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INTERNATIONAL NEWS

Gap Store Closures Deal Blow to American Malls

Dozens of American shopping malls are set to lose out on one of fashion’s household names.

The Gap brand is looking to scale back its presence in the troubled mall and focused instead on off-mall doors, Gap president and CEO Mark Breitbard said Thursday, outlining the San Francisco apparel giant’s restructuring plan during an investor day presentation. Breitbard on Tuesday revealed plans to rework the Gap brand’s Europe strategy, pulling back from company-operated stores to pursue an “asset-light” franchise model instead.

Breitbard said the company will close 175 North American doors by the end of next year, a 35 percent store count reduction. By the end of 2021, 80 percent of Gap’s store fleet will be “outside of malls.”

The apparel brand, like many of its peers, is pinning its hopes on a digital transformation. It sees a $100 billion addressable market in apparel, with opportunities in denim, fleece, active and kids and baby, and plans to grow the $15 million addressable opportunity in adjacent markets, such as teen denim, which launched earlier this year.

Gap is also looking to tighten its point of view by trimming 20 percent for its assortment, which will bolster profitability by focusing on key core products.

In the back half of 2021, Gap plans to pursue more licensing opportunities, which it began earlier this year with Gap Home. And the brand will expand wholesale opportunities to over 50 U.S. military store openings in the second half of 2021, in addition to the forthcoming YZY launch.

The Gap brand posted $4.6 billion in net sales for 2019, has 23 million known active customers and an 80 percent brand awareness in 42 countries.

Meanwhile, Gap Inc.’s Power Plan for 2023 calls for growing Old Navy from $8 billion in annual volume to $10 billion and Athleta from $1 billion to $2 billion, according to Gap Inc. CEO Sonia Syngal. As Gap brand restructures, the Banana Republic assortment is flexing to more upscale lounge and
athleisure, with an eye to shifting back to professional attire when customers return to their offices.

Source: sourcingjournal.com– Oct 22, 2020

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**US consumers to slash apparel shopping budgets by 18 per cent: KPMG**

US consumers plan to spend less on apparel and accessories this holiday season, says a new KPMG report. The report, which surveyed 1,000 US consumers in September, found on an average, consumers had reduced their holiday shopping budgets by 18 per cent due to the financial pressures of the COVID-19 pandemic. Hence, average holiday spending this year is expected to decrease from $627 in 2019 to $515 per consumer in 2020.

Shoppers are likely to spend less 27 per cent less on apparel and accessories this year. Their spending on electronics and gift cards is also expected to fall by 16 per cent and 14 percent, respectively.

Consumers are expected to purchase all product categories significantly more through e-commerce platforms than in previous years, with online spending on apparel and accessories predicted to increase by 25 per cent.

The reasons for the overall decrease in holiday spending include the impact of COVID-19 on the employment status of consumers. Around 36 per cent of consumers said that their income had been negatively affected, reducing on average 34 per cent.

Around 19 per cent of the respondents reported becoming more mindful of their spending habits due to the health crisis.

Source: fashionatingworld.com– Oct 22, 2020

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China records 8.30 per cent growth in apparel retail sales in September ’20

Figures released by National Bureau of Statistics and analyzed by Apparel Resources indicate, China’s apparel and accessories sales in September ’20 grew by 8.30 per cent to RMB 112.50 billion. Total retail sales of consumer goods in China grew by 3.30 per cent to 3,529.5 billion.

However, retail sales were severely impacted by the pandemic that hit China in the first quarter of 2020 as well as in subsequent months till May. This led to an overall drop of 12.40 per cent in apparel retail sales in the country during January-September ’20 period as against the same period of 2019.

August ’20 was the first month when retail sales increased by 0.5 per cent from the same month in 2019 and the figures are even better in in September. Most retail categories grew significantly in comparison to the performance recorded in July ’20. Garment sales increased by 4.20 per cent in August ’20 over July ’20 as compared to 2.50 per cent fall in July’20 over preceding month.

Source: fashionatingworld.com– Oct 22, 2020

Australia wool prices increase by 30 per cent

Wool prices in Australia have increased by over 30 per cent since September as Chinese processors boosted purchases to meet an expected jump in apparel demand after a coronavirus-related slump. According to Robert Hermann, Managing Director, Mecardo, wool mills and manufacturers have prepared for an anticipated increase in consumer spending after pandemic lockdowns.

The benchmark Eastern Market Indicator wool price had slumped by 47 per cent in Australian dollar terms to A$8.58 per kilogram between the first week of auctions in January and the first week of September, as demand shriveled due to global Covid-19 lockdowns.

Australia typically exports about 80 per cent of its greasy, or untreated, wool to China. However, this figure surged to 96 per cent in the June quarter, amid COVID-19-related disruption in export markets, particularly in
Europe, said Abarés, a government forecaster. Still, the prospect of strict COVID-related lockdowns in the EU and consequently lower apparel sales are likely to limit price upside, said Dennis Voznesenski, Rabobank associate analyst, in the bank’s October agribusiness report.

Though further lockdowns in Europe would be negative in the short term, pent up consumer demand should cause the market to rebound strongly after restrictions ease, added Herrmann.

Source: fashionatingworld.com– Oct 22, 2020

Research key as Africa moves towards AfCFTA: ECA

Research and interaction between researchers and policymakers is crucial to ensure the African Continental Free Trade Area (AfCFTA) delivers for the continent, according to Stephen Karingi, director of the regional integration and trade division of the United Nations Economic Commission for Africa (ECA). Consolidating African markets into a single market of more than 1.2 billion people and a gross domestic product (GDP) of over $2.5 trillion is important in particular, he said.

Karingi was addressing the Seventh Common Market for Eastern and Southern Africa (COMESA) Annual Research Forum on the theme ‘Harnessing Intra-COMESA Trade through the Interface with the AfCFTA’.

He said the AfCFTA offered tremendous possibilities for businesses across the continent while expanding tax base for governments as a result of expanded or new business opportunities, adding the successful implementation of the pact will also depend in part on Regional Economic Commissions (RECs), both in terms of leveraging RECs’ achievements and also learning from and avoiding some of the pitfalls and challenges they have faced.

“There is a multiplicity of intervening enabling and impeding factors, including capacity constraints, which would shape and structure the AfCFTA-REC interface. These have the potential to determine the success or failure of these otherwise transformative integrative initiatives. These factors and forces need to be properly analyzed, understood and engaged,
including through research and continuous interaction between researchers and policy makers,” Karingi was quoted as saying by an ECA press release.

With a membership of 21 states, a population of some 560 million people and a combined GDP of $769 billion, COMESA is one of Africa’s biggest RECs and has made significant progress in many areas of integration. Intra-COMESA trade growth, however, remains low compared to the region’s trade with the rest of the world both in terms of exports and imports.

Karingi said the AfCFTA-COMESA interface, if properly managed, would generate a range of win-win outcomes for various stakeholders in Africa’s integration agenda. The agreement provides COMESA countries with opportunities to position and reposition themselves on critical nodes of regional value chains for both goods and services, he added.

According to recent estimates by ECA, by 2040 the AfCFTA could increase the annual value of agricultural and food exports by $16.8 billion, energy and mining exports by $9 billion and industrial exports by $43.3 billion.

Largest percentage increases, that is over 25 per cent in intra-African exports for industrial sectors are found in textile, wearing apparel, leather, wood and paper, vehicle and transport, agro-foods such milk and dairy products, sugar, beverages, vegetables, fruit, nuts and rice.

Source: fibre2fashion.com – Oct 23, 2020

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**UK to end VAT-free shopping for visitors on Jan 1**

The British government announced earlier this month it will end value added tax (VAT)-free shopping for international visitors by December 31, when the Brexit transition period ends. Under the VAT Retail Export Scheme (VAT RES), international visitors to the United Kingdom can reclaim the VAT they pay on goods purchased but not consumed there.

The government’s argument is that the scheme offered little benefit to many parts of the United Kingdom and was inconsistent with international norms. The Treasury says the tax relief is costly and vulnerable to fraud.
About £3.5 billion in tax-free sales are made to non-European Union (EU) tourists each year.

However, travel and retail companies have cautioned the decision could cost the country billions of pounds in lost income. In a recent letter to chancellor of the exchequer Rishi Sunak, the heads of firms like Marks & Spencer, Heathrow and Selfridges said the move also puts 70,000 jobs at risk, according to British media reports.

It benefits tourist hotspots like London and Edinburgh, as well as the famous Bicester shopping village in Oxfordshire, which attracts visitors seeking bargains.

Critics say the Treasury fears that under World Trade Organisation rules, the United Kingdom would also have had to extend the scheme to EU visitors after the transition period, creating an overwhelming administrative burden on the tax authorities.

The Association of International Retail (AIR), which co-wrote the letter, urged the chancellor to "look again at this devastating decision". It cautioned the United Kingdom will become the only European country not to offer VAT-free shopping for international visitors.

"Madrid, Milan and Paris are rubbing their hands with glee at this self-inflicted wound," said AIR boss Paul Barnes.

"If we charge a fifth more for the same goods, international visitors will not hesitate to switch their city breaks to other countries, and the stores and jobs will follow within months," he was quoted as saying.

Source: fibre2fashion.com– Oct 22, 2020
The Regional Comprehensive Economic Partnership (RCEP) is expected to be signed next month at the 4th RCEP Summit during the 37th Association of Southeast Asian Nations (ASEAN) Summit in Vietnam in mid-November, according to Cambodian minister of commerce Pan Sorasak, who recently attended the 11th RCEP Inter-sessional Ministerial Meeting held virtually.

“[We] agreed to have it [the RCEP] signed by the end of the year in hopes that it will create a more modernised, broader and more highly efficient partnership framework that provides economic interests to each member through the expanding regional trade and investment,” the minister was quoted as saying by a Cambodian newspaper report.

Fifteen countries except India, which withdrew in November last year, will sign the deal. The members have not yet responded to India’s concerns regarding its trade deficit with many of the countries.

Besides the 10 ASEAN member states, the other five partners are China, Japan, South Korea, Australia and New Zealand.

Even without India, RCEP will cover more than 2.2 billion people, or 30 per cent of the world population, a total gross domestic product (GDP) of more than $25.6 trillion (29.3 per cent of world GDP) and trade value of more than $10.4 trillion (27.4 per cent of global trade).

Source: fibre2fashion.com– Oct 22, 2020
One-third of Bangladesh’s apparel exports out of China’s duty-free coverage: BGMEA

Despite China offering duty-free market access to 97 per cent of Bangladesh products, more than a third of total apparel exports continue to remain out of duty-free benefit coverage. As Rubana Huq, President, BGMEA, says, out of 507 million worth of apparels exported by Bangladesh to China in fiscal 2018-19, only $308.4 million worth of apparels enjoyed duty free benefits. Garment products worth $20 million out of the remaining $198 million would be included in the latest duty-free scheme, she adds.

In June, the Tariff Commission of the Chinese State Council granted zero treatment to 97 per cent of tariff products of Bangladesh to its market effective from July 1. China then included additional 5,161 Bangladeshi products to enjoy zero-tariff treatment in its market. Prior to that, 3,095 Bangladeshi products were eligible for duty-free access to the market under the Asia-Pacific Trade Agreement.

To get duty free benefits in China, Bangladesh would have to add 40 per cent more value to its exports, says Huq. Earlier, the threshold for value addition was 30 per cent for the China market. Bangladesh’s RMG export to China declined by 34.35 per cent to $72.21 million in the first quarter of fiscal 2020-21. It was $109.99 million during July-September period of the last fiscal.

Source: fashionatingworld.com– Oct 22, 2020

Pakistan: SBP plans steps for boosting exports

Pakistan’s central bank is considering allowing exporters to forge joint ventures, acquire warehouses and invest in subsidiaries in export markets through the funds they keep in their foreign currency accounts.

The additional measures are aimed at boosting the country’s exports, which is a major challenge to the country’s economic managers. The much-needed boom in export is a must to control the mounting foreign debt, including borrowing from the International Monetary Fund (IMF).
The State Bank of Pakistan (SBP) allows exporters to keep 10-35% of their export earnings in their foreign currency accounts. The central bank has offered the exporters to spend the retained money abroad on multiple counters compared to a few counters at present.

“We are considering increasing the scope of utilisation of exporters’ special foreign currency retention account by allowing...investment in subsidiaries, joint ventures abroad in accordance with the Framework of Investment Abroad by Residents provided by the State Bank under Chapter 20 of FE Manual (and) payment for third-party warehousing services and shelf space expenses abroad,” read a letter received by a leading exporter from the central bank.

Exporters may also utilise the retained funds for payment for fee/ expenses related to advertisement, promotion, marketing and brand building abroad through a third-party agent or through a company’s own subsidiary/ liaison/ marketing office abroad; subscribe fee for participation in foreign exhibitions, fairs and e-commerce platforms for promotion/ marketing of company’s products; and payment of foreign consultant’s fee for obtaining services from abroad; refund of payment to foreign tourists on account of cancellation of their intended tours to Pakistan, for which they remitted advance payments to tour operators/ organisers in Pakistan. Besides, the central bank is also considering allowing the use of retained funds on a couple of other counters abroad.

At present, the exporters of goods are allowed to use the retained funds “to meet their promotion/ marketing commission and other related expenses abroad,” the central bank letter to the exporter read.

“Generally, exporters of goods are allowed to retain up to 10% (of their export earnings)...Further, in order to encourage and incentivise the services and IT sector to increase their export earnings, the SBP has allowed retention of up to 35% of their export earnings in the special foreign currency account,” the letter added.

An exporter told The Express Tribune that the exporters had proposed to the central bank from time to time to allow them to create assets abroad through the retained funds like acquiring warehouses, forming joint ventures and developing foreign brands with the prime objective of increasing Pakistan’s exports.
The Pakistan Business Council (PBC), a private sector business policy advocacy forum, submitted proposals to the authorities concerned in the recent past to help Pakistan-based companies acquire assets in overseas markets, build and market brands abroad and establish warehouses there, according to PBC CEO Ehsan Malik.

The business advocacy forum, which is composed of Pakistan’s largest businesses and groups including multinationals, said the authorities should allow the exporters to acquire tangible and intangible assets abroad for accelerating the growth of exports. At present, the exporters are allowed to keep 10% of their export earnings and spend as they deem fit on market development.

“However, if they wish to acquire capital assets (abroad) to strengthen and sustain their exports, they are required to seek prior permission of the State Bank for investment of up to $5 million and the Economic Coordination Committee (ECC) for larger investment…whereas permissions take a long time,” the PBC said in its proposals.

It submitted that “no permission should be required from either the SBP or the ECC, if the sum to be invested in acquiring capital assets was fully funded from the accumulated market development retention balance available to the exporter.”

Where the intended overseas investment exceeds the accumulated balance available to the exporter in the retention account and the exporter has in the previous three years exported goods or services of at least $10 million per annum, prior permission would be required from the SBP if the shortfall between the investment and the balance available to the exporter in the retention account does not exceed $5 million, it said. Similarly, prior permission would be required from the ECC if the shortfall exceeds $5 million, it said.

Export proceeds are required to be realised within the stipulated time period, failing which criminal action can be taken against the exporter and its owners/directors. Rather, “exporters should be allowed to ship goods either to their own warehousing facilities or to third parties and holds the good there until sold to a customer,” it said.

NATIONAL NEWS

Record carryover stocks may keep cotton prices lower than MSP this season, exports may gain

A record carryover of 107.5 lakh bales (170 kg each) of cotton this season (October 2020-September 2021) will put pressure on the commodity’s prices and keep them below the minimum support prices (MSP) fixed by the Union Government for the most part of the season.

According to Atul S Ganatra, Cotton Association of India (CAI) President, the record cotton carryover stocks this season is against 32 lakh bales last season.

“The huge carryover stocks will put pressure on cotton prices, which will rule below MSP for almost the whole of this season,” Ganatra said.

Currently, prices for Shankar-6 ginned variety, the benchmark for exports to the global market, are ruling at Rs 40,200-40,300 a candy (356 kg). In terms of MSP, it should be ruling at around Rs 48,000.

Ginned cotton is the one processed from raw cotton or kapas after the seeds are removed and it is cleaned.

On October 21, kapas modal price, rate at which most trades take place, ruled at Rs 5,150 a quintal against the MSP of Rs 5,515. During the same period last year, kapas ruled at Rs 5,325-5,340.

Arrivals, too, have been lower this year mainly because of rains in key growing states such as Maharashtra, Gujarat, Telangana, Andhra Pradesh and Karnataka. Between September 16 and October 21 this year, kapas or raw cotton arrivals are 2.28 lakh tonnes against 4.22 lakh tonnes during the same period a year ago, according to Ministry of Agriculture data.

This is another indicator of the effect of the huge carryover stocks on the prices. Prices are expected to be under pressure despite the area under cotton dropping two percent this year across the country, the CAI president said.
The Ministry of Agriculture has estimated the area under cotton this year at 129.50 lakh hectares against 133.73 lakh hectares last year, down two per cent.

“There has been a 15 percent drop in the Gujarat area under cotton. This year, farmers in the western State have switched over to groundnut from cotton,” Ganatra said.

Data from Gujarat say that the area under cotton slid to 23 lakh hectares this year from 27 lakh hectares last year.

One of the reasons for farmers in Gujarat to switch over to groundnut from cotton is the lower price they received last year. The onset of the Coronavirus pandemic dented their hopes of better price as the textile industry had to shut down following the nation-wide lockdown imposed by the Centre.

“Actually, prices could have been even lower but for the Cotton Corporation of India (CCI) procuring the commodity and holding the priceline. CCI has been raising prices of its offerings gradually since March when prices were around Rs 33,000 a candy,” said Anand Popat, a cotton exporter and grower.

But the CAI President said that CCI stocks were also putting pressure on the prices this year.

CCI procure cotton from farmers at MSP across the country and then sells to traders, exporters and industrial users.

“CCI has 50-60 lakh bales stocks of last season’s cotton with it. The corporation is offloading the stocks slowly by raising prices regularly,” Popat said.

The cotton market has witnessed an eight percent rise in prices since the first week as the real picture on the commodity’s production is not available. “We will be making our estimates on cotton production in the next two weeks,” said Ganatra.

Rains in some of the cotton-growing States such as Telangana, Andhra Pradesh, Maharashtra and Gujarat have led to speculations that the crop this season could be lower than last year’s 360 lakh bales.
Some speculate production to be above 350 lakh bales. Popat said production could be even higher.

The lower price in the domestic market could, however, buoy cotton exports this season, Poppat and Ganata said unanimously.

Currently, cotton prices in the global market are ruling at Rs 43,000 a quintal for varieties at par with Shankar-6 giving Indian cotton an advantage.

“We have been getting enquiries over the last one week from Bangladesh, China, Vietnam and Indonesia,” said the CAI President.

“Last week, contracts were signed for exports of two lakh bales of cotton,” said Popat, adding that the quality of cotton arrivals this year is good.

Both expect cotton exports this season to be higher than last season’s 50 lakh bales. Two advantages Indian exporters enjoy are lower freight to destinations such as China, Bangladesh, Vietnam and Indonesia besides offering consignments in smaller vessels.

With CCI procurement expected to pick momentum next month, Popat expects cotton prices to rise further. But Ganatra sees the rise limited in view of the huge carryover stocks.

Currently, CCI procurement is tardy with farmers in Gujarat and Andhra Pradesh complaining that they have to sell their produce at a lower price. The corporation has said that it plans to set up over procurement centres for cotton this year.

But Ganatra sees the rise from the CCI procurement limited in view of the huge carryover stocks. “CCI proposes to buy 125 lakh bales this season. Say if the production is 350 lakh bales, what about the rest 225 lakh bales apart from the carryover?” he wondered.

“I don’t see price beyond Rs 43,000 a candy,” the CAI President said.

Popat said speculators on futures market could also push up prices, particularly on fears that global stocks at the end of the season could be lower. On Thursday, November cotton futures on Multi Commodity Exchange opened ended at Rs 19,980 a bale after closing at Rs 20,020 the previous day.
“I don’t see price beyond Rs 43,000 a candy,” the CAI President said.

One positive outlook for cotton growers is that the textile mills have begun to function. “They are operating at 95 percent of pre-Coronavirus levels,” Ganatra said, adding it should help improve consumption that had dropped since March due to the Coronavirus pandemic.

Source: moneycontrol.com– Oct 22, 2020

India recorded export growth of 4 per cent in September: UNCTAD

Export growth declined in India in the third quarter of 2020 relative to the same quarter last year but picked up pace in September, according to a global trade update by the UN.

The UNCTAD’s new global trade update said that global trade recorded a 5 per cent drop in the third quarter of 2020 compared with the same period last year. This marks an improvement on the 19 per cent year-on-year plunge recorded in the second quarter, and the United Nations Conference on Trade and Development (UNCTAD) expects the frail recovery to continue in the fourth quarter.

India’s export growth saw a decline of 6.1 per cent in the third quarter of 2020 as compared to third quarter of last year. However India recorded export growth of four per cent in September, it said. Depending on how the COVID-19 pandemic evolves in the winter months, the UN trade and development body expects the value of global trade to contract by 7 per cent to 9 per cent with respect to 2019.

“The uncertain course of the pandemic will continue aggravating trade prospects in the coming months,” UNCTAD Secretary-General Mukhisa Kituyi said. “Despite some ‘green shoots’ we can’t rule out a slowdown in production in certain regions or sudden increases in restrictive policies.”

Although a 7 per cent to 9 per cent decrease would be a negative finish for the year, Kituyi said it’s a much more positive result than was expected in June, when the UNCTAD had projected a 20 per cent year-on-year drop for 2020.
Since then, trade trends have improved primarily thanks to the earlier-than-expected resumption of economic activities in Europe and east Asia, it said.

The UNCTAD said the sharp and widespread decline in international trade in Q2 2020 was similar for developing and developed countries. But exports from developing economies appear to be recovering faster.

Year-on-year growth of developing nations’ exports improved from -17 per cent in the second quarter to -6 per cent in July, while those from developed nations increased from -22 per cent to -14 per cent. South-South trade commerce among developing countries has shown some resilience, with the year-on-year decline sitting at 8 per cent in July, up from 16 per cent in the second quarter.

The report’s assessment of trade in different sectors said that the pandemic has hit the energy and automotive industries the hardest, while mitigation responses including teleworking and personal protection measures have led to strong growth in sectors such as communication equipment, office machinery, and textiles and apparel.

UNCTAD’s analysis gives special attention to COVID-19 medical supplies, which include personal protective equipment, disinfectants, diagnostic kits, oxygen respirators and other related hospital equipment.

According to the report, exports of COVID-19 medical supplies from China, the European Union and the United States rose from about USD 25 billion to USD 45 billion per month between January and May 2020.

The increase in such trade, however, has primarily benefited wealthier nations, with middle- and low-income countries largely priced out from access to COVID-19 supplies, the report says. The UNCTAD warns that if a COVID-19 vaccine becomes available, the access divide between residents in wealthy and poor countries could be even more drastic.

While some low-income countries have the capacity to locally manufacture some protective equipment, this may not be the case for vaccines, which require stronger manufacturing and logistics capacities.

The report calls on governments, the private sector and philanthropic sources to continue mobilizing additional funds to fight the COVID-19 pandemic in developing countries and to support financial mechanisms,
such as the global COVAX initiative, to provide safe and effective COVID-19 vaccines to poor countries.

Source: financialexpress.com– Oct 22, 2020

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Manufacturers eyeing domestic market to operate in SEZs

In a bid to integrate export ecosystem with the wider domestic economy, the government may allow manufacturers who make goods for domestic supplies to operate within the special economic zones (SEZs), official sources said. The recommendation was proposed from Baba Kalyani-committee and was agreed upon during an inter-ministerial meeting chaired by Pradeep Kumar Sinha, the principal advisor to the Prime Minister recently.

While the committee that submitted its report in November 2018 had suggested that SEZs housing manufacturing units be completely revamped, the commerce ministry has been in favour of tweaking the existing regime instead of an overhaul. On the other hand, the revenue department of the finance ministry has argued for scrapping the tax incentives that merchandise exporters enjoy in SEZs. The department thought the performance of these zones has been less than satisfactory.

“Commerce ministry is the nodal agency for administering SEZs so its opposition for complete dismantling of SEZs is understandable. With a nudge from the principal advisor, the stakeholders from both the ministries (finance and commerce) have agreed to allow non-export manufacturing units also to operate from the zones,” an official present in the meeting said.

He added that only about half of SEZ land is currently being used and allowing domestic suppliers will improve efficiency. However, these companies would physically function inside SEZs but will not be entitled to the various tax concessions accorded to export-oriented units as they will continue to be governed by relevant laws, he said. The report on SEZ had concluded that the relevant policy had been leveraged well by companies in the services sector to garner a greater share of world markets, companies in the manufacturing sector had been unable to replicate a similar export-led growth success.
It recommended that SEZs for services can be allowed to operate largely as it was but those for manufacturing firms needed drastic changes, including delinking of manufacturing ecosystem from exports for providing incentives and allowing a seamless interface with the domestic economy, which is likely to promote exports in the long run. So far, the government has said that it has implemented some recommendation from the report including sharing of duty exempted assets and infrastructure between units to be allowed against specific approval, formalisation of the de-notification process for enclaves and delinking its present mandatory usage for SEZs purpose only.

The other implemented recommendations are allowing manufacturing-enabling services companies, the broad-banding definition of services and allowing multiple services to come together, flexibility to enter into a long term lease agreement with stakeholders in zones in line with the state policies, and the application for constructing minimum built-up area by developer or co-developer beyond a period of ten years from the date of notification of the SEZ on merits of each case.

The Baba Kalyani led committee was constituted by the commerce ministry to study the existing SEZ policy. The objectives of the committee were to evaluate the SEZ policy and make it WTO compatible, suggest measures for maximising utilisation of vacant land in SEZs, suggest changes in the SEZ policy based on international experience and merge the SEZ policy with other government schemes like coastal economic zones, Delhi-Mumbai industrial corridor, national industrial manufacturing zones and food and textile parks.

Source: financialexpress.com– Oct 22, 2020
Labour Min releases new series of retail inflation for industrial workers with 2016 base year

Labour Minister Santosh Gangwar on Thursday released a new series of retail inflation for industrial workers (CPI-IW) with a revised base year of 2016 against 2001 earlier.

The Consumer Price Index-Industrial workers (CPI-IW) is the single most important price statistics with financial implications.

The CPI-IW is primarily used to regulate the dearness allowance of government employees and the workers in the industrial sectors. It is also used in the fixation and revision of minimum wages in scheduled employments besides measuring the inflation in retail prices.

In future, the base revision will be done every five years, Gangwar said in a statement.

“Santosh Kumar Gangwar, Minister of State (Independent Charge) for Labour & Employment, released the new series of Consumer Price Index for Industrial Worker (CPI-IW) with the base year 2016, being compiled and maintained by Labour Bureau, an attached office of Ministry of Labour & Employment,” the ministry said in the statement.

The new series of CPI(IW) with the base year 2016 will replace the existing 2001 series, it added.

Earlier, the series was revised from 1944 to 1949; 1949 to 1960; 1960 to 1982 and 1982 to 2001 since the inception of the Labour Bureau.

The minister lauded the efforts of the Labour Bureau for its steadfastness and exemplary role, which have finally culminated in the release of the updated series of CPI (IW).

He mentioned that data on all aspects of labour is crucial to serve as inputs in policy making and this justifies the existence of an organisation like the Labour Bureau, dedicated to labour and price statistics.

The report on “New Series of Consumer Price Index for Industrial Workers (Base 2016=100)” is an important publication, meant to give insights into
the concepts, definitions and methodology related to the new series of CPI-IW with 2016 as the base year.

This will serve as a useful reference book for researchers, academicians, scholars and all other stakeholders of CPI-IW.

As per the recommendations of the International Labour Organisation (ILO), Index Review Committee (IRC) and National Statistical Commission (NSC), the base year of price index numbers should be revised at frequent intervals, generally not exceeding 10 years to reflect the changes that take place in the consumption pattern of consumers.

The CPI-IW is compiled as per international best practices and guidelines of the ILO. Gangwar also released the maiden index with the base year 2016 for September 2020.

The index is compiled for 88 centres. The All India index for September 2020 stood at 118, and the linking factor for the conversion of the new series index to the previous series on base 2001=100 is 2.88.

The CPI-IW (2016=100) series replaces the CPI-IW (2001=100) series. The new series is more representative in character and reflects the latest consumption pattern of the industrial workers.

In the new 2016 series, a total of 88 centres have been covered as against 78 centres in the 2001 series.

The sample size for the conduct of Working-Class Family Income and Expenditure Survey, on the basis of which weighting diagrams have been derived, was increased to 48,384 families from 41,040 in the 2001 series, Gangwar said.

The number of selected markets for collection of retail price data has also been increased to 317 under the 2016 series compared to 289 covered in the 2001 series.

The number of items directly retained in the index basket has increased to 463 items over 392 items in the old series.

The number of states/UTs has increased to 28 under as against 25 in the 2001 series.
In the new series, as per the direction of the Technical Advisory Committee (TAC) on Statistics of Prices and Cost of Living (SPCL), the Geometric mean based methodology (GM of Price Relatives) is used for the compilation of indices as against Arithmetic mean used in 2001 series.

The group-level weights under new series have changed in comparison to earlier series (1982 and 2001).

The weight of Food & Beverages has declined over time, whereas the weight of the miscellaneous group (Health, Education, Recreation, Transport, Communication etc) has increased substantially under the 2016 series. The weight of the Housing Group has been increasing over a period of time.

Source: indianexpress.com– Oct 22, 2020

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Industry body outlines ways to boost India’s textile clothing sector

The Confederation of Indian Textile Industry states, India’s textile and clothing exports declined from $38.6 billion in 2014 to $37.1 billion in 2018 while imports increased from $ 5.8 billion to $ 7.3 billion. To arrest the decline in exports and boost employment in rural areas, CITI released a white paper that offers general and sector specific suggestions to the Indian textile and clothing industry.

It recommends the government should classify the Indian textile industry under MNREGA. Prioritize the National Skill Development Mission to increase employment levels from 85 lakh to 1 crore by 2020. It should also make ESI type scheme available to the unorganized sector on contribution basis.

Other recommendations include

• Creating an advisory body to provide industry specific expertise for more workable policies; impose rule of origin on apparel exports from Bangladesh and yarn/fabric forward rule to allow duty free imports of garments manufactured from yarn/fabric either sourced from India or manufactured in Bangladesh.
• Address Petrapole/Benapole port issues for Bangladesh imports.

• Expedite refund of export refunds including Duty Drawback, MEIS, RoSL/RoSTCL.

• Simplify TUFS guidelines and clear all the pending subsidies in a time bound manner

• Extend loan moratorium for two years.

• Extend remission of duties and taxes under the proposed RoDTEP scheme for the entire textile value chain.

• Extend 5 per cent interest subvention scheme for the textile and clothing export products including all types of spun yarn.

• Update the export general manifest (EGM) in the ICEGATE.

Focus on cotton fiber sector

• Launch TMC-II (Technology Mission on Cotton) at the earliest.

• Define the role of Cotton Corporation of India (CCI) and ensure industry participation at board level.

• Follow satellite imaging and similar technology enabled practices to estimate the crop size of India.

• Introduce Direct Benefit Transfer (DBT) to cotton farmers

• Enable CCI to sell the MSP procured cotton at international prices

• Extend the benefits of RoSL and MEIS for the cotton fibre.

• Subsidize cotton farming techniques like mulching films and drip irrigation

• Standardize cotton bale packing and adopt bale identification systems like the US and China.

• Global Cotton Contract should be launched on Future Exchanges in India.
Suggestions for Man-Made Fiber sector

• Announce a National Fiber Policy for all stakeholders and ensure adequate availability of quality raw materials at an international price

• Remove all anti-dumping duties on basic MMF textile raw materials including synthetic fibers and filaments

• Slot the entire MMF textile value chain under 5 per cent GST rate on par with cotton textile value chain

• Increase import duty on MMF spun yarn from to 10 per cent to prevent goods from Indonesia and Vietnam from being cleared at zero duty with SAFTA certificate.

Garments and made-ups

• Negotiate FTAs with developed and large markets like EU, US, Australia, Canada, Britain, etc. to ensure level playing against competitors like Bangladesh, Vietnam, Cambodia, Pakistan, Sri Lanka, etc.

• Provide special package for decentralized nature of labor – like ESI.

• Encourage exports of branded apparels from India.

• Increase the threshold limit on apparel sale with 5 per cent GST to Rs 1,500. Prevent cheap imports of readymade garments from Bangladesh and used cloths from other countries.

Source: fashionatingworld.com– Oct 22, 2020
Trade hit by record 60% surge in freight

Trade, both exports and imports, has been badly impacted over the last few weeks after sea freight charges saw one of the highest ever increases of 60% in recent times. The development came after shipping companies hiked rates substantially. To make matters worse, exporters are facing a massive shortage of containers due to lower imports over the last few months.

The cost impact is being felt across industries such as engineering, auto components, chemicals, pharma and devices. There has been an increase in freight costs of 20-30% in October alone. Air freight is also up by 30-40% owing to reduced overseas flights due to the pandemic. For importers, it’s a double whammy — in the wake of the increased freight rates, there is a higher outgo in terms of duties, which will impact companies’ margins in future, industry experts told TOI.

Federation of Indian Export Organisations (FIEO) president Sharad Kumar Saraf told TOI, “Exports are affected more by sea freight, in which there is a 60% increase in rates for main European ports over the last six months. Similarly, freight rates to Latin American ports have increased by 50%, and for the US it is being increased regularly since February. This is an unprecedented increase and a clear indication of a monopolistic and unfair trade practice.”

Freight rate for October has risen sharply from $300 to $800 (per 40ft full container load), particularly for Middle East, European, North and South American ports. Availability of containers has further worsened even at regular ports like Mundra and Nhava Sheva, while the situation in inland container depots is worse.

“There is also a huge hold-up of shipments at ports, resulting in inordinate delays and cost-escalation (for industry). Imports are subjected to thorough checks,” Pharmaceutical Export Promotion Council of India (Pharmexcil) chairman Dinesh Dua said.

The clearance of shipments currently takes 15-20 days as against nearly a week earlier. This is also being attributed to faceless assessment at ports. Raising the issue with the government, the industry has sought a regulatory body for shipping companies operating from domestic ports, according to a letter to the Directorate General Shipping.
The letter, a copy of which is with TOI, adds, “Shipping lines are increasing freight (rate) in fortnightly or monthly intervals consistently since July. Besides the increase, the shipments are getting delayed as the vessels are going full. Shipping companies are able to increase the freight by forming cartels.”

Industries across the board are worried. “Both air and sea freight have gone up over the last few months, which may have an impact on companies,” Indian Drug Manufacturers’ Association (IDMA) president Mahesh H Doshi said.

Logistics company Maersk’s MD (South Asia) Steve Felder said, “Freight rates are a function of demand and supply, and they vary based on how these two change. Clearly, Equipment shortages impact supply and we are constantly looking to manage it.

In recent months, we have seen a general shortage of equipment in the market due to an imbalance between imports into and exports out of India. However, our goal is to ensure that we can help our customers in enabling their trade. With exports rising from different parts of the country, we need to position empty containers accordingly across India, thus adding up to the overall cost of logistics.”

Source: timesofindia.com– Oct 22, 2020

Govt relaxes export norms for nitrile gloves to promote shipments

The government on Thursday eased export norms for nitrile or nitrile butadiene rubber (NBR) gloves, used by medical professionals, a move aimed at promoting shipments of the protective equipment.

Export of these gloves were banned in the country in view of domestic requirements in the wake of COVID-19 outbreak.

"The export policy of nitrile/NBR gloves exported...is revised from prohibited to restricted category," the directorate general of foreign trade (DGFT) said in a notification.
For products under a restricted category, an exporter would need a licence or permission from the government for exports.


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**Indo Count launches home textiles brand 'Layers'**

Indo Count Industries Ltd, one of the largest Indian manufacturer and exporter of bed linen, has announced its foray into the ₹12,000-cr value-driven Indian bed linen market with the launch of its new brand 'Layers'. Developed using cutting-edge technology, Layers boasts of special anti-microbial and anti-fungal properties in the health and wellness space.

Along with the success of premium bed and bath brand 'Boutique Living', 'Layers' now joins the Indo Count family to make a mark in the Indian bed linen market. With Layers, Indo Count presents a first-of-its-kind affordable bed linen offerings for India’s fast-growing aspirational class that is actively seeking means to upgrade their lifestyles, starting with their homes, the Mumbai-based company said in a press release.

"Layers is a flawless combination of global designs and value priced helping you to dress up your home the way you prefer it. The collection hosts a range of smart bedding styles in bed sheet sets, reversible comforters, unique bed-in-a-bag (biab) and dohars," the release added.

The brand is an amalgamation of Indo Count’s three decade-long experience of serving consumers around the world that has given the company a deep understanding of a variety of design styles that bore well with the Indian audience.

"The pandemic has resulted in spending a lot of time at home and understandably given a chance to our customers to take a closer look at their homes, how they function and how they can transform them.

Things that were overlooked earlier have suddenly gained importance, and people are now making a conscious effort in building a smart home, which can serve multiple functions like work, entertainment, and leisure."
'Smart bedding solutions with affordable pricing’ is one of the primary ways to fulfil this need. With Layers, Indo Count marks a unique union of style with safety and technology in the domestic bed linen industry for the smart customer,” said Indo Count chairman Anil Kumar Jain.

The experts from Indo Count’s R&D team are cognizant of the premium that buyers place on health in today’s landscape. “After the success we enjoyed with our premium range of bed linen products from Boutique Living, we believe this brand will prove to be a winning combination in the value-driven market,” Jain added.

Source: fibre2fashion.com – Oct 22, 2020