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INTERNATIONAL NEWS

Global Fashion Trade Groups Seek Government Aid to 'Keep Supply Chains Solvent'

As the apparel and footwear industry struggles to stay afloat in markets across the globe, trade groups are calling for action.

In a memo released Wednesday, the American Apparel and Footwear Association (AAFA), the Footwear Distributors and Retailers of America, the Accessories Council, the Council of Fashion Designers of America, and the U.S. Fashion Industry Association joined more than 60 international trade organizations representing the fashion sector in demanding aid from governments, supply chain partners and stakeholders.

"Companies are desperate for cash to pay their workers and suppliers, while at the same time access to revenue is down due to closed stores," said AAFA president and CEO Steve Lamar. "This is why we need governments—both the U.S. and globally—to work together with international financial institutions to make sure financial resources are available to keep supply chains solvent and workers employed."

Members of the fashion community have played an important role, the groups said, in the creation of personal protective equipment (PPE), repurposing their supply chains and factories for the task. Still, many businesses have had to suspend or limit operations to keep workers and shoppers safe according to global health guidelines—and those measures have taken a devastating toll on their bottom lines.

"This health crisis has also triggered a potentially deadly economic crisis," the signatories wrote, describing store closures that have dried up cash flow, along with canceled contracts and furloughed workers. "The resulting liquidity squeeze has adversely hit many companies, their workers, and multiple layers of suppliers all around the world," they said.

The groups called on international governments and financial institutions to enact temporary stimulus measures to ensure liquidity, with enough flexibility that employers across supply chains can gain access to relief quickly. They asked that the measures be easily extendable should the virus persist longer than currently expected.

On Tuesday, the U.S. Senate approved a massive cash infusion to the existing stimulus package, the CARES Act, which will funnel $484 billion into measures like the Paycheck Protection Program (PPP) and emergency grants and loans for small businesses.

Signatories also called for a temporary deferral on duties to support cash flow and allow businesses to create some liquidity that could result in keeping workers employed. “At a minimum, governments should immediately defer collections of duties for a period of 180 days,” they wrote.

Taxes on PPE and other items being used by low-income consumers should also be subject to suspensions, they said, and governments should refrain from imposing new trade restrictions that could impede the production and delivery of these important goods or their components.

The signatories also urged businesses to be good partners to their suppliers. “Individual companies should take actions that minimize disruptions, facilitate payment for work that has been undertaken, and ensure workers continue to be treated with full respect while ensuring their health and safety,” they said. Working together is necessary to ensure that supply chains are well-positioned to weather the crisis, they added.

“These actions in the next 90 days will not only help dictate how fast we can recover, but also will say a lot about who we are as an industry and as a people,” the signatories wrote, adding that the fashion industry touches “everybody on the planet.”

Lamar urged governments to act swiftly or “risk burning a hole in the global supply chain.”

“It is essential that leaders act now,” he added, “to support these networks that employ millions around the world.”

Source: sourcingjournal.com - Apr 23, 2020

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USA: July's Texworld and Apparel Sourcing USA Shows Nix Javits Center for Cyberspace

Trade show producer Messe Frankfurt said Thursday that it plans to utilize a virtual platform for its July New York textile events, following many organizers that have made similar decisions due to COVID-19 concerns and restrictions.

With the aim of supporting the sourcing community through these unprecedented times, the summer edition of Texworld USA, Apparel Sourcing USA and Home Textiles Sourcing Expo will be presented across digital platforms. Originally scheduled to be held at the Jacob K. Javits Convention Center in New York City, these co-located events can now be accessed live from July 21-23. Registration will open in the coming weeks.

"This was a pivotal decision in ensuring the future success of the shows," Constantin von Vieregge, president and CEO of Messe Frankfurt North America, said. "Messe Frankfurt has existed for several hundred years by being open to innovation, while still serving the needs of the market. Amending the platform for this edition allowed us to be considerate of the changing textile industry and global business climate."

Texworld USA, Apparel Sourcing USA and Home Textiles Sourcing Expo have served the sourcing community for more than a decade, providing access to international textile manufacturers, trend forecasting experts and innovative educational sessions.

The transition to a virtual event for the summer edition reinforces the commitment to supporting the industry through both good and challenging times, organizers said.

With the returning support of long-standing international and domestic exhibitors, the July events will have similar features found on the trade show floor. An online showroom will highlight material innovations, while allowing visitors to talk with representatives about areas such as specific requirements and factory options.

A comprehensive educational program will run alongside the exhibitor presentations, with topics ranging from sustainability initiatives, and environmental and ethical impacts to business tips and sourcing options amid a pandemic. Comprised of thought leaders and textile experts, these interactive discussions will share insights on how businesses can collaborate to bring about change individually, locally and globally.

"Despite the current uncertainty that we are facing, we are excited to open our July events virtually," show director Jennifer Bacon said. "Although nothing will ever replace face-to-face interaction, connecting textile mills and manufacturers from across the globe with U.S. buyers seeking avenues to source fabrics and accessories remains our focus–to provide a platform for product discovery, trend analysis and education."

Source: sourcingjournal.com - Apr 23, 2020

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COVID-19 Scrambles Freight Activity for Trucks, Trains and Ocean Carriers: ABI

The panic buying and overall disruption to supply chains caused by the COVID-19 pandemic has led to a massive need for trucks to help restock stores, shrinking the capacity available for other products.

The result is a historically tight trucking market that has dropped 20 percent in volume in the past two weeks, global tech market advisory firm ABI Research said in a new white paper.

"Rising costs, shrinking capacity and panicked customers are shaking up the freight transportation and logistics markets," Susan Beardslee, principal analyst at ABI Research, said.

The whitepaper, "Taking Stock of COVID-19: The Short- and Long-Term Ramifications on Technology and End Markets," noted that the American Association of Port Authorities expects first-quarter volume to show a decrease of at least 20 percent, including blank sailings, which may cost carriers $1.9 billion. Rail freight has also been impacted, with intermodal down by approximately 50 percent, including from California's Long Beach and Los Angeles ports–the leading container ports in the United States and the busiest in the Western Hemisphere.

Global air cargo volumes for the past month are expected to be down 9 percent, ABI said, and new restrictions on passenger travel from much of Europe to the U.S. will further affect air cargo capacity.

"In the short term, there has been more than a six-week delay in shipments for cargo sourced from China," Beardslee said. "Other markets from Vietnam to Mexico often rely on Chinese components and raw materials, creating a knock-on effect to the supply chain, including transportation and logistics.

The initial loss of road transport demand has begun in the ports and is moving to the warehouses and inland routes. Cargo capacity demand in China is beginning to demonstrate some initial signs of growth, with airfreight between China and the U.S. growing 27 percent over the last 14 days, creating a demand-supply imbalance."

The World Container Index assessed by Drewry, a composite of container freight rates on eight major routes to and from the U.S., Europe and Asia, decreased 1.7 percent to $1,503.98 per 40-foot container (FEU) for the week ended April 16. Freight rates on New York to Rotterdam, Holland, fell 8 percent to $504 per FEU, while rates from Shanghai to Los Angeles declined 6 percent to reach $1,605 per FEU. Drewry expects rates to remain challenged.

The whitepaper said in the longer term, there is little visibility to forecast, which will have a material impact on transportation and logistics this year. Transportation requirements will be hard to predict. Capacity and pricing swings are anticipated across transportation modes, with the associated impact to shippers worldwide.

The report said shippers should evaluate options and model changes across modes of transportation, considering interruptions, delays and significant price increases. Manufacturers and retailers need to develop prioritization plans for customers, as well as systems integration whenever possible, along with predictive analytics and scenario modeling.

"Keep in mind that as some countries begin to scale up production and transportation, others may move into containment strategies to address an outbreak," Beardslee added. "This will require near-real-time visibility across modes and the flexibility to adjust everything from inventory quantities and locations to substitution whenever possible."

Source: sourcingjournal.com - Apr 23, 2020

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Coronavirus impact: Eurozone economy shrinking by quarterly rate of 7.5%, says survey

A closely watched survey of economic activity across the 19-country eurozone suggests that the single currency bloc is contracting at a quarterly rate of 7.5% as a result of the lockdowns put in place by governments to get a grip on the coronavirus pandemic.

Financial information firm IHS Markit said Thursday that its purchasing managers' index for the eurozone a broad gauge of economic activity plummeted to an all-time low of 13.5 points in April from the previous record low of 29.7 in March. The firm has been compiling data for more than 20 years.

Anything below 50 indicates a contraction in activity, with a lower number indicating a sharper drop. So the scale of the April decline suggests that the eurozone is heading for an unprecedented slump. At its lowest during the global financial crisis in 2009, the index only fell to 36.2.

"With large swathes of the economy likely to remain locked down to contain the spread of COVID-19 in coming weeks, the second quarter looks set to record the fiercest downturn the region has seen in recent history," said Chris Williamson, chief business economist at IHS Markit.

Williamson said that at the current rate, the eurozone is shrinking by a quarterly rate of 7.5%. European Union leaders will hold a virtual summit Thursday at which they are expected to endorse a financial aid package worth 540 billion euros ($587 billion) that would help pay lost wages, keep companies afloat and fund health care systems.

The EU's institutions and nations have already mobilized around 3.3 trillion euros ($3.6 trillion) to help over-burdened health services, suffering small businesses, embattled airlines and the newly jobless. A more detailed look at the survey released Thursday shows that the services sector has borne the brunt of the lockdown measures, which have included widespread temporary business closures and and draconian restrictions on movement.

From restaurants to travel and tourism, business has fallen off a cliff as companies have had to enforce shutdowns or severely curtail their activities. Manufacturing is barely faring better, with the lockdown causing a collapse in global demand and huge disruptions in the supply chain.

As a result, unemployment is expected to rise sharply over the coming months." In the face of such a prolonged slump in demand, job losses could intensify from the current record pace and new fears will be raised as to the economic cost of containing the virus," said Williamson.

Some economists expect the eurozone unemployment rate to rise from 7.3% to well over 10%, though there are millions of people who remain on payrolls but are out of work and losing income.

Source: financialexpress.com - Apr 23, 2020

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US NRF calls for federal pandemic insurance programme

The National Retail Federation (NRF) recently called on US Congress to pass a legislation to set up a programme to help businesses obtain insurance coverage for pandemics modelled on one for terrorism insurance following the September 11, 2001, attacks. NRF and 16 business organisations have sent a letter to Congress endorsing the Pandemic Risk Insurance Act.

Congress representative Carolyn Maloney, a senior member of the House Finance Services Committee, plans to introduce the bill soon. A similar bill is planned by Housing, Community Development and Insurance Subcommittee chairman William Lacy Clay.

"When businesses couldn't obtain coverage for acts of terrorism after 9/11, Congress stepped in," NRF senior vice president for government relations David French said in a statement.

"It's time for Washington to do the same for pandemics. Retailers and other businesses across the country have seen unprecedented losses related to COVID-19 that weren't covered under most current insurance policies and won't be covered if there's a second wave of the virus next winter.

At this point it's virtually impossible to obtain pandemic coverage for the future, but a federally insured pandemic risk insurance program would provide businesses of all sizes the certainty they need and help rebuild confidence," he added.

The new measure would require that insurance companies offer policies that cover pandemics but would create a federal backstop programme that would reimburse insurers when claims related to a pandemic or epidemic exceed $250 billion nationwide.

Covered businesses would have to demonstrate that they had suffered significant business interruption with a sharp decline in revenue. Coverage would also be required for large gatherings, ranging from sporting events to concerts to conventions, which are cancelled.

The programme would cover only future pandemics, not claims from the current pandemic, and would be capped at $500 billion.

Source: fibre2fashion.com - Apr 23, 2020

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USA: From UPS to Ralph Lauren, Fashion, Textiles and Logistics Prioritize PPE

UPS is operating flights to deliver 1.7 million face masks made by textile producer SanMar, which has converted its apparel production facilities in Honduras and Tennessee to support protective mask manufacturing and distribution in the fight against the coronavirus pandemic.

SanMar reached out to UPS and the company moved quickly to provide supply chain and global shipping services for each phase of the collaboration.

“The national response by companies to the coronavirus pandemic is inspiring,” Kate Gutmann, UPS chief sales and solutions officer, said. “SanMar’s leadership is the perfect example of the speed and determination required to protect people on the front lines.”

Since the program began at the end of March, SanMar has manufactured more than 100,000 masks at its Tennessee production facility. When the masks are completed, UPS will ship the cargo to healthcare providers throughout the U.S.

Production and distribution started this month of more than 1.7 million masks produced at SanMar's Honduras location for shipment to its Jacksonville, Fla., distribution center. The masks will be shipped by UPS Air Freight on pallets and then repackaged to the correct quantities for distribution by UPS's small package division to healthcare providers around the United States.

"We knew immediately that SanMar should be part of this effort as a result of our ability to make and sew textiles here in the U.S., as well as in Central America," Renton Leversedge, chief customer officer for SanMar, said. "We have manufacturing expertise and we have scale, which enables us to take part in this very important work."

UPS, based in Atlanta, has also added more than 200 company-owned and chartered air freighter flights in April to support FEMA's Project Airbridge and other healthcare-related missions. Project Airbridge is a public-private partnership to get vital and life-saving equipment to where it is needed with greater speed. These additional flights serve to meet the soaring demand to ship test kits, personal protective equipment (PPE) and other supplies necessary for the global response effort.

"With our scale and flexible global network, we are in a unique position to handle coronavirus response shipments for FEMA and healthcare customers," David Abney, UPS chairman and CEO, said.

UPS has also partnered with 3M and FEMA to ship millions of masks to the U.S. for use by healthcare professionals and other frontline workers, and delivered some 250 drums of hand sanitizer to healthcare providers and first responders, with plans to deliver more across the country. In addition, it opened dedicated space for FEMA in a 450,000-square-foot healthcare distribution center at the UPS Worldport facility in Louisville, Ky., the company's automated global Air hub, to fulfill urgent orders for U.S. delivery overnight.

FedEx has also been involved in Project Airbridge and in coordination with DuPont, two initial shipments were transported from Vietnam to Texas carrying more than 450,000 Tyvek protective suits earlier this month, with 500,000 suits to be shipped each week this month. FedEx will also operate several flights this week carrying PPE for Medline Industries Inc. from China to Illinois. Medline anticipates bringing 7 million facemasks, additional PPE and anesthesia supplies to the United States.

Similar efforts are being made throughout the apparel and textile industry to aid in providing PPE. Burlington is supporting Ralph Lauren Corp. in transitioning production to make isolation gowns for healthcare and other community workers in New York, New Jersey and North Carolina on the front lines of the COVID-19 crisis.

Burlington and Ralph Lauren have a long-time relationship that includes years of creating uniforms for U.S. Olympians and other classic apparel products. Burlington is now expanding this collaboration to provide its advanced barrier Maxima fabrics and technical expertise to support Ralph Lauren in the manufacturing of personal protective equipment (PPE).

In a time of such scarcity, medical apparel made from reusable fabrics offers the ability to keep a constant flow of protective garments, keeping front line workers protected and focused on patient care.

“Our expertise in fabric innovation and advanced technical fabrics is allowing us to be a resource to brands like Ralph Lauren, [that] are stepping up to meet a great need for PPE,” said Allen Smith, president of Burlington’s Safety Components & A&E–Americas division.

“Teams at both Burlington and Ralph Lauren are pivoting from our traditional collaborations to more technical conversations and guidance on new fabric constructions.”

Burlington says its Maxima line of reusable fabrics is highly protective, offers maximum durability after repeated launderings and is comfortable to wear. In addition to advanced protection, reusable fabrics offer sustainable and cost-effective solutions to address the extreme global shortage of PPE.

Cotton Leads, a program born out of partnership between the Australian and U.S. cotton industries, is partnering with several companies that have joined the fight in protecting those on the front lines in the medical industry by converting their manufacturing outfits and dedicating time and resources to produce cotton masks.

Despite deployment of the Defense Deployment Act, the demand for masks, and the shortage of them, persists. In response, Cotton Leads has joined in to help companies manufacturing masks and providing resources to fight COVID-19.

Companies that have pivoted their production include Amana Woolen Mill, Gerber Technology, Brooks Brothers, the Duck Company, Fruit of the Loom, Gap Inc., Hanesbrands, Joann, Kontoor Brands, L.L. Bean, Standard Textile Co., Supima, Target and Thomaston Mills.

Looking for an alternative to single-use disposable face masks, Vietnamese company AirX has created a coffee mask that is said to be antibacterial, reusable, vegan and biodegradable.

"AirX is not just a recommendation to help prevent the spread of the coronavirus, but preserve the planet, as well," said ShoeX founder Thanh Le, noting that the company can produce up to 10,000 masks per day. "The face mask deserves to have a longer life than just one-time use."

AirX uses dual antibacterial technology for two layers of protection. The first layer is woven from coffee yarn using PowerKnit technology, which provides a comfortable fit but softness for sensitive skin. The face mask has a biodegradable filter inside, which is developed with silver nanotechnology and coffee.

AirX has also developed a recycled AirX coffee mask with the N95 feature that will be launched soon.

Source: sourcingjournal.com - Apr 23, 2020

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Heimtextil Trend Council sets guidelines for 2021/22

Heimtextil Trend Council recently made a forecast, at a digital meeting, on how the current corona crisis is affecting interior design, which innovations will enrich our lives in the future, and which trend topics will occupy us next year. The Heimtextil Trend Council meeting marks the start of preparations for the trade fair in January next year.

At the Trend Council, the trend researchers give an initial insight into where the journey in terms of interior design will go in the next season. This year – in the middle of the heyday of the global corona pandemic – the meeting was under special circumstances. In a series of video conferences at the end of March and intensive rounds of bilateral exchange in the following weeks, the trend researchers and those responsible for the trade fair laid the foundation for the global trend analysis.

Once again, the Trend Council for Heimtextil 2021 is made up of the three internationally renowned agencies: Spott Trends & Business (Denmark), FranklinTill (Great Britain) and Stijlinstituut Amsterdam (Netherlands). For the first time, Anja Bisgaard Gaede and her team from Spott Trends & Business are leading the project, giving the Heimtextil trends a Scandinavian touch.

In addition to the concept of the "Trend Space", the Danes' area of responsibility also includes the development of the Heimtextil trend book, which is used by textile producers, interior designers and interior decorators as a working tool when creating their new collections and furnishing concepts.

“The current situation means that trade and industry across industries are facing the greatest challenges that our society had to face in peacetime. The situation is emotional and also has far-reaching effects on our way of furnishing and living," explains Olaf Schmidt, vice president Textiles & Textile Technologies at Messe Frankfurt.

“Heimtextil, with its function as a global trend barometer, has the ambition and always has the task of recognising, naming and sketching the future at an early stage. Even in this turbulent time, our trend researchers do not look into the much-tried glass ball. Rather, they observe the global markets and use the methods and tools of trend and future research."

During the video conference, the trend researchers identified four design and colour trends that will be staged using products from the exhibitors for the upcoming Heimtextil in the "Trend Space" in Hall 3.0. Visitors to the area experience an exciting premiere in the form of the new “Digital Innovation Lab”. It illuminates the possibilities and additional market opportunities of a completely digital textile value chain – from the design to the purely virtual product used by the end user.

In addition, the "Future Materials Library" launched at the past Heimtextil will be continued in the coming season and curated again by FranklinTill. The library shows a number of selected, innovative materials on a sustainable basis and thus demonstrates their specific potential for applications in the area of interior design.

Most recently, among other things, a veneer made from the wrappers of Mexican maize varieties and a vegan wool alternative made from cellulose fibres from pineapple leaves – along with numerous other material samples. The trend researchers also agreed with the trade fair officials to continue the material manifesto and to use resource-saving materials when planning the "Trend Space".

The Heimtextil Trends, which Messe Frankfurt has been calling annually for more than 30 years, are seen as a trend-setting instrument for the global textile furnishing industry and as a figurehead for Heimtextil. The overall concept includes a large service package for manufacturers, users and dealers:

First, Messe Frankfurt invites the industry to a preview presentation in late summer to prepare early for the coming season. In this context, the designers responsible will also present the new Heimtextil trend book – including the current colour harmonies and in-depth information on the individual design directions. The exhibitors at Heimtextil will receive this publication in advance as a valuable guide for product design and collection.

During the fair, the Heimtextil "Trend Space" in Hall 3.0 offers a unique opportunity to get an overview of the state-of-the-art in the field of textile interior design of tomorrow. The show is unparalleled anywhere in the world in terms of the depth and scope of the trend information and inspiration presented.

The next Heimtextil will take place from January 12-15, 2021.

Source: fibre2fashion.com- Apr 22, 2020

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Vietnam: MoIT plans sustainable development of national brand

According to the Vietnam National Brand (Vietnam Value) Programme for 2020-30, the Ministry of Industry and Trade's Trade Promotion Agency will set up plans to build an image of Việt Nam as a prestigious country with high-quality goods and services. It will also take measures to prevent any activities from having a negative impact on the national brand.

Deputy Minister of Industry and Trade Đỗ Thắng Hải speaks to local media about these issues.

What are the specific targets of this programme from 2020-30 to promote the development of the national brand?

The development of Việt Nam's national brand is a long-term programme through promoting individual product brands.

Last year, the Prime Minister issued regulations on building and managing the national brand, and implementing the Việt Nam National Brand Programme. The PM also approved plans for this programme for 2020-30.

The programme aims to build an image of Việt Nam as a prestigious country with high-quality goods and services, thus increasing the attractiveness of the country, promoting the development of foreign trade and improving national competitiveness.

To reach these targets, these plans must be implemented efficiently. The implementation must also match the country's import-export strategy, targeting to lift the export turnover of national brands to higher than the average export value.

During that period, the programme expects to promote images of over 1,000 products as national brands. It also targets a 10 per cent rise in the number of the most valuable brands listed by the world's major ratings agencies.

Meanwhile, 90 per cent of enterprises nationwide will be made aware of a brand's importance to their production, business and investment activities. All products that obtain national brand recognition will be promoted in the domestic and key export markets.

According to global rating agencies, this programme has contributed to increasing the value of Việt Nam's national brand by 20 per cent annually on average.

What is the ministry doing to hit these targets from 2020-30?

To achieve these goals, the Ministry of Industry and Trade has been assigned to manage the programme and will coordinate with other ministries, sectors, localities and relevant organisations to help local businesses to develop products according to Việt Nam's national brand criteria. We will support businesses in building, developing and protecting their brands.

At the same time, we will also promote communications activities for this programme at home and abroad according to the regulations on building, managing and implementing the Việt Nam National Brand Programme.

We will raise awareness among local enterprises about the role of brands in production, business and investment. The programme will also help enterprises improve their ability to build, develop and protect brands.

Meanwhile, other ministries and sectors will collect proposals on the development and protection of brands from localities, organisations and enterprises and will then coordinate with the MoIT to implement the programme.

The building, protection and promotion of a national brand will be a joint effort by all ministries and sectors.

New national brands will be selected every two years according to strict regulations to ensure fairness and transparency.

Enterprises that are awarded a national brand will be allowed to use Vietnam Value, the national brand logo, and the national brand identity system.

The ministry will coordinate with relevant agencies to manage and inspect the use of the national brand to prevent activities that have a bad impact on the prestige and image of the national brand at home and abroad.

The ministry believes that renovations to the national brand programme will create sustainable development for the programme and improve brand value on the global market.

During the novel coronavirus (COVID-19) pandemic, what has the ministry done to help businesses to build and promote brands in domestic and foreign markets under the national brand programme?

The COVID-19 pandemic has hit many countries and territories, having negative impacts on the global economy, including Việt Nam.

Many local businesses lack input materials for production and are unable to find consumers for their products, forcing them to cut production, especially the textile, garment, footwear, agricultural, tourism and retail sectors.

Of which, demand for some farming and food products has reduced due to the pandemic in key export markets such as China, South Korea, and some European and American countries. Besides that, some countries have applied strict measures to restrict the transport of goods. Therefore, Việt Nam's export activities have faced many obstacles.

In this situation, ministries and localities have formed specific programmes to support local enterprises, but they also need to find solutions to overcome these difficulties.

During the pandemic, the ministry has directed Việt Nam’s trade officials overseas to organise events and promote Vietnamese products in foreign markets.

The ministry has offered indirect supports and online consultancy services for local businesses to improve product design and brand development.

It has also cooperated with localities to build trade promotion programmes for products with geographical indicators, collective trademarks and national brands on the global market via e-commerce platforms and trade promotion and diplomatic events overseas.

On the other hand, the ministry has cooperated with foreign trade promotion organisations to carry out market research and find new export markets for products with competitive advantages.

It has strengthened activities connecting local businesses with major distributors in the domestic market to boost local consumption.

These solutions will create favourable conditions for local businesses to resume production quickly and meet the higher demand for goods after the pandemic ends.

Meanwhile, enterprises need to reorganise production and restructure their markets. Enterprises also need to diversify their sources of input materials and increase the added value of their products.

They should hold trade promotions to help Vietnamese goods enter distribution chains, such as large supermarkets.

The State has encouraged enterprises to improve the quality of product preservation and processing to meet market demand.

Source: vietnamnews.vn- Apr 21, 2020

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Retailers to reopen stores by June: Walter Leech

Walter Loeb, former retail analyst and now consultant, expects most stores to reopen in May or June but in staggered waves. Fashion brand Mango has already started reopening its stores. The Spanish retailer plans to open 16 additional Dutch shops on top of 42 in Germany. Another 27 stores will reopen in the Czech Republic, Latvia, Georgia, Cyprus and Ukraine.

Most retailers are readying their back-to-school and fall assortments, or at least those orders that either have been reduced or not fully canceled. According to Loeb, retailers that plan to open stores locations later in the summer, either late August or early September, will need to stock merchandise better suited for fall and early winter.

Source: fashionatingworld.com- Apr 23, 2020

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Ethical Trading Initiative, Better Buying, Remind Brands To Act Responsibly

The Ethical Trading Initiative (ETI) has stepped in to remind international buyers and retailers to honour their commitments to garment factories in Asia and elsewhere. ETI and German Partnership for Sustainable Textiles (Textilbuendnis) have issued Covid-19 guidance for member brands, including non-cancellation of orders. The guidance explicitly states that such practices fall well below standards expected by their members.

According to ETI Executive Director, Peter McAllister, "Any brands which are saying they are not going to pay for products just because they cannot use them would be contravening our guidance."

Textilbündnis told brands they should pay for already produced goods "as well as goods that are currently being produced or for which material has already been purchased."

The guidance was released to ETI members last week and ETI is monitoring the response of its member companies. During these testing times it remains vital that business plays a full role and that companies are transparent about the measures they are taking to minimise the impact of the crisis on workers in their supply chain. McAllister further stated, "ETI understands that many brands are facing huge challenges throughout their supply chains and within their own business during this period.

Equally, we know that many suppliers and manufacturers are feeling the impact and will also be concerned with business continuity, however, in the long run, we all depend on each other and ultimately, workers.

Therefore, we expect that when difficult decisions are taken, the impact upon workers and suppliers is fully assessed and action is taken in collaboration to minimise this as much as possible."

He said, "We will be monitoring the response from our members and we will want to see evidence that they are doing their utmost to mitigate the impact on workers, not just during the worst of the crisis, but in the medium to long-term too. Workers are in a desperate situation at the moment, and they need our solidarity and support more than ever." ETI anticipates that there will be three main scenarios when orders may need to be cancelled, and has issued guidance under each scenario:

Future orders where no costs have been incurred by suppliers or factories
It is reasonable to cancel these orders without any further obligation, but ETI suggests there should be dialogue with suppliers about post-Coronavirus orders and support to retain capacity where possible. Ideally this could include a commitment to return with a commensurate order in future.

Ongoing orders where some costs have already been incurred, but more would be expected with a continuation

Here, ETI suggest members to have an inclusive dialogue with suppliers to fully assess the costs incurred so far with the aim of agreeing a reasonable way to share them. For work already completed, salaries need to be paid in full by suppliers and for members to work hard to minimise the ongoing impact upon workers who will already be facing difficult circumstances.

This will mean understanding the capacity of the factories to support their workforce and making extra efforts where necessary and possible. While there may be some brands that can accommodate this individually, ETI is working with others to seek sector-level support for immediate emergency assistance.

Completed orders with full costs already allocated

Payment for completed orders should be honoured and within reasonable time. Brands should consider early payment and not withhold payments to suppliers as workers need money for medication, food or to survive periods of isolation. Brands should also avoid using Force Majeure provisions in contracts for economic reasons or summarily terminating contracts.

Brands have been asked to work with their suppliers to ensure workers continue to receive salary payments to bridge the time of technical unemployment and work with suppliers to ensure that workers receive compensation packages in line with national and international standards.

Social insurance, health protections and unemployment funds
Peter McAllister continues, “This crisis has demonstrated more powerfully than ever the need for a long-term sector-wide improvement programme to establish permanent protections for workers in sourcing countries. These must include employment injury, paid sick leave and unemployment benefits. We understand ILO and Better Work are leading on this and we are keen to support their leadership on this initiative.”

He said that ETI will work with other MSIs, trade unions and industry organisations to develop a practical programme involving international financial institutions such as the World Bank Group and International Monetary Fund.

Guidelines are being flouted

The new COVID-19 guidelines are however being flouted by members, Primark and C&A – both of which risk being expelled. The pair are under fire for refusing to honour cancelled orders with suppliers, many of which are partly complete or ready to ship. According to experts, "Expulsion for C&A from either body would leave Laudes Foundation – previously C&A Foundation – in an embarrassing situation. The body was set up just this year to inspire industry to harness its power for good."

The Better Buying issues good purchasing practice guidelines

The Better Buying Initiative has also issued guidelines for retailers and brands for partnering with suppliers during these times.

The Better Buying initiative, established in 2018, provides clear, relevant, transparent, and timely information and analysis about good purchasing practices that will change relationships between multinational brands and retailers (buyers), the suppliers responsible for manufacturing their products, and other intermediaries up and down supply chains.

Better Buying is a unique system for suppliers to communicate with their buyers about purchasing practices that are working well and those that need improvement, without risking their business relationship.

Click here for more details

Source: textileexcellence.com- Apr 22, 2020

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Vietnam Investigates PFY Dumping By China, India, Others

The Ministry of Industry and Trade (MoIT) has launched an investigation that may result in anti-dumping duties on polyester filament yarn (PFY) originating from China, India, Indonesia and Malaysia.

The investigation was launched after a request from the domestic manufacturing industry.

The request, which was submitted on November 7 last year, said that PFY imports from the above-mentioned countries had surged, causing significant damage to the local PFY manufacturing industry.

Fabrics used in Vietnam's apparel industry are mainly made up of three types of yarn including PFY yarn, polyester staple fibre (PSF) and natural fibre (mainly cotton).

PFY accounts for around 30% of total consumption. The designed capacity of PFY production factories in the country is estimated at 350,000 tonnes per year.

The MoIT will send questionnaires to relevant parties for analysing the anti-dumping level and damages.

Relevant parties can also exchange information with the ministry before the final decision is released. Under the provisions of the Law on Foreign Trade Management, the ministry can apply provisional anti-dumping measures.

In addition, anti-dumping duties may be imposed within 90 days prior to the imposition of provisional anti-dumping duties.

Source: textileexcellence.com - Apr 22, 2020

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ILO welcomes joint action to tackle COVID-19 threats to global garment industry

The International Labour Organization has welcomed the Call to Action by garment industry employer and worker organizations, leading brands and retailers to work with governments and financial institutions to tackle the devastating economic disruption and threat to livelihoods caused by the COVID-19 pandemic .

The call to action brings together key stakeholders in the industry in the wake of unprecedented social and economic disruption that has resulted in the closure of factories and retail stores, illness, and widespread loss of income and unemployment.

This initiative was announced in a joint statement by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC), and IndustriAll Global Union .

It aims to mobilize sufficient funding to enable manufacturers to ensure business continuity, payment of wages, as well as income-support and job retention schemes to protect garment workers' income, health and employment.

"The International Labour Organization is deeply concerned by the threat posed by COVID-19 to millions of jobs in the global garment industry," said Guy Ryder, ILO Director-General. "This is an unprecedented crisis that can only be solved through global solidarity. The priority must be to sustain businesses and protect workers. At the heart of this is effective social dialogue between governments, workers' and employers' organizations. We urge all actors to heed this call and take joint action that will help us avert catastrophe for the industry."

Employers, workers, retailers and major brands involved in the collaboration will form an international working group – convened by the ILO – to implement measures to limit the damage caused by the pandemic to enterprises and livelihoods.

The working group has also committed to support the development and expansion of social protection systems for workers and employers in the garment industry as part of the recovery.

"The economic impact of the COVID-19 pandemic on this critical industry requires a global response," said IOE Secretary-General Roberto Suárez Santos. "IOE joins this call for action with the aim of supporting business continuity as well as the livelihoods of workers in the garment industry during this disruptive period. This is a voluntary initiative that focuses on mobilising collective action. It is not aiming to disregard stakeholders, companies and organization that might not be able to join."

ITUC General Secretary, Sharan Burrow underlined the need for cooperation. "We cannot afford the human and economic devastation of the collapse of our global supply chains and millions more in developing economies thrown back into poverty.

Jobs, incomes and social protection are the dividends of business continuity and this statement calls for emergency funds and social protection for workers to guarantee industry survival in the poorest of our countries. Leadership and cooperation from all stakeholders are vital to realize a future based on resilience and decent work."

Source: ilo.org - Apr 22, 2020

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Indonesia: Women manufacturing workers hit hardest

The COVID-19 pandemic has been shaking up the global economy, including Indonesia. In Indonesia, the manufacturing sector has had a high contribution to the gross domestic product through increasing export values. The textile and apparel industry was among the manufacturing subsectors that experienced the highest growth, at 6.39 percent, in the fourth quarter of 2017 according to industry figures.

Some export destination countries — such as the United States and the nations of Europe — have begun to reduce orders for textiles, clothing and footwear as a result of the pandemic. In late March, the government was still optimistic it could handle the disruption and encouraged tourism to sustain the economy and jobs. But now the country has more than 6,000 cases and counting , with the capital as the epicenter.

Various policies to minimize the spread of COVID-19 have included the large-scale social restrictions and social safety nets for the working class. Unfortunately, layoffs and furloughs are still happening on a massive scale. As of April 5, more than 132,000 workers had been furloughed in Jakarta and more than 30,000 had been laid off. In West Java and Central Java nearly 300,000 workers had been furloughed as of early April and nearly 30,000 laid off. There is no specific data by gender and by subsector industry.

In this health and economic crisis, the textile, clothing, and footwear subsector is more vulnerable given its high dependence on global supply chains as well as brands based in developed countries. The industries are largely concentrated in Java which has seen the most cases of the virus of anywhere in Indonesia.

In 2016, about 85 percent of the nation's textile, clothing and footwear factories were located in Jakarta and other parts of Java. Furloughs, unpaid leave and massive layoffs as a result of COVID-19 have had a real impact on women workers.

In the same year, the International Labor Organization recorded that of the about 4.2 million workers in Indonesia's textile, clothing and footwear industry , 58 percent — 2.4 million — were women. Of all the jobs in the industry, 92.5 percent are operational, such as production operators, production workers and transportation operators. Most of these operators are women, while men tend to occupy senior management positions. Further, 69 percent of female workers in the textile, clothing and footwear industry have permanent employee status compared to 75.5 percent of the total male workers.

The feminization of work is reflected in this industry — as it mirrors the division of labor between men and women in both the public and the domestic space. Women tend to be associated with care work that requires accuracy and is deemed not to require expertise, so they are often paid poor wages and can be easily replaced. Sewing, cutting, trimming and embroidery are considered unskilled work even though they constitute the core production process of the industry.

Thus while Indonesia commemorates April 21 as Kartini Day, after the heroine of women's emancipation, we are reminded that this feminization of work in manufacturing also brings feminization of poverty.

Comprising the bulk of workers without a permanent status, women workers are most vulnerable to layoffs and are more likely to be exposed to economic injustice because they depend on daily wages, which in turn depend on production volume. As production tanks, it is these women who are hit hardest.

The women's contracts and casual status make it easy for companies to lay off or furlough them without social security or compensation.

Furthermore, cultural factors also deepen women workers' issues during crises such as the ongoing pandemic. Despite their daily work, in patriarchal societies like Indonesia women are not considered breadwinners despite the fact that many provide for a large share of their families' needs.

Such assumptions have led employers to lay off women workers earlier than male employees, even though many poor families need double incomes to get by. Unlike the well-to-do, the women are not working to fill up their spare time; their income is crucial for the security of their families and themselves. With a paycheck, women may have more bargaining power and be less exposed to domestic violence.

Recently, the government issued the preemployment card program to cope with the pandemic's impact on businesses and jobs. Based on a new presidential regulation, it is a competency development program for job seekers, workers affected by termination and those needing competency improvement. They will receive training facilities, certification and financial incentives.

During the pandemic, the preemployment card scheme is irrational as a social security measure. Workers joining online training must purchase an internet quota while they need food on the table. Women tend to prioritize their husbands in joining such programs, because the women bear the bulk of the domestic burden; poor households cannot afford to pay domestic workers. Such gender analyses must be included in public policy decisions. Thus the government should provide direct social assistance to laid-off or furloughed workers based on clear recipient data, bureaucratic effectiveness, transparency and assurance against corruption.

Further, the government needs to help companies, such as those in the textile, clothing and footwear industry, to shift production to personal protective equipment, including masks for health workers and for the public, as many private businesses have done. The government must also ensure adherence to health protocols in the production process. Push the brands and retailers to act responsibly by supporting employers' financial capacity for retail jobs and wages.

The spirit of Kartini is to encourage emancipation in the public space, in education and in the workplace. Emancipation isn't a neutral term related to opportunity; it entails equality and antidiscrimination policies and practices, based on recognition of the specific conditions and experiences of women , such as during this pandemic.

Source: thejakartapost.com- Apr 22, 2020

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Bangladesh: RMG workers worst hit by COVID-19 pandemic: survey

RMG workers are amongst the worst hit by the coronavirus pandemic as they are the low wage earners of the society, said a survey. Innovision Consulting and WebAble jointly conducted the survey as a part of 'COVID-19 Impact Studies' organised by Innovision Consulting.

The survey found that 15 per cent RMG workers did not have any cash in hand to support their household expenses. The remainder of those can support their families for only 16 days. About 57 per cent respondents have another income earner in their households and 92 per cent of them no longer have access to that additional source of income, it added.

About 27 per cent RMG workers have reduced their food expenses putting nutrition of the workers and their children at stake. About 20 per cent respondents have reduced purchases of essential proteins. If salaries for May are not paid, this amount may increase to 29 per cent. This is due to the compromise they have had to make on their regular expenses.

The study was conducted to assess the impact of COVID-19 on the economic, social, and physical health of RMG workers in Bangladesh. In the study, 88 respondents (44 female and 44 male) representing 7 factories from Gazipur, Narayanganj, Mymensingh were interviewed.

Source: newagebd.net- Apr 24, 2020

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Pakistan: Layoff, mandatory payment of wages to employees: Textile mills challenge notifications in SHC

Sindh High Court (SHC) on Thursday sought the reply from Sindh Government in petitions, filed by textile mills challenging the notifications restraining them to lay off the employees and mandatory payment of wages to them.

A division bench of the SHC headed by Justice Muhammad Ali Mazhar ordered the provincial government to submit its reply by April 30, 2020 in 14 petitions, which were clubbed for hearing. Khalid Mahmood Siddiqui Advocate and Zaheer Minhas Advocate on behalf of textile mills submitted before the court that such restrictions and impositions are violation of the constitutional guarantees.

The petitioners have also contended that Sindh Epidemic Act 2014, under which the said orders have purportedly been issued, does not authorize the government to issue such notifications and impositions.

As such, the same are violation of the act under which these have purportedly been issued. A division bench of the Sindh High Court, while issuing notices on the petitions directed that these petitions shall be heard and decided finally on 4 May 2020.

Meanwhile, a division bench of the SHC issued notices to the provincial government, IG Sindh, IG Motorways and others in petition against restriction on inter-provincial movement. The petition said that restrictions on inter-provincial movement are violation of Article 15 of the constitution, at which the court sought the replies from the provincial government for April 28, 2020.

Meanwhile, the SHC bench headed by Justice Muhammad Ali Mazhar sought the comments from federal government and others on a petition pertaining to petroleum prices in the country for next week. The petitioner moved the court against high price of petroleum products in the country despite the historical fall in the international oil prices.

Source: brecorder.com- Apr 24, 2020

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Lockdown impact: Cotton offtake may see drastic fall

Trade body seeks financial relief and export incentives

Cotton trade in India has taken a big hit following the coronavirus outbreak and the subsequent nationwide lockdown.

While insiders say cotton consumption may fall by about 25-30 lakh bales in the current year, there is greater concern in the ginning and pressing industry, which is facing financial stress.

The Cotton Association of India (CAI) has written to the Prime Ministers' Office (PMO) and the ministries of Textiles, and Agriculture and Farmers' Welfare seeking assistance and support for the cotton ginning and pressing factories.

Fall in consumption

Atul Ganatra, President, CAI, told BusinessLine: "Consumption is estimated to drop by 25-30 lakh bales due to the lockdown. The cotton pressing activity is also likely to suffer.

So cotton stocks may get stockpiled for next year as many farmers are not willing to sell their crop at the current rates." Earlier this month, CAI had estimated the total cotton consumption demand at 331 lakh bales, including 288 lakh from mill consumption and the rest from small-scale and non-mill units.

The lull in consumption is set to impact prices, too. On the market outlook, Ganatra said ginned cotton prices have crashed by about 10 per cent during the lockdown period from ₹40,000 per candy (of 356 kg each) before lockdown, to about ₹36,500 now.

On the other hand, the international cotton prices are hovering around 65 US cents per pound FOB port delivery, which works out to ₹39,000-40,000 FOB Indian costs.

Impact on prices

Trade views Indian cotton price to be very reasonable at the current ₹36,500. It is expected that weak demand outlook and trade disruptions will keep Indian cotton prices in the range of ₹35,000-39,000 for the next 3-4 months.

Cotton trade and textile industry involves about 50-55 million people, including 6 million cotton farmers and about 40-50 million workers engaged in processing, trade and manufacturing. In the letter to Prime Minister Narendra Modi a month ago, CAI had recommended relief measures for the sector, which included conversion of existing working capital limits to long term loans, moratorium on loan payments due for at least six months, interest subvention of at least 5 per cent for all stakeholders, and not just exporters.

Cotton procurement

Meanwhile, due to the uncertain situation, most of the ginners are not ready to procure kapas (raw cotton) as there is no clarity where to sell and from where to get the money. Most ginning units are shut, leading to a drastic fall in pressing activity.

"At present about 50 spinning units in Gujarat and some others in Punjab, Haryana, Rajasthan, Himachal Pradesh and Maharashtra have got the permissions to operate. Also, in Tamil Nadu we hear that few mills, which are in green zone are running. But the outlook depends on how the government makes the exit plan for lockdown," Ganatra said.

K Selvaraju, Secretary General, Southern India Mills' Association, said, "Usually, the mill consumption is about 25-27 lakh bales per month. Due to lockdown it has become zero. Also, there are no takers as well. There is no clarity about when operations will resume, so going ahead we may end up with huge carryover stock."

Source: thehindubusinessline.com- Apr 23, 2020

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No clause in rules to arrest CEOs: Centre to states

The Centre on Thursday wrote to all states, clarifying that there is “no such clause” in the April 15 guidelines which allow a state to “take legal action, including imprisonment of a CEO” in case an employee is found Covid-19-positive.

The letter from home secretary Ajay Bhalla was issued to all chief secretaries after he, along with DPIIT (department for promotion of industry and internal trade) secretary Guruprasad Mohapatra, held a meeting with prominent industry representatives including those from the CII, Ficci and Assocham.

The letter sought to address some specific apprehensions – imprisonment of CEOs, sealing the factory premises for three months and shutting down a factory for two days for non-compliance of April 15 guidelines – which were raised by industry representatives.

“I would like to clarify that there is no such clause in the consolidated revised guidelines and therefore there is no basis for such misplaced apprehensions,” wrote Bhalla, adding that “these should not be misused to harass the management of any manufacturing/commercial establishments”.

The home secretary further clarified that the April 15 guidelines don’t “curtail any exemptions” already provided unless they fall in containment zones. “Finally, it is emphasised that subject to compliance with SOP on social distancing, no fresh licence or statutory approval is required for resumption of permitted activities during lockdown.”

Three Other Issues Raised

Earlier in the day, Bhalla had assured industry representatives that the guidelines, issued under the 2005 Disaster Management Act, were “precautionary” in nature and not meant to harass businesses. He along with Mohapatra conveyed that the government was “on the same page” as the industry in resuming economic activity.

"Criminal liability of employers in case of finding Covid-positive cases among employees has been mentioned by many industry members across states and needs to be clarified. We have seen the clarification from MHA (ministry of home affairs) yesterday. A notification or announcement that employers will not be held responsible for Covid-positive cases will add confidence," stated the CII after the meeting.

Besides the issue of using penal provisions against owners and managers in case a worker was found Covid-positive, industry representatives raised three other issues.

First, since states with most hotspots and containment account for over 55% economic activity, there should be some relaxation in standard operating procedures in these areas. On this, Bhalla said that while this fell in the remit of the health ministry, the government will hold inter-ministerial discussions involving all stakeholders to examine the issue.

Second, the industry wanted to know if some place in Delhi-NCR, like Noida, could be opened up for business. To this, government officials said it was for the Uttar Pradesh government to decide and Centre was not in a position to overrule them.

Third, industry representatives expressed concerns regarding availability of labour and wanted to know if the Centre could intervene as workers were headed to villages. They suggested that workers should be permitted to stay within 10 km of their place of work and should be allowed to use their own transport such as two-wheelers.

This apart, the home ministry said on Thursday that economic activity was picking up in rural areas. The Centre had allowed limited industrial activities in rural areas and establishments from April 20. This included manufacturing, production, storage and transportation of essential items, road construction, functioning of warehousing and cold storage.

Source: economictimes.com- Apr 23, 2020

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Covid-19 crushes micro and small enterprises

79 per cent of MSEs negatively impacted, says study by Kantar

The coronavirus pandemic has had disastrous impact on small and medium-sized enterprises across the country. With only 24 per cent small and medium businesses currently operational, a new report has indicated that five out of ten businesses would run out of working capital within two months, and will have to depend on loans from peers, friends and family in order to survive.

Covid-19 has negatively impacted 79 per cent of micro and small enterprises (MSEs). Nine out 100 businesses are also expected to lose 100 per cent of their revenue during the next two weeks, according to the study, which surveyed 420 players in 12 cities across manufacturing, BFSI, IT, ITES, telecom, travel, transport, logistics, retail and outlets, education and related areas, and other professional services sectors.

The first of a three-wave study, by data, insights and consulting company Kantar, shows the impact on key business areas, with seven out of ten businesses witnessing significant decline in customer footfalls and enquiries.

While seven out of ten manufacturing businesses are unlikely to procure raw materials for the next one month, the study shows six out of ten businesses are uncertain about their business financial health for the next two weeks.

Only two out of 10 businesses have more than 10 per cent contributing workforce, with BFSI and education sectors experiencing higher workforce contribution.

Silver lining

The study aimed to highlight the economic outlook for MSEs, challenges that threaten their existence and the opportunities that they seek to remain relevant in current times.

The overall impact on business has led to 18 per cent MSEs operating at less than 50 per cent capacity. Restricted movement, low demand from customers, financial and workforce woes are leading to high level of customer-oriented challenges, notes the study.

However, despite the overall low sentiments, at least 55 per cent businesses surveyed said they are looking at leveraging opportunities to better their businesses in the current scenario.

While 35 per cent are turning to leverage technology and digital solutions, the report showed many MSEs would rehash their business models and adopt digital channel for sales and customer communication strategies. MSEs were also keen to adopt technology products and solutions.

Source: thehindubusinessline.com- Apr 23, 2020

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As government wields stick, EXIM logistics players fall in line

The Director General of Shipping made it more ‘binding’ on carriers not to levy container detention charges on export-import shipments till May 3

A government move asking shipping lines, container freight stations, state-owned ports and private terminal operators therein to forego a plethora of charges to help exporters and importers sail out of the hard times brought on by the outbreak of coronavirus is starting to yield results, despite reservations from many quarters.

During the first bout of lockdown from March 24 to April 14, only a few among the shipping lines, terminal operators, CFSs, and major port trusts heeded a Shipping Ministry advisory not to collect penal charges arising from reasons attributed to the lockdown.

A large section ignored the Ministry advisory.

A raft of complaints from the EXIM trade community against those who didn’t “listen” to the advisory forced the Ministry to talk tough when it unveiled a relief package on Tuesday for port users and troubled public-private partnership (PPP) cargo terminal operators at major ports.

The Ministry had initially planned to circulate the relief measures involving exemptions and remission of various charges till May 3 from April 14 earlier, as a normal departmental order (DO) to the major ports.

But, on sensing that this ‘route’ may not serve the purpose, judging even by the concerns raised by some of the port chairmen against the move, the Ministry formulated the package on April 21 and “directed” the major ports to “issue relevant applicable orders for both remission and force majeure in their respective ports and forward the copy of port’s order to the Ministry of Shipping within seven working days”.

The Ministry further directed that the “ports shall ensure strict implementation of this order by port users including PPP concessionaires, CFS, ICD, shipping lines, etc”.

“If required, ports shall invoke relevant provisions of agreements and take appropriate action”, the Ministry wrote in the package.

DGS order

On Wednesday, the Director General of Shipping (DGS) issued an order asking shipping lines not to levy container detention charges on export-import shipments during the extended lockdown period till May 3. In an earlier order on March 29, the DGS had “advised” lines not to collect container detention charges from March 22 till April 14.

A similar order was issued by the DGS on March 31, “advising” shipping lines not to levy various charges on non-containerised cargo (bulk, break bulk and liquid) from March 22 to April 14.

On Wednesday, the DGS issued an order extending this period till May 3, sans the “advisory” and made it more “binding” on the carriers.

“It is now decided, that for the second lockdown period, the shipping companies or carriers (and their agents) shall not charge….on cargo owners/consignees of non-containerised cargo…”.

The efforts are paying off. On Thursday, DP World said in a trade notice that it “will not be levying storage charges on all containers from March 22 to May 3” at its container terminal in Cochin Port Trust.

Shipping lines, though, are yet to come out with a matching circular waiving of various charges during the extended lockdown period.

“Shipping lines are not keen on following the directions given by the Ministry and DGS. There are over 100,000 importers, but they want some

50 CFSs and 10 shipping lines only to bear all the burden. How is it possible? The Ministry and DGS have no jurisdiction over the charges levied by lines and CFSs in what is a free-market," said a shipping industry executive.

To be sure, the Ministry and DGS directions are not applicable to private ports, making these orders skewed towards state-owned ports, which handles some 52 per cent of India's external trade.

Source: thehindubusinessline.com- Apr 23, 2020

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Recovery of interest for late GST payment needs to be adjudicated in case of dispute, says HC

Goods & Services Tax (GST) authority cannot raise demand or initiate recovery of interest on late payment of tax without adjudication in case of a dispute, a High Court has ruled.

Amid lockdown, a division Bench of Jharkhand High Court, using video conference, delivered judgment to interpret certain Sections on the GST Act. These Sections deal with interest on delayed payment of tax (Section 50), determination of tax not paid or short-paid or erroneously refunded or input tax credit wrongly availed of or utilised for any reason other than fraud or any wilful misstatement or suppression of facts (Section 73 & 74) and recovery of tax (Section 79).

"Liability of interest is automatic, but the same is required to be adjudicated in the event an assessee disputes the computation or very leviability of interest, by initiation of adjudication proceedings under Section 73 or 74 of the CGST Act.

In our opinion, till such adjudication is completed by the Proper Officer, the amount of interest cannot be termed as an amount payable under the Act or the Rules," the Bench said. Further, it ordered that without initiation of any adjudication proceedings, no recovery proceeding under Section 79 of the Act can be initiated for recovery of the interest amount.

Every GST assessee is required to file the return GSTR 3B (actual tax paid) after depositing the tax. Due date for completion of the process is 20 days from the end of month for businesses with turnover of more than ₹5 crore;

for those with less than ₹5-crore turnover, the due date in some States/UTs is 22nd day and, in the remaining States/UTs, it is 24nd day from the end of month. Delay will result in interest being levied.

In the matter under consideration, the Jharkhand-based company Mahadeo Construction was saddled with interest of over ₹19.5 lakh for delayed filing of GSTR-3B returns for February and March 2018. The petitioner submitted that, according to GSTN portal, the due date for filing of the return for February 2017-18 and March 2017-18, was March 31, 2019. The returns for both months were filed within the stipulated date.

Bank account attached

However, as the petitioner submitted, the tax authority sent a demand for payment of interest amounting to over ₹19.5 lakh for filing the delayed GSTR-3B. Later, the bank account of the petitioner was attached for non-payment of interest.

The petitioner further submitted that not only the respondent (authorities without initiating adjudication process) straight away demanded interest from the petitioner in a most arbitrary and illegal manner, by adopting extra legal steps, initiating garnishee proceedings under Section 79 of the CGST Act for recovery of interest.

A garnishee proceeding refers to a legal action where the creditor is allowed to collect due amount from the debtor's bank account or any other means.

Responding to the petitioner's submission, the respondent (tax authority) said that the present dispute pertains to recovery of interest not on the grounds of delay in filing GSTR-3B return, but for delayed payment of tax. Further, for the tax authority, once there is a delay in payment of tax, the liability to pay interest on the same becomes automatic, for which no separate proceedings are required to be initiated for determining such interest liability.

Source: thehindubusinessline.com- Apr 23, 2020

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Industry facing multiple challenges in resuming operations: FIEO

Apex exporters" body FIEO has written to the commerce ministry highlighting multiple challenges that are holding back industrial units from starting operations even partially, despite relaxations in lockdown guidelines announced recently.

Among the major challenges are skyrocketing charges of private transport vehicles, non-availability of premises with MSME units for stay of workers and certain states mandating industry to install touch-free sanitiser machines at entry and exit points of a factory.

FIEO Director General Ajay Sahai in a letter to the commerce secretary said the industry is concerned with many "restrictions and responsibilities imposed" by the revised guidelines and standard operating protocol of April 15, which are coming in the way of starting factories.

Since state buses are not generally plying, such vehicles may be given to manufacturers for transportation of workers on reasonable charges, he suggested.

The revised guidelines require the stay of workers to be within the premises or in the adjacent building or requires their transportation in a dedicated vehicle and many units, particularly MSMEs, neither keep workers within the premises nor can quickly arrange to put them in an adjacent building.

"Since the private transport is not available and wherever available, its charges have skyrocketed, units prefer to wait till the lockdown is over. If workers are allowed to use their cycles/two-wheelers it can solve the problem of many units," he said.

He also said that the requirement of medical insurance of workers is creating a problem since workers are supplied by the contractor as many industries do not have workers on their pay roll.

"Since workers on payroll have ESI facility and contract worker may be covered by Ayushmaan Bharat scheme, this requirement may be relooked into," Sahai said adding states are interpreting the word preferably as mandatory and asking industry to install only touch-free sanitiser machines, which are very costly and in short supply, at entry, exit and a common area of a factory.

He said that Section 58 of the Disaster Management Act is interpreted differently by the states and some of the functionaries of the states are explaining that if any COVID-19 case is found, FIR will be filed against the owner(s) which requires suitable clarification from the ministry of home affairs.

"It is better if the responsibility of the owners(s) /management is detailed by the ministry/states," he said. Further, he said that the detailed guidelines talk about sealing of the factory if any COVID-19 case is detected.

"The sealing process is quite complicated and it may take 3-6 months" time for any industry to get permission to unseal it. Many units are therefore reluctant to open as such a situation is not ruled out. The industry is apprehensive as COVID-19 cases are on the rise and if the factory is sealed suddenly, the industry will be saddled with the cost of inputs as well as output, in addition to the fixed costs," he added.

He also added that many states have yet not issued the standard operating protocols, based on which the industry will evaluate its preparedness before applying for permission. "At a few places in green or rural areas, manufacturing has not started as ancillaries providing important part/ components are in the red zone, thus continuous manufacturing is not viable," he said.

The director general said that for many auto clusters, the manufacturing hasn''t started as the distribution channels have not been opened yet.

Some of the food processing units have reported that they are not getting the raw material as the village panchayats do not allow anyone to enter the village to procure such raw materials, he said adding for cashew industry, units are finding it difficult to get raw materials to start production.

The labour shortage is across industries and even affecting the transportation sector very badly, which is also deterring units from opening, Sahai said.

Source: outlookindia.com- Apr 23, 2020

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Industrialists urge TN govt for partial opening of manufacturing units

Leading industrialists from Tamil Nadu urged Chief Minister Edapaddi K Palaniswami for partial opening of industrial units, at least in critical sectors such as manufacturing and MSME. Some sought economic stimulus for their respective industries.

Palaniswami today met via video conferencing the industrialists — Venu Srinvasan of TVS Motors; N Srinivasan of India Cements; R Dinesh of TVS Supply Chains; Vellayan Subbiah of Tube Investments; PR Venketrama Rajah of Ramco Cements and Aqeel Ahmed Panaruna of Council of Leather Exports.

The discussion was to identify industrial units that should be opened as per government regulations. Considering the number of cases, the State government had decided against relaxing the lockdown on April 20.

The cement industry can resume operations once permission is obtained. There is no problem in producing and selling cement. However, transporting cement is the main problem as trucks are struck midway and are unavailable, N Srinivasan, Vice-Chairman and MD, India Cements, told the Chief Minister.

With no income and financial strain, the industry will face enormous difficulty if the lockdown continues. It will have problems in raising funds from banks and paying salary to employees in future, he added.

For the leather industry, Panaruna sought financial support measures considering that Covid-19 pandemic has adversely affected the industry resulting in cancellation of export orders to the tune of ₹2,800 crore for Tamil Nadu-based exporters. Revival of economic activities is also important for the industry for survival, he said.

Covid-19 cases rise to 1,683

Meanwhile, a further 54 persons tested positive for cornonavirus in Tamil Nadu today to take the total number of cases in the State to 1,683.

Of the total 54 infected today, 27 are in Chennai, and the total number of cases in the city touched the 400-mark. Coimbatore, which had nil cases today, is at a distant second with 134 and Tirupur (one case today) is in third position with 110 cases.

Today, 90 positive patients were discharged to take the total number of patients discharged so far to 752. Today, 6,954 blood samples were tested. Two Covid-19 positive patients died today to take the total deaths due to the virus to 20, says the data provided by the State Health Department.

Source: thehindubusinessline.com- Apr 23, 2020

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Southern India Spinners' Association seeks relief from Tamil Nadu

Hit hard by the ongoing lockdown due to Covid-19, the MSME spinning industries has sought some immediate relief measures from the Tamil Nadu government, including sanctioning six equal installments for payment of electricity bills, collecting minimum electricity charges for the recorded (actual) demand among others.

The unprecedented situation created by Covid–19 pandemic and lockdown announced by both the Union and state governments from March 24 has led to severe disruptions affecting the economy and impacting people at large and the MSME spinning mills in particular in the state, said N Murugesan, president, Southern India Spinners' Association (SISPA).

"At this juncture, we at SISPA, representing MSME spinning industries in Tamil Nadu is requesting immediate remedial measures, including sanctioning six equal instalments for payment of electricity bills for March 2020, irrespective of the consumers (LT, LTCT and HT) without levying belated payment surcharge (BPSC)/any other additional surcharges or otherwise it may be deducted from the additional current consumption deposit (ACCD).

MSME industries are using power only for security and lighting purposes and were not consuming entire sanctioned demand. Therefore, we request the state government to advice TANGEDCO to collect the minimum electricity charges for the recorded (actual) demand and not for the sanctioned demand during the lockdown period," the president said.

He further said that since availability of workforce, salability of finished product is uncertain after the lockdown period, SISPA requests to adopt the same procedure for at least six months to overcome the financial crisis after the lockdown period.

The 40 days nationwide lockdown, closing of borders between districts and states has affected the highly labour, capital- intensive textile spinning sector and has affected the revenue of the entire textile value chain. Hence, the association is seeking support at this critical moment to safeguard the industries and the millions of the workers in the nation, he added.

Source: financialexpress.com- Apr 23, 2020

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Centre working on scheme to reimburse pending dues to MSMEs with interest: Gadkari

The Centre is working on a scheme to reimburse pending payments with interest to micro, small and medium enterprises (MSMEs), Union Minister Nitin Gadkari said on Thursday.

Once implemented, the government's plans towards framing a mechanism for clearance of huge pending dues owed to MSMEs by central and state PSUs as well as corporate players are expected to provide a major relief to the sector battling distress, as millions of units struggle to survive amid mounting losses caused by the coronavirus pandemic.

In an interaction via video conferencing with the representatives of Bharat Chamber of Commerce, the minister for MSME and transport said the default on pending payments is one of the "big problems" faced by MSMEs.

Gadkari said he has asked the MSME ministry officials to work on formulating a scheme of Rs 1 to 2 lakh crore.

"Where there is a pending bill we can reimburse that amount with the interest cost. We will find out some solution, some of the cost will be borne by the government, some of the cost will be borne by the industry, some of the cost will be borne by the supplier and we will take the guarantee for that and MSMEs will get their payment. We are working on it. So that can be a good relief to MSMEs," said the minister.

During the interaction, Gadkari said while the government has allowed certain industry sectors to start functioning, it is also needed to be ensured that necessary preventive measures are taken to prevent the spread of COVID-19.

He emphasised on the usage of masks, sanitisers, gloves, etc and advised maintaining a safe social distancing while resuming the offices/business operations.

Industries should also arrange shelter and food for the labourers at the work site and focus on preventive measures and business activities simultaneously. The minister further mentioned that highways and ports have started functioning and over a period of time, operations will be on track.

Regarding the MSME sector's revival, the minister said that special focus towards export enhancement is the need of the hour and necessary practices shall be adopted to reduce costs for power, logistics and production to become competitive in the global market.

Gadkari stressed that there is also a need to focus on import substitution to replace foreign imports with domestic production.

He urged enterprises to make use of technology and mentioned that research, innovation and quality improvement can play a major role in industrial development.

The minister also stated that Japan has offered a special package to their industry for taking out their investments from China and move elsewhere.

He sees it as an opportunity to be grabbed by India.

Stating that work on Delhi-Mumbai Expressway has already started, the minister said this is an opportunity for the industry to make future investments in industrial clusters, industrial parks, smart villages and smart cities with focus on decentralisation approach in rural and tribal areas and urged that such proposals be submitted to the National Highways Authority of India.

Source: economictimes.com- Apr 23, 2020

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Ludhiana association moves Supreme Court against direction to pay full wages during lockdown

Ludhiana-based association of hand tools manufacturers, comprising 41 MSMEs, has moved the Supreme Court seeking quashing the government's March 29 order asking private establishments to pay full wages to their workers during the Covid-19 lockdown.

Stating that the Ministry of Home Affairs passed orders without due care and deliberation on the financial implications for employers, it warned that making such payments will lead to the closure of many of its units, which, in turn, will cause permanent unemployment and adversely affect the economy. Such a blanket direction for payment of full salaries is arbitrary, unconstitutional and unsustainable, MSMEs said.

The association alleged that during this unprecedented situation, various governments across the globe are taking measures for workers/employees, but the Centre has not taken any step, and instead has put the entire burden on employers/owners to pay full wages.

Last week, Mumbai-based textile exporter Nagreeka Exports had challenged the orders issued by the MHA and the Maharashtra government asking companies to pay full salaries to workers during the lockdown. The association also said the MHA order violated the private companies' right to carry on any occupation, trade or business guaranteed under Articles 19(1)(g) of the Constitution.

MSMEs have also argued that the Centre lacked the power to direct payment of wages, as the provisions of the Disaster Management Act 2005 cannot "impinge upon express provisions of the Industrial Disputes Act, 1947 and take away the right to lay off workmen during times of natural calamity".

It is irrational to treat all private establishments alike irrespective of profit, loss, debt or turnover, the petition said, adding that a blanket direction by the MHA is akin to a tax without any statutory backing.

Govt has not taken any steps for workforce, instead put the burden on employers to pay full wages," the petitioner said, adding that employers and employees have reciprocal promises whereby the right of an employee to demand salary is reciprocal to performance of work by such employee.

Besides, the petition said, an employer has a right not to pay if no work is done.

Private employers should completely be exempted from paying their workmen during the lockdown as the one-sided implementation of contract alone is not permitted, it argued. The association also said hundreds of crores of unclaimed provident fund and employees state insurance corporation contribution lie in banks attracting interest, and the government can utilise these funds rather than burdening the private sector.

Source: financialexpress.com- Apr 24, 2020

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MSME trade body pegs loss to sector at Rs 40,000-crore per day

The All India Manufacturers' Organisation, (AIMO) an apex trade body focused on the interests of the MSME sector, said on Thursday that the loss of revenue for the industry is close to Rs 40,000 crore a day and that it has already lost Rs 12 lakh crore by closing them.

There are sectors that are based purely on exports and orders will be cancelled if not supplied on time. AIMO national general-secretary Kenny Ramanand said, "The government will need to provide support packages, incentives and measures to the MSMEs to avoid a shutdown of India."

Several sectors like automobile, aviation, hospitality, apparel, consumer durables, electronics, hotels, tourism, restaurants & bars, entertainment, airlines, BPOs, seafood & livestock, construction & real estate and transportation are among the worst hit by this epidemic.

All the MSMEs, self-employed individuals and entrepreneurs associated with or whose revenues depend either directly or indirectly on these sectors are on the "verge of a shutdown situation," Ramanand said.

AIMO has requested the government to look at protecting the elders and senior citizens of the country and allow the working class to return to their livelihoods, by introducing a citizen risk assessment module to allow 55.1% of the population of India to start working immediately to avoid further loss to the economy, he said.

Source: financialexpress.com- Apr 23, 2020

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Textile associations demand special package

AEPC seeks waiver of demurrage charges extended till lockdown period

With the lockdown in force for more than a month now, textile and garment exporters and manufacturers have sought support from the government so that the units are able to manage the fund crunch and the businesses are not hit severely.

The Apparel Export Promotion Council (AEPC) has sought waiver of demurrage charges extended till the end of the lockdown period. Several garment exporters were receiving imported goods by air. But they were not getting the documents in the bank or from the shipper, as the institutions concerned and courier services had stopped and the importers were unable to clear the goods. Hence, the demurrage waiver should be granted from March 1.

Indian Texpreneurs Federation said banks and financial institutions should expedite implementation of the measures announced by the Reserve Bank of India and the Government. Applications for additional working capital should be processed at the earliest. Availability of additional working capital limit will be critical for liquidity management of textile companies to restart operations.

South India Spinners' Association has appealed to Tamil Nadu Generation and Distribution Corporation (Tangedco) to permit textile mills (LT, LTCT, and HT) to pay the electricity bill in six instalments. This will help the mills manage the funds available with them. Similarly, the MD charges should be reduced.

Source: thehindu.com- Apr 23, 2020

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Apparel units seek demurrage fee waivers till end of coronavirus lockdown

Hit by the COVID-19 pandemic, apparel exporters are demanding that the government should give waive demurrage on import and export shipments beginning March 1 until the end of the lockdown. Demurrage charges are paid by stock-holders to storage facilities at ports or airports in case of delays in shipping cargo.

On Thursday, the Apparel Export Promotion Council (AEPC) wrote to civil aviation minister Hardeep Singh Puri stating that its members could not clear shipments on time because of lack of documents. While the government has waived off 50 per cent of demurrage charges on imports, the council has requested to increase this to 100 per cent and extend it till the lockdown.

Source: newindianexpress.com- Apr 24, 2020

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MCA allows companies to hold first AGM before September 30

The Ministry of Corporate Affairs (MCA) allowed companies whose financial year ended in December, to hold their first Annual General Meeting (AGMs) within the first nine months of their current fiscal or September 30, without it being viewed as a violation under the Companies Act.

The relaxation was given on account of many such companies requesting leniency on the AGM rules owing to the social distancing norms and the lockdown resulting from the Covid-19 outbreak, the ministry said in a circular released on Monday.

“On account of the difficulties highlighted above, it is hereby clarified that if the companies whose financial year (other than first financial year) has ended on 31st December, 2019, hold their AGM for such financial year within a period of nine months from the closure of the financial year (i.e. by 30th September, 2020), the same shall not be viewed as a violation,” the circular said.

As per the Companies Act, 2013, companies must hold an AGM within six months from the closure of the previous financial year and not beyond 15 month of the last AGM.

Earlier this month, the MCA allowed companies to hold AGMs and extra general meetings (EGMs) through video conference or other audio visual means given the impact of Covid-19 on travel and difficulties in holding physical meetings.

Source: economictimes.com- Apr 22, 2020

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Welspun India resumes partial ops at manufacturing facilities in Gujarat

Textiles major Welspun India on Wednesday said it has resumed partial operations at its manufacturing facilities at Vapi and Anjar in Gujarat following receipt of permission from district authorities.

On March 24, the company had decided to temporarily close its manufacturing operations at the two units with immediate effect till further notice following announcement of nationwide lockdown to curb spread of coronavirus pandemic.

"In continuation of our earlier disclosure dated March 24, 2020, we hereby inform that we have received permissions from administrative authorities of Valsad District and Kutch District in the state of Gujarat to start operations with effect from April 21, 2020 and the company has resumed partial operations," it said in a regulatory filing.

Under new guidelines for the extended lockdown till May 3, the home ministry had allowed industrial units in rural areas or outside municipal limits to resume partial operations after April 20 under strict hygiene and safety conditions.

Source: economictimes.com- Apr 22, 2020

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