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INTERNATIONAL NEWS

Global trade: Not okay

Globalization and international merchandise trade is down as predicted by relevant watchers—and all signs indicate the trend to remain downward as 2020 comes to an end. The question is whether covid shock and disruption in global supply chain networks would cause countries and in turn companies to start looking inward further causing a prolonged reduced in trade. There is evidence that this has already started to happen.

A preliminary assessment study published by the World Bank in April estimated that global GDP would decline by 2 percent—2.5 percent for developing countries—brought forth by a reduced output on the service industries.

The threats to trade have also been evident—according to the WTO, global trade could plummet between 13 and 32 percent by the end of the year. In the second quarter of 2020, trade has shrunk by nearly 19 percent—which is within the range WTO estimates made back in April. This would likely carry on for years, long after large populations have developed immunity against the novel virus.

In the short term, operational complications in maritime and physical traffic, reduced consumption, the impact on production itself due to physical isolation and subsequent lack of confidence of investors have already fuelled the slowdown by way of a contraction in demand while global value chains have also hit pause as components and parts manufacturing plants across the world have been put under lockdowns. The longer-term effect could be slightly more convoluted.

Various studies are now calling for more (not less) economic and trade integration. The fear here is that governments will impose tariff and non-tariff based restrictions to coerce domestic production.

Though many countries have responded through fiscal injections; it is likely that the support is toward domestic industrial protection with a focus on indigenization. This would be devastating for exporting countries that rely on valuable dollar inflows.

A special report published by the UN argued: “The pandemic is likely to reinforce two interrelated trends that were already taking shape. The first is a shift towards less interdependence in production, trade and technology among the world’s major economies, particularly between the United States and Europe on the one hand, and China on the other.

The second is a trend towards world trade that is less open, more influenced by geopolitical and national security considerations, with more frequent disputes and with a weakened multilateral framework.

The net result will not be the reversal of globalization, but a more regionalized world economy, organized around three major productive hubs: North America, Europe, and East and South-East Asia”. This report calls out for more regional integration and proposes that countries must reduced logistic costs and develop value-added services to develop competitiveness.

For countries like Pakistan that are relying on exports to the EU and the US, the pandemic will teach it an important geography lesson—that finding markets close by and forging relationships with regional partners may prove to be more beneficial for both domestic production and subsequently exports than lands far-off.

By the looks of it, Pakistan’s main export destinations are experiencing a resurgence of the outbreak, an uncertainty as to how the crisis would evolve and a substantive decline in imports (largest contracted expected in US of 32%). That’s not good news.

Source: brecorder.com– Sep 23, 2020

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Xinjiang Confidential: What Auditor Exodus Means for Apparel Sourcing

A number of supply-chain auditing firms say they will no longer conduct inspections in the Xinjiang Uyghur Autonomous Region (XUAR) of northwestern China, where state-sponsored efforts to coerce and assimilate predominantly Muslim ethnic minorities have rekindled questions about the limits of corporate self-regulation and business-driven social compliance initiatives, particularly in hostile environments ruled by fear.

The Wall Street Journal reported Monday that Bureau Veritas in France, TÜV SÜD of Germany and Worldwide Responsible Accredited Production (WRAP) in the United States, which previously performed or participated in labor audits in Xinjiang, will be withdrawing from the region. Italy's RINA, Social Compliance Services Asia in Hong Kong and U.S.-based Accordia Global Compliance Group and Sumerra also confirmed that their operations will not extend into Xinjiang.

"Normal social compliance audits cannot be conducted in the XUAR due to restrictions on the movement of third-party auditors, including restrictions that prevent the necessary amount of access to factories required for auditors to conduct a satisfactory review," Seth Lennon, communications manager at WRAP, told Sourcing Journal. "As a result, WRAP is not presently performing audits in the XUAR."

Suspending audits, while "not desirable," Lennon said, was necessary to preserve its auditors' safety and "unfettered access" to the facilities being inspected. "WRAP supports government-to-government communication to address labor and transparency concerns in the XUAR and we welcome the opportunity to resume social compliance monitoring there when conditions allow the performance of audits according to WRAP standards," he added.

News of the development—which came just as the U.S. House of Representatives overwhelmingly approved of the Uyghur Forced Labor Prevention Act on Tuesday, paving the way for a Senate vote—was sudden, but not wholly unexpected.

Human-rights groups have argued for some time that Xinjiang's repressive police-state climate has made it impossible to conduct human-rights due diligence. A business advisory issued by the U.S. Departments of State, Treasury, Commerce and Homeland Security in July warned of auditors who were reportedly detained, harassed, threatened or stopped at the airport, subjected to constant surveillance, or required to employ a government translator who “conveys misinformation or does not speak [the] workers’ first language.”

Third-party audits alone, the report noted, may not be a sufficient or credible source of information for uncovering labor abuses, since auditor interviews with workers “cannot be relied upon given the pervasive surveillance and evidence of workers’ fear of sharing accurate information.”

The Fair Labour Association, whose multi-stakeholder membership includes brands such as Adidas, Hanesbrands, Lululemon and Nike, posted an advisory in January cautioning that “due diligence auditing” is not possible in Xinjiang because neither workers nor auditors can communicate freely about working conditions without fear of political reprisal.

In many cases, industry audits in Xinjiang don’t illuminate labor conditions but rather hide them, Scott Nova, executive director of Washington, D.C.’s Worker Rights Consortium, told Sourcing Journal.

“Because the climate of terror makes candid worker interviews impossible, audits in the region are useless as a mechanism for due diligence,” he said. “They can’t be used to verify that workers’ labor is voluntary. Under these circumstances, the sole purpose audits can serve is to enable suppliers and brands to create the false appearance of due diligence.”

In late 2018, WRAP performed a “full on-site audit” of Hetian Taida Apparel Co., a clothing manufacturer from Xinjiang, after media reports alleged it was using forced Uyghur labor from one of the region’s hundreds of internment camps. “Based on the findings of this investigation, we have concluded that this facility is not engaged in the use of forced labor,” WRAP said at the time.

The following October, U.S. Customs and Border Protection (CBP) issued a Withhold Release Order on a shipment of the manufacturer’s baby sleepers, destined for Costco, because it received evidence that the products had been illegally manufactured, in whole or in part, using modern slavery. More damningly, the Department of Commerce’s Bureau of Industry and Security (BIS) added Hetian Taida to a so-called “entity list” this past July, prohibiting the company from purchasing American technology and products without a special license and implicating it in human-rights abuses against Uyghurs.

Similarly, Bureau Veritas audited a Xinjiang-based facility run by Yili Zhuowan Garment Manufacturing Co., clearing it of any involvement in forced labor and persuading at least one major apparel brand to continue its sourcing relationship despite reports of items, including gloves for Lacoste, being produced at an internment camp, according to Nova. On Sept. 14, the CBP blocked imports of products made by Yili Zhuowan after finding indicators of forced labor such as restriction of movement, intimidation, wage theft and “abusive working and living conditions.”

The auditing system faced another setback when BIS sanctioned Huafu Fashion Co., a leading yarn manufacturer that operates a mill in Aksu, in May, citing “human rights violations and abuses in the XUAR.” The Better Cotton Initiative, a certifier of more sustainable cotton that counted Huafu as a member of its council before scrubbing the company from its website, previously claimed that an independent investigation had failed to identify any instances of forced labor at the facility.

It’s for these reasons and more that watchdogs like Nova have been urging factory certification bodies, “as a matter of professional ethics, moral responsibility and legal compliance,” not to perform factory audits in Xinjiang.

But not everyone sees the withdrawal of audits from Xinjiang as a positive move.

“We are deeply concerned about the recent announcement of several organizations halting auditors’ work in Xinjiang,” Jonathan Gold, vice president of supply chain and customs policy at the National Retail Federation (NRF), a Washington, D.C.-based retail trade association, told Sourcing Journal. “The elimination of this crucial step in the supply-chain process will undoubtedly make it more difficult for retailers to continue to try to address the issues in Xinjiang. Auditors are a key component to a retailer’s due diligence strategy.”

Other trade groups are similarly wary of what legislative action could mean for supply chains with links to Xinjiang. In a joint statement, NRF, along with the United States Fashion Industry Association, the American Apparel and Footwear Association, and the Retail Industry Leaders Association, expressed concern over how passage of the Uyghur Forced Labor Prevention Act could impact sourcing activities, and humans rights, in the Chinese region.

"We share the goals of the legislation—to end forced labor and the larger campaign of oppression it is fueling—yet we fear this bill will not help us get closer to that end goal," the groups wrote. "Instead, the legislation would establish a 'guilty until proven innocent' blanket standard, directly contradicting U.S. jurisprudence and due process, branding anything and everything associated with XUAR as made with forced labor. Such an approach would do further harm to human rights, economic development, legitimate supply chains, and will jeopardize the livelihoods of millions of workers worldwide without specifically addressing human rights concerns."

Legislation aside, some nonprofits applaud change on the supply-chain auditing front. While audits were designed as a means of oversight in a frequently opaque supply chain, labor groups such as the Clean Clothes Campaign say that "corporate-controlled, for-profit auditing firms whose priority is mitigating reputation risk" have provided little more than a "fig leaf" that protects brands and fails workers.

The system, as it stands, they say, allows brands to remain at a certain remove that amounts to a kind of benign neglect at best and "willful blindness" at worst. "Far from being an effective tool to detect, report and remediate violations, corporate-controlled audits often actively aggravate risks for workers by providing misleading assurances of workers' safety and undermine efforts to truly improve labor conditions," the group wrote in a 2019 report.

Peter Irwin, senior program officer for advocacy and communications at the Uyghur Human Rights Project, a Washington, D.C., think tank, says that any claims that withdrawing audits could end up promoting abuses in Xinjiang are unwarranted.

"This might be a concern if the auditing firms were able to do their job effectively, but at the moment they simply can't, given that the workers themselves are unable to speak freely about labor conditions," he told Sourcing Journal. "If auditors did their job effectively and found that forced labor and other abuses were rife within factories, it could very well put Uyghurs who speak to them at risk of punishment for complaining about human-rights conditions."

If more auditors refuse to certify factories, global brands will feel even more pressure to "make sure they have nothing to do with cotton sourced from the Uyghur region," he added, before asking:

For Adrian Zenz, a German researcher who has been studying the Uyghur crisis, audits may even drive abuses deeper underground, “causing the regime to try to conceal them better.” The decision for audit withdrawals should be “based on the ability of an audit to produce objective facts, and not primarily on what the absence of auditing would maybe do to workers, which is in any case inherently speculative,” he said. “The presence of audits would legitimize the actions of an abusive regime, and is hence entirely inappropriate.”

Labor groups say that it’s not enough for auditing firms to pull out of Xinjiang. The problem is systemic and all businesses need to divest from the XUAR or else be complicit in what some have described as a “cultural genocide.” Facing mounting pressure, Western retailers such as Patagonia, H&M and PVH Corp., which owns Calvin Klein and Tommy Hilfiger, have announced an end to all relationships to suppliers who have any business links with Xinjiang. Others have denied working with any companies in the region, sometimes presenting their own codes of conduct or audit reports as evidence of their compliance. Still, activists say that “virtually” the entire apparel industry is tainted with forced Uyghur labor, since roughly one in five cotton garments sold globally contains fiber or yarn sourced from the XUAR.

“Any company that claims otherwise assumes that business as usual is possible, when it is not,” said Chloe Cranston, business and human rights manager at Anti-Slavery International, an organization headquartered in the United Kingdom. “Businesses must urgently meet the call of the global Uyghur community, which understands the abuses on the ground, to urgently exit the Uyghur region for all activities.”

A reckoning may already be on its way.

According to data from the U.S. Department of Commerce’s Office of Textiles and Apparel, the value of U.S. cotton apparel imports from China between January and July dropped 55 percent from a year ago, higher than the 31 percent decline in U.S. imports from the rest of the word. As a result, China’s market share in the U.S. cotton apparel imports market declined from 22 percent in 2019 to 14.8 percent in the first half on 2020, a 10-year “record low,” said Sheng Lu, associate professor of fashion and apparel studies at the University of Delaware.

"This unusual trade pattern suggests that the concerns about social compliance risk are holding U.S. fashion companies back from sourcing cotton apparel products from China," he told Sourcing Journal.

Still, with the Uyghur Forced Labor Prevention Act one step closer to law, the decision may be taken out of companies' hands by creating a "rebuttable presumption" about forced labor in Xinjiang that will stand as fact unless proven otherwise. Any corporation seeking to import goods (including clothing and electronic products) from Xinjiang will have to provide "clear and convincing" evidence to the CBP that they are free of forced labor.

"Companies are now on notice," Omer Kanat, executive director of the Uyghur Human Rights Project, said in a statement. "Americans do not want to be complicit in buying products made by Uyghurs locked in Chinese forced-labor factories. UHRP warmly thanks the House of Representatives for responding with a resounding vote to pass this bill."

Uyghurs across the globe should "take hope from this vote," he added. "The Senate must also act, and all governments must enact measures to counter the Chinese government's mass atrocities, committed on a scale not seen since World War II."

Source: sourcingjournal.com– Sep 22, 2020

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NCC: Eliminate Forced Labor in Global Cotton and Textile Production

The National Cotton Council (NCC) remains strongly opposed to use of any forced labor practices within the global production of cotton and all textiles.

In a recent statement, NCC President/CEO Gary Adams said, "Unfortunately, these are not new questions facing the global textile supply chain, and we urge companies to implement the internal measures necessary to ensure that their supply chains do not include forced or child labor.

"It is also important to recognize that forced labor practices can occur throughout other product supply chains and not just within cotton fiber and textile production," he pointed out. "As a result, manmade fiber supply chains must be given the same level of scrutiny."

Adams further noted that the complexity of global textile supply chains can make it very challenging to verify whether a specific textile or apparel product was made using forced labor at some point in the supply chain. In order to be the most effective, he added, policies to combat forced labor or other human rights abuses should be focused and specific in order to identify the companies or entities deemed to be engaged in those practices.

In its statement, the NCC urged the U.S. Government to accelerate efforts to develop technologies to enable downstream identification of articles that have been produced with forced labor so that any sanctions can be uniformly and accurately applied.

Adams said the industry looks forward to continuing to work with its customers to promote textile supply chains that utilize more U.S. cotton and U.S.-produced yarns and fabrics. The high labor standards and practices in the United States make U.S. cotton a responsible choice for brands, retailers and consumers.

Source: cottongrower.com– Sep 22, 2020

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China sharply expands mass labor program in Tibet

China is pushing growing numbers of Tibetan rural laborers off the land and into recently built military-style training centers where they are turned into factory workers, mirroring a program in the western Xinjiang region that rights groups have branded coercive labor.

Beijing has set quotas for the mass transfer of rural laborers within Tibet and to other parts of China, according to over a hundred state media reports, policy documents from government bureaus in Tibet and procurement requests released between 2016-2020 and reviewed by Reuters. The quota effort marks a rapid expansion of an initiative designed to provide loyal workers for Chinese industry.

A notice posted to the website of Tibet's regional government website last month said over half a million people were trained as part of the project in the first seven months of 2020 - around 15% of the region's population. Of this total, almost 50,000 have been transferred into jobs within Tibet, and several thousand have been sent to other parts of China. Many end up in low paid work, including textile manufacturing, construction and agriculture.

"This is now, in my opinion, the strongest, most clear and targeted attack on traditional Tibetan livelihoods that we have seen almost since the Cultural Revolution" of 1966 to 1976, said Adrian Zenz, an independent Tibet and Xinjiang researcher, who compiled the core findings about the program. These are detailed in a report released this week by the Jamestown Foundation, a Washington, D.C.-based institute that focuses on policy issues of strategic importance to the U.S. "It's a coercive lifestyle change from nomadism and farming to wage labor."

Reuters corroborated Zenz's findings and found additional policy documents, company reports, procurement filings and state media reports that describe the program.

In a statement to Reuters, China's Ministry of Foreign Affairs strongly denied the involvement of forced labor, and said China is a country with rule of law and that workers are voluntary and properly compensated.

"What these people with ulterior motives are calling 'forced labor' simply does not exist. We hope the international community will distinguish right from wrong, respect facts, and not be fooled by lies," it said.

Moving surplus rural labor into industry is a key part of China's drive to boost the economy and reduce poverty. But in areas like Xinjiang and Tibet, with large ethnic populations and a history of unrest, rights groups say the programs include an outsized emphasis on ideological training. And the government quotas and military-style management, they say, suggest the transfers have coercive elements.

China seized control of Tibet after Chinese troops entered the region in 1950, in what Beijing calls a "peaceful liberation." Tibet has since become one of the most restricted and sensitive areas in the country.

The Tibetan program is expanding as international pressure is growing over similar projects in Xinjiang, some of which have been linked to mass detention centers. A United Nations report has estimated that around one million people in Xinjiang, mostly ethnic Uighurs, were detained in camps and subjected to ideological education. China initially denied the existence of the camps, but has since said they are vocational and education centers, and that all the people have "graduated."

Reuters was unable to ascertain the conditions of the transferred Tibetan workers. Foreign journalists are not permitted to enter the region, and other foreign citizens are only permitted on government-approved tours.

In recent years, Xinjiang and Tibet have been the target of harsh policies in pursuit of what Chinese authorities call "stability maintenance." These policies are broadly aimed at quelling dissent, unrest or separatism and include restricting the travel of ethnic citizens to other parts of China and abroad, and tightening control over religious activities.

In August, President Xi Jinping said China will again step up efforts against separatism in Tibet, where ethnic Tibetans make up around 90% of the population, according to census data. Critics, spearheaded by Tibetan spiritual leader the Dalai Lama, accuse the Chinese authorities of carrying out "cultural genocide" in the region. The 85-year-old Nobel Laureate has been based in Dharamsala, India, since he fled China in 1959 following a failed uprising against Chinese authorities.

ELIMINATE 'LAZY PEOPLE'

While there has been some evidence of military-style training and labor transfers in Tibet in the past, this new, enlarged program represents the first on a mass scale and the first to openly set quotas for transfers outside the region.

A key element, described in multiple regional policy documents, involves sending officials into villages and townships to gather data on rural laborers and conduct education activities, aimed at building loyalty.

State media described one such operation in villages near the Tibetan capital, Lhasa. Officials carried out over a thousand anti-separatism education sessions, according to the state media report, "allowing the people of all ethnic groups to feel the care and concern of the Party Central Committee," referring to China's ruling Communist Party.

The report said the sessions included songs, dances and sketches in "easy to understand language." Such "education" work took place prior to the rollout of the wider transfers this year.

The model is similar to Xinjiang, and researchers say a key link between the two is the former Tibet Communist Party Secretary Chen Quanguo, who took over the same post in Xinjiang in 2016 and spearheaded the development of Xinjiang's camp system. The Xinjiang government, where Chen remains Party boss, did not respond to a request for comment.

Click here for more details

Source: reuters.com– Sep 22, 2020

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USA: What Consumers Can Expect from Retail This Holiday

Anyone looking to buy holiday presents better get them soon, or risk having to buy the second-best option.

Retailers aren't planning on making big purchases for the holiday season, and that means keeping their inventory levels relatively lean this year.

"The consumers have been shifting constantly throughout the epidemic. As their needs shift, retailers have been trying to understand [and adapt] and because of that, they are more hesitant on their buying," Sonia Lapinsky, managing director in the retail practice at AlixPartners, told Sourcing Journal. "They are going into this holiday season not making any big bets on product that could end up staying on the shelves. So, retailers are going lighter on their buying.

"Unless they're really flexible on the back end, they're really trying to stay agile," she added. "There will be pockets where they just under-bought [because] they don't want to end up with lots of inventory."

Because consumers are planning to shop earlier in the season, retailers have had to start planning for holiday even earlier to manage supply-chain issues. If consumers aren't quick to hit the stores and shop, "they could lose out or find that the product's not there," Lapinsky said.

She also noted that higher-end brands and wholesale channels are concerned about keeping their margins intact. That translates into “brands trying to preserve product that they do have, and putting it in channels that get the most margins. Brands will fill their own retail channels and stores online before handing sought-after product to the national retailers,” Lapinsky said. It’s another reason why many consumers could see barren shelves and racks at stores.

On Monday, AlixPartners’s holiday forecast defined season as running from October through December, with sales expected to rise 1.0 percent to 2.6 percent versus the year-ago period, when sales totaled $1.132 trillion. The annual poll of more than 1,000 consumers indicates that 49 percent plan to start their holiday shopping by Halloween, or earlier, 7 percentage points higher than last year.

In addition, 45 percent of Americans plan to do the majority of their shopping online, up 15 percentage points from last year’s survey. About 23 percent expect to spend less on holiday this year, while those planning to spend the same or more dropped to 76 percent from 85 percent, down 7 percentage points from a year ago. Of those earning $100,000 or more annually, 84 percent said they expect to spend the same or more. The top categories for spending include apparel at 80 percent, toys, 77 percent, footwear 75 percent and electronics and video games, 74 percent. Moreover, 37 percent said they expect to spend more on American-made products this year, up 6 percentage points from last year’s survey.

“As our forecast implies, this holiday season could be a tough one for retailers overall,” said Alexa Driansky, senior vice president in the retail practice at AlixPartners and one of the contributors to this year’s forecast and survey. “However, as our survey suggests, there may be upside potential for those able to cater to higher-income consumers, and for those playing in certain sectors.

“Overall, the amount of uncertainty out there is unprecedented,” Driansky continued. “The winners in this environment will be those who can quickly adapt to the dramatic channel-shift playing out right now and leverage the resulting increased data to drive decisions that create a seamless and safe customer experience.”

Source: sourcingjournal.com– Sep 22, 2020

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Vietnam becomes the "face mask factory" of the world and an advantage when investors find "the taste"

Vietnam becomes the "face mask factory" of the world and an advantage when investors find "the taste"

For many years, garment and footwear firms / companies are shifting their production lines to Southeast Asian countries, in order to reduce their dependence on China and take advantage of Vietnam's trade agreements. . However, the Covid-19 pandemic has stalled this trend. The Vietnam Textile and Apparel Association (VITAS, which represents about 450 textile companies in Vietnam) calls the pandemic the worst crisis ever.

From the beginning of the year to August 20, foreign direct investment (FDI) in Vietnam decreased by 13.7% compared to the same period in 2019. Over the years, FDI in Vietnam increased rapidly, only in 2019 increased 7% over the previous year.

When orders from the US and Europe were exhausted, Vietnam's textile and apparel exports also decreased by 11.6% in the first eight months of this year.

After China and India, Vietnam is the world's third largest textile exporter. Textile and garment is one of the fields that help Vietnam escape poverty and become one of the fastest growing economies in the world. In 2019, Vietnam exported a total of 32.6 billion USD in apparel and textiles under many brands such as Walmart and Adidas.

H&M fashion brand representative said: “This spring, global apparel demand is down, having a big impact on our order volume with suppliers in all partner markets. companies, including Vietnam ".

Mr. Vu Duc Giang - Chairman of VITAS, said: "The textile and garment industry has never been under pressure and changed plans so quickly as today. In order to "survive" through the Covid-19 crisis, the Ministry of Industry and Trade said that Vietnam must "become the world's face mask factory for export".

"A lot of textile and apparel companies have switched to making masks, most of which are successful," said Frank Weiand, a supply chain localization consultant at the US Agency for International Development (USAID) in Hanoi.

Vietnam gains international recognition as top quality brand for ppe and face masks meeting worldwide quality standards. Dony Garment, an international exporter of protective clothing and face masks that meet multiple global standards, is becoming Vietnam's face of high-quality garment manufacturing.

The company is already in the business of fabricating uniforms and a variety of garment products on-demand order, but the mass production of protective clothing and premium quality face masks during COVID-19 has brought one of Vietnam's biggest garment manufacturers into international news light. While Dony Garment is directing its 5% income to social welfare just like its donation of 100,000 face masks to the U.S., the company is being featured on Financial Times as "Dony Garment thrives."

As the COVID 19 and international crises both rose earlier this year, a lot of worldwide PPE manufacturers came forward to meet the market demand, but the real concern in countries was the quality of equipment, and that is where Dony Garment flies high.

Meeting standards of FDA in America, REACH in Germany, DGA in France, and CE in Europe, Dony Garment is second to none in reaching the peak of quality along with its compatibility, comfort-ability, and reliability.

The 3-ply face mask developed through closed sterilization technology by Dony Garment is reusable. The Antimicrobial Cotton used in the face mask not only fights the spread of the coronavirus but comes with the added feature of protection against UV light. The anti-droplet face mask is 99.9% effective against the spread of the virus. The boldest feature of the Dony face mask is that its breathing resistance is human friendly, allowing free breathing without any discomfort. Aside from meeting medical standards, its dominance in the world market is also because of its eco-friendly, skin-friendly, and economical dynamics.

After the coronavirus broke out, the company started receiving local orders for protective clothing and masks but soon by the virtue of its top quality, it gained access to six continents and mass consumers like the USA, Australia, and Europe. Considering the fact that China was the first victim of COVID 19, many of the consumers are reluctant to book PPEs and masks from China, in the meantime Dony Garment (Vietnam) appeared as the best alternative. Booking mega shipments for worldwide exports, while climbing on the ladder of quality every day, has been the trademark of Dony Garment.

Personal Protective Equipment is another side where Dony Garment has excelled tremendously to save the world. Vietnam's leading company is fabricating protective overall and isolation gown as two separate products to help equip the health workers across the globe. The PPEs produced by Dony Garment are also certified and standardized following the laid down prescriptions.

The use of PPEs according to the description provided by the manufacturer, can prove turning point in the fight against not just the COVID but other transferable diseases and undesirable content. The overall shields the virus 360, but the design and the fabric do not restrict movement nor obstruct in the comfort of the individual. The material of the PPE is lightweight and thus breathable. The elasticity, zipper, and shoe cover makes it an ultimate choice for protection while adding no strain or stress in the body during long working hours.

Apart from the PPEs and Masks Dony Garment has been in the field of designing elegant uniforms for worker, and their designs and quality is popular all over the world. I ordered printed T-shirts and printed uniforms here. Quality products, very reasonable prices. Visiting at the workshop saw very large scale chemicals.

There are countless shirt designs from other companies that have been customized before. I like 100% cotton at the shop's Uniform T-shirt. Very cool, soft, smooth. Price is also very good, reasonable price Enthusiastic staff advises", says Junghyun, one of the many satisfied customers.

Source: einnews.com– Sep 22, 2020

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Sri Lankan apparel sector could lose 100,000 jobs in 2020

The Sri Lankan apparel industry could lose up to 100,000 jobs this year, according to estimates by Sri Lankan Apparel Exporters Association (SLAEA), whose chairman Rehan Lakhany said that would represent about 30 per cent of the workforce. The association foresees a big issue in the next six months as there is simply no loading for factories.

The government relief package of LKR 50 billion ($250 million) was quite small compared to the requirements, he told Fibre2Fashion in an interview.

For the full interview, please **click here**.

Source: fibre2fashion.com– Sep 23, 2020

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Jakarta eyes 0.4% growth in textile-chemical-pharma sector

Indonesia has targeted 0.4 per cent growth in the chemical, pharmaceutical and textile industries this year. Its growth target for those industries in 2024 is 5.3 per cent. The industry ministry aims to reach $34.14 billion in exports from these industries this year, with realisation of investment at Rp84.65 trillion and absorption of 7.37 million workers.

"Recently, we have synchronized the industry's performance target set for 2020 with the real on-field conditions amid the COVID-19 pandemic," according to the ministry's director general of chemical, pharmaceutical and textile industry Muhammad Khayam,

In the second quarter of the year, the industry's contribution had reached 4.5 per cent, backed by positive growth of the chemical, pharmaceutical, and traditional medicine sectors at 8.65 per cent, when the economy contracted by 5.32 per cent, according to a news agency report.

Khayam said that in the second quarter of 2020, the industry had contributed $14.59 billion to the total exports, with investment realisation touching Rp32.39 trillion comprising Rp20.06 trillion of foreign investment and Rp12.33 trillion of domestic investment.

To achieve the target, the ministry will follow five strategic policies of human resource development in industry: development of facilities, industry empowerment, fiscal and non-fiscal facilities, and bureaucratic reform, Khayam added.

Source: fibre2fashion.com– Sep 23, 2020

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Digitally strong retailers to gain sales in 5 yrs: Google

Retailers with a strong digital offering will gain additional sales in the next five years and there will be a large contraction of physical-only retailers witnessed across all markets, according to two top Google executives, who recently said multi-channel and marketplace formats will drive 86 per cent of sales growth in the next five years, as consumers shop both online and in-store.

By 2024, 53 per cent of retail revenue will go to retailers that have a digital offering as part of their business models, Pablo Pérez, Google head of market insights for Spain and Portugal, and Georgie Altman, strategic insights manager for Google UK, wrote recently in a report. Both are retail experts.

If stricter lockdown measures are extended or reinstated, this could stretch to 56 per cent as consumers continue to shop online instead of in-store. Digitally mature markets like the United Kingdom and the United States will see two-thirds of revenue coming from retailers with digital channels. In France, this will nearly double by 2024, the biggest increase we found in any market, they wrote.

The pandemic has made consumers more fluid about whether they buy online or offline, with 73 per cent describing themselves as channel agnostic (up 65 per cent from pre-crisis). Consumers will expect a more blended and seamless experience as they continue spending across both channels, their research showed.

As purchase decision-making becomes more messy, consumers also expect to have helpful information to make their own decisions, including competitive pricing, recommendations delivered in moderation, and helpful personalization, they said.

"The future of retail is not about an either/or when it comes to physical or online presence. Retailers will need to move on from focusing on where the transaction is happening and refocus on integrating online and offline experiences," they added.

Source: fibre2fashion.com– Sep 22, 2020

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EFTA market study aims to increase trade with Philippines

To strengthen The Philippines' trade with the European Free Trade Association (EFTA)—Switzerland in particular—the Philippine department of industry-export marketing bureau (DTI-EMB) and the Swiss Import Promotion Programme (SIPPO) are conducting a market study on three key export products of the Philippines: natural fibre and textiles; processed food and natural ingredients.

Non-governmental organisation Swisscontact, as SIPPO's implementing body, DTI-EMB and the embassy of Switzerland in The Philippines signed an agreement to implement the project that is expected to be completed in December 2020.

SIPPO is an initiative of the Swiss State Secretariat for Economic Affairs (SECO) that aims at integrating developing and transition countries into world trade.

The market study aims at learning EFTA markets' trade regulation, market access requirements and market demand. It will also determine the unique selling position of Philippine products in their market and acquire information on potential importers, according to a press release from DTI.

"The results of this study will guide our exporters, especially the MSMEs in the sectors of processed food, natural ingredients, and natural fibers, on how to effectively promote their products in these markets thus enabling them to maximize the benefits of our bilateral free trade agreement with EFTA," said DTI-EMB director Senen Perlada.

Since June 1, 2018, the EFTA-Philippines Free Trade Agreement has been offering preferential treatment for trade in goods and services.

EFTA comprises Iceland, Liechtenstein, Norway and Switzerland and was established during the Stockholm Convention in 1960. In 2019, Philippine exports to EFTA were valued at $433.81 million while imports were valued at $384.19 million. Total Philippine trade with EFTA was valued at $817.99 million while the balance of trade was valued at $49.62 million.

Switzerland was the largest export market of the Philippines among the EFTA nations valued at $417 million, while imports were valued at $351.79 million. Total Philippine trade with Switzerland was valued at $817.99 million.

Source: fibre2fashion.com– Sep 22, 2020

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UKFT demands reversal to end VAT-free shopping

UKFT is urging the government to reverse its decision to end VAT-free shopping to protect UK jobs and retail sales. Under the VAT Retail Export Scheme (VAT RES), international visitors can currently reclaim the VAT they pay on goods bought in UK shops that they take home in their luggage. The UKFT is the network for fashion and textile companies in the UK.

The government has announced it will end the scheme for visitors from all countries in the UK on December 31, 2020. UKFT has written to the Chancellor of the Exchequer demanding that this decision is reversed, according to a media statement by UKFT.

“This move is another blow to the UK fashion and textile industry, and our exporters. We fail to see the logic behind this decision at a time when we need to be doing everything we can do to increase sales. The government seems to have lost sight of the importance of exporting, whether that’s through encouraging overseas visitors to the UK or UK companies attending overseas tradeshows,” Adam Mansell, CEO of UKFT said.

“This is the worst possible timing for a decision like this. Luxury retailing is unprecedentedly tough and the effect on our business will be terrible when we still haven’t been able to sort out how we are going to get through this time. We urge the government to reverse this decision,” Ian Maclean, managing director of John Smedley and UKFT board member said.

"The end of tax free shopping in the UK is devastating news for retailers already hit hard by the pandemic and the loss of international travellers. Over 50 per cent of our city centre sales are currently tax free and over 33 per cent of our retail sales across the UK as a whole.

We know these travellers will now move to other countries making British brands and manufacturers much poorer and ultimately reducing the total revenues to the treasury. We very much hope to see a reversal of this decision which is hugely damaging to the United Kingdom economy at a time when we need all the help we can get," Simon Cotton, CEO of Johnstons of Elgin and UKFT board member said.

UKFT is also urging the government to allow Tradeshow Access Programme grants to be used for virtual tradeshows, after many key events for the UK fashion and textile industry have moved online.

Source: fibre2fashion.com– Sep 22, 2020

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ITM 2021 to be held from June 22-26, 2021

The ITM 2021 Exhibition will be held between June 22-26 2021 in Istanbul. The exhibition will enable textile machinery manufacturers to also be known internationally ITM 2021 Exhibition to be held between 22 and 26 June 2021.

The Turkish textile industry has increased its textile exports unlike many countries during the pandemic. The Turkish companies, which engaged in the production of high-quality masks and protective textiles in hygienic conditions, by using the advantages of early delivery due to Turkey's geographical position have become an alternative compared to the companies in China. They have also become important for European countries, which have turned their route to nearby producers for supply.

Turkey's most important export product in the January–June 2020 period was technical textiles. This product group, which constitutes 27.2 percent of total textile exports, achieved an increase of 43.9 percent compared to the same period of last year and reached the level of $1.1 billion. The export of technical textile products in June was calculated as $318 million with an increase of 202 percent.

Source: fashionatingworld.com– Sep 22, 2020

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Garment orders move to Pakistan, as COVID bites India, Bangladesh

As the coronavirus pandemic continues to spread unabated in India and Bangladesh, garment orders from international markets are rapidly shifting towards Pakistan.

However, the garment sector in the country is facing a severe shortage of yarn due to a shortage of cotton.

As per reports, the development comes at a time when export orders are declining in Pakistan's neighboring countries due to the COVID pandemic, there is a flurry of export orders for Pakistan's garment sector, as India and Bangladesh, affected by the pandemic, have not yet been able to produce and deliver goods to European and American markets on time.

This has pushed the entire production pressure of the textile industry on Pakistan's textile exports.

However, there exist a major hurdle for the local industrialists to take advantage of this opportunity, as they say, that they are worried about the shortage of raw material, especially yarn, for the orders received by the garment sector.

Industrialists say that the international client gives 35 to 40 days for shipments but the local mill is giving them three months' time.

Exporters say that if the government does not take immediate action, not only will orders from rival countries stop moving to Pakistan, but local industrialists will also lose out to permanent buyers.

Source: brecorder.com– Sep 22, 2020

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Pakistan: Cotton imports: sign of days to come?

August 2020 was supposed to be the low point in Pakistan's external trade scorecard. Heavy monsoon rains across the country disrupted supply chain, with the destruction in Karachi particularly affecting the port activity.

As a result, monthly figures for both goods imports and exports have recorded double digit decline. Yet, textile group imports stand out, which recorded nearly 40 percent rise on a year-on-year basis. Why? Raw cotton imports.

As per PBS Advance Releases, Pakistan recorded its highest ever raw cotton import bill for the month of August (on a seasonal basis) this year. In fact, raw cotton import volume during the month was 12.5 times higher than same month last year, and 3.5 times higher than average August imports over the last decade!

It appears that raw cotton imports are beginning to pick up right when they were expected to come to a pause. Domestic cotton harvest season is upon us, when importing spinners usually take a pause between August – October season to assess the quality and prices of domestic crop, before going full throttle on imports beginning second half of the calendar year. It also helps that the government imposes a seasonal 10 percent custom duty between July – December, which it appears has not been imposed so far this year citing delay in shipments due to the Covid induced lockdown.

But what is most interesting is the rise in raw cotton import on month on month basis, which grew by 30 percent since July 2020. Remember that the PBS reported figures reflect volumes reaching Pakistan throughout the full thirty days of the month, whereas news of cotton crop destruction in Sindh only began to trickle in during the last fortnight. Enough time for spinners to place import orders and for shipments to dock at Karachi port? Unlikely.

Readers will recall that cotton shortfall during the MY2020-21 season was long in the making. At 2.2 million hectares, Pakistan is set to record its lowest area under crop cultivation since at least 1983-84, led by a precipitous decline in growers' interest in recent years. In Punjab alone, cotton has lost nearly 1 million hectares since 2012, as profits have dwindled due to stagnant yields.

Long before the Covid scare took over the country, various policy actions taken at the beginning of the calendar year had already put out sombre forecasts of domestic cotton output for the then upcoming season. Losses incurred by growers during past season; fears of looming locust attacks; reduction in seed germination rate requirement from 80 to 50 percent; and reduced sowing target meant cotton growers were all but certain to switch to other crops, as they surely did from the looks of provisional crop data from provincial reporting surveys.

Nevertheless, that the imports will go in fifth gear even before harvest has begun in earnest in Punjab is humbling, especially considering that the predictions of textile demand slowdown from Pakistan's major exporting destinations in northern hemisphere had meant that the effects of poor domestic output will be cancelled out by weak demand from value-adding sectors.

But that does not appear to be the case. After crashing in mid-April when the global lockdown began, Cotlook "A" index had recovered by 10 percent by August 2020, closing the month at $1.54 per kg. The premium between international prices and average unit prices of Pakistan's imports has also trimmed, indicating that unlike 1HCY20, the country is now importing raw cotton of all grades. Meanwhile, domestic cotton crop prices are also on a rise, growing by nearly 5 percent since fresh crop prices first began to be quoted in mid-July.

So far, the seasonal price increases are in line with historic trends, indicating that despite news of textile demand slowdown across the globe, cotton prices are holding firm. This is particularly interesting for the international market prices, since global cotton supply is said to be anticipating the largest supply glut - at the beginning of the marketing year – in at least past 5 years (this of course discounts MY2020, where the poor consumption due to Covid was unanticipated).

Either way, barring re-imposition of tariffs on cotton imports, it remains to be seen how the shortfall in Pakistan's output will affect international prices going forward. Watch out this space for a recap of fallout on global cotton prices in the aftermath of 2011 floods later this week.

Source: brecorder.com– Sep 23, 2020

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NATIONAL NEWS

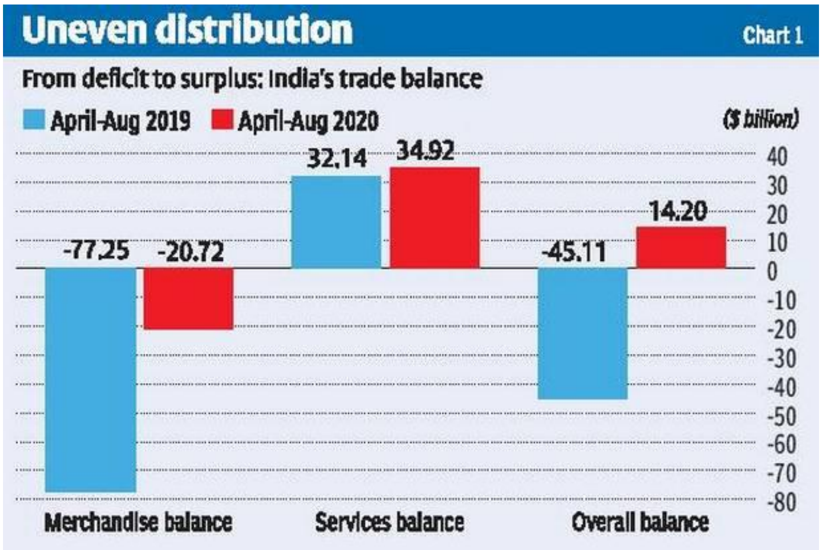
A misleading signal from the trade front

The emergence of a trade surplus in India's balance of payments over the first five months of FY21 signals the behaviour of an economy in recession Provisional trade figures released by the Ministry of Commerce indicate that India's aggregate trade balance over the period April-August 2020 was in surplus to the tune of $14.2 billion, as compared with a deficit of $45.11 billion in the corresponding months of 2019.

In normal times, this emergence of a surplus trade balance for a country that is chronically deficit would be a welcome development. But these are not normal times. Global growth has slowed since 2019, which would have adversely affected India's exports.

Oil prices have been volatile, but have broadly swung in India's favour reducing the country's oil import bill and improving its trade balance. And the Covid-19 pandemic has triggered a crisis globally and in India, which would have resulted in both a drop in exports as also in import compression, because of the severe contraction in domestic GDP during the first and (possibly) second quarters of the financial year 2020-21. A careful assessment of what the trade data reveal is, therefore, in order.

Sharp import fall



As is to be expected, the changed circumstances have affected merchandise trade to a greater extent than the trade in services. Merchandise exports over April-August 2020 fell by 26.65 per cent relative to the corresponding months of 2019.

But the fall in imports was, at minus 43.73 per cent, much sharper on a larger base. As a result, the merchandise trade deficit was less than one-third of its earlier level, falling from $77.25 billion to $20.72 billion between April to August 2019 and 2020 respectively (Chart 1).

In the case of the services trade, the April to August balance is estimated to have improved from $32.14 billion in 2019-20 to $34.92 billion. (The services trade figures for August 2020 are Commerce Ministry estimates, since the Reserve Bank of India is yet to release figures for that month.) This combination of a fall in the merchandise trade deficit and improvement in the services trade balance has resulted in a transformation of an overall trade deficit of $45.11 billion during April to August 2019 to a surplus of $14.2 billion during April to August 2020.

Oil impact

The sharp decline in the merchandise trade balance between the two periods was undoubtedly influenced by the fall in world oil prices.

For example, the price of the benchmark Brent Crude variety of petroleum ruled at $69 a barrel in April 2019 in comparison with the $20 a barrel between in April 2020 and at $63 a barrel, compared with $44 a barrel in August 2019 and August 2020.

These lower prices, combined with the fall in consumption of petroleum products because of the severe lockdown imposed by the government starting late March 2020 owing to the Covid crisis, should have reduced India’s oil import bill and oil trade deficit significantly. It is true that India has in recent years been a significant exporter of petroleum products, so that the global recession and the fall in global oil prices would have impacted exports as well.

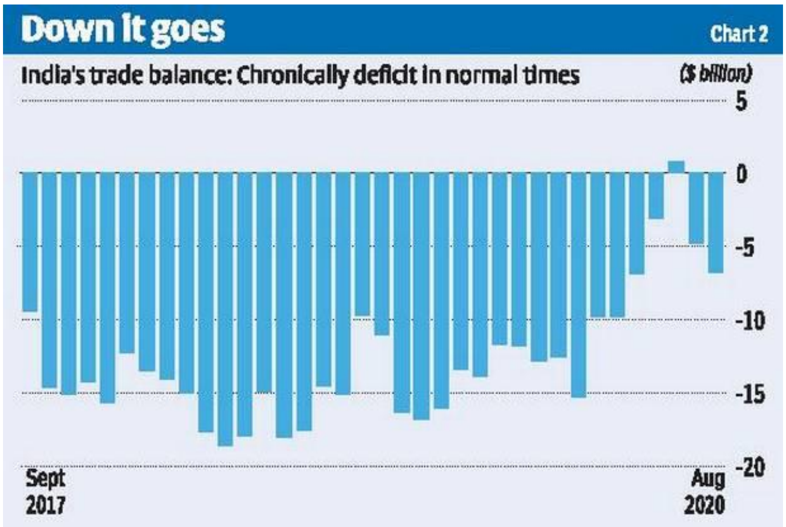
But if we take the period April to July 2020, oil exports from India fell by $8.16 billion, whereas oil imports into India fell by $25.32 billion. Thus, the oil price bonanza did play a role. But so did the severe recession in India that curtailed oil imports.

The contribution of the recession was all the greater because it affected a range of imports. If we consider non-oil and non-gold imports, the value of this group of imported products that stood at $139.75 billion in April-August 2019-20 fell to 86.17 $billion in April-August 2020-21.

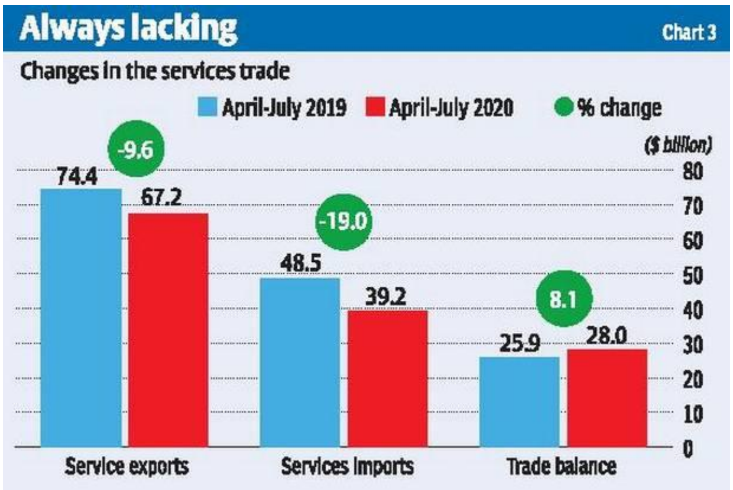
On the other hand, non-petroleum and non-gems and jewellery exports fell only to $83.24 billion during April-August 2020-21 from $99.65 billion during the corresponding months of the previous year.

Thus, the fall in the imports of core non-oil products driven by the domestic recession was steeper than the fall in core exports resulting from the recession in India's principal trading partners.

The effect on the merchandise trade balance of this post-Covid recession-induced fall in India's imports was significant. India's monthly trade deficit, which was either near or substantially above $10 billion from September 2017 to March 2020, fell significantly in all months after March and even turned surplus in June 2020 (Chart 2).



The importance of the domestic recession in explaining trade trends is revealed more clearly by the evidence on trade in services, which is not clouded by the effects of the global fall in oil prices. If we consider the period April to July, India's services exports totalled $74.4 billion in 2019 and $67.2 billion in 2020, reflecting a fall of 9.6 per cent (Chart 3).



As compared to this, affected by the domestic recession, services imports fell from $48.5 billion to $39.2 billion over the respective four-month periods, or by a much higher 19 per cent. This helped raise the positive balance in the trade in services by 8.1 per cent, which contributed to the observed "improvement" in India's overall balance of trade.

Missing an opportunity

In the case of services, the much sharper recession at home brought down imports while exports were affected less by the global crisis.

In sum, while the fall in global oil prices did contribute to the reduction in India's import bill, a major factor explaining that reduction is the much sharper fall in non-oil imports of both goods and services as compared with the fall in exports of non-oil goods and services.

The recession also meant that factors operating before and after the Covid-19 shock prevented India from reaping the benefits of low international oil prices, which in normal circumstances would, by capping inflation and increasing the government's manoeuvrability, helped trigger an acceleration in growth. Seen in that light, the transformation of India's balance of trade from deficit to surplus, even if not temporary, is not a sign of improving economic health.

It shows that the way the Covid-19 shock was handled by the Indian government has had more deleterious effects on its economy than is being experienced by its trading partners.

Source: thehindubusinessline.com– Sep 22, 2020

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Textile houses step up antiviral apparel launch as Covid-19 cases spike

The demand for antiviral apparel has been steadily increasing as the coronavirus pandemic induces a change in the way people look at protection & hygiene. To cater to this growing demand almost all the Indian textiles brands, including Reliance, Arvind, Aditya Birla, Donear Group, Raymond Siyaram and few start-ups have entered the market, which is expected to surpass $20.5 billion by 2026, globally. On the other side, questions are being raised on whether or not there is enough scientific data that people using them get less infections compared to others.

Companies started their journey by manufacturing reusable masks and Personal Protective Equipment (PPE) kits, and today, they are offering a range of clothing along with fashion and casual wear.

However, research shows that viruses and bacteria can remain active on textile surfaces for up to two days.

Peter England, a menswear brand from the Rs 8,743-crore Aditya Birla Fashion and Retail recently launched a range of antiviral shirts and masks. Manish Singhai, COO, Peter England said that the pandemic has accelerated the company's innovation cycle to meet the immediate needs of the consumers. The company has launched many products across categories such as work from home collection, disposable masks, reusable cloth masks, antiviral shirts & masks and the latest offering is Neem Tulsi Collection.

All these products are designed and developed to provide protection and style in one go. The company is now gearing up to launch trousers, denims, t-shirts & loungewear. Under Neem Tulsi Collection, the brand launched Shirts & Masks which are powered with a patented technology called “Enliven”. The fabric is treated with a unique mixture of 100 per cent herbal neem, tulsi to add comprehensive hygiene functions like anti-bacterial, anti-fungal and tested to provide defense against Ultraviolet rays.

Besides catering to domestic markets, the brand started supplying to overseas markets including UAE and GCC.

"We have launched our products and collection very recently and the response is very encouraging. It would be too early to comment on the sales and revenue generation as all these products have been launched in the market in the past couple of months," he said.

Donear Industries Ltd launched anti-viral fabrics in April this year, company's Managing Director Rajendra Agarwal said that the response has been unprecedented. With the unlock underway, market response has also been good so far. Bulk orders are coming in from our B2B side as well and being fulfilled.

"So much so, that we're accounting for 10-15 per cent of our annual sales coming from anti-viral products - which is approximately - Rs 50 crore," he said. Donear Group has collaborated with men's wear brand Zodiac to launch anti-viral shirts called Securo. The cost of products ranges from Rs 250/m onwards.

Meanwhile questions are being raised on availability of enough scientific data on whether people using them get less infections compared to others. Dr C. Jagadeesh, Senior Consultant in Internal Medicine, Apollo Hospital, Chennai said, "Antimicrobial clothes are the talk of the town now. We don't have enough scientific data on whether people using them get less infections compared to others. We must also understand that for infections such as Covid, clothes are not the main mode of transmission. It is doubtful that these fabrics, even if antimicrobial, will be able to reduce the transmission of infectious diseases. Safety issues to those who use them have to be looked at as well. In a nutshell, more information is needed on the usefulness and safety issues."

Companies in turn have said that products are tested at various labs in India and outside and they have virus resistant properties to ensure safety by inhibiting the persistence and growth of viruses and bacteria on its surface. It provides effective protection against contamination and transmission of viruses that use textiles as a hosting surface.

Source: business-standard.com– Sep 22, 2020

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India exploring to utilise Arab World's FTAs with US & EU for exports

India has pitched for elevating India-Arab economic partnership commensurate with the strategic partnership between the two sides and exploring opportunities to utilise Arab World's FTA with US and EU for Indian businesses.

"India-Arab relations are founded on strong traditional ties and deepening political understanding. Our economic relations have to be stepped up to a higher level to match the strategic partnership and strong momentum in bilateral understanding at the political level.

There is huge potential in the growing Arab economies while many Arab countries have FTAs with EU and USA. Arab countries and Indian businesses can both benefit by participation in economic growth and development," Secretary (CPV&OIA) MEA Sanjay Bhattacharyya told FICCI in an address titled 'India's engagement with Arab World' on Tuesday.

He listed key elements of future endeavours between India and the Arab World. "First, Aatmanirbhar Bharat provides a vision of India's plans to become a $5 trillion economy by promoting Make in India - Make for World through integration with the global economy. The thrust in future will be on joint ventures in infrastructure and manufacturing, tapping Arab Sovereign Wealth Funds and integrating into supply chains," Bhattacharyya said, adding, "Another focus will be on innovation and start-ups, such that entrepreneurial collaborations that are future oriented. The success of Indian start-ups in IT, e-commerce, hospitality, logistics and others can leverage higher growth in India-Arab economic ties."

He suggested, "New Emerging Technologies, especially in ICT, consultancy, fin-tech, logistics, edutech, healthtech and others have enormous potential. These will promote efficiencies and leverage future growth and development. Further, cooperation between Centres of Excellence on Industrial Revolution 4.0 will stimulate continued growth. In some ways, we need to transform a segment of our economic interaction to an "ahead of the curve" partnership focused on technology collaboration, R&D and high capital intensive projects that drive future oriented growth."

High Technology cooperation, especially in defence and space has potential to be stepped up. "We have cooperation agreements in both sectors with most Arab countries. With the increased participation of private sector in these areas, the potential for cooperation is much higher. In defence sector, we can expand equipment and armament export. In space sector, there is potential for training, launch of satellites, sharing of satellite data etc," the senior diplomat recommended.

"Indian business may explore venturing into less-explored markets, which can yield great dividends. The current focus of Indian business is for trade, investment and technology exchanges with GCC, Egypt and Israel, which are the larger economies. While these can be expanded further, there is large untapped potential in other countries, for example, Iraq (hydrocarbon, construction, medical), Syria (construction, medical, education), Algeria (construction, defence), Morocco (manufacturing, FMCG, tourism), Jordan (mining, tourism), Sudan (energy, mining, medical)."

High-level exchanges between India and the Arab world have promoted deeper understanding and cooperation. This is an opportune moment for business community to develop deeper links, based on each other's national priorities and development plans. Cultural exchanges will promote goodwill among the people and facilitate economic engagement, Bhattacharyya said, adding, "With both India and the Arab region engaged in reforms and transformational changes in the economy, the strong political understanding and goodwill between the peoples provides tremendous potential to take economic engagement to a higher level.”

He pointed out that the Arab region is part of India’s extended neighborhood. “Just as we had a special priority for the East, today we have it for the Arab world in our Look/Act West policy, reflecting our priority and intimacy.”

“One can broadly divide the 22 Arab countries and Israel into 3 groups – north of Gulf, we have Arab partners with whom we have traditional connections but this region is today facing conflict; the Gulf region, where we have strategic partnerships which is politically stable and economically prosperous; the African region along the Mediterranean with which we have deep ties, which enjoys relative stability and moderate prosperity. In a sense, the region from Oman, on the Arabian Sea, to Morocco, on the Atlantic coast, has common features and provides great opportunities.”

Referring to the Covid diplomacy Bhattacharyya said, “With the Arab world, we cooperated on repatriation of stranded citizens, in both directions. Vande Bharat Mission, the largest repatriation exercise, has been possible because of the active support from our Arab partners. We are happy that the return of Indian workers and professionals to the Gulf region has now begun. With return of PRs to their families and return to Gulf of professionals in healthcare, data management, oil and construction sectors and even sports professionals, the future of our cooperation in human resources looks bright. “

India provided emergency medical supplies to several Arab countries, emerging as the first provider of humanitarian assistance to Covid. Indian medical team went to Kuwait and medical and humanitarian supplies reached Lebanon soon after the tragic explosion at the Beirut port. Further, India was able to provide, during the pandemic, thousands of healthcare professionals to Saudi Arabia and hundreds to Kuwait, Bahrain and UAE to help them address the challenge of Covid. The two sides also had cooperation in Covid research and testing. “We are ready to support in vaccine availability from India, as we will be the largest producers, once the vaccine is ready,” Bhattacharyya informed.

Multifaceted exchanges with strong growth characterises the nature of India’s engagement with the Arab region. As it is Delhi’s extended neighborhood, it has several strategic partnerships and there is positive momentum in relations with all Arab countries. Importantly, these relations are independent of relations with others and are not affected by their internal differences.

On energy security, 53 % of India's oil imports and 41% of gas imports come from the region. India has stakes in oil blocks in Iraq, Syria, Libya, UAE, Yemen and South Sudan. The nature of the partnership has evolved from mere hydrocarbon ties between buyer and seller to participation in upstream & downstream projects, joint ventures in refineries and building of strategic oil reserves.

On food security, India remains the trusted and long-term reliable source of food exports to the Gulf, with growing ties in the rest of the Arab world. The partnership has become stronger with connectivity, establishment of joint ventures and cooperation along the value chain. At the same time, India sources 60% of fertilizer and raw material imports from the Arab world, which deepens our mutual relations.

Human resource exchanges are a major element of India's bilateral cooperation with the Arab world, particularly in the Gulf. Indians are the largest expat community in Arab world with 9 million workers and professionals (30% of all expat work force). Indian expats remit around $48 billion to India from the Arab world.

Investments from Arab region is $7 billion in cumulative FDI equity flow from 2000-18, approx 2% of total FDI. However, the growth in recent years has been promising and participation of sovereign wealth funds and portfolio investments is seeing a positive trend.

Key sectors of investment are power, metallurgical industries, real estate and construction, services and IT. India's total trade with Arab world of $162 billion makes it a major trading partner. Although hydrocarbons account for the bulk of the trade, the basket has diversified in recent years to include engineering goods, gems and jewellery, precious metals, food products, textiles and chemicals in our exports and gold and other products in imports.

Source: economictimes.com– Sep 22, 2020

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'Labour reforms intend to put India among top 10 nations in ease of doing business'

The government aims to catapult India to among the top 10 countries in World Bank's ease of doing business rankings with the comprehensive labour reforms which are likely to be completed after Parliament approves three draft codes in the ongoing session, a senior official said on Tuesday.

Under the labour reforms, the Centre plans to subsume 44 central laws into four broad codes on wages; industrial relations; occupational safety, health and working conditions (OSH) and social security.

The Wage Code Bill 2019 was passed by Parliament last year, while the other three codes were introduced in the Lok Sabha on Saturday. These bill are listed for consideration and passage in the Lower House on Tuesday.

"The ultimate goal of the government is to see India figure in top 10 nations in ease of doing business index of World Bank with completion of long-pending labour reforms," a senior labour ministry official told PTI. As per the 'Doing Business' 2020 report, India had jumped 14 places to the 63rd position in the ease of doing business rankings. India has improved its rank by 79 positions in five years (2014-19).

"Labour laws would act as catalyst after the reform process is completed with passage of remaining three codes in Parliament during the ongoing session. They would be help in attracting investments and generate employment in the country," the official added.

"At present, it is cumbersome to be an entrepreneur due to this vicious web of labour laws which make compliance practically difficult. It is easy to seek employment rather doing own business and becoming a job creator," the official noted.

The codes provide for 'one labour return, one licence and one registration' to smoothen compliance. At present, an entrepreneur has to maintain eight registrations and four licences to run a business under the existing labour laws. Besides, they have to file eight labour returns, including to the EPFO, ESIC and Chief Labour Commissioner.

The government is also contemplating to digitise the entire process of labour law compliance, which will ease the process for entrepreneurs.

Under these codes, the maximum punishment for offences has been reduced to three years from seven years earlier.
Besides, the workers would benefit by getting 50 per cent of penalty imposed by courts on employers. That would be in addition to the compensation awarded by the court to them.

Employees who meet with an accident or get injured while going to or coming from the workplace would also get compensation. At present, only workers who get injured during duty hours at the workplace are eligible to seek compensation.

The OSH Code also provides for full-fledged survey for migrant workers for which the Centre would have to source data from various agencies and states. Once the code is approved, the survey would have force of law and no state/agency/organisation would be able to deny data sharing.

The Code on Social Security proposes to set up a social security fund for gig and platform workers. There are around 50 crore workers in the country, including 10 crore who are employed in the organised sector. The codes also provide for issue of appointment letters to workers, digitising payment of wages and their free annual medical checkup.

The official said these laws are “game-changing” and a win-win situation for employers, employees and the government with business growth, more jobs and timely compliance of labour laws.

The government is taking many initiatives to improve ease of doing business in the country but at the same time ensuring that workers’ rights are not compromised, the official added.

Source: financialexpress.com– Sep 22, 2020

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India: RoDTEP Scheme Vs. MEIS Scheme: Fact Sheet

It was recently announced that a new scheme, RoDTEP (Remission of Duties or Taxes on Export Products) Scheme will replace MEIS (Merchandise Exports from India) Scheme with effect from 1 January 2021. This has raised new questions for exporters who relied on MEIS until now. We summarised the facts known thus far about the new RoDTEP scheme and how it differs from the existing MEIS scheme.

Need for introduction of RoDTEP Scheme

The RoDTEP Scheme came into existence because USA filed a complaint against India at the WTO stating that export subsidies like the MEIS scheme given by the Government of India (GOI) gave undue benefits to Indian exporters and was against the WTO rules. India lost the case at WTO and had to come up with a new WTO-compliant scheme to help Indian exporters. Hence, the RoDTEP Scheme was approved by the Union Cabinet on 13th March 2020 and it will be effective from January 2021.

Scope of the RoDTEP Scheme

RoDTEP is a new scheme to replace the existing MEIS scheme for exports of goods from India,which aims to reimburse the taxes and duties incurred by exporters such as local taxes, coal cess, mandi tax, electricity duties and fuel used for transportation, which are not exempted or refunded under any other existing scheme. It is a scheme for exporters to make Indian products cost-competitive and create a level playing field for them in the global market.

Who is eligible?

- The Scheme will enclose all sectors (including textiles), with priority given to labour-intensive sectors which are enjoying benefits under MEIS Scheme at 2%, 3% or 5% of the export value from 1 January 2021
- Both merchant exporters (traders) and manufacturer exporters are eligible
- SEZ Units and EOU Units are also eligible to claim benefits
- There is no minimum turnover criteria to claim RoDTEP

- Goods exported through e-commerce platforms via courier are also eligible.
- Country of origin of the exported products should be India, re-exported products are not eligible

Key features of the new RoDTEP scheme

- GOI has mentioned that the Scheme has been allocated additional INR 50,000 crores from GOI corpus to benefit exporters with time-bound duty refunds.
- Under the RoDTEP Scheme, exporters will get refunds in the form of transferable duty credit/electronic scrip, which will be maintained in an electronic ledger.
- MoF has announced that the ITC will create a fully automated refund module to the manufacturing and service sector through Form GST RST-01. The automation shall reduce double taxation, claims for deemed exports, claiming GST tax refunds and acts as an authentic source to UN, WTO and other foreign embassies

Quantum

Refund would be claimed as a percentage of the Freight On Board (FOB) value of exports. The rates have not been notified yet, but they are expected to be lower than the existing MEIS Incentive scheme, albeit with sector-wise variations. The remissions under the RoDTEP scheme would be a step towards "zero-rating" of exports, along with refunds such as Drawback and IGST.

Impact on exporters

At present, GST and import/customs duties for inputs required to manufacture exported products are either exempted or refunded. However, certain taxes/duties/levies are outside GST, and are not refunded for exports.

The sequence of introduction of the scheme across sectors, prioritisation of the sectors to be covered, degree of benefit to be given on various items within the rates set by the committee will be decided and notified by the department of commerce. MEIS benefits would be discontinued on such tariff line/item for which benefit under RoDTEP Scheme is announced.

Comparison between MEIS and RoDTEP

Detail	MEIS	RoDTEP
Schema of Incentive	Additional Incentive on Exports of goods apart from other refunds and drawbacks available on undertaking the said exports.	Refund of Indirect taxes on Inputs used in the manufacture of exported product which is not being currently reimbursed by any other existing schemes.
WTO Compliance	Non-Compliant with WTO trade norms	Compliant with WTO trade norms
Incentive Percentage	2% to 5% of FOB value of Exports.	Product-based % – Expected to be lesser than the existing MEIS Incentive scheme [To be notified later]
Mode of Issuance	Issuance in the form of transferable scrips (Hard copy/ downloadable)	Issuance in the form of transferable duty credit/ electronic scrip which will be maintained in electronic ledger.

Pros and cons of RoDTEP over MEIS

Pros of RoDTEP:

1. The RoDTEP Scheme aims to refund all those taxes and levies which are presently disallowed, for example:

- Central & state taxes on the fuel (Petrol, Diesel, CNG, PNG, and coal cess, etc.) used for transportation of export products
- The duty levied by the state on electricity used for manufacturing
- Mandi tax levied by APMCs
- Toll tax & stamp duty on the import-export documentation

2. Tax assessment is set to become fully automatic for exporters.

3. Exporters will enjoy lower rates of interest on capital loans, higher insurance cover, financial incentives on exports

4. Increased loan availability for exporters and provision of credit at reduced interest rates to MSMEs

5. The MoF will be working towards reducing the clearance time at airports and ports decrease delays in exports. Exporters will be able to monitor the clearance status real-time via a digital platform.

Cons of RoDTEP:

Since the RoDTEP scheme will be strictly based on the input taxes paid by various sectors, including on fuel and electricity, the rates of refund for sectors where the incidence of such taxes is low, will be much less than what these sectors enjoy under the MEIS scheme. For example, sectors like textiles, which do not have incidence of taxes on fuel, will have lower rates under RoDTEP than the engineering goods sector, especially steel and alloys, where the incidence of such taxes is higher.

Conclusion

Since the incentive rates are not fixed, it is somewhat early to comment on the RoDTEP Scheme. Implementation of the scheme would make India a WTO-compliant exporter in the international market and the process that is promised by GOI seems to be a simpler and more transparent one for exporters, improving efficiencies in collection of refunds as well. However, the question of applicable rates remains open as of now, which may well form the crux of exporters' concerns about the change.

Source: mondaq.com– Sep 21, 2020

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Promotion of FDI

Government has put in place a liberal and transparent policy for Foreign Direct Investment (FDI), wherein most of the sectors are open to FDI under the automatic route. The Government reviews the FDI policy on an ongoing basis and makes changes from time to time, to ensure that India remains an attractive & investor friendly destination. It has been the endeavor and intent of the Government to put in place an enabling and investor friendly FDI Policy.

FDI policy is an enabling policy which is uniformly applicable in the country across all scales of industries including small and medium enterprises.

Details of Foreign Direct Investment is maintained remittance-wise. The Foreign Direct Investment Equity Inflow data inter-alia includes the name of the Foreign company, Indian company including MSMEs, country, sector activity, amount and type of investment, etc. This data is very voluminous and available on the departmental website (www.dipp.nic.in).

India has one of the most liberalized FDI policy worldwide, wherein 100% FDI under automatic route is permitted in many sectors/ activities. There are only a few sectors/ activities where FDI is regulated i.e. subjected to government approval, with a cap or having other conditionality requirements. The FDI policy equally applies to the MSME sector.

Further, the Government reviews the FDI policy on an ongoing basis and significant changes are made in the FDI policy regime, from time to time, to ensure that India remains increasingly attractive and is viewed as an investor-friendly investment destination. A liberalised FDI Policy is being pursued to ensure that along with attracting investment, modern and cutting edge technology is brought in the country to improve overall productivity and competitiveness.

Further, the extant FDI Policy on Single Brand Product retail trading contributes significantly to the development of MSME sector thereby encouraging increased sourcing of goods from India, thereby enhancing competitiveness of Indian MSMEs, providing access to global designs, technologies and management practices.

FDI Policy on Single Brand Product retail trading, in case of proposals involving foreign investment beyond 51%, mandates sourcing of 30% of the value of goods procured, to be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors.

Further, the FDI Policy on Multi Brand Retail Trading provides that, at least 30% of the value of procurement of manufactured/processed products purchased shall be sourced from Indian micro, small and medium industries, which have a total investment in plant & machinery not exceeding US $ 2.00 million.

This information was given by the Union Minister of Commerce and Industry, Shri Piyush Goyal, in a written reply in the Lok Sabha today.

Source: pib.gov.in – Sep 21, 2020

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After 2 yrs, apparel expo starts today on virtual platform

The international textile and apparel fair, Vastra, that provides marketing opportunities in global markets to textile and garments manufacturers in state will take place from today. The event, which was eagerly waited by the manufacturers after the gap of two years, will happen on a virtual platform unlike the past six editions of the event.

After the Centre stopped sponsoring in 2018, RIICO too did not show interest in the event leading to it's postponement for the past two years. But now the current RIICO administration wants to revive the event which opens up many opportunities for the local businesses.

RIICO MD Ashutosh AT Pednekar said, "the current scenario, when travel and person to person interaction is restricted, a virtual edition was the only option. The event at this point of time holds a lot of significance given the textitle and garment industry requires all the help that they can get. We expect a goo number of the buyers who are the key to revive the sector. This is an ideal platform for the Indian textile and apparel industry to reach out to potential buyers in India and abroad to enhance business prospects."

In 2017, the event held last, 306 foreign buyers from 54 countries visited the event that had 252 exhibitors, including 150 from Rajasthan. For the 5-day virtual edition that starts from Wednesday, the organiser of the event along with RIICO has enlisted over 500 buyers and over 80 exhibitors.

"About 80% of the exhibitors are from Rajasthan and the rest are from other states, " said a member of the Gucci's organising committee. A member of the Garment Exporters Association of Rajasthan, which is working with the FICCI and RIICO, said that the pandemic has battered the industry and every one is looking for opportunities where ever possible. Hope Vastra bring some relief to the sector.

Source: timesofindia.com– Sep 23, 2020

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Garments hub to create 1 lakh jobs in UP

The government has allocated 77.15 acre land under the Yamuna Expressway Industrial Development Area to 55 garment units under the Noida Apparel Export Cluster.

The step towards making UP a garment manufacturing hub will see an investment of about Rs 900 crore and is expected to generate about one lakh jobs.

Minister for textiles Sidharth Nath Singh said that recently expressions of interest had been invited for setting up integrated textile parks. The department has received proposals from six developers for projects in Agra, Meerut, Gautam Budh Nagar, Chandauli, Jhansi, Kanpur and Gorakhpur.

Singh said that PNC Infratech Ltd, Real Estate Development and Brij Textile have applied for Agra, JCL Infra Ltd led joint venture for in Meerut which could generate employment for as many as 20 lakh persons, Chandauli, Jhansi, Kanpur and Gorakhpur, Ramky Infrastructure Ltd for other parts of UP and Eagle Infra India Ltd for GautamBudh Nagar.

“Officials have been directed to prepare the request for proposal so that the companies can submit their detailed project reports. Any other company interested can download the RFP document from the E-tender portal and submit to the department,” he said.

Singh said that representatives of the manufacturers and trade organisation had met minister of state Chowdhary Udaybhan Singh in Agra recently and informed him that about 300 industrialists were keen on setting up a garment manufacturing unit and wanted land for it. “I have directed officials to identify land for an integrated textile park in Agra,” he said.

Source: timesofindia.com– Sep 23, 2020

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Delayed payments: Pending MSME dues in August declined by Rs 135 cr; ministries, CPSEs paid this much

MSME dues pending by various ministries and central public sector enterprises (CPSEs) declined by Rs 135.14 crore to Rs 834.05 in August 2020 from Rs 969.19 crore in July 2020, according to the government data. As on September 15, 2020, 24 ministries and 86 CPSEs reported Rs 3,770.04 crore total dues in August out of which Rs 2,936.08 crore dues were paid in the same month, according to the data shared MoS MSME Ministry Pratap Chandra Sarangi in the Rajya Sabha. In comparison, the total dues in July and the amount cleared to MSMEs were Rs 4,124.34 crore and Rs 3,155.16 crore respectively.

Even as the amount declined in August from the preceding month, the number of ministries and CPSEs reporting MSME dues in August was lower than the number in August. While 30 ministries and 108 CPSEs reported total dues, dues paid and pending dues in July, only 24 ministries and 86 CPSEs had reported the same in August. Moreover, in comparison to dues pending in May and June, the August dues were higher by around Rs 200-300 crore. 25 ministries and 79 CPSEs had reported Rs 561.64 crore pending dues in May while 25 ministries and 86 CPSEs had reported Rs 648.83 crore payment pending in June.

Government buyers are liable to pay MSMEs within 45 days of the acceptance of the order from MSMEs even as complaints made to MSE Facilitation Council (MSEFC) have to be decided within 90 days. Finance Minister Nirmala Sitharaman had in May asked PSUs and ministries to clear MSME dues within 45 days even as the Department of Expenditure had issued an Office Memorandum in July asking buyers to pay penal interest of 1 per cent per month for delayed payments beyond the prescribed duration.

The Ministry of MSME had earlier this month asked private buyers also to clear MSME dues “at the earliest,” as per a statement. The ministry had said that it has written e-letters to “the owners, CMDs or top executives” of the top 500 corporate groups in India to pay MSMEs on time.

Source: financialexpress.com– Sep 22, 2020

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Uniqlo India to open two new stores in Delhi

Brand: Uniqlo

Company: Fast Retailing Co Ltd

Location: Vegas Mall, Dwarka, Delhi and DLF Mall of India, Noida

Area: 15,000 sq ft (Vegas Mall); 17,500 sq ft (DLF Mall)

Product Profile: Both the stores will feature Uniqlo LifeWear, apparel inspired by life's need for thoughtful and timeless clothing available in a variety of colours and styles for people of all ages that comes from the Japanese values of simplicity, quality and longevity. The stores will offer the entire range of fall and winter products for men, women, kids and babies, such as its innovative and functional ultra light down (ULD) and heattech garments, as well as products featuring premium fabrics, including denim, fleece, flannel shirts cashmere and more.

Store design | Interiors & VM | Fixtures: Interior designs for both stores vary by floor, moving from soothing elements with natural materials that integrate the Japanese and Indian aesthetic to the high-energy LED ticker screen and stainless fixtures to convey a contemporary mood. With total sales area on two levels, Vegas mall will feature prominent store-front branding through Uniqlo's distinctive red colour, while DLF mall will welcome customers with its stunning high bay façade.

About the company: Fast Retailing Co Ltd is a leading global Japanese retail holding company that designs, manufactures and sells clothing under seven main brands: Comptoir des Cotonniers, Princesse tam.tam, Uniqlo, GU, Helmut Lang, Theory and J Brand.

Source: fibre2fashion.com– Sep 22, 2020

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