okello said investment by US companies in Kenya will greatly benefit SMEs, which will play a key role in supplying firms with raw materials.

“We expect different sectors ranging from education, trade, tourism among others to grow significantly once the agreement comes into force and there is nothing to worry since Kenyan government is very clear in its negotiating objectives that it will protect its nascent sectors such as textiles and agriculture," said Mr Okello.

Two weeks ago, Kenya and US formally launched talks for a bilateral trade pact that the pair hopes could serve as a model for additional agreements across the African continent.

The discussions, which begun after lapsing of the 90 days statutory notification and the publication of the two countries negotiations objectives, kicked off despite criticism that the Free Trade Agreement could undermine regional integration.

According to the Trade and Investment Working Group (TIWG), the talks are scheduled to last for at least 12 months before moving to the last stage. During the launch, Ms Maina and US trade representative Robert Lighthizer were hopeful of a comprehensive, high-standard agreement that can serve as a model for other agreements across Africa.

Click here for more details

Source: nation.co.ke– Jul 21, 2020

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Garment exports decline 15.5pc in first half of 2020 in Vietnam’s

According to the Vietnam Statistics General Office, the volume of the overall Vietnamese export of textile and garment declined by 15.5% in the first half of this year, to almost $12.8 billion annually.

Many of its goods were exported to the US, the EU, Japan, South Korea and China. Xinhua reported that its exportation of textiles and clothing had dropped to $2.2 billion by 23.6 percent per year alone in June.

The Association of Vietnam’s Textiles and Apparels blamed the COVID-19 pandemic’s dynamic developments for cutting orders and forecasting that its export incomes will decline significantly this year as global demand decreases. According to the statistics office, the country recorded export revenue of approximately US$ 32.6 billion in 2019.

Source: textilefocus.com – Jul 22, 2020

Pakistan: Exports for economic growth

Trade and technological advancements provide the fundamental impetus for sustainable economic growth. Nations that are more open to international trade and more advanced in technology have proactively achieved high levels of economic growth; this is evident from the progress of China, India, Malaysia, Qatar, and Singapore among others. Thus, an emerging economy must prioritize these factors as it attempts to bolster economic growth. Governments are required to regularly develop up-to-date policies regarding technological upgradation, and attract investments to enhance productivity, technology transfer and trade.

The added stress of Covid-19 means that policymakers have an additional obstacle to contend with. Numerous countries are faced with economic contraction, not only to a lower growth rate, but rather a negative rate. Over 95 percent of countries are projected to have negative per capita income growth in 2020, with export-dependent economies particularly affected (IMF).
At a time like this, exports are particularly essential for Pakistan's recovery. This is because exports provide a crucial uplift to otherwise stagnant productivity: Pakistan's export-oriented industries are 25 percent more productive than non-exporting firms, and their productivity increases as exports increase. Furthermore, exports in Pakistan are labor-intensive and thus crucial for job-creation. They also serve as an important source of foreign currency to pay for required imports. (World Bank)

Despite their oft-emphasized importance, the exports of Pakistan have exhibited weak performance for decades. Since 2010, export growth has been largely stagnant, with a growing trade deficit. Pakistan's exports continue to lose market shares due to the growing proportion of unsophisticated export goods - mainly concentrated in garments and animal products. These are characterized by low income elasticity of demand and high price elasticity of demand. Thus, the exports of Pakistan have fallen far behind the pace required for economic growth.

Back in 2006, Pakistan's textile industry was one of the best in the region, and it has now become one of the worst. While other economies have benefited from exposure to better and more modern technology, Pakistan has not been able to invest in the same resources for two reasons. The first is a curtailment in access to energy in Pakistan for the past years, and the second is the unreasonable costs of the energy that is available at present. As a result, firms have been strapped for profits since the very start, as exorbitant amounts have to be set aside for these inefficient energy costs, so upgradation and innovation prospects are left neglected.

Further issues that remain unaddressed include an anti-export bias caused by persistently high tariffs, restoration of outdated quotas such as the Multi Fibre Arrangement (MFA), an upsurge in mandatory technical standards and barriers, and an unmet need for policy measures at par with other textile economies.

Pakistan's textile and apparel industry is in need of radical measures to remain up to date with global developments, as world trade has promptly shifted from cotton to MMF. Globally, the use of man-made/synthetic fibres against natural fibres has shifted to a ratio of 70:30, with synthetic fibres having the main share. Meanwhile, Pakistan's consumption ratio of MMF to cotton is 30:70. There is currently a 7% customs duty on the import of polyester staple fibre, with total import expenses ranging up to 20%, including anti-dumping duty.
Pakistan must realign its cotton to MMF ratio, and target a fibre mix of 50:50, along with taking the following measures for a more competitive industry with greater market share:

- diversification in products and markets,
- use of technical and medical grade fibers and fabrics,
- rationalization of the tariff and regulatory regime for the MMF and apparel sector,
- renegotiation of regional and other FTAs,
- development of a long-term policy framework for attracting investment, as done in the recent past by Vietnam, Cambodia etc.
- technological upgradation.

Textile exports are a major source of revenue for Pakistan, so the lack of investments in machinery over the last decade is disconcerting. The country's textile exports have suffered greatly relative to major competitors, and the low imports of textile machinery have exacerbated this problem by leaving the country behind in terms of value-addition. The figures below show stagnant imports of textile machinery, using data extracted from UN COMTRADE.

Apart from the structural problems that have hindered Pakistan's exports for the preceding years, the new and unique trade landscape of 2020 provides additional strains. The following are recommendations for Pakistan to understand the nature of export recovery amidst this global crisis, taken from a World Bank blog titled End Poverty in South Asia.

The impacts of COVID-19 for trade are not as simple as a reduction in export flows, but run far deeper in that several buyer-seller links have been completely cut off. With international firms like JC Penney and J. Crew halting operations and filing for bankruptcy, many Pakistani exporters are left without clients. Thus, helping firms to seek new ones needs to be a policy priority. With social distancing measures set to stay in place for much of the remaining year, trade fairs and exhibitions to find clients are not an option.
Buyers and sellers are likely to connect online, so the Trade Development Authority of Pakistan (TDAP) must help exporters harness the potential of digital marketing. Advances in artificial intelligence and big data are key developments which Pakistan must leverage in order to remain in competitive in the current global landscape.

Another factor is that local firms need to be able to import raw materials and intermediate inputs at world prices in order to export competitively. The argument in favor of centralized supply chains in one region is unsustainable. The risk of COVID-19 spread will not be mitigated by this measure, but can be minimized by reduced dependence on any individual supplier. Pakistani suppliers should be given incentives to expand beyond the domestic market, this is only achievable if import restrictions are eased and requisite raw materials are made accessible. The import taxes that prevail only serve as "export taxes in disguise." Absolute sunset clauses to tariff protection are crucial for the elimination of the anti-export bias.

In the past, remittances have cushioned the financing pressures related to Pakistan's trade deficit. This may be made possible again this year, as June 2020 brought in record monthly home remittance - up by 51 percent year-on-year to $2.47 billion. This provides a ray of hope for the economy, but the most sustainable way to counteract the trade deficit issue is to ensure export competitiveness.

The export competitiveness of Pakistan depends greatly upon what policies are adopted in taking the textile sector forward. The Textile Policy that has been approved for Pakistan holistically targets the revitalization of the export oriented industry, and particularly its recovery after COVID-19 has torn through the global economy.

It is imperative to note that the policy recommendations are synergistic - they can only be fruitful if implemented simultaneously. As the textile value chain is fragmented, there is a need for uniformity and facilitation at each step of the process, and any incentives that are provided must be available across the chain.

Source: brecorder.com – Jul 21, 2020
Where Bangladesh's apparel exports to flow?

Bangladesh's apparel exports shrank month-on-month and began to recover gradually, but it was still shrinking year-on-year. Although Bangladesh's apparel exports are still shrinking, the month-on-month recovery shows a good sign. HS code 50-63 export data hereinafter refers to textile and apparel exports, and HS code 61-62 refers to apparel exports.

EU and US are the major textile and apparel export markets

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<th>Textile and apparel export value in May-Jun 2020</th>
<th>billion USD</th>
<th>export value</th>
<th>month-on-month</th>
<th>year-on-year</th>
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<tr>
<td>May</td>
<td>1.322</td>
<td></td>
<td>216.3%</td>
<td>-61.6%</td>
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<tr>
<td>Jun</td>
<td>2.423</td>
<td></td>
<td>83.4%</td>
<td>-3.8%</td>
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Bangladesh's textile and apparel export value reached 2.42 billion USD in Jun, up 83.4% month-on-month but down 3.8% year-on-year. Bangladesh's textile and apparel export recovered obviously in May-Jun.
In terms of market share in May-Jun, US is the largest, followed by Germany, Britain, Spain and France.

| Shares of Bangladesh’s textile and apparel major export markets in May and Jun 2020 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                | YoY change in May | YoY change in June | MoM change in May | MoM change in June |
| United States (US)             | -59.5%           | 6.4%             | 216.7%           | 91.2%           |
| Germany                        | -49.8%           | 0.9%             | 234.0%           | 52.2%           |
| United Kingdom (GB)           | -66.9%           | -17.7%           | 210.3%           | 89.4%           |
| Spain                          | -70.3%           | -31.7%           | 205.1%           | 68.5%           |
| France                         | -62.7%           | 9.1%             | 259.8%           | 107.6%          |
| Italy                          | -57.4%           | -7.5%            | 247.8%           | 63.7%           |
| Poland                         | -72.0%           | 0.7%             | 294.4%           | 156.3%          |
| Japan                          | -48.3%           | 25.0%            | 335.0%           | 53.1%           |
| Canada                         | -66.8%           | 6.1%             | 335.6%           | 118.4%          |
| Netherlands                    | -60.2%           | -20.1%           | 170.9%           | 64.1%           |
| India                          | -95.0%           | -54.9%           | 851.1%           | 482.9%          |
| Australia                      | -42.9%           | -5.9%            | 133.0%           | 46.1%           |
| Denmark                        | -59.2%           | 21.4%            | 477.6%           | 136.9%          |
| Total export                   | -61.6%           | -5.8%            | 215.3%           | 83.4%           |

Bangladesh's textile and apparel exports still fell sharply year-on-year in May, and exports to major markets moved down over 50%. In June, the exports had ups and downs. Those to US, Germany, France, Japan, Canada and Denmark increased, especially the export to Japan. Other markets were still shrinking, with the decline rates of Britain, Spain, the Netherlands and India in double-digit. From the MoM change, Bangladesh's textile and apparel exports improved significantly in May, not least because of the epidemic.

From Mar-Apr, the epidemic spread and the lockdown measures continued, Bangladesh implemented the blockade from Mar 26 to Apr 4, and then extended the blockade again which gradually eased after late-April. Therefore, the production and sales of Bangladesh's textile and apparel were greatly impacted, so did exports. Orders cancelled or postponed after he easing lockdown measures across the globe in May were fulfilled gradually, which made obvious MoM growth. In June, with the gradual recovery of the economy, exports further improved.

**Bangladesh apparel exports accounted for more than 90% of the total**
Bangladesh apparel exports accounted for 92% of the total in Jun.

### Shares of Bangladesh’s textile major export markets in May and Jun 2020

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<th>Year-on-year</th>
<th>Month-on-month</th>
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<tr>
<td></td>
<td>May</td>
<td>Jun</td>
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<tr>
<td>United States (US)</td>
<td>-60.4%</td>
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<td>Germany</td>
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<td>Netherlands</td>
<td>-61.4%</td>
<td>-22.6%</td>
</tr>
<tr>
<td>Denmark</td>
<td>-59.5%</td>
<td>21.1%</td>
</tr>
<tr>
<td>Australia</td>
<td>-46.3%</td>
<td>-6.3%</td>
</tr>
<tr>
<td>Total export</td>
<td>-62.1%</td>
<td>-6.6%</td>
</tr>
</tbody>
</table>

### Bangladesh apparel major exports markets proportion of the total in May and Jun 2020

<table>
<thead>
<tr>
<th>Market</th>
<th>Proportion</th>
<th>YoY proportion change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>May</td>
<td>Jun</td>
</tr>
<tr>
<td>United States (US)</td>
<td>19.4%</td>
<td>20.5%</td>
</tr>
<tr>
<td>Germany</td>
<td>19.7%</td>
<td>16.4%</td>
</tr>
<tr>
<td>United Kingdom (GB)</td>
<td>9.5%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Spain</td>
<td>5.6%</td>
<td>5.1%</td>
</tr>
<tr>
<td>France</td>
<td>6.2%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Italy</td>
<td>5.3%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Poland</td>
<td>3.1%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Japan</td>
<td>3.9%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Canada</td>
<td>3.3%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3.1%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Denmark</td>
<td>2.2%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Australia</td>
<td>2.4%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Bangladesh’s major apparel export markets are EU, US and Japan, which coincided with China’s apparel export markets. Bangladesh is also a strong competitor of China’s apparel export market in recent years. However, Bangladesh lacks textile feedstock, so textile feedstock import mainly depends on overseas market, while China is its main country of origin. Therefore, with the gradual recovery of Bangladesh’ apparel exports, China's textile feedstock and semi-finished products in the midstream and upstream markets are expected to gradually recover. However, the recovery is uncertain, and the epidemic is still grim around the world. Before the
success of vaccine development, market confidence is difficult to recover to the previous level.

Source: ccfgroup.com – Jul 21, 2020

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Stores reopen but there's no relief for shuttered Bangladesh clothing exporters

Western clothing retailers have yet to renew normal orders with Bangladesh’s garment factories, which are still only working at half their capacity.

Much of last year’s output remains unsold in warehouses, and the lack of orders this year has forced Bangladesh’s government to set its annual export target for fiscal year 2020/21 at $6bn below year 2019/20’s $54bn.

The new export target is $48bn, keeping pace with sluggish economic activities worldwide caused by the pandemic.

Commerce minister Tipu Munshi told a virtual meeting last year’s export target had not been reached due to severe disruption of economic activities worldwide.

Apparel exports, Bangladesh’s top foreign currency earning sector, saw a massive 19% fall, compared with the previous year, as global buyers stopped taking delivery of goods and cancelled or suspended orders worth billions from February onwards.

And apparel stores in most major western cities are seeing very few customers since reopening.

“We are not getting the required work orders, as food and home[wares] are getting top priority in the crisis,” former president of the Bangladesh Garment Manufacturers and Exporters Association Siddiquur Rahman said.

“Customers are not going to the stores,” said Mr Rahman, who produces apparel for top global brands. He said many factories had closed in the absence of orders – “big factories are producing half of their capacity”, he added.
“We are not sure what will happen in the coming months,” he said.

Despite the drop in apparel exports, Biman Bangladesh Airlines earned some $30m carrying cargo and providing charter flights between April and June, while regular flights remained suspended due to Covid-19.

The national flag-carrier operated 109 flights carrying cargo and passengers, especially Bangladeshi nationals stranded in other countries in the wake of flight suspensions by most international carriers.

Officials say Biman’s revenue may increase further in July, as there is demand for special flights and medical cargo, with only a handful of international carriers re-starting network-wide operations.

This month, the carrier is scheduled to operate evacuation flights from Rome, Paris, Abu Dhabi, Dubai, Kuala Lumpur, Athens and Madrid, at the same time, it will continue cargo flights “to enhance earnings”.

Currently Biman is operating regular passenger flights to London, Dubai, and Abu Dhabi, MD Mokabbir Hossain told The Loadstar.

Source: theloadstar.com – Jul 21, 2020

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Bangladesh: 'Allow FDI in RMG sector'

Analysts suggest, while listing strong and diversified backward integration as key to post-Covid recovery

Bangladesh should allow foreign direct investment (FDI) in the apparel sector to help the industry weather the Covid-19 crisis, analysts and businesspeople said on Monday.

They also said that over-concentration on cotton rather than manmade fibre (MMF) for making clothes is stymieing the growth potential of the readymade garment (RMG) industry.

They suggested heavy investment in manufacturing yarns, fabrics and dying facilities with proper wastewater and chemical management should be core elements of the post-Covid-19 recovery efforts.
The recommendations came at a webinar on the impact of the COVID-19 pandemic on Bangladesh RMG sector, jointly organised by the France Bangladesh Chamber of Commerce and Industry and the Policy Research Institute of Bangladesh (PRI).

Foreign secretary Masud bin Momen attended the discussion as the chief guest while Bangladesh ambassador to France Kazi Imtiaz Hossain was the special guest. CCIFB president made the opening remarks while PRI executive director Dr Ahsan H Mansur chaired the event.

"Bangladesh needs to shorten its lead time by developing its backward linkage industries," Dr. Mansur said while making his presentation on 'Assessing the Impact of Covid-19 on the Bangladesh RMG Sector.' The current dependence on imports of MMF, industrial machinery, chemicals, inefficient port facilities and customs processing has resulted in much longer shipping time compared with rivals', he noted.

More than 70 per cent exports is concentrated on five basic items while 74 per cent items are cotton-based and 83 per cent exports are destined to the European Union and North America, he said. Due to this concentration on low-value added items, Bangladesh's per unit price is very low, he added.

While the global market share of MMF products has increased from 28 per cent to 40 per cent, in Bangladesh, its share has declined or remained unchanged, he said. Investing heavily in backward linkages should be a key priority in the post-pandemic recovery efforts.

Bangladesh should strive for heavy investment in digitising the process and transforming the value chain to address the post-Covid challenges. Seeking investment from France, he said, should be an issue for discussion to attract French companies interested to move out of China.

Youngone Corporation chairman and chief executive officer Kihak Sung agreed, saying, "FDI is very important for the RMG sector in Bangladesh as foreign investment will bring in new technology,"

Multinational companies, who are interested in shifting from China, prefer Vietnam since the Southeast Asian nation has no 'discrimination' towards FDI.

He told the discussion that his company exports $100 million to France annually and it lost 25 per cent of its 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 in the global market," he noted.

Echoing Mr Mansur's thought, Decathlon Sports Bangladesh chief executive officer Deepak Dsouza stressed the need for reducing lead time as a short-term measure and product diversification to synthetics as a medium-term measure, saying global demands for such artificial items are growing rapidly.

His company imported products worth $500 million in the last fiscal from 60 Bangladeshi factories that employ about 0.1 million people.

"Though COVID 19 has posed huge challenges for business, we are committed to taking all orders from Bangladesh and shipments are going on," he said.

Bangladeshi suppliers faced problems in France as two brands cancelled their orders after filing for bankruptcy, said president of the Bangladesh Garment Manufacturers and Exporters Association or BGMEA Dr Rubana Huq.

Underlying the importance of ethical buying practice, she said that meeting the payment obligations by buyers could ensure the wellbeing of garment workers.

The BGMEA leader, however, proposed the formation of an unemployment fund to support the workers who are at risk of losing jobs due to the pandemic.

Speaking at the webinar, Mr Momen said the government is working on grabbing a share of investment flying out of China.

Explaining the havoc caused by Covid-19, Kazi Imtiaz Hossain expressed the fear that consumers' purchasing power might not be the same as it was before Covid and it might take up to 2022 for recovery.


HOME

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NATIONAL NEWS

Almost there on a trade deal with the US, says Commerce Minister Piyush Goyal

Commerce and industry minister Piyush Goyal on Tuesday said India and the US are “almost there” in closing a “quick trade deal” and that the two sides should also look at a preferential trade agreement (PTA) with 50 to 100 products and services before moving to a free trade agreement (FTA) in the long term.

“I believe we have a quick trade deal which has some of the pending matters built up over the last couple of years, which we need to get out of the way quickly. We are almost there,” Goyal said at the virtual US-India Business Council’s India Ideas Summit.

“A couple of calls and we will sort it out,” Goyal said, emphasising that India and the US are natural partners with shared values and mutual trust. The two sides have been trying to thrash out a trade package with limited scope with the long-term aim of an FTA since last year amid a plethora of unresolved trade issues.

The issue recently came up an informal telephonic discussion between Goyal and US secretary of commerce Wilbur Ross last week. “We can do an early harvest in terms of 50-100 products and services,” he said at the virtual event.

However, with respect to the long term FTA, the minister said that requires both sides to sit at the negotiating table but whether that happens before or after the US’ Presidential elections in November remains to be seen.

“FTA may take longer to conclude... We can build institutional cooperation between the two nations,” he said.

The US is keen on a deal ahead of its presidential elections in November and had indicated that an initial deal could include restoration of the Generalised System of Preferences (GSP) benefits to India and market access for each other’s agricultural products with a long-term view of a broader trade agreement.
New Delhi has demanded exemption from high duties (imposed by the US) on certain steel and aluminium products and market access for its farm products, while the US has sought market access for its farm and manufacturing products, medical devices, and lower duties for certain ICT products.

The US had also sought data-related relaxations, including in the ecommerce policy that India is working on. The latest draft of the policy says companies that store or mirror Indian users’ data overseas will be subject to periodic audits and must also make available any data the government seeks within 72 hours, or pay a penalty.

The US remained India's top trading partner for the second consecutive year in 2019-20 with bilateral trade at $88.75 billion, up from $87.96 billion in FY19. The two, at different fora, have been recently been discussing a totalisation agreement and the US' decision to probe digital services tax of ten countries including India.

**Ease of trade, business**

Goyal said the government is working towards a genuine single-window which can go across central government, state and even local governments but termed it a “challenging assignment in the last six years”. “One of the first things on the pilot is a GIS (Geographic Information System) based land buying service. We will identify land for setting up industries through GIS-based tool,” Goyal said.

Six states have been identified with “thousands of hectares of land” and Google Earth view of those land parcels would be available to industry. Noting that every investor, in the long run, is looking for credible ways of doing business when he engages with a country, and industry and business want to be given freedom to operate, Goyal said India is giving all these enablers to make businesses prosperous and untangle the levels of business approvals.

“Aatmanirbhar Bharat programme wishes to prepare India to work with world on equal terms...We want to offer India as a reliable business partner,” he said.

Source: economictimes.com— Jul 22, 2020
India begins anti-subsidy probe on Chinese export of select yarn

The yarn is used for making woven fabrics and home furnishings

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 adversely.

The 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.

Call for countervailing duty

The applicant has alleged that material injury to the domestic industry is being caused due to subsidised 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 subsidisation” 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 World Trade Organization (WTO) rules, 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.

Source: thehindubusinessline.com– Jul 21, 2020

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CBDT to share MSME data with Ministry

The Central Board of Direct Taxes (CBDT) has signed a memorandum of understanding (MoU) with the Ministry of Micro, Small and Medium Enterprises (MoMSME) for sharing data on income tax returns filed by micro and small enterprises. This will be used to ascertain the cash flow of MSMEs and ensure that they do not misuse the concessions given by the government.

The CBDT data will enable the MoMSME to check and classify enterprises in the MSME category as per the criteria notified by the government.

The MoU comes into force from Tuesday and both the organisations will appoint Nodal Officers and Alternate Nodal Officers to facilitate the process of data exchange. The MoU marks the beginning of a new era of cooperation and synergy between the CBDT and MoMSME.

Makarand Joshi, Partner at MMJC and Associates LLP, a corporate compliance firm, said the tax authorities have tightened the screws on companies that continue to enjoy MSME status despite having surpassed the earlier parameter based on investment limit in plant and machinery.

Moreover, he said, there was no annual verification of the MSME status from the department. The new era of compliance and enforcement initiated for the MSME sector will effectively ensure that the benefits and sops go to
those companies that are within the ambit of MSMEs and not those that pretend to be so, he added.

Source: thehindubusinessline.com– Jul 21, 2020

Green shoots visible, govt open to taking more actions to boost growth, says FM Nirmala Sitharaman

Asserting that green shoots are visible, Finance Minister Nirmala Sitharaman on Tuesday assured the industry that the government is open to taking more actions in future to boost economic recovery.

Speaking at the 2020 India Ideas Summit, the minister said that the Rs 20.97 lakh crore stimulus package announced by the government to fight the economic impact of COVID-19 pandemic was having a positive impact on the ground on various sectors including on MSMEs.

Indian industry together with the government will ensure a good speedy and sustainable recovery post unlock, the minister said.

“The green shoots are (visible) based on high frequency indicators...we will watch them as we go along. It’s not as if we concluded that the economy has green shoots and therefore we will not take any more steps.

“We have kept all options absolutely open. The government is willing to participate with everybody and see what the best has to be done. Interventions can happen even in the future depending on how the industry responds,” Sitharaman said.

Indicators show “green shoots” in the economy with electricity and fuel consumption, inter and intra-state movement of goods, PMI data and retail financial transactions witnessing a pick-up, she said.

She said there was revival of the economy particularly in the rural area with good rabi harvest and expected bumper kharif production.

“We can see the agriculture sector clearly driving the revival. Activities related to rural economy whether it is tractor sales or logistics are all up and
above...we are at stage if we all work together–government, regulators and financial sector–, a very good strong recovery is before us,” she said.

She clarified that the Aatmanirbhar Bharat is not an inward looking idea and does not shut doors for exports and imports.

“We want India to be strong. We want India to be speaking from a position of strength particularly from an economic point of view,” she said.

With regard to opening of sectors for private players, the Finance Minister said private players have been allowed in every segment of the economy to promote competition.

Even in the declared strategic sector, she said there will not be more than four public sector enterprises along with private sector companies.

“So there will not be any economic activity in India which will be in the exclusive domain of public sector undertaking,” she said.

With regard to reforms, she said, the government has undertaken many long pending structural reforms during the pandemic.

Many big time structural reforms have all been made...Even when the challenge of the pandemic was before us, we ensured that we use this opportunity to come up with some of the major structural reforms, which have waited for decades,” she added.

Source: financialexpress.com– Jul 21, 2020
Aatmanirbhar Bharat: Big relief for textile sector likely soon, reveal sources

The government is focusing on certain sectors to promote its ‘Aatmanirbhar Bharat’ mission and has identified the textile sector as one of the key sectors to take it forward. In light of this, the Modi government is planning to give a much needed relief to this sector, Zee Business Executive Editor Swati Khandelwal told Managing Editor Anil Singhvi in this big breaking news.

The textile sector will play a big role in realising government’s dream of ‘Aatmanirbhar Bharat’, Khandelwal said. Source close to her have revealed that the government is planning to develop a large world class textile infrastructure in the country in the form mega textile parks.

The mega textile parks will encompass a complete value chain of this sector, she added. India has been lagging in this respect, though there are similar such ecosystems for this sector in other countries, the Executive Editor said.

To make this happen, the government is planning to promote naturally used products like bamboo and high performance value added fibers, she said. The government is likely to increase its focus on these products, she further said.

She also said that in order to promote Brand India on global platforms and telling the world about its strengths, employing aggressive marketing methods is also part of the agenda.

The government is also thinking of providing credit at concessional rates through interest subvention schemes, credit guarantees and margin money subsidy. The government also wants a large warehousing infrastructure to be present near all ports. These should also be near the textile sector, Khandelwal said.

Technical textiles is another important element. This segment caters to the sectors like automobiles. The role of India is quite small in this aspect and there is a big opportunity in this area, she further said. A report on this will soon be finalised.

Source: zeebiz.com– Jul 21, 2020  

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It’s time to focus on microeconomic growth

For too long, we have fixated on the macro-GDP, overall consumption and investment and increased financialisation of the economy. We now need to address labour reform, manufacturing and debt-financed social spending.

Economists always had a vaccine for downturns — injection of cash — even if they did not quite know how to go about delivering it. The recession triggered by the Covid-19 pandemic is not a demand meltdown in the conventional sense, but one that came about by the freezing of economic activity.

To be sure, it created big supply shocks which nations are grappling with. But supplying liquidity through cheap or forgivable loans has not necessarily worked, even in the US. The Federal Reserve reported a record $2 trillion in deposits flowing into US bank accounts since January, fueled by the government’s pandemic stimulus. Consumer savings in the US hit a historic high of 33 per cent in April, because the stimulus still lay in peoples’ checking accounts.

Economic downturn

India’s experience was not very different — the RBI’s easy lines of credit to banks had few takers, with money actually flowing in reverse from the banks to the RBI. Banks everywhere had more cash than they could use, because firms were unwilling to invest and consumers unwilling to spend. The pandemic switched off the economic machine but the impact felt is more from long-standing unsustainability that characterises the modern world — in supply chains, in trade models, in excessive financialisation, etc.

Short-term measures called for are cash relief and rehabilitation, especially for the hardest hit, the rural poor and the urban migrants who lost even the little they were making before the lockdown. But the crisis provides an opportunity for fundamental reforms, because it is the structural flaws that have made us vulnerable.

While we worry about blips in the growth of our $2.7-trillion economy, we must also remember that our per capita income is one of the lowest in the world, an aberration symptomatic of deep inequalities in income and consumption.
We may be a services-driven economy, but that sector employs the fewest people (about 30 per cent) while those that employ the largest workforce (over 50 per cent) produce too little income (17 per cent). The small economic pie has been the source of many ills — the tax-to-GDP ratio is only about 10 per cent (as against over 30 per cent in most countries), which means the government does not have enough money to spend. It is no surprise that our spending on health and hospital infrastructure is low.

A taxpayer base of only 85 million in a workforce of about 450 million has meant an excessive reliance on indirect taxes, hurting the poor even more. Investment spending, the other growth engine, is now largely construction and real-estate oriented — over 50 per cent of fixed asset formation is buildings, dwellings and structures, and only about 33 per cent plant and machinery, suggesting the bank finance-manufacturing-investment-GDP link may not be as straightforward as assumed. In fact, bank lending has veered towards personal credit, over 50 per cent of which is housing loans.

**Labour issues**

The ubiquitous role of construction and real estate — 15 per cent of total GVA, over 50 per cent of capital formation and in bank financing — probably meant easier opportunities to absorb rural labour, as much as manufacturing and services failed to do so. This, with the combination of low literacy, skills and weak labour laws, has resulted in an employment structure where over 65 per cent is unorganised and informal. To be sure, construction also helped create the much-needed infrastructure assets such as roads, ports, airports or power transmission; but the problem has been the inability to find models that could provide organised, productive and secure employment. Technically, we transited from an agriculture to a services economy but seem to have left our labour behind.

Development economics has been struggling to understand growth, and there seems no quick fix to escape the cycle of low incomes, low demand, low taxes and low investment. For too long, we have focussed on the macro-GDP, overall consumption and investment and increased financialisation of the economy only served to hide weaknesses, as we celebrated feel-good indicators such as foreign investment inflows and stock market indices. Growth as measured by overall consumption spending (aided by low energy prices) or overall investment (spurred by construction, infrastructure and real estate booms), left several inadequacies — in demand, in infrastructure and in revenues — which the pandemic exposed.
If the rationale of lockdowns was to provide breathing space to health infrastructure, it also presupposes adequacy of infrastructure in the first place. We have to now shift focus to micro needs — labour reform, manufacturing (whether through self-reliance or riding global supply chains) and debt-financed social spending (education, health, sanitation).

Source: thehindubusinessline.com – Jul 21, 2020

Jolt for PPE exporters as all applications for export quota rejected

In a bizarre twist in the recently allowed export quota of PPE suits from India, directorate general of foreign trade (DGFT) on Monday in its trade notice number 18/2020-21 claimed that the all the applications received by the department from the businessmen desirous of exporting the PPE suits are ineligible as none of them fulfilled the criteria specified by DGFT for allocation of export quota for the month of July.

In another twist, DGFT has changed the eligibility criteria and as a result the businessmen who had applied for the quota of month of August will now have to re-file their applications under new criteria. The developments have caused huge resentment amongst the businessmen as they are of the view that this will further hit the prospect of exports of PPE suits from India and they will have to suffer further losses.

Coming down heavily against the government, Harish Dua, executive council member of Apparel Export Promotion Council (AEPC) said, “This is very strange and unimaginable that not even a single businessman was found eligible to export PPE suits from India.

It has been almost one month since the announcement was made by DGFT on June 29 to allow export of the PPE suits under quota system and such tough criteria was announced by the department that it was already clear that majority of people desirous of exporting PPE suits would not be able to fulfil the conditions but its shocking that not even a single exporter was found to be eligible which clearly indicates that there is something wrong with the system being adopted by DGFT.
If this was not enough under the new system the BIS certificate has been made mandatory which not even a single unit of Ludhiana into PPE manufacturing has at this moment. All these factors only indicate one thing that government is not interested to allow the PPE manufacturers to export their products and keep the lakhs of pieces of unsold suits with themselves and bear the losses.”

According to Harish Kairpal, finance secretary of Knitwear Club, “As we got late for applying for the quota for month of June we filed application for the August month by completing all formalities. But now since the procedure has been changed we will have to re-file our application but I don’t think we will be eligible to apply as under the new procedure submission of BIS certificate is must, getting which is very difficult and time taking process.

If someone does not have it he must submit certificate from any accredited body of the importing country which too is almost impossible. So it is clear that with the new procedure we are ineligible to file the applications and we must give up on the chance of exporting PPE suits and bailing ourselves out of this situation of having thousands of pieces of PPE suits lying unsold with us due to huge drop in rates locally and oversupply.”

Source: timesofindia.com– Jul 21, 2020

An organic supply chain can help India boost exports, employment

Companies that once prided on having their supply chains spread across the world, are now mulling new technological solutions within Industry 4.0 domain such as Artificial Intelligence (AI), robotics and additive technologies (3D Printing) to bring manufacturing home (back-shoring) or in countries close to its borders (near-shoring). These companies have realized the risk of having a single supplier in one country and intend to find a solution soon.

Being a significant part of the value chain

India can prove to be a solution for many of these companies if instead of just an assembly point for imported components, the country focuses on being a significant part of the value chain. For instance, German company...
BDT which manufactures data storage hardware shifted its electric motor manufacturing from Philippines to India due to lower labor costs. However, now the company is being forced to source its components from European manufacturers as most of the raw material currently available in India is sourced from China. India can provide a solution by manufacturing these components locally.

Though beneficial, the trends of backshoring or nearshoring also pose a risk for labor intensive countries like India. The use of new automation technologies like Industry 4.0 represented by robotic factories may lead to the loss of jobs in the clothing and leather sectors of many developing countries. The introduction of Industry 4.0 on the back of 5G may also affect the outsourcing industry in the long run. Though a decade from now, Indian industries will have to adopt Industry 4.0 to remain globally competitive, it will first have to install both 4G and 5G infrastructure widely as the backbone for Industry 4.0.

**Tap agribusiness for employment generation**

To retain its export markets as well as provide avenues of employment to millions of displaced workers, India should introduce extensive mechanization and automation to tap its potential in agribusiness. It should focus on turning khadi along with handloom into a value-added signature fabric of India by establishing extensive value chain from rural sourcing to buyers in prosperous countries. This can lead to innovations in area of organic chemicals like vegetable dyes. The organic sustainability supply chain could be a big seller in Europe, US and other high-income countries.

India can also link its agri-business with yoga to market organic and healthy lifestyle products abroad. For this, it needs to introduce new technologies such as hydroponic or vertical farming to enable small landholders to grow value-added organic medicinal herbs and spices. It can also set up distillation and extraction units near the farms to add value to farm produce. And not just the garment industry but India should implement technological innovations in the entire gamut of industrial landscape. The country should apply foresight scanning to provide alternate employment avenues to workers displaced by factories opting to be more become automated due to the low-cost benefits it provides.

Source: fashionatingworld.com— Jul 21, 2020
India needs to reposition handloom sector and look at larger consumption market: Smriti Irani

Union Minister of Textiles, Smriti Zubin Irani said that India needs to reposition handloom sector and look at the larger consumption market.

Dr. APJ Abdul Kalam Centre for Policy Research & Analysis under the aegis of IIM Shillong today hosted an e-symposium on Handloom Sector, Irani said “For far too long, I think the handloom legacy of our country has been romanticised with the element of poverty, and I think from the marketing perspective we need to reposition ourselves and look at the larger consumption market”

She said, “Today when sustainability has become the buzzword not only for manufacturers, buying agents, and international chains that can leverage the handloom opportunity, there has to be a more systemic approach on how to make handlooms a better business opportunity given the semblance of pride in the handloom legacy of our country, particularly the northeast, while also trying to understand the issues that ail this particular sector that we are today talking about.

Some of the points brought forward by her for consideration was the necessity to encourage weavers to actually have a business plan and a pathway to success, which means looking at input costs, access to better credit, access to better design opportunities, understanding of IPR and packaging, which also entails how positioning and branding of raw material can differ from one segment to the other. “

She further added, “Instead of looking at a minute segment which we see to service, we need to look at a product range for a larger consumer base,” while emphasising on not looking only at exports but also servicing India which is one of the largest global consuming markets of the world”.

The minister reiterated the need for youngsters to retain the craft through use of available design technology so as to reduce the challenge that the weaving community has in terms of current feeling of limited opportunities amongst youngsters, and the need for sustaining the handloom sector. “The government at the ministry level is encouraging a lot of people to come together as producer companies,” she said, while also highlighting one of the major challenges of people positioning themselves as master
craftsperson, who are not necessarily producers but only serve as a go-between, between the market and the actual weaver.”

The minister added, “How can we break that system and encourage the individual weaver or set of weavers to come together and form producer companies,” she further pointed out while enlightening on government initiatives towards credit facilities such as Mudra Yojana where according to studies done, she said post access to the scheme a weaver’s income increases by at least 50 to 60 percent, “which means we need more and more research which can build credibility to such outreach programs,” she added.

Chairman of the Board of Governors, IIM Shillong Shishir Bajoria said “Since the pandemic has impacted the world economy has taken a backseat. Lots of workers from the northeast who were earning their livelihoods from the different parts of the country have returned home. In this situation handloom sector can be primed up to boost the economy of the entire region and generate employment. What it needs is requisite intervention in terms of finance, appropriate technological introduction, creation of brand identities, forward and backward integrations, and above all logistics support.”

Source: economictimes.com– Jul 20, 2020

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Form GSTR-4 now available on GSTN portal

The Goods and Services Tax Network (GSTN), which manages the information technology system of the indirect tax regime, on Tuesday announced making available annual return form GSTR-4 on its portal.

This will help nearly 17 lakh composition assesses to file annual return with effect from FY2019-20. Composition assesses are those GST assesses whose annual turnover is up to ₹1.5 crore.

Theses assesses are not authorised to collect GST from consumers and also do not get the benefit of Input Tax Credit (ITC). However, they are permitted to deposit tax at a much lower fixed rate with the government. These assesses are to file annual return for FY2019-20 by August 30, 2020.
Under the new arrangement, composition assesses are not required to continue with quarterly return, but need to submit a statement only in form GST CMP-08. Earlier, a composition taxpayer had to file returns on a quarterly basis in form GSTR-4; filing of annual returns in form GSTR-9A was optional. Now, annual returns have to be filed in GSTR-4.

GSTR-4 can be filed only if all applicable quarterly statements in CMP-08 of that financial year have been filed. This annual return, once filed, can’t be revised. After successfully filing, an intimation will be sent through email and SMS. Currently, only online filing has been enabled on the portal. Shortly, an offline tool to file the form will also be made available.

Source: thehindubusinessline.com– Jul 21, 2020

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Haryana to bear 100% cost of insuring cotton crop

About 49 lakh farmers in Haryana were covered under the insurance scheme between Kharif 2016 and Kharif 2019.

Cotton growers in Haryana, who have enrolled for Pradhan Mantri Fasal Bima Yojana’ (PMFBY), a crop insurance scheme and crop diversification scheme Mera Pani-Meri Virasat, will not have to worry about any increase in the premium rates. The state government will bear 100 % cost of insuring the alternate crops.

Additional chief secretary, agriculture, Sanjeev Kaushal said following modifications in the central government’s crop insurance scheme, farmers will have to pay 2% of the sum insured for Kharif, 1.5% of the sum insured for Rabi, and 5% for cotton, which is a commercial and annual crop.

“However, farmers who opt to cultivate alternate crops, including cotton, under the state’s crop diversification scheme will not have to pay any insurance premium. The state government will also bear 100 % premium share of maize crop in eight blocks in five districts,” Kaushal said.

About 49 lakh farmers in Haryana were covered under the insurance scheme between Kharif 2016 and Kharif 2019. A premium of ₹2,524 crore was paid during this period of which farmers paid ₹ 812 crore, the state
government paid ₹996 crore and central government paid ₹716 crore. In comparison, the farmers received ₹ 2,662 crore as claims.

Source: hindustantimes.com– Jul 21, 2020

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Cotton futures up 0.25% in afternoon trade

Cotton futures rose marginally to Rs 16,260 per bale on July 21 as participants trimmed their short positions. On the Multi-Commodity Exchange (MCX), the commodity had settled with a gain of 0.5 percent on July 20.

However, weighing on the price is increased rainfall in Maharashtra and limited demand by local millers. This has dragged down cotton prices in the physical market across the country.

In the futures market, cotton for July delivery touched an intraday high of Rs 16,570 and a low of Rs 16,010 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 15,170 and a high of Rs 17,040.

Cotton futures for July delivery gained Rs 40, or 0.25 percent, to Rs 16,260 per bale at 15:51 hours IST on a business turnover of 2,790 lots. The same for August delivery rose Rs 20, or 0.12 percent, to Rs 16,450 per bale on a business volume of 1,454 lots.

The value of July and August's contracts traded so far is Rs 37.31 crore and Rs 20.01 crore, respectively.

Kotak Securities expects ICE Cotton to trade rangebound with a negative bias on July 21 after a sharp rally in the first session of the week. However, output concerns in the largest cotton-producing state in the US is likely to provide a good floor to cotton prices in coming sessions.

Source: moneycontrol.com– Jul 21, 2020

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