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INTERNATIONAL NEWS

Cotton Highlights from September WASDE Report

The September 2020 World Agricultural Supply and Demand Estimates (WASDE) report has been released by USDA. Here's this month's cotton summary:

The 2020/21 U.S. cotton estimates include slightly higher beginning stocks relative to last month but lower production, mill use, exports, and ending stocks. Production is lowered 1.0 million bales to 17.1 million, with a lower projection for every region. Mill use is projected 200,000 bales lower this month but, compared with its revised 2019/20 level, is still expected to rise 16%.

Exports and ending stocks are 400,000 bales lower, reflecting reduced U.S. supply and stronger foreign competition. Ending stocks in 2020/21 are projected at 7.2 million bales, equivalent to 42% of use.

The season-average price for upland cotton is forecast at 59 cents per pound, unchanged from the previous month.

The 2020/21 world cotton projections include lower beginning stocks, production, consumption and ending stocks relative to last month. Beginning stocks are lowered in India, more than offsetting increases for China and Brazil. Production is higher in China, India and Australia, but lower in the United States, Pakistan and Turkey. Consumption is lower in the United States, Mexico and Brazil.

World trade is slightly higher, with increases for Australia, Brazil and India offsetting lower U.S. exports. Imports are forecast higher for Pakistan and Turkey, but lower for Vietnam.

World ending stocks of cotton in 2020/21 are projected at 103.8 million bales – 1.1 million lower than in August and 4.4 million higher than in 2019/20.

Source: cottongrower.com– Sep 21, 2020

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Central American Garment Workers Seek $20 Million 'Shared Responsibility' Fund

MEXICO CITY – Central America's apparel workers are looking to establish a roughly $20 million fund to help compensate factory operators who lost their jobs during Covid-19, local union sources have revealed.

"We are initiating a regional campaign to establish a dialogue mechanism with the brands that produce in Central America to assume their social and humanitarian responsibility with workers who lost their jobs," Miguel Ruiz, president of the Coordinadora Regional de Sindicatos de Maquila, told Sourcing Journal. "We want to create a fund with 2 percent of the profits brands have from their exports."

He noted unions are still calculating the amount they will seek and that the fund's size could be revised higher or lower. Based on $6.8 billion in U.S. shipments last year and brands' 10 to 15 percent profit margin, the fund could top $20 million, said Alejandro Ceballos, president of Guatemala's apparel trade lobby Vestex. He noted, however, that he would not be surprised if it ranged from $20 million to $50 million.

That's a far cry from the $1.7 billion the Coordinadora and its other campaign partners, the AFL–CIO, the Maquila Solidarity Network and human rights group Workers' Right Consortium, initially told reporters they were contemplating to compensate thousands of operators given the axe when plants halted production in March.

That sum included back wages and future compensation, should a more severe recession ensue. But the current amount "has been adjusted to a new reality," said Ruiz, adding: "Back then, many factories were closed and there was much more anxiety about the potential losses the pandemic could bring."

Brands and manufacturers such as Gildan, Tegra, Fruit of the Loom, Nike and Adidas (to mention just a few manufacturing in the CAFTA-DR trading bloc), have a "shared responsibility" with the roughly 200,000 Central American workers who lost their jobs, most of whom have not yet been properly compensated, Ruiz insisted.

In Honduras, for example, he claimed most operators have not been paid for the time they were off during months of closures.

"In Honduras, there are 25,000 workers employed by Gildan and Tegra that were suspended and were not paid their salaries," Ruiz alleged. We want to sit with [the brands]. We don't have an appointment yet but hope to meet with them as well as the authorities."

The union boss acknowledged that while brands should pay workers, local governments must also do their part to ensure compensation pledges are fully met.

In El Salvador, the government forced a strict quarantine that punished brands that continued to sew, leaving them with no option but to shutter their mills.

"We want the negotiations to be bi-partite and tri–partite to determine a fair amount that workers should receive," Ruiz said.

In Nicaragua, losses have also been smaller than expected. Initially, 50,000 jobs were expected to be lost but 30,000 were quickly recovered as factories were able to shift into personal protective equipment (PPE) manufacturing, according to Ruiz.

Sergio Chavez of the Maquila Solidarity Network in El Salvador, said Grupo Las Americas, a regional employers' federation representing Gildan, Tegra, Levi's, Adidas and Under Armour, among other labels, has expressed interest in participating in the negotiations. He noted, however, that it was too early to say whether any of these brands will actually donate money to the fund.

A top Tegra executive said the firm "was just made aware" of the fund but declined further comment. Grupo Las Americas and Gildan did not return messages seeking comment.

Ceballos said fashion trademarks are unlikely to help and noted local governments should take care of their workers. "The brands won't help. They are having a really hard time as it is," Ceballos said. "This is really hard for everyone but the governments are the only ones that can do something."

On the upside, Central American exports are gaining traction and losses don't appear to be as extreme as the 50 to 70 percent originally estimated. Exports look set to hover around $4 billion this year, down from $6.8 billion in 2019, Ceballos concluded.

Source: cottongrower.com– Sep 21, 2020

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Intertextile Shanghai Takes on Covid With Hybrid Fabric Showcase

Intertextile Shanghai Apparel Fabrics will kick off a three-day, hybrid run on Wednesday, welcoming an expected 3,400 exhibitors from 20 countries and regions.

In addition to country- and regionally focused pavilions and dedicated product zones, the inaugural Hybrid Showcase will allow exhibitors who cannot attend the fair to physically showcase their products in a designated display area at the National Exhibition and Convention Center.

"We are delighted to be opening the doors to our Intertextile flagship event this week and are thrilled with the support from both domestic and international exhibitors, considering the challenges that this year has presented," said Wendy Wen, senior general manager of Messe Frankfurt (HK) Ltd., which produces the fair. "With the introduction of the Hybrid Showcase, not only will our digital exhibitors be accessible via video, their products will be showcased onsite for visitors to physically see, touch and examine them. This is a vital aspect of textile and fabric sourcing and an element which will increase buying efficiency for visitors."

Wen noted that the country and region pavilions include exhibitors from Germany, South Korea, Japan and Taiwan. Along with the international pavilions, the eight exhibition halls will also feature a number of product zones such as Accessories Vision, Beyond Denim, Premium Wool Zone, Verve for Design, All About Sustainability and Functional Lab. Domestic exhibitors will be categorized by product end-use throughout the halls.

Some key exhibitors in the Hybrid Showcase ate Eastman Chemical, The Woolmark Company, NK Fabric Company and Kane Top Group Limited, the organizers pointed out. Buyers can contact these exhibitors through Connect Plus, the fair's new online business matching tool. With instant messaging and video call functions to schedule and hold online meetings, Connect Plus is available before, during and after the fair to connect overseas exhibitors and buyers.

Hygiene-focused products have seen a steep increase in demand since the Covid-19 pandemic, a trend that has also taken off within the textile industry. Many textile suppliers have answered the call with new and innovative antibacterial products and solutions.

Some exhibitors who will be showcasing fabrics, fibers and technologies with this focus include HeiQ Materials and its HeiQ Viroblock NPJ03, a textile technology that is added to the fabric during the final stage of the manufacturing process. Hua Mao Nano-Tech Co., a functional filament and masterbatch manufacturer that has supplied more than 100 well-known apparel brands with antibacterial materials will be participating, along with Lu Thai Textile Co. a yarn dyed fabrics manufacturer and an international shirt producer that will highlight its Luthai Virosuppress Fabric, which it says offers effective protection against contamination and transmission of viruses. Finally, Microban International will make its debut at Intertextile by showcasing its antimicrobial fabrics and odor-control technology.

Source: sourcingjournal.com– Sep 21, 2020

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Turmoil in US Apparel Trade & Retail Industry

The US Apparel Trade

April 2020: Considerable Drop in US Apparel Imports

According to the Commerce Department's Office of Textiles & Apparel (OTEXA), most of the apparel stores in US were shut down and importers were either cancelling or slashing orders due to the economic fallout from COVID-19 and government stay-at-home orders. The total apparel imports from the world plunged by 45 per cent in April compared to a year earlier to $3.41 billion. US apparel imports from China moved down by 46.44 per cent year to date through April to $3.89 billion compared to the same period in 2019. For the month of April 2020, imports from China diminished by 59 per cent to a value of $621 million, well behind the imports from Vietnam.

The imports from Vietnam declined just by 20 per cent in April year over year to $805.35 million. For the first 4 months of 2020, imports from Vietnam declined by 1.31 per cent to $4.19 billion. Among the prominent suppliers, only Bangladesh and Cambodia escalated for the year to date.

Imports from Bangladesh increased by 2.13 per cent in the period to $2.08 billion, while shipments from Cambodia were up by 16.92 per cent to $946 million. Among the rest of the top Asian suppliers, India's imports were down 113.07 per cent year to date to $1.36 billion, Indonesia's fell 8.66 per cent to $1.43 billion and Pakistan's dipped 2.02 per cent to $456 million.

May 2020: US Apparel Trade and Retail Sales Recovery

As per latest data from Placer.ai, in year-over-year data comparisons, apparel sales in the US during the week of May 11 slightly improved as compared to the week of May 4. The apparel sales decline remained at 71.80 per cent in week of May 11 as against 87 per cent in week of May 4. During this period, apparel traffic in Florida improved the most. Traffic in this region improved from a decline of 87 per cent year-over-year for the week of May 4 to a decline of just 55 per cent for the week of May 11. Similarly, in Georgia, the apparel traffic improved from a 75 per cent year over-year decline for the week of May 4 to just 23 per cent decline in the week of May 11.

The US apparel imports in May went down by 58 per cent against the same month last year due to the spread of coronavirus pandemic. However, there was a resurgence in shipments from Central America and Mexico as retailers appear to have turned to those suppliers closest to home as stores started to reopen.

Drop in US Import of Men and Boys Denim Jeans

The US import of men & boys denim jeans showed a sudden drop in May 2020 both in quantity and value on yearly basis. The US imported 4,44,155 dozen in quantity and $37.95 million in value this year with fall of 75 per cent and 77.80 per cent, respectively. As compared to the previous month April, total men & boys denim jeans imported by the US plunged 25.57 per cent in value and 22.60 per cent in quantity. The US import of men & boys denim jeans in April 2020 was valued at $51 million. The import decline from January to May 2020 over the previous year remained at 38.78 per cent and was valued at $437.74 million, a $278 million less.

Mexico showed significant growth of 104.70 per cent in quantity of men & boys denim jeans exports to the US in May 2020 over April 2020, while it increased by 86.17 per cent in value terms. Bangladesh was the 2nd largest exporter of men & boys denim jeans to the US with 80,210 dozen shipment worth $5.82 million, which was a sharp decline of 80.30 per cent and 81.30

per cent, respectively, on yearly basis. Nicaragua registered a year over year plunge of 61.70 per cent in value and 57.40 per cent in quantity, while China tumbled by 80.40 per cent in values and 80.60 per cent in quantity in May 2020 over May 2019.

The big challenge faced by US retail fashion sector in May was financial uncertainty. As per Deloitte Global State of the Consumer Tracker, the percentage of US consumers visiting stores also increased to 42 per cent in May as against 30 per cent in April. But the number of online buyers for apparel dropped. As per the survey, 82 per cent of Americans planned to buy online, pickup in store in June. Only 40 per cent planned to use this service for safety reasons, down from 48 per cent. Rising inflation rates continue to diminish their purchasing power and curtail spending.

Beth Ann Bovino, global US chief economist for credit ratings firm S&P, predicted that retail recovery in the US may take to 2021 and beyond.

Diminished US T-shirt Imports

As per Apparel Resources analysis, the value of t-shirts imported by the US declined by 65.50 per cent in May 2020 due to Covid-19 pandemic. The US imported $613.96 million worth of t-shirts in May, while its import value in the same month of 2019 was $1.78 billion. On monthly basis, the imports of t-shirts by US declined by 29.26 per cent in May 2020 over April 2020. China exported t-shirts to US worth $94.95 million in May.

Bangladesh exported $23.16 million worth of t-shirts with a drop of 63 per cent approximately on year over year basis to the US where it was $63.47 million in May 2019. India's t-shirt export to the US moved down by 85.80 per cent to generate $14.40 million revenue. Exports continued to plunge in February, March, and April. Vietnam showed yearly plunge of 47.86 per cent in May 2020 with its shipment valued at $154.80 million. Vietnam remained the top t-shirt exporter to the US with over 25 per cent share in its total t-shirt import values.

Drop Observed in Apparel Import by US from India

According to OTEXA, US imports of clothing from India decreased significantly in May 2020. The US imported 19.63 million SME (square meter equivalent) garments, worth 62.98 million dollars, from India. The US imported $387.32 million of SMEs' apparel during the same month of 2019. The decline was also significant in May 2020 over April 2020, with volume and value by 70.17 per cent and 71.44 per cent respectively. This was the biggest decline in the list of exports of clothing to the US from India. An Indian apparel export value to the US from January 2020 to May 2020 declined by 27.08 per cent to $1,424.63 million from $1,953.74 million in the same duration of the previous year. From January 2020 to May 2020, the US imported apparel remained at $23.92 billion, with an annual decrease of 27.76 per cent. In the 2020 comparison period, Indian unit prices for shipping to the US also dropped to $3.50 from $3.56 in 2019 with a drop of 1.74 per cent.

June 2020: US Apparel Import

The US industrial production moved up by 5.40 per cent in June, but remained well below pre-pandemic levels. According to the Federal Reserve, it was the second straight monthly gain after a 1.40 per cent increase in May 2020. But it remained 10.90 per cent below the level in February 2020.

About half of US consumers were not interested in Chinese products, according to a study released in the week ending on June 13 by Coresight Research. Two-fifths of these American consumers were less willing to buy products made in China due to the Covid-19 pandemic. Over 3/5th of consumers expected the crisis to last for more than six months.

According to the latest data from OTEXA, the US apparel imports reached 1.5 billion square metres in June 2020, down 34.30 per cent year over year but up by 57.80 per cent month over month; the volume from China was 0.65 billion square metres, down by 32.50 per cent year over year but up by 65.40 per cent month over month, accounting for 43.40 per cent of the total apparel imports. From January 2020 to June 2020, the cumulative US apparel imports were 9.67 billion square metres, down 27.90 per cent year over year; the volume from China was 3.06 billion square metres, down 38.30 year over year. The US apparel import value in June was $3.97 billion, down 42.80 per cent year over year but up by 49.30 per cent month over month; that from China reached $1.16 billion, down 48.40 per cent year over year but up 59.70 month over month.

As the first country hit by Covid-19, China's apparel exports to the US dropped by as much as 49 per cent from January 2020 to June 2020 year over year. In February 2020, China's market share slipped to only 11 per cent, and both in March 2020 and April 2020, US fashion companies imported more apparel from Vietnam than from China. However, China's apparel exports to the US is experiencing a V-shape recovery as of June 2020, China has quickly regained its position as the top apparel supplier to the US, with a 29.10 per cent market share in value and 43.40 per cent share in quantity.

US T-Shirt Imports

According to Apparel Resources, US reported a 47 per cent increase in t-shirt imports in June 2020 month over month. The country imported t-shirts worth $902 million during the month. The US t-shirt imports on year over year basis during the first half of 2020, fell by 32.38 per cent to $7.09 billion as against $10.49 billion in the first half of 2019. All major shippers to the US registered a growth in t-shirt export in June 2020 over May 2020, but their imports failed to improve when compared to the imports in June 2019. Vietnam shipped $195.12 million worth of t-shirts in June 2020, noting 26.05 per cent increase from May 2020.

However, the country's shipments declined by 36 per cent from June 2019. China too noted 66.13 per cent increase in its t-shirt exports to the US in June 2020 month over month. However, its shipments declined by 59 per cent from June 2019. Bangladesh also upped its t-shirt exports to the US by 20.95 per cent in June 2020 over May 2020 and hit $28 million revenue. Exports declined by 59.60 per cent in June 2020 as compared to exports in June 2019. India's t-shirt exports to the US surged by 54.66 per cent in June 2020 over May 2020. Inida achieved $22.27 million revenue from t-shirt shipment to US in June this year. Indian shipments fell by 72.60 per cent from June 2019.

Overall US Retail Sales to Drop in 2020

According to the latest forecast by eMarketer on US retail sales, total retail sales will drop by 10.50 per cent this year to $4.894 trillion, steeper than the 8.20 per cent drop in 2009. It would take up to 5 years for offline sales to return to pre-pandemic levels. Ecommerce remained as the only bright spot and jumped 18 per cent this year to reach $709.78 billion as US consumers are dependent on Amazon and other online retailers for necessities.

US to Impose Additional Tariffs on EU Products

The Office of the US Trade Representative announced that they have considered to modify the list of EU products subject to additional tariffs upon importation into the US and plan to increase the tariff rate up to 100 per cent. The USTR accepted comments whether specific products should be either added to or deleted from the lists and whether the rate on specific products should be increased. Comments were due by July 26, 2020. The current rate of additional tariffs is 25 per cent on EU products. Products of the UK were also included. The current lists of products include sweaters, pullovers, sweatshirts, suits, and swimwear along with other product groups. The lists are grouped by product category and country. Accordingly, not all covered products from each EU country are included, so importers are advised to review the current and proposed lists.

By June 2020, the Federal Trade Commission (FTC) planned to turn its 'Made in USA' standard into a new 'Made in USA Labelling' rule to enable it to seek civil penalties to deter violations. The FTC was also mulling an end to the 50-year-old care labelling requirements for clothing sold in the US.

July 2020: US Apparel Imports

The US apparel imports plunged 32.00 per cent to $6 billion in value terms in July 2020 compared to a year earlier, according to figures released by the Commerce Department's Office of Textiles & Apparel (OTEXA). Companies have imported 30.68 per cent less apparel in the first seven months of 2020 and valued at $33.88 billion compared to $48.87 billion for the same period in 2019. The greatest impact has been on China, which posted a 49.34 per cent year to date decline through July 2020 to retain its position as the top supplier with $7.35 billion worth of goods imported.

In July 2020, 50.00 per cent less apparel, or $1.58 billion worth, was imported to the US from China compared to a year earlier. Apparel imports from Vietnam declined 11.06 per cent for the 7-month period to $6.94 billion and were down 11.00 per cent in July 2020 compared to a year earlier to $1.29 billion. However, Vietnam did post a 2.90 per cent volume increase to 393.29 million square meter equivalents (SME).

Bangladesh stood at 3rd place and didn't fare much better, with year-to-date imports down 18.54 per cent to $2.91 billion and year over year shipments off 11.00 per cent to $436.34 million. For the year through July, imports from Cambodia rose 6.13 per cent to $1.54 billion and were up 19.20 per cent in the month compared to same month in previous year to $292.67 million.

US Jeans Imports

Despite a slight upward movement in July, the US imports of blue denim apparel, 97 per cent of which are jeans, declined by 35.26 per cent to $1.08 billion in the first seven months of 2020 compared to a 37.82 per cent decline in the first half, according to OTEXA.

Most denim brands and retailers have focused on working off inventory stuck in warehouses and stores and, curtailing import orders. Mexico's jeans imports fell by 53.04 per cent in the period to a value of $227.09 million. China became the 3rd largest supplier to the US, after the tariff-fuelled due to the China-US trade war. Bangladesh, which has suffered from cancelled orders, fared a bit better, as imports fell by 16.98 per cent to $254.28 million in the year through July.

Vietnam reported a 0.14 per cent increase in the period to $192.72 million. The denim exports of Pakistan, Egypt, Nicaragua, Sri Lanka and Indonesia to the US slipped by 21.42 per cent to $116.53 million, 34.16 per cent to $63.25 million, 32.10 per cent to $46.02 million, 24.28 per cent to 23.65 million and 41.81 per cent to $23.41 million respectively.

Only three countries, all from Africa, posted increase in shipments to the US in the period. Imports from Madagascar rose 27.28 per cent to $17.59 million, shipments from Ethiopia increased 16.55 per cent to $11.03 million and imports from Tanzania were up 23.92 per cent to $8.61 million.

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Source: fibre2fashion.com– Sep 21, 2020

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Apparel sales in North America to decline by 30%: McKinsey report

As per McKinsey & Company, despite e-commerce boost, apparel sales in North America are poised to decline by 30 per cent in 2020 and by 25 per cent in 2021 from the 2019 levels. According to Althea Peng, Head, McKinsey's-Americas, the earliest apparel sales might return to pre-pandemic levels is by the first quarter of 2023. If dire conditions persist through next year, retailers can expect to languish till the second quarter of 2025.

Though online sales will continue to gain market share, they won't be able to compensate for the decline in brick and mortar sales. In 2020, online sales will constitute over one-third of total apparel sales. In 2021, e-commerce penetration may decline a bit as stores may reopen for the entire year. The absolute increase in e-commerce sales from 2019 to 2021 will be mostly offset by lower brick-and-mortar sales. Digital-first brands and retailers are projected to grow by 25 percent from 2019 levels in 2021.

However, Emma Spagnuolo, a McKinsey Associate Partner, does not view customers' use of online channels even after the contagion to being a threat as according to a poll, consumers' willingness to buy clothing and footwear online post-pandemic has jumped by just percent.

Spgnuolo also sees 35 to 40 per cent growth in users of omnichannel-type services—such as buy online, pick up in store and purchasing through social media or apps—post-COVID-19. According to her, successful retailers approach e-commerce from two angles: capturing a greater share of traffic by boosting conversion and retaining customers, and supercharging profitability by thinking outside the traditional legacy model to find ways to reduce costs across the system, increase data transparency and promote the proper attribution of costs to create clarity and accountability.

Source: fashionatingworld.com– Sep 21, 2020

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Sri Lanka: Temporary boost for apparel sector

The Finance Ministry has allowed the Board of investment (BOI) approved apparel manufacturers to engage in local sales or to undertake sub-contracts from retailers or suppliers for three months starting from 10 September subject to conditions.

The move was both an outcome of a request made by the Joint Apparel Association Forum (JAAF) and a result of the consequences of the COVID-19 pandemic.

BOI approved apparel manufacturers can undertake sub-contracts to the domestic retailers to manufacture apparel products using duty paid fabric (raw material), supplied by domestic retailers/suppliers.

This will be subject to payment of relevant taxes on income generated from such contracts as per provisions of the BOI agreements and the Inland Revenue Act. "We are extremely happy with the decision taken by the Finance Ministry," JAAF Chairman A. Sukumaran told the Daily FT.

"There are factories registered with BOI which have excess capacity, but to manufacture apparel products case by case approval is required. Therefore, JAAF requested a blanket period from the Government," Sukumaran explained.

JAAF had made this proposal with the objective of utilising the excess capacity available at these BOI-approved factories and to generate an extra income for them during these trying times. JAAF Chairman also said that if the industry calls for the blanket period to be extended, the association was ready to shepherd fresh discussions with the Government and other relevant authorities.

According to the Central Bank in the first seven months of 2020, textile and garments exports were down 25.5% to $ 2.4 billion. Of that textiles were down by 29% to $ 2.13 billion. Other made up textile articles (such as Personal Protection Equipment) increased by 130% to $ 142 million.

As per data released by the Export Development Board (EDB), in August export earnings from Apparel and Textiles declined by 11.99 % to $ 438.34 million compared with $ 498.03 million a year earlier. Despite the decline in the sector, earnings from exports of made-up Textiles (PPE) increased by two-hundred-fold in August from a year earlier.

Source: ft.lk– Sep 22, 2020

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What Will It Really Take To Fix Fashion?

Eighty years ago, Selfridges closed for the first time since its 1908 founding, after being badly damaged by German bombs during the Blitz. As the Second World War raged on, dozens of Paris's grand couture houses shuttered, including Balenciaga, Schiaparelli, Chanel and Madame Grès, while textile and clothing manufacturers throughout Europe stopped production. Women's fashion shifted from the languid glamour of the 1930s to sensible attire in demure tones. "We wore suits," movie star and devoted couture client Olivia de Havilland once told me. "You married in a suit."

Since then, fashion has endured some hard knocks – the crash of 1987, the Asian financial crisis of 1997, the 9/11 terrorist attacks, the SARS epidemic in 2003, the 2008 financial crisis. But no incident impacted the fashion industry to the degree that the Second World War did – not until spring of this year, when the Covid-19 pandemic forced us into self-isolation.

As in the 1940s, the industry came to a halt, but this time globally, and as we sheltered in place we again chose sensible, comfortable clothes over high design. "I have seen a lot of difficult situations in my long career and this has been the most devastating event, not just for fashion and luxury, but all industries," Domenico De Sole, chairman of Tom Ford International, told me in June. "I talked to a lot of people and nobody really saw it coming. No one expected that this would spread all over the world so fast. The impact has been unbelievably painful."

Bruno Pavlovsky, president of fashion at Chanel, echoes the sentiment: "Never in the history of this company have we experienced the unprecedented global nature and significant impact of this Covid-19 pandemic." In a matter of weeks, brands – from luxury to fast fashion – were forced to furlough or lay off employees. Factories closed, as did stores – and many will remain so.

The Centre for Retail Research predicts that more than 20,000 stores will close permanently across Britain this year: Lulu Guinness, DVF Studio UK, Victoria's Secret UK, Debenhams and Monsoon Accessorize went into administration in this country, while J Crew, Neiman Marcus, JC Penney, John Varvatos and True Religion filed for bankruptcy in America.

"Fashion as a system is in a state of flux right now," says Giorgio Armani. "But this is a unique opportunity to fix what was wrong – which is a lot – and create something new, more meaningful." Armani is not alone in his thinking. The fashion industry has been in the throes of an existential crisis for some time, be it designers trying see-now-buy-now shows, non-profit associations mounting campaigns such as Fashion Revolution's #whomademyclothes, or movements like Extinction Rebellion taking to the streets to demand more sustainable business practices. But the Covid-19 shutdown gave executives and creative directors time to meditate on all those issues and more, and to come up with solutions.

In May, Dries Van Noten published an open letter – supported by such industry players as Tory Burch, Proenza Schouler, Marine Serre and Selfridges – which called for the realignment of the delivery schedule; the delay of price markdowns, which could mean the end for such hyped sale events as Black Friday and Cyber Monday; and the reconfiguration of the supply chain into something more respectful towards humanity and the planet.

The British Fashion Council (BFC) and The Council of Fashion Designers of America (CFDA) jointly drew up a similar manifesto. As Maria Grazia Chiuri, Dior's creative director, says, "We can reorganise the fashion system and its rituals without forgetting the responsibility towards those who bring this system to life through their daily work."

Click here for more details

Source: vogue.co.uk– Sep 21, 2020

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Land allotted for 2 textile units in Vietnam park

Land was recently handed over to Top Textiles Limited and Jehong Textile Company Limited to construct their factories by the Rang Dong Infrastructure Investment and Development JSC (RDI), the owner of Aurora Textile Industrial Park in Vietnam. Land leasing agreements were signed on September 4 by the Cat Tuong Group, the major shareholder in RDI.

The Cat Tuong Group is expanding its business from residential real estate to commercial, hospitality and industrial real estate to become the country's top-tier property corporation.

Top Textiles is a strategic project jointly invested by a leading fabric manufacturer based in Hong Kong and a reputed Japanese materials developer, while Jehong Textile project is developed with the world state-of-the-art and environment-friendly dyeing technology, according to a press release from Aurora Industrial Park.

The two projects are expected to assist the redress of the existing imbalance of downstream and upstream sectors of Vietnam textile and garment industry and to contribute to the enhanced resilience and improved sustainability of the nation's third-strongest export sector, the press release added.

The successful attraction of the two projects amid the prevalence of COVID-19 is a strong proof for the enormous potential of Vietnam textile and garment industry, the righteous development strategy of Nam Dinh Province and the strong capability and firm commitment Cat Tuong Group in its pursuit of developing the very first green – clean – sustainable textile-specialized industrial park in Vietnam.

Source: fibre2fashion.com– Sep 21, 2020

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European textile industry (including Poland) more sensitive to crisis

The €205 billion textile and clothing industry in Europe has not escaped the broad economic decline that has shaken the world since the outbreak of the Covid-19 pandemic. The unprecedented disruption of trade, manufacturing and retail activities, with the ensuing severe economic crisis, will see European textiles and clothing falling by 19 percent in 2020, with a 9 percent decline in GDP in euro area countries, the analysts of Euler Hermes believe.

"We predict that in 2021 turnover will rebound by 15 percent, but it will return to pre-crisis levels not sooner than in 2023, assuming a progressive improvement in the global epidemic situation and providing financial support for the economy," Aurélien Duthoit, Sector Advisor for Retail, Technology and Household Equipment at Euler Hermes, said.

Despite substantial support from a variety of job retention programs and high funding levels, by the end of 2021, employment in the industry in the EU will be cut by 8 percent (around 158,000 jobs) and 6 percent of companies (around 13,000) may disappear. The share of SMEs in the total turnover of the textile industry is twice the average of the European manufacturing sector, which makes the industry more sensitive to the current situation.

The Polish textile sector consists of approximately 25,000 companies employing 145,000 people. Local industry turnover has increased by around 20 percent over the past five years 2015-2019 thanks to increased demand and exports to Germany. Despite significant signs of recovery, in the period from January to May, sales of the Polish textile sector fell by as much as 15 percent y/y. In the opinion of Euler Hermes analysts, from the European perspective this industry is still much more resilient and competitive than in 2009, which makes it a better candidate to return to normalcy.

Source: wbj.pl– Sep 21, 2020

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15th Abuja International trade fair to feature 500 exhibitors – ACCI

The Abuja Chamber of Commerce and Industry (ACCI) says its 15th Abuja International Trade Fair will feature not more than 500 local and foreign exhibitors.

ACCI Media Officer Latifat Opoola who made the disclosure on Sunday said the fair would hold in October at the Abuja Trade and Convention with the theme "Trade and Commerce Beyond Borders".

According to Opoola, this year's event in compliance with the COVID-19 protocols will only showcase indoor and virtual exhibitions to make room for a controlled environment that will ensure social distancing.

She noted that an average attendance of 100,000 visitors from both Nigeria and 150 countries, including U.K., U.S., UAE, India, Malasyia and China would participate both physically and virtually at the fair.

She said other countries like Saudi Arabia, Ghana, South Africa, among others, were expected to participate.

She noted that over the years, the fair had been an amazing trade platform for international and domestic industry professionals, leading brands and MSMEs to transact, share market insights, cutting edge technology and expertise in an interactive environment.

"This year's event will provide a platform for sharing of trade, investment and market opportunity as well as information. It will also help buyers, investors and traders to foster business relationships.

"Over 500 exhibitors from within and outside Nigeria in all sectors of the economy, including Agriculture, Manufacturing, Mining, Electricity, Oil and Gas, Tourism, Textile, Transport, Telecommunications, Financial and Service sectors are expected to participate.

"With a team of trade professionals, we are persistent in providing a conducive trading atmosphere for our exhibitors, which will lead to strategies and tactics needed to innovate, grow and promote businesses," she said in a statement.

The opening ceremony is scheduled to take place on Oct. 22, while the closing ceremony holds on Nov. 2.

Source: worldstagegroup.com– Sep 21, 2020

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Pakistan: Textile exports plummet by 20pc MoM, imports up by 26pc MoM in Aug'20

Export earnings from the country's textile industry witnessed a decrease of 15.35pc YoY and 20.38pc MoM to stand at $1 billion in the month of August'20 while imports were recorded at $218 million, showing an increase of around 38.45pc YoY and 25.97pc MoM when compared to the same period of last year and last month respectively, according to a report by Mettis Global.

The decrease in trade volume was triggered by the new waves of coronavirus in Europe and the USA led wherein exports declined by 0.98pc to $2.280 billion during Jul-Aug FY21 when compared to $2.302 billion recorded during Jul-Aug FY20.

According to the research by Intermarket Securities, the decline in exports can be attributed to the unprecedented torrential monsoon rains, which affected all transport and port activities in Karachi. Another reason was the unusual number of public holidays during the month – Eid holidays at the end of July and beginning of August, Ashura, and Independence Day.

According to the latest data issued by the Pakistan Bureau of Statistics (PBS) on export receipts by commodities, the textile products remained the major exportable goods for Pakistan as it shares 63.61pc in total exports during Jul-Aug FY21. Moreover, it is the crucial sector as it is a vital source of employment and production.

The textile group accounted for 5.59pc of the total imports during Jul-Aug FY21 as per the data released by the Pakistan Bureau of Statistics, showing a growth of 21.09pc YoY to clock in at $391 million.

On the exports front, within the textile group, the major exportable goods include Knitwear, Readymade Garments, Bed wears, and Cotton Cloth.

The exports of the Cotton Cloth went down by 9.24pc YoY to $294 billion. However, exports of Knitwear, Readymade Garments, and Bed wear witnessed an increase of 4.43pc, 2.05pc, and 5.93pc, YoY to stand at $564 million, $477 million, and $424 million respectively during Jul-Aug FY21.

Meanwhile, the data from the Pakistan Bureau of Statistics revealed that imports of synthetic fibre decreased by 5.42pc YoY, valued at $84 million during Jul-Aug FY21 while synthetic and artificial silk yarn jumped by 8.57pc to stand at $78 million during the said period.

It is worth highlighting that the raw cotton import bill soared by 3.55 times YoY to $119 million. However, the export trading value of raw cotton plunged by 97pc YoY to $233 thousand during Jul-Aug FY21.

Source: profit.pakistantoday.com.pk– Sep 21, 2020

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Pakistan: Weekly Cotton Review: Increasing trend in prices witnessed

Cotton production witness reduction by 44% during current year, and textile mills has increased the import of cotton. Bright chances of increase in exports of textile sector products.

The overall increasing trend in the prices of cotton was witnessed in the local cotton market due to increase in buying and increase in the supply of Phutti. The rate of cotton increased by Rs150 per maund due to improvement in the quality of Phutti after rain. The cotton of Punjab was sold at Rs 9000 per maund.

According to the statistics released by Pakistan Cotton Ginners Association till September 15, 2020 extraordinary reduction of eight lakh bales (44.22%) in cotton production was witnessed as compared to last year production during this year.

The extraordinary decline in cotton production came as a surprise to the people associated with cotton because no one was expecting a drastic reduction in cotton production however crop was damaged during the last rains. Moreover, the quality of cotton was also affected due to rains.

However, after the news of low cotton production, textile mills are formulating follow-up import strategies. The rate of cotton in Sindh is in between Rs 8200 to Rs 8600 per maund. The rate of Phutti is in between Rs 3400 to Rs 4100 per 40 kg while the rate of Banola is in between Rs 1650 to Rs 1700 per maund. The rate of cotton in Punjab is in between Rs 8600 to Rs 9000 per maund. The rate of Phutti is in between Rs 3500 to Rs 4500 per 40 kg while the rate of Banola is in between Rs 1750 to Rs 1850 per maund. The rate of cotton in Balochistan is in between Rs 8500 to Rs 8600 per maund while the rate of Phutti is in between Rs 4400 to Rs 4800 per 40 kg.

The Spot Rate Committee of the Karachi Cotton Association has increased the spot rate by Rs 150 per maund and closed it at Rs 8700 per maund. Cotton and Phutti prices rose further on Friday and Saturday after the reports of decline in cotton production. According to the experts prices of cotton may increase further. All Pakistan Textile Mills Association will appeal to the government to abolish import tax on cotton.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that relatively increasing trend was witnessed in the rate of cotton in international market. Fluctuation was seen in the Rate of Promise (Waday Ka Bhao) of New York Cotton due to different reasons. Despite rising tensions between China and the United States, China continues to buy cotton from the United States in abundant quantity. According to this month weekly export report of USDA China is on the top after importing 95,000 bales. Although there is an over all decrease of 19 % was witnessed in exports. The rate of cotton remained stable in China and Brazil however, the prices of cotton in India increased relatively.

A tough contest is expected between the two big groups of cotton ginners during the election of Pakistan Cotton Ginners Association on Monday September 21. Moreover PCGA on September 15 issues the initial statistics of the cotton production according to which 10 lakh 35 thousand bales were produced in the country which is 44.12 % less as compared to the last years cotton production of 18 lakh 52 thousand bales.

Naseem Usman told that according to the people related with the cotton business this year cotton production and quality have declined dramatically due to unfavourable weather conditions, Coronavirus lockdown and especially due to poor quality of seeds. As a result, farmers have suffered huge losses.

Moreover, women involved in picking of cotton and thousands of labourers and ginners were suffering due to closure of some ginning units. According to APTMA sources, this year's cotton production is lower than last year's and the mills will have to import more cotton to meet the demand. Although large groups of textile mills are currently importing cotton, exclusive those big groups who are enjoying tax exemptions in the form of DTRE. The country is already facing difficulties due to low cotton production and the import of cotton will not be beneficial for the economy.

Pakistani textile mills are receiving export orders for textile products from foreign countries mainly due to the spread of corona virus in Bangladesh and India. As a result of which foreign importers are taking interest in the import of Pakistani textile products. This is good for the export of Pakistani textile sector.

Source: brecorder.com– Sep 21, 2020

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Online hiring of trucks earns popularity in Bangladesh

Online marketplace for hiring trucks is becoming popular in Bangladesh, lowering trading costs and making business globally competitive as well, said industry insiders. Many mobile app-based new-generation IT start-ups have grown in the past few years, although apparently not reaching profitability in some cases.

Yet the trade grew amid sluggish economic activity, changing the country’s transportation and logistics dras. A Dhaka-based logistics app GIM (Goods in Motion) has already created quite a stir in the goods transportation market of Bangladesh. Since the floatation of an idea in early 2018 and its eventual launch in mid-2019, GIM has been changing the tradition of the market.

“Our goal has been to increase usage of idle resources by breaking down operational silos and enabling direct shipper-to-carrier communication,” said GIM founder and managing director Alamgir Alvi. “This is helping organisations champion operational efficiency and better customer experience,” he added.

Within six months, more than 10,000 trucks and 6,000 drivers have been registered with a staggering 90,000-tonne capacity. The service facilitated thousands of trips per month for a wide range of customers entailing uplift projects and corporates like Lafarge, ACI and Abul Khair.

In less than a year, GIM set its footprint in 61 districts with corporate headquarters in Dhaka and regional offices in Chittagong, Khulna and Bogura, providing service countrywide. Apart from access to trips, resolving cash flow and insurance issues, it plans to bring banks, financial institutions and insurance service under an ecosystem. With this end in view, the company has already signed up with key partners like City Bank, IDLC, bKash and SSL Wireless.

GIM chairman Rajibul Haq Chowdhury said, “Our planning largely focuses on key challenges regarding goods transportation where we can assist and find solutions that stand highest in impact.” “The rest has been about finding the right partners for maximum outreach,” he commented. Initiatives like this not only help the logistics sector to be competitive on a global scale, but also help the truck operators’ community contribute to socio-economic growth, Mr Chowdhury said.

Another leading local truck-hiring hub is ‘Truck Lagbe’ having a significant impact on the market. Launched in 2017 with only 25 vehicles, Truck Lagbe is now one of the largest online truck-booking platforms. Truck Lagbe chief executive officer Anayet Rashid said although the Covid-19 pandemic hit the truck-hiring service, it has started to fight back now.

His company provides a one-stop solution to all logistic problems for businesses. “We spot the pain points of our clients when it comes to their logistics and try to cater to their needs in accordance with their requirements,” said Mr Rashid. Currently, Truck Lagbe has more than 50,000 registered drivers and 150,000 listed customers.

According to the Global Logistics Performance Index-2018, Bangladesh was way behind India and Sri Lanka (Bangladesh 100th, India 44th and Sri Lanka 94th among 160 countries). Still being largely an informal sector, Bangladesh can significantly improve its logistics ecosystem. According to a World Bank report, “A 17-per cent decrease in logistics cost will increase Bangladesh’s RMG (ready-made garments) export by 7.4 per cent or almost $4 billion.”

Innovation in technology can accelerate the improvement process in logistics dramatically, it cited. Realising the potential, Mr Alvi, also a former BUET faculty and a US-based tech leader, initiated to connect the dots to ensure better usage of resources with cutting-edge technology and operating models.

But it was not always so easy a task. According to Mr Rashid, convincing truck drivers to get involved in such platforms was very difficult.

If they would train 100 drivers for the app, he said, 75 used to leave. But it is easier than before. “Now truck owners, drivers and businessmen, who take the service, are convinced that online platforms are good for stakeholders.”

Source: maritimegateway.com– Sep 21, 2020

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NATIONAL NEWS

Pre-filled GST return form soon: GSTN CEO

GST-registered businesses will soon get pre-filled Return form, GSTR-3B, GST Network chief executive officer Prakash Kumar said on Monday.

"We are moving towards providing taxpayers with a pre-filled GSTR-3B form so that they can pay their taxes at ease. To start with, an option to edit the form would be provided to allow businesses to make past adjustments etc," Kumar told PTI.

GSTN, which handles the IT backbone for Goods and Services Tax (GST) has already started providing tax liability data based on sales return GSTR-1 of the taxpayer to be used in his tax payment form GSTR-3B in pdf form. It is also providing taxpayers auto-generated invoice-wise input tax credit (ITC) statements based on information furnished by the suppliers of the taxpayer.

Kumar said this essentially means that the taxpayer can know how much ITC is available for the month. Currently, the liability and ITC are being provided as separate pdf documents.

After two months, these two sets of data will automatically start flowing in GSTR-3B return, Kumar added. This is the first step towards connecting GSTR-1 which has business-to-business (B2B) invoice data along with data on exports, business-to-consumer (B2C) supplies etc and GSTR-3B, he said.

The move is expected to ease taxpayer hassle of copy-pasting various numbers from sales return form GSTR-1 to GSTR-3B. "These functionalities have been done for monthly filers of GSTR-1 and functionality for quarterly filers will be introduced in due course," Kumar said.

GSTN has over 1.26 crore registered taxpayers, out of which 1.07 crore are required to file GSTR-1 and GSTR-3B. Of the, 1.07 crore taxpayers, around 58 lakh file GSTR-1 on monthly basis, whereas remaining file at quarterly frequency. However, all 1.07 crore taxpayers has to file a monthly tax return, GSTR-3B.

Source: timesofindia.com– Sep 22, 2020

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Cotton futures up 0.28% to Rs 17,930 per bale in afternoon session

Cotton futures were marginally higher at Rs 17,930 per bale on September 21 as participants trimmed their positions as seen from open interest.

Cotton prices have gained in the past few sessions on good demand from millers in anticipation of a recovery in demand from end consumers ahead of the festive season.

The arrival of new crop in the domestic market, CCI resuming old cotton auction and bumper production prospects are likely to keep cotton range-bound with negative bias for the near future, said Mohit Vyas, Analyst at HDFC Securities.

According to Agriculture Ministry data, cotton acreage across the country as of September 18 reached near 129.5 lakh hectares compared to 127.1 lakh hectares in the same period last year.

In the futures market, cotton for October delivery touched an intraday high of Rs 18,000 and an intraday low of Rs 17,930 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 16,060 and a high of Rs 18,260.

Cotton futures for October delivery gained Rs 50, or 0.28 percent, to Rs 17,930 per bale at 14:57 hours IST on a business turnover of 788 lots.

The value of October contract traded so far is Rs 2.15.

Kotak Securities said the trading range for the day in MCX October Cotton contract would be Rs 17,850-18,100 per bale.

Source: moneycontrol.com– Sep 21, 2020

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TDS relief expected for MSMEs transacting through e-commerce platforms

TDS relief expected for MSMEs transacting through e-commerce platforms The government is considering providing relief to micro, small and medium enterprises (MSMEs) hit by the coronavirus pandemic, sparing them from a 1% tax on gross sales through e-commerce platforms, which takes effect on October 1, officials said.

The tax exemption limit could be increased from the existing Rs 5 lakh for small businesses. The tax deducted at source (TDS) mechanism would continue to check tax evasion by entities using e-commerce platforms to sell goods and services, two officials working in different ministries said, requesting anonymity.

“The provision has been introduced in the Budget 2020-21 to make e-commerce transactions tax-compliant. Hence it has a clause related to PAN [permanent account number] or Aadhaar number,” one of the officials said.

Finance minister Nirmala Sitharaman, in her budget speech on February 1, 2020 introduced a TDS mechanism for e-commerce transactions. “In order to widen and deepen the tax net, it is proposed to provide that e-commerce operators shall deduct TDS on all payments or credits to e-commerce participants at the rate of 1% in PAN/Aadhaar cases and 5% in non-PAN/Aadhaar cases,” she said.

“In order to provide relief to small businessmen, it is proposed to provide exemption to an individual and HUF [Hindu Undivided Family] who receives less than Rs 5 lakh and furnishes PAN/Aadhaar,” Sitharaman said. The budget provision is effective from October 1.

The industry, particularly MSMEs, have submitted to the government that the TDS mechanism would be an additional burden on them as TDS will be deducted on gross sales amount that also include the commission to the e-commerce platform, the second official said.

“Besides, it will be tax on tax as the gross sale value would also include Goods and Services Tax (GST). Thus, their already wafer-thin profit margin would shrink further and they will be dissuaded to transact online,” he said.

Besides raising the current limit of Rs 5 lakh, other relief under consideration for small units include extending the October 1 deadline, and computation of TDS after deducting GST and commission to the e-commerce platform instead of gross sales value, the officials said.

Vinod Kumar, president of the India SME Forum, said: “E-commerce platforms are emerging marketplaces for MSMEs. They provide another alternative to small units to sell their produce to a wider customer base. It should be encouraged. Therefore, the government may revisit the TDS policy.”

Experts say that e-commerce platforms have the potential to revive MSMEs that contribute about 30% of country’s gross domestic product (GDP). Nilaya Varma, co-founder and CEO of consulting firm Primus Partners, said: “Even amidst the Covid-19 crisis, MSME segment is driving the hopes of the nation to bring it back on the path to recovery. Given financial strain and the already thin margins that the MSME segment works on, further exacerbated bythe pandemic, it is ideal for the government to defer any measures which can strain cash flows for such players, for at least a year,” Varma said.

Divakar Vijayasarathy, founder and managing partner of consulting firm DVS Advisors LLP said the Rs 5 lakh limit is very low even for micro entities.

“The said provision would impact the small players dealing with products with lower margins such as FMCG [fast moving consumer goods] suppliers where the gross margins are 10% or lower, since it is on the gross sale value including GST. Both their working capital as well as the cash profit would be impacted,” he said.

“The impact would be inversely proportional to the margins i.e. lower the margins, higher would be the impact. The limits should be increased substantially to give relief to the small traders,” he added.

Ther MSME sector contributes 37% of manufacturing output in India and provides employment to more than 111 million people; it also accounts for about 50% of India’s goods exports.

Source: hindustantimes.com– Sep 20, 2020

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TDS on e-Commerce is a very bad idea

The government should rethink its move to levy, come October 1, a 1% tax deducted at source (TDS) on sales facilitated by an ecommerce platform.

The move would discourage micro and small enterprises and even many medium ones, at a time when their finances are stressed and they need to conserve all the resources they can.

This is in addition to the 1% tax collected at source (TCS) that ecommerce operators have to comply with. The net result is to squeeze the margins of MSMEs, already in the single digits.

The government should abandon the move or postpone it till the next financial year, by which time the economy would be in a better shape.

The TDS levy, to ostensibly check tax evasion, is to be paid by ecommerce operators on the gross amount of sales of goods or services facilitated by them through their digital platform, inclusive of taxes, and does not allow for returns to be adjusted.

TCS, in contrast, is on sales net of returns, which can be as high as 30% online. If after tax and the ecommerce platform's fees, the seller gets 80% of sales after returns, what it would receive in hand is 56% of gross sales.

The 1% TDS would be 1.8% of net revenue, and, given MSMEs' low margins, 1% TDS would mean blocking perhaps a quarter of a micro enterprise's income with the taxman.

That might deter many from embracing the opportunities of digital transactions right when their salience is growing. Enforcing TDS also runs contrary to the relaxations given by the government to online sellers and ecommerce marketplaces to counter the impact of the pandemic-induced slowdown.

Without a doubt, ecommerce platforms are beneficial to MSMEs, which save on the costs of marketing, logistics and delivery.

eCommerce enables them to gain from economies of scale, enhance their customer base and also tap the overseas markets for exports in an efficient and cost-effective way.

Instead of levying a TDS that will adversely impact the supply chains, the government should pursue audit trails of GST to examine the books of these companies.

Source: economictimes.com– Sep 22, 2020

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Rising growth expectations pull up business sentiment in Q2FY21: CII Survey

As economic activity returns to normalcy, higher expectations on sales and exports in the second quarter have boosted the overall sentiment, according to the latest Business Confidence Index (BCI) of the Confederation of Indian Industry (CII).

Released on Sunday, the BCI surged to the level of 50.3 in the July-September quarter. It bounced back from the historic low of 41 recorded in the April-June quarter, during the initial days of the pandemic and lockdown.

The BCI is made up of two major components, the Current Situations Index (CSI) for the April-June 2020 quarter, and the Expectation Index (EI) for the July-September 2020 quarter.

Recovery of the BCI in the July-September quarter was driven by the notable increase in EI, which rose 46 per cent quarter-on-quarter to the level of 55.2, as the nationwide lockdown restrictions were lifted.

The CSI, on the other hand, was recorded below the psychological level of 50, at 40.6. This is because stringent lockdown restrictions led to complete shutdown of most business operations for a larger part of the quarter.

The survey, conducted during August-September, saw the participation of more than 150 firms of all sizes from across industry sectors.

It showed that nearly half the respondents anticipate an increase in new orders (49 per cent) and sales (46 per cent) during the second quarter, even though a majority of them witnessed decline in sales and new orders in the preceding quarter.

As a result, capacity utilisation levels are also expected to improve. A major share of the respondents (41 per cent) foresee higher utilisation levels of 50-75 per cent in the July-September quarter, closely followed by 37 per cent, who anticipate capacity utilisation at 75-100 per cent.

“It is heartening to note the recovery in CII’s Business Confidence Index for the July-September quarter that indicates an improvement in business conditions during the period. However, while a recovery is under way, it could be tremendously expedited through continued government support and handholding of businesses during this crisis,” said Chandrajit Banerjee, director-general of the CII.

Major worries remain

With regard to general economic prospects, more than a third of the respondents (35 per cent) foresee a contraction higher than 4 per cent in India’s gross domestic product (GDP) in fiscal year 2020-21.

On the inflation front, nearly half the respondents (46 per cent) feel that inflation may inch up further in the current fiscal year as supply-side disruptions, caused by the lockdown-led business shutdowns, have stoked pricing pressures.

As a result, a large proportion of the respondents (37 per cent) feel the Reserve Bank of India (RBI) may keep policy rates unchanged in the remaining part of FY21. The continued strain on economic activity will dissuade the central bank from raising rates despite inflation overshooting the target range for the fifth consecutive month, the respondents felt.

Profitability was flagged as harder to achieve during the pandemic as nearly half the respondents continued to expect a decline in profits in the July-September quarter after a majority of them (76 per cent) experienced this in the preceding quarter.

As businesses still struggle to recover from the pandemic, more than half of the respondents (51 per cent) have indicated that the weakness in domestic demand is likely to be the topmost risk to business confidence in the next six months.

Moreover, nearly 30 per cent feel that business activity may return to the pre-pandemic levels only by Q1 FY22.

The heightened uncertainty led by the recurrent lockdown in certain states is impacting operations and lengthening the recovery time. This is despite a majority of the workforce returning to the place of work, said 42 per cent of the respondents.

Source: business-standard.com– Sep 20, 2020

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E-com festive sales in India may hit $7 bn in GMV: RedSeer

Festive sales through e-commerce in India are likely to reach $7 billion in gross merchandise value (GMV) this year compared to $3.8 billion in the same period last year, according to a report by research firm RedSeer, which said e-commerce is expected to reach $38 billion in sales in 2020 from $27 billion GMV in 2019 based on the strong festive sales performance.

New shopping models are likely to come up due to changing customer demographic and video-based and WhatsApp-based shopping will be new additions to the festive landscape, the report said.

Offline recovery is, however, weak as consumers are still apprehensive about visiting high human touchpoint areas like malls and retail outlets, it said.

"COVID enabled massive growth in new shoppers as consumers now more than ever prefer to shop in a manner that is convenient, safe and hygienic and the e-commerce space meets these requirements. Despite at least a month to go before the sales, consumers show positive sentiments to purchase during this period as per our survey," RedSeer said.

"Strong nationalist sentiment coupled with the government's Atmanirbhar policy is expected to impact the brand mix in categories like electronics/mobile," the report was quoted as saying by Indian media outlets.

Driven by the massive shopper growth, the festive sales for the first event is expected to grow 50 per cent year on year to reach $4 billion (compared to $2.7 billion in 2019), the report titled 'The Festival of Firsts' said.

It estimated that 45-50 million people shopped online last year in the first sale during festive season offered by various players like Flipkart, Amazon, Snapdeal and Shopclues.

"Mobiles and appliances to remain strong but not as large as previous years as demand for these verticals has been somewhat satiated with category specific sales post lockdown," it said. Long tail categories including Home and Home Furnishings are expected do better than anytime before, due to high demand for upgrading work-from-home/study-from-home environment, it added.

Source: fibre2fashion.com– Sep 21, 2020

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Production decline, losses hit silk industry value chain

The COVID-19 pandemic has resulted in a production decline and monetary loss at every stage of the value chain in the Indian silk industry, according to a government study, which found the silk industry has faced problems like loss in production, crash in cocoon and raw silk prices, transportation problems, non-availability of skilled workers, problems in selling raw silk and silk products, working capital and cash flow problems, non-availability of raw materials, reduction in demand for silk fabric, cancellation of export-import orders and export-import restrictions.

The government study, titled 'Impact of Covid-19 pandemic on Indian silk industry', assessed the crisis caused to the sector by the pandemic, an official release said.

As the textile sector is highly unorganised, the government has not made any formal assessment regarding the losses incurred, minister of textiles Smriti Irani told Lok Sabha recently in a written reply.

Source: fibre2fashion.com– Sep 22, 2020

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Guntur: Pandemic deals a heavy blow to spinning mills

- Production falls by 50%with reduced demand for cotton yarn
- With migrant workers returning to home towns, mills are facing shortage of workers
- It is expected to take another 6 months before any turnaround in the situation

Guntur: Spinning mills in the state are facing shortage of workers as many migrant workers from Odisha had returned to their native places due to closure of mills during lockdown.

According to Spinning Mills Association sources, every spinning mill would engage 1,000 3,000 workers in three shifts. At present, there are 72 spinning mills in the state, which engage more than 1lakh workers. The workers who went to their native places did not return. As a result, the mills are facing 30 percent labour shortage. Some mill managements are providing advance payment for the workers to come back.

Shortage of workers, reduced demand for cotton yarn in domestic and international markets, fall of cotton yarn exports led to reduction in production. The mills earlier produced yarn worth Rs30 crore a day, now it has come down to Rs15 crore per day.

There are no cotton yarn exports due to Covid-19. Earlier, most of the spinning mills worked three shifts, now only two shifts are going on. This reduced the revenues to the managements.

Cloth mills, readymade garment units in Coimbatore and Gujarat have already reduced cotton yarn purchase due to less demand for cloth and readymade garments.

There is a fall demand for textiles during the festivals and marriage season due to reduced income during pandemic. The revenues of the mills went down due to cut in production.

As a result, owners are not in a position to pay loan installments in time resulting rise in NPAs from 25 percent to 80percent.

Speaking to The Hans India, Andhra Pradesh Spinning Mills Association vice-president G V Krishna Reddy said, "Earlier, we had exported 90 percent of cotton yarn to China.

Due to outbreak of coronavirus and border disputes, China stopped cotton yarn imports from India. This is one of the reasons for lack of demand for cotton yarn. If the demand for cloth and readymade clothes increase, then demand for cotton yarn will too increase in the days to come. I hope it will take another six-months for the demand to rise for cotton yarn."

Source: hansindia.com– Sep 21, 2020

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