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INTERNATIONAL NEWS

Global trade set to shrink 18.5 pc in Q2: WTO

In its annual trade forecast issued on April 20, the WTO forecast volumes would contract by between 13 percent at best and 32 percent at worst in 2020.

The World Trade Organization (WTO) on Tuesday said it expects global trade to drop around 18.5% in the second quarter of 2020, adding that restrictions being gradually lifted to contain the Covid-19 suggest that trade may have possibly bottomed out in the second quarter of 2020. The volume of merchandise trade shrank 3% year-on-year in the first quarter.

The global trade watchdog said that world trade fell sharply in the first half of the year, as the Covid-19 pandemic upended the global economy. However, rapid government responses helped temper the contraction, and WTO economists now believe that while trade volumes will register a steep decline in 2020, they are unlikely to reach the worst-case scenario projected in April.

"The fall in trade we are now seeing is historically large – in fact, it would be the steepest on record. But there is an important silver lining here: it could have been much worse," said WTO's outgoing Director-General Roberto Azevêdo.

The Geneva-based organisation had in April said that the decline in world trade will likely exceed the trade slump brought by the global financial crisis of 2008-09 with merchandise trade expected to decline 13-32% in 2020 due to the Covid-19 pandemic.

Covid-19 pandemic and associated containment efforts intensified in the second half of March but travel and other restrictions are now increasingly being relaxed. "These developments are reflected in a variety of economic indicators which, taken together, suggest trade may have possibly bottomed out in the second quarter of 2020," it said.

The body, had in April, presented two possible scenarios for global trade. In an optimistic scenario, the WTO said global merchandise trade could fall 13% in 2020 and rebound 21% in 2021 -- compared with a 0.1% contraction in 2019.

In a pessimistic case, the volume of global goods trade could drop by as much as 32% this year with the possibility of a 24% increase next year.

“As things currently stand, trade would only need to grow by 2.5% per quarter for the remainder of the year to meet the optimistic projection,” WTO said on Tuesday.

Uncertain outlook

However, looking ahead to 2021, adverse developments, including a second wave of COVID-19 outbreaks, weaker than expected economic growth, or widespread recourse to trade restrictions, could see trade expansion fall short of earlier projections. Trade growth for 2021 could come in at closer to 5%, which would leave it well below the pre-pandemic trajectory.

“On the other hand, a quick return to its pre-pandemic trajectory would imply trade growth in 2021 of around 20%, in line with the April forecast’s optimistic scenario,” it said, adding that monetary, fiscal and trade policy choices will play a significant role in determining the pace of recovery.

Looking ahead to next year, a slower-than-expected pace of economic recovery would weigh on trade growth.

There are several reasons why trade might respond less to changes in GDP than it did during the financial crisis. First, fiscal and monetary policies have arguably been rolled out more quickly and on a larger scale in the current crisis than they were in 2008-09.

The WTO forecast scenarios did not include an attempt to model either set of policy responses, since, at the time, these policies were just being introduced. Second, income support to households and expectations that the pandemic would eventually ease may have encouraged consumers to maintain consumption levels at a higher level than expected.

Finally, much of the decline in output has been concentrated in non-tradeable services such as hospitality, personal services and entertainment, which tend to be less import-intensive than manufacturing.

Source: economictimes.com– Jun 23, 2020

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Global economy faces long, bumpy recovery post Covid: Moody's

The global economy is limping back to life from the Covid-related disruption, but the recovery will be long and bumpy, according to Moody's Investors Service.

"Global economic recovery will likely be prolonged. Q2 (April-June) 2020 will go down in history as the worst quarter for the global economy since at least World War II.

"We continue to expect a gradual recovery beginning in the second half of the year, but that outcome will depend on whether governments can reopen their economies while also safeguarding public health," the global credit rating agency said in its June 2020 update, Global Macro Outlook 2020-21. As per the update, a rebound in demand will determine the ability of businesses and labour markets to recover from the shock.

Moody's assessed that when economies reopen, many businesses and households are unlikely to recover the losses in revenue and income they sustained during the shutdown. And while some businesses will claw their way back to profit making, a large number will permanently close, resulting in long-term job losses.

Even as the economy slowly recovers, the output losses because of the pandemic shock will never be fully recouped, the agency said.

Permanent scarring

The agency observed: "Some forms of activity are likely to recover more slowly than others. In particular, we expect demand for high-contact services activities to normalize more slowly, if at all, as the fear factor will keep consumers from engaging in these activities."

Permanent scarring as a result of destruction of businesses and employment in these sectors is highly likely, it warned.

Moody's said the potential for permanent job losses in these high-contact service sectors is especially of concern because of the large proportion of low skilled individuals employed there.

Contraction in global economy

Moody's expects G-20 advanced economies collectively to contract 6.4 per cent in 2020 before growing at 4.8 per cent in 2021. G-20 emerging markets will collectively contract 1.6 per cent in 2020, followed by 5.9 per cent growth in 2021.

As per the agency's forecast, China will be the only G-20 country to post growth in 2020. Its expectation is that China's economy will grow 1 per cent in 2020, followed by a strong rebound of 7.1 per cent in 2021.

A critical assumption in Moody's baseline expectations for a gradual global economic recovery is that new Covid-19 outbreaks are likely in all countries, but that they will not result in the re-imposition of widespread lockdowns.

This assumption reflects the agency's view that (1) strict shutdown measures are becoming politically unpopular as a result of "lockdown fatigue" and the large economic costs associated with them, and (2) governments have improved Covid-19 testing and contact tracing infrastructures, which could help prevent localised outbreaks from spreading and turning into a renewed health crisis.

Central banks' support

Moody's expects all major central banks to maintain a highly accommodative policy stance until a recovery in both output and employment is firmly in place.

In other words, the agency does not expect any of the major G-20 central banks to materially remove support for at least the next two to three years given the sheer scale of repair needed to make up for lost jobs, incomes and profit across all economies.

In Moody's view, the deterioration of the US-China relationship makes the economic and geopolitical environment highly uncertain for businesses in both China and the US, as well as for other countries. Asian countries are particularly vulnerable to changes in geopolitical dynamics.

"The rise in tensions between China and countries bordering the South China Sea and clashes on the border with India suggest that geopolitical risks are rising for the entire region," the agency said.

Source: thehindubusinessline.com – Jun 23, 2020

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China is the world's factory, more than ever

Normally 200,000 buyers, hailing from just about every country, would have flocked to the Canton Fair, the world's biggest trade show. This year, because of the pandemic, it has been conducted entirely online, running for ten days and ending on June 24th.

Although no substitute for meetings in the flesh, the virtual fair was a spectacle in its own right, testament to China's manufacturing muscle. Some 25,000 exhibitors have hosted live-streams simultaneously, often from their factories, chatting to anyone interested in their products.

Among them, Wen Li, a young product manager, demonstrated Z-Green's self-propelled lawnmowers, to the background clang of the shop floor. Sherry, a manager with My Dinosaurs, gingerly stepped around fake bones as she introduced her company's giant animatronic beasts, pausing to insert a tongue into the gaping mouth of a brachiosaurus. Joy, a saleswoman with PK Cell, sat behind an array of rechargeable lithium batteries, explaining the workings of the firm's 23 automated production lines and reeling off its partners' names, from Walmart to the Chinese government.

On it went. There were companies making motorbikes and electric cars, coffee machines and milk-frothers, dog toys and hummingbird-feeders. Even if the individual live-streams were mostly amateurish, in halting English with poor lighting, the overall effect was powerful. Here, the Canton Fair proclaimed, is China: home to 28% of the world's manufacturing—nearly as much as America, Japan and Germany combined (see chart)—and, despite all the dislocations from the coronavirus crisis, still going strong.

China has two big advantages as a manufacturing power, amply displayed in recent months. First, its industrial base is unparalleled in breadth and depth, churning out everything from low-end footwear to high-end biotech. Even as wages have steadily increased, China's combination of manufacturing clusters, first-class infrastructure and upgraded factories have made it more competitive.

In 2005, 26.3% of the value of China's exports was added abroad; by 2016 that was down to 16.6%, with the share of foreign content falling most sharply in electronics, according to the OECD. In other words, more of the bits and bobs that end up in Chinese gadgets are themselves made in China.

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The Economist

your nose.

More sophisticated masks add a thin plastic filter and an activated carbon filter. Any country hoping to make masks on its own needs companies with expertise in textiles, chemicals, metallurgy and machining, along with sufficient supplies of raw materials, factory space, trained workers, engineers and capital. It cannot just be done from scratch, and a similar story plays out across thousands of products.

The second advantage for China is its own vast market. This is why many American companies want the Trump administration to go only so far in its tussles with China, applying enough pressure to free up more space for them to operate in China, but not so much as to blow up their opportunities.

By one measure global firms look even more wedded to China, despite the trade war: during the past 18 months the value of foreign mergers and acquisitions in China reached its highest in a decade, according to Rhodium Group, a research firm. There have also been several high-profile investment projects. BASF, a German chemicals company, is investing \$10bn in a production complex in southern China, to serve local customers. Tesla opened its first foreign factory in Shanghai last year to cater to the Chinese market, its biggest after America.

Face masks, a must-have during the pandemic, offer a vivid illustration of China's strengths. At the start of February, it made about half the world's supply, 10m a day. Within a month, output had increased to nearly 120m. That was not simply through exertion. It was thanks to having "the world's most complete supply chain", as Xinhua, the state-run news agency, put it. A simple surgical mask consists of a woven layer fused to a non-woven layer, elastic loops that go around your ears and a thin metal band to fasten it to

As is to be expected, the global downturn is weighing heavily on Chinese manufacturers. China's exports fell by 8% in the first five months of 2020 compared with the same period a year earlier. Yet Chinese firms are in better shape than most elsewhere, thanks to the country's success in slowing the spread of the coronavirus.

Not only is China's economy one of the few likely to grow this year; its earlier resumption of industrial activity has allowed exporters to gain market share while most other countries are still in varying states of lockdown. In Japan, goods from China accounted for a record 30% of total imports in May. In Europe, they made up 24% of imports in April, also a record.

Unmade in China

Yet this may be the high-water mark for China's exporters. Other countries are only too well aware of China's manufacturing prowess—and that it leaves them vulnerable to shortages of critical products. That point hit home earlier this year, as they scrambled to buy ventilators and masks from China. Concern that too much manufacturing had been offshored to China motivated some members of the Trump administration—notably Peter Navarro, a brash White House adviser—to impose tariffs on Chinese products.

A few years ago Mr Navarro's obsessive focus on luring manufacturing back to America made him seem eccentric. Now plenty of others sing the same tune, if in gentler tones. In April Japan earmarked \$2.2bn to help defray the costs of manufacturers leaving China.

European officials have warned of excessive dependence on China, especially for medical products. From India to Taiwan, governments are offering loans, cheap land and other incentives to lure companies from China.

Such inducements have rarely worked in the past, but they stand a better chance now. Three factors are pushing firms to shift some manufacturing operations, even as they continue to target the Chinese market for sales.

First, China's climb up the value chain and rising labour costs have squeezed out low-end firms. Many garment-makers and basic electronic-assembly plants have already left, typically for South-East Asia.

Second, tensions between China and America have made companies wary of being caught on one side or the other. Apple still makes most of its iPhones in China but to hedge its political risks has encouraged its suppliers to expand elsewhere, such as India.

Third, the rolling shutdowns of factories during the pandemic, with China's production almost entirely knocked out in February, has underscored the danger of being over-exposed to any one country.

Evidence of the shifting tide can be found in surveys of senior executives of big companies from America, China and north Asia (eg, Japan and South Korea), conducted by UBS, a Swiss bank. Among its 1,000-plus respondents, 76% of American companies, 85% of north Asian ones and even 60% of Chinese firms said that they had already moved or were planning to move some production away from China.

Keith Parker of UBS estimates that companies might shift between 20-30% of their Chinese manufacturing capacity. The relocations will not happen overnight but they will slowly chip away at China's dominance in manufacturing.

In the meantime, Chinese businesses are resilient and retain a well-honed ability to adapt. Take Sowind, a maker of household-cleaning tools—one of the companies showing off its wares at the virtual Canton Fair. Along with mainstays such as brooms and lint rollers, it was flogging a new product: motion-activated, battery-powered soap-dispensers for home use.

In a live-stream, Ivy, a young saleswoman in a Sowind red polo shirt, tailored her pitch to the grim viral reality: "You don't need to touch the soap dispenser, so you can avoid cross-infections." Contacted after her broadcast, Ivy said that customers in Europe and America were buying thousands at a time. "Our clients really need this," she said. As for the online migration of the

world's biggest trade show, she was also upbeat. "It takes time to get used to a new technique, but it's gone better than I had expected."

Source: economist.com— Jun 23, 2020

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GSP Renewal Still Under Consideration, USTR Says

U.S. Trade Representative Robert Lighthizer told members of Congress recently that the Trump administration has not decided whether to renew the Generalized System of Preferences, which provides duty-free or reduced duty treatment for imports of thousands of products from dozens of developing countries. The program is currently scheduled to expire Dec. 31.

House Ways and Means Committee Ranking Member Kevin Brady, R-Texas, said the U.S. should “move to immediately renew” GSP, as well as the preference programs for Haiti and the Caribbean Basin, “to reduce costs here at home, strengthen our relationships with developing countries, and establish incentives for those countries to work with us.”

In a June 16 letter, more than 200 companies and trade associations also urged a reauthorization of GSP, which they said saved U.S. companies more than \$1 billion in import duties in 2019. With the ongoing economic challenges associated with the COVID-19 pandemic, the letter said, “further uncertainty about whether companies will have to pay millions of dollars a day in new taxes in January 2021 is the last thing the American business community needs.” The letter also called on the administration to renew GSP benefits that have been removed from India, Turkey, and Thailand in recent years.

However, Lighthizer said the White House “has not formally taken a position” on renewing GSP or reinstating eligibility. He also indicated that even if the program is extended it “needs changes.”

For example, he pointed out that “there are countries that get GSP” from the U.S. that “have free trade agreements with, for example, Europe and give Europe better trade benefits.” This situation is “completely crazy,” Lighthizer said, and “something that I’m going to look at to see ... what the law prevents now or how the law should be changed.”

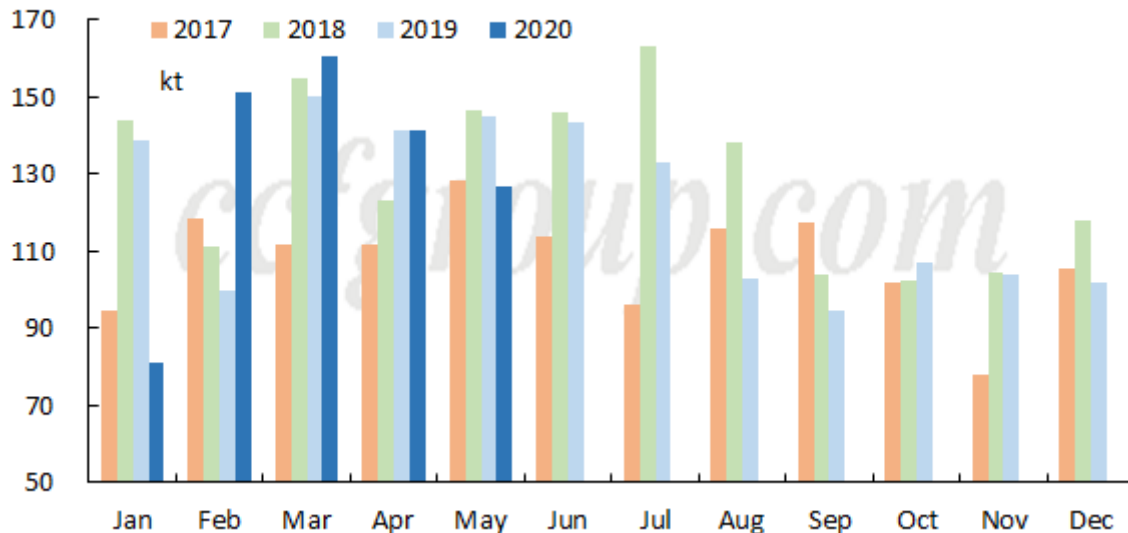
Source: strtrade.com– Jun 24, 2020

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Vietnam's cotton imports decline in May, 2020

1. Cotton imports of Vietnam decline on monthly and yearly basis

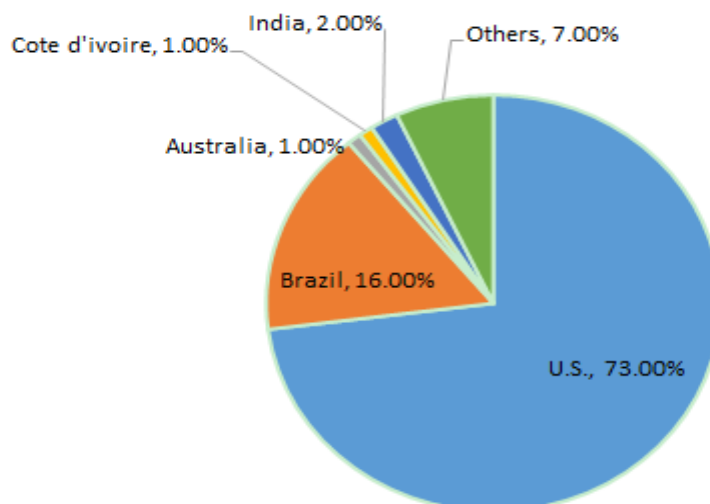
Cotton imports of Vietnam in 2017-2020



In May 2020, Vietnam imported 127,000 tons of cotton, down 12.5% year-on-year and 10.1% month-on-month. From January to May 2020, cotton imports totaled 660,800 tons, a decrease of 0.7% year-on-year.

2. Imports of US cotton rise on monthly basis

Cotton import proportion of Vietnam in May, 2020



Source: CCFGroup

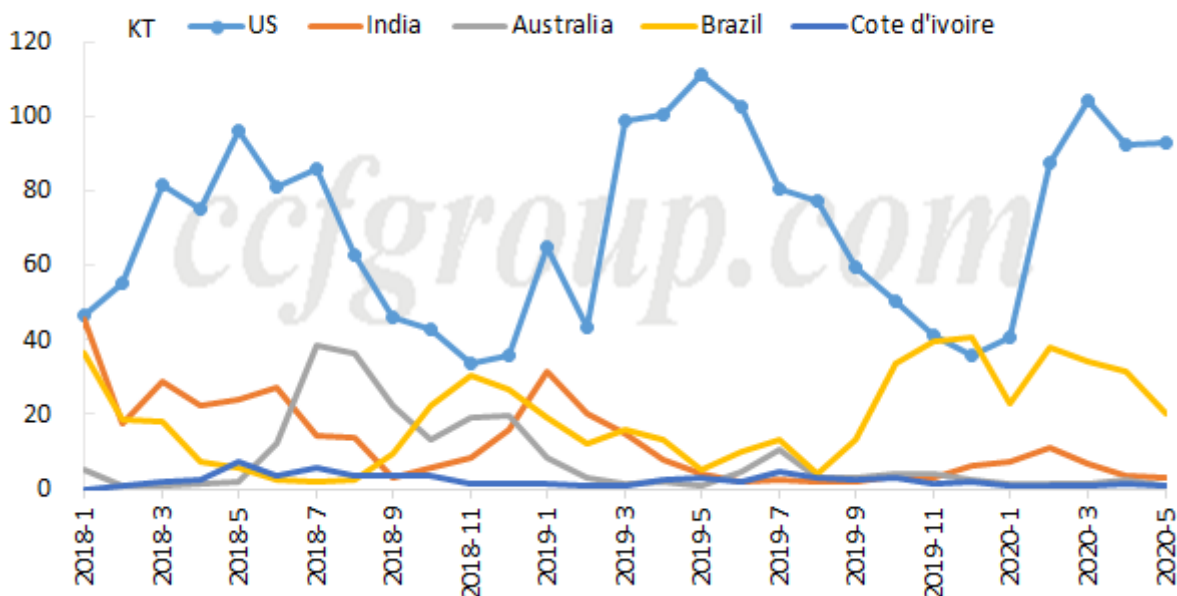
Firstly, the major imported cotton was US cotton in May, with a proportion of 73%, which was slightly higher from April, but down from the same period of last year. The import volumes of US cotton also increased month on month, but declined year on year. Secondly, Brazilian cotton imports accounted for 16% and continued to be the second place. Indian cotton took a share of 2% and Australian cotton accounted for 1%.

Cotton imports of Vietnam and unit prices in May, 2020

Origins	Volumes (ton)	Yearly change	Unit price (cent/lb)	Yearly change
US	93,072	-17%	75.1	-12%
Brazil	20,096	304%	74.9	-12%
India	2,734	-31%	64.1	-19%
Cote d'ivoire	947	-66%	69.3	-17%
Australia	773	-24%	87.5	-3%
Argentina	560	-19%	60	-24%
Indonesia	442	-78%	50	5%
Pakistan	116	-88%	58.5	7%
China	88	-54%	125.4	66%
South Korea	68	-86%	56.4	-17%
Other	8,131	-50%	70.8	-14%

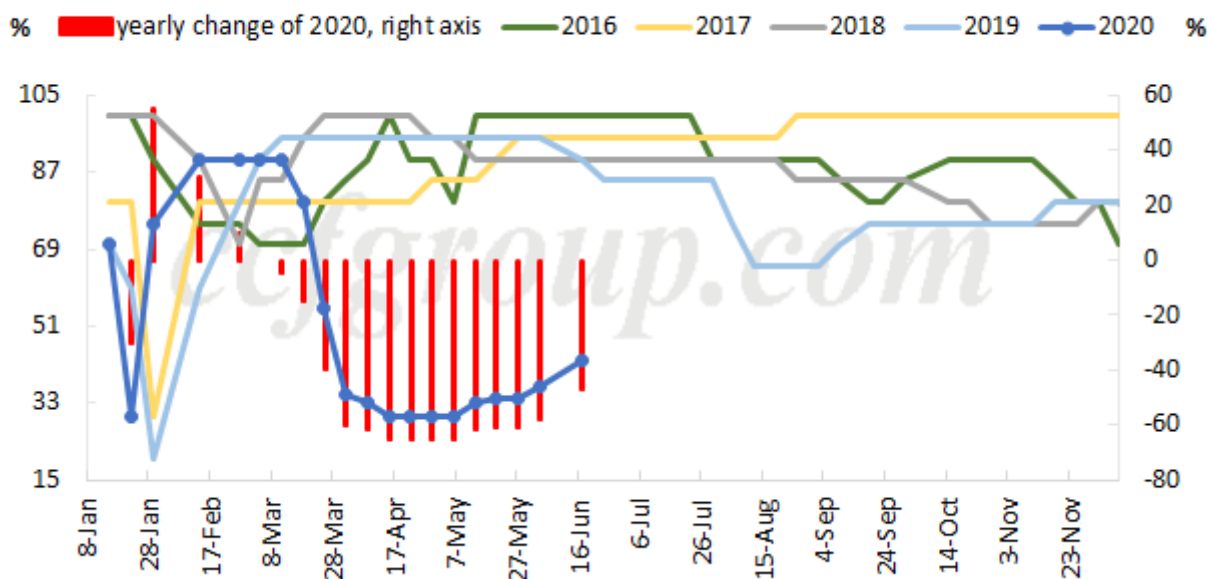
In May, the import of US cotton was 93,100 tons, down 17% year-on-year; Brazilian cotton was 20,100 tons, up 304% year-on-year; Indian cotton was 27,700 tons, down 31% year-on-year.

Monthly cotton imports of Vietnam by origins

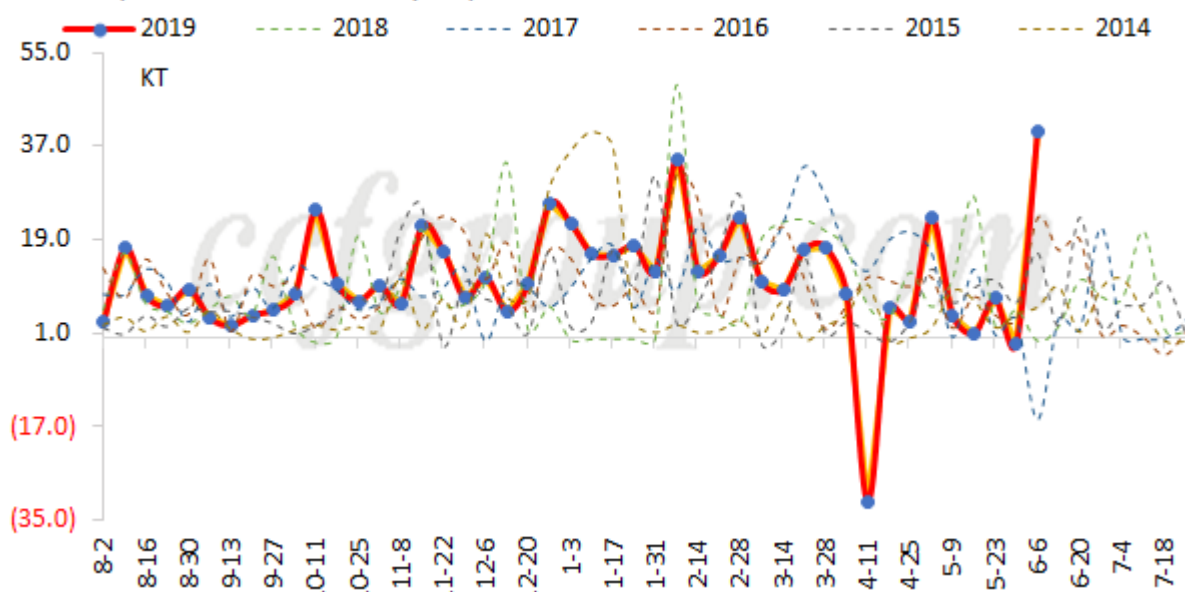


For the unit prices of imported cotton, cotton prices fell down overall in May.

Operating rate of spinning mills in Vietnam



US upland cotton weekly export sales from Vietnam



Vietnam cotton yarn's spot profit in May was negative and deficits enlarged somewhat compared with April. In early May, operating rate of spinning mills in Vietnam remained flat at around 30% and in mid-May to end May, operating rate climbed up somewhat, but was below 40%.

In May, the overall demand for the cotton textile market in Vietnam is still weak, and the enquiry atmosphere is also poor. It is relatively difficult for textile companies to sell goods, and most of them are loss-making goods. In early June, the enquiry atmosphere is better than in May, but the actual transaction remains limited. The cotton yarn costs make the bargaining

space limited, so mills still face large selling pressure. In the early to mid-June, the inquiry atmosphere improves slightly and cotton yarn inventory declines somewhat. The weekly export sales of US cotton from Vietnam rebound obviously in Jun, which is attributed to higher operating rate of domestic spinning mills and relatively smooth sales.

On the whole, spinning mills of Vietnam still face deficits, and orders have improved, but many mills maintain the production by lower prices. Currently, the cotton yarn is mainly procured by traders, and the cotton yarn has not mostly into the end-user market. In short, spinning mills of Vietnam may still show no strong intention to purchase cotton.

Source: ccfgroup.com– Jun 22, 2020

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Who's next on China's trade hit list?

Strained political relations between China and Australia have local exporters nervously looking over their shoulders wondering if they will be the next victim of Beijing's economic coercion.

A new in-depth report by agricultural economist Scott Waldron on China's imposition of tariffs on Australian barley and trade restrictions on beef is being touted by close Sino watchers as containing key lessons for businesses and investors trying to understand risks in the Chinese market.

Waldron, a University of Queensland academic writing for the Asia Beef Network, told The Australian Financial Review that "many people have missed the bigger picture" on China's motives in punishing Australian exporters such as barley and beef producers.

"There are a lot deeper forces based on industry policies involved in China," Waldron says. "There are broader lessons for other industries."

China generally only executes economic retaliation against foreign businesses when it is aligned with other domestic industry policy objectives. Barley, which was hit by a prohibitive 80 per cent tariff in May, was a sitting duck.

"Barley was a real stand-out because domestic [Chinese] production only accounted for 20 per cent of their barley supply," Waldron says. "From self sufficiency, that is unacceptable to China and they were always going to ping that."

If China is too reliant on imports of a product from a single country, it will seek to diversify that exposure if it can produce more of the good at home or buy it from a different country.

"While Australia is debating about whether we should even be thinking about export diversification, China is steaming ahead with import diversification, as per official policy," Waldron says.

Better understanding needed

So local businesses and their investors heavily dependent on the Chinese market need to better understand how Beijing views its dependency on particular products being shipped from Australia.

Waldron says there are a range of political and market risks that exporters need to better understand, such as trade protectionism for politically-connected industries, subsidies, stockpiling, government intervention and food safety and diseases rules.

Exporters of goods such as wine, coal, seafood and other agricultural products need to gain a deeper understanding of the Chinese perspective.

And if there is a heightened risk of falling victim for Beijing's political payback, such as for the Morrison government calling for an international inquiry into the origins of COVID-19, exporters need to price that in to their business models.

A risk-based diversification approach may be a more effective long-term strategy than constantly trying to dodge potential trade shocks and lobbying government to fix the fraught bilateral political relationship after punishment has been meted out.

"The risk needs to be priced in through higher costs," Waldron says.

"Exporters need to make decisions about whether to diversify into other markets, products and to cost those risks into their business models."

"Complying with every single regulation to the letter also has costs so that should also be priced in, which should be standard business procedure."

In other words, if an exporter can get \$110 for their product in China or \$100 in South Korea, the risk-adjusted price may be more profitable in the more predictable liberal democracy. China halted meat imports from four of Australia's biggest abattoirs in May, citing labelling and health certification issues.

The move followed the imposition of heavy tariffs on Australian barley as part of a campaign the Morrison government believes is punishment for its call for an international coronavirus inquiry.

Early this year two cases of Australian oats, which account for almost all of China's imports, were pulled up for food additives and contamination, a sign they might be targeted by future barriers.

Analysts say the intermittent restrictions on Australian coal shipped to China in recent years have been mainly due to its desire to reduce foreign imports to support prices for China's domestic coal producers. Australia is the biggest supplier of coal to China so it feels the brunt of trade restrictions more than others.

Australia's number one export to China, iron ore, is less at risk despite China being heavily dependent on the steel-making ingredient. Australian iron ore accounts for more than 60 per cent of China's ore imports. China has few other places to source iron ore from, especially with ongoing problems sourcing it from Brazil, which has been hit by supply disruptions from COVID-19 and tailings dams failures.

"The Chinese are always strategic in what they target to ensure it causes minimal damage to their own economy," Lowy Institute China expert Richard McGregor says. When China sanctioned South Korea for the instalment of the anti-missile defence system THAAD in 2016, China closed the Korean Lotte retail stores and discouraged tourists visiting Seoul.

China did not punish valuable South Korean electronic conductors, which are highly valued by China's emerging technology sector. Australian wool might look vulnerable. About 80 per cent of Australia's \$3 billion annual wool production is sent to China and it makes up almost all of China's wool imports.

And while low-income wool producers in western China have long pressed for trade restrictions, other powerful textiles and clothing industry such as suit makers are dependent on Australia's fine wool. There is no major alternate supplier of fine wool.

"They can't just turn off the tap from Australia because it would destroy their higher value wool textile industry," Waldron says. Ultimately, China will employ economic coercion against industries where it has complementary policy objectives and can minimise costs to China.

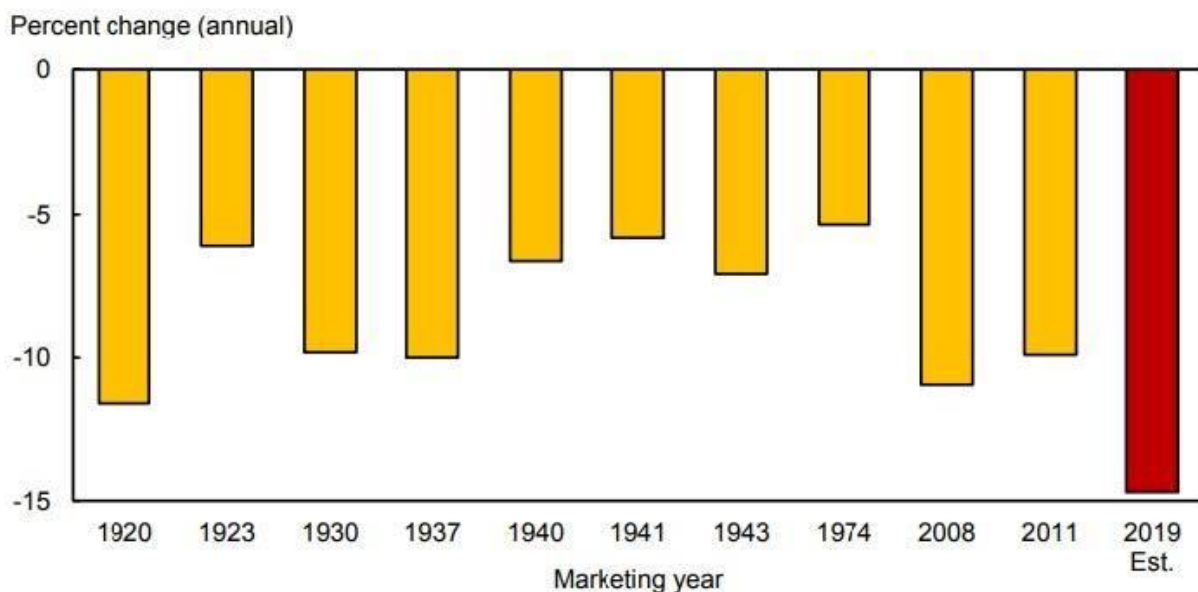
Source: afr.com– Jun 23, 2020

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Global cotton mill use sees unprecedented decline: USDA

Though the overall severity of the COVID-19 pandemic impact on the world economy remains unknown, the immediate and substantial shock to global cotton mill use has undoubtedly been historic.

Largest percentage declines in world cotton mill use, 1920-2019



Note: Marketing year begins August of year indicated.

Source: USDA, ERS calculations from USDA's *Statistics on Cotton* and USDA, Foreign Agricultural Service.

US department of agriculture (USDA) estimates world cotton mill use to plunge nearly 15 per cent year-on-year in marketing year 2019 (MY 19, i.e. August 2019-July 2020).

It is known that cotton mill use generally follows global economic activity. When the world economy weakens— as during the COVID-19 pandemic— consumers often defer purchases of items such as clothing, and the associated industries adjust their operations accordingly.

"For the textile and apparel industry, these adjustments have included temporary closures or substantial reductions in manufacturing operations as postponement or cancellation of orders have had ripple effects throughout the entire supply chain, from raw fibre procurement to retail sales," the Economic Research Service of the USDA said in its 'Cotton and Wool Outlook' report for June 2020.

While the COVID-19 effect unfolds, the developing global economic slowdown has significantly reduced recent USDA monthly forecasts for world cotton demand for MY19. Based on USDA's June 2020 forecast, MY 2019 global cotton mill use is estimated at a 16-year low.

"Although this low is noteworthy, the projected annual reduction is of historic proportion, with world cotton mill use estimated to plunge nearly 15 per cent year-over-year. In fact, the projected MY 2019 decrease is unmatched during the past century," the report said.

Global cotton mill use has declined more than 5 per cent year-over-year in only 10 other years since MY 1920, with most of those reductions associated with global recessions, including the Great Depression.

More recently, uncertainty surrounding the global financial crisis significantly limited world cotton demand in MY 2008, while a dramatic run-up in MY 2010 cotton prices to levels not experienced since the US Civil War hampered mill use in MY 2011.

Source: fibre2fashion.com— Jun 23, 2020

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EU sees significant impact of PRC restrictions on trade

Measures taken by the European Union (EU) members to prevent the spread of the COVID-19 pandemic were in full force during April. Early 2020 data show significant impact of the initial restrictions imposed by China in mid-January on the international trade in goods, according to the EU, which is organising the EU-China summit in Brussels beginning June 22.

The EU's seasonally adjusted trade (imports plus exports) with China fell from €46.5 billion in January this year to €43.1 billion in February 2020. In March, the EU's trade with China fell further to €41.9 billion, while in April 2020 it bounced back above its January 2020 level to €49.0 billion.

This increase was mainly led by a sharp increase in imports from China and was largely due to an increase in imports of specific made-up textile articles like textile face masks, surgical masks disposable face masks and single use drapes, the EU said in a press release.

Trends in EU's trade with its five main trade partners vary. In April 2020, decreasing levels of trade were observed for imports from all five main trade partners of the EU, with the exception of China (a rise of 12 per cent compared with January 2020).

The EU's exports to its five main trade partners also fell over this period, with the highest decrease in exports recorded with the United Kingdom (40 per cent), while the smallest decrease was recorded with China (6 per cent).

Looking at imports of the most traded goods to the EU from China, the second highest increase (36 per cent, €129 billion) in April 2020 compared with the same month last year was recorded for articles of apparel of textile fabrics. The largest decrease in absolute terms (€254 billion, 52 per cent) was observed for import of footwear.

Source: fibre2fashion.com– Jun 23, 2020

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Bed Bath & Beyond announces \$850 mn ABL facility

Bed Bath & Beyond, an omnichannel retailer of domestics merchandise, has announced the further strengthening of its liquidity position by executing an \$850 million three-year secured asset-based revolving credit facility (ABL Facility) with syndicate of banks. ABL Facility expires in June 2023 replacing company's existing unsecured revolving credit facility.

“An important focus as we transform our company is to ensure liquidity and to improve cash flow generation. The company went into the Covid-19 pandemic with a healthy cash position. This new ABL facility, in combination with actions being taken to drive cash flow, are enabling a more robust balance sheet,” Gustavo Arnal, chief financial officer & treasurer at Bed Bath & Beyond, said in a press release.

The company's Covid-19 response has also included aggressive and thoughtful steps to safeguard its people and communities while continuing to serve customers. During this time, the company has rapidly evolved to meet the changing needs of its customers by leveraging its omni-channel network and accelerating the introduction of Buy-Online-Pickup-In Store (BOPIS) and contactless Curbside Pickup services. These new services helped support the significant increase in demand across the company's digital channels while the majority of stores remained closed.

In late May 2020, the company began taking measured steps to re-open stores to the public, including the launch of a store safety plan to help ensure customers can shop in its stores confidently. The company expects approximately 95 per cent of its total store fleet to re-open by the end of this week and nearly all stores to re-open by July 2020, subject to state and local regulations. Additionally, BOPIS and contactless curbside pickup services will be expanded to cover the vast majority of stores.

“We have been delighted to welcome our customers back as we re-opened hundreds of stores in the last few weeks. At the same time, we are pleased with the response from our loyal customers to our new BOPIS and contactless curbside pickup shopping experience. These are important, targeted investments that strengthen our service offering and competitive position for the long term,” Mark Tritton, president & CEO at Bed Bath & Beyond, said.

Source: fibre2fashion.com– Jun 23, 2020

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Global exports of jute and other textile bast fibres jump

The global trade of jute and other textile bast fibres (excluding flax, true hemp and ramie) has shown a moderate fall in 2019. Total trade declined 11.03 per cent from \$206.63 million in 2017 to \$183.84 million 2019, according to data from TexPro. The total trade of jute and other textile bast fibres declined 7.61 per cent in 2019 over the previous year.

Further, the trade is is anticipated to drop to \$166.41 million in 2022 with a rate of 9.48 per cent from 2019, according to Fibre2Fashion's market analysis tool TexPro. The global export of jute and other textile bast fibres was \$37.84 million in 2017, which increased 26.49 per cent to \$47.86 million in 2019. Total exports grew 9.56 per cent in 2019 over the previous year and is expected to rise \$68.09 million in 2022 with a rate of 42.26 per cent from 2019.

The global import value of jute and other textile bast fibres was \$168.79 million in 2017, which decreased 19.44 per cent to \$135.98 million in 2019. Total imports fell 12.44 per cent in 2019 over the previous year and is expected to come down to \$98.32 million in 2022 with a rate of 27.69 per cent from 2019.

India (\$15.91 million), Kenya (\$14.19 million), Belgium (\$5.06 million) and Ireland (\$3.30 million) were the key exporters of jute and other textile bast fibres across the globe in 2019, together comprising 80.37 per cent of total export. These were followed by the US (\$1.77 million), South Korea (\$1.04 million) and Vietnam (\$1.03 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by Ireland and Belgium. India (\$46.98 million), Pakistan (\$21.01 million), China (\$17.67 million) and the UK (\$10.89 million) were the key importers of jute and other textile bast fibres across the globe in 2019, together comprising 71.00 per cent of total import. These were followed by Brazil (\$6.62 million), Spain (\$5.92 million) and Cote d Ivoire (\$3.62 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main importing countries, was attained by the UK and China.

Source: fibre2fashion.com– Jun 23, 2020

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Taiwanese textile companies explore partnerships with Indian firms

Taiwanese composite and technical textile companies are exploring partnership opportunities with Indian firms across various industries to meet their growing demand. India's technical textile industry is expected to grow at a rate of 20 per cent annually to touch \$30 billion over the next five years. The composite industry is also pegged at \$2.2 billion with an expected growth of 15 per cent per annum over the next four years.

The Bureau of Foreign Trade (BOFT) and Taiwan Textile Federation (TTF) are forming the Taiwan Pavilion for the fourth time jointly with Taiwan Composites Association (TCA) participating in 'Technotex 2016', organised by the Ministry of Textiles and an industry body in Mumbai this week. Nineteen leading Taiwanese companies producing high-end composites, innovative technical textiles, raw materials, accessories and non-woven machinery will exhibit their products at the event.

The multiple industries and sectors Taiwan is focusing on include automotive, defense, police, fire departments, sports gear and apparel, rain wear, outdoor tents and canopies and protective and safety products among others.

Source: fashionatingworld.com– Jun 23, 2020

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Vietnam, NZ see bilateral trade value of \$1.7 bn in 2020

Vietnam-New Zealand bilateral trade is expected to rise to \$1.7 billion this year as the two sides are working to upgrade their relations to a strategic partnership and both are members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Vietnam is New Zealand's sixteenth largest trade partner at present.

Bilateral trade enjoyed a three-fold increase in the decade since the two countries established their comprehensive partnership from \$320 million in 2009 to over \$1 billion in 2018, according to the Vietnamese Trade Office in New Zealand.

New Zealand needs to import commodities like garment, textiles, footwear, wood, tropical farm produce and fisheries products that are Vietnam’s strengths, while the latter needs to import milk and dairy products, wine, lamb, fruit and raw materials for garment and textiles and footwear from the former, according to a report in a Vietnamese daily.

New Zealand Prime Minister Jacinda Ardern is scheduled to take part in the ASEAN-New Zealand Leaders’ Summit. The ministerial-level Economic and Trade Joint Committee, established in 2005 by the two sides, is expected to convene its seventh meeting in the fourth quarter of this year in New Zealand to seek additional measures to expand bilateral trade.

Source: fibre2fashion.com– Jun 23, 2020

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Sri Lanka’s trade deficit widens in April 2020

According to the latest external trade data released by the Central Bank, country’s trade deficit widened in April 2020 as exports fell more than the decline in imports.



Sri Lanka’s external sector performance in April 2020 was severely affected by the COVID-19 pandemic related economic interruptions.

The imposition of a partial lockdown had a significant impact on Sri Lanka's merchandise exports sector while shutting down the tourism industry in April 2020.

The expenditure on merchandise imports also declined, with disruption to import related supply chains and restrictions imposed on non essential imports by the government and the Central Bank.

The deficit in the trade account widened in April 2020 to US dollars 840 million, from US dollars 797 million in April 2019, as the decline in exports exceeded the decline in imports.

However, on a cumulative basis, the trade deficit widened to US dollars 2,693 million during the first four months of 2020 from US dollars 2,458 million in the corresponding period of 2019.

Meanwhile, terms of trade, i.e., the ratio of the price of exports to the price of imports, deteriorated by 16.4 per cent (year on year) in April 2020 as export prices declined at a faster pace than the decline in import prices.

Figure 4: Monthly Export Performance



Sources: SLC, CBSL

Figure 5: Export Volume Index



Source: CBSL

Exports

In comparison to April 2019, earnings from merchandise exports declined significantly by 64.6 per cent to US dollars 282 million in April 2020, continuing the year-on-year decline observed in March 2020, with all major export sectors recording significant declines.

Disruptions to domestic production processes, disruptions to export related services due to the imposition of curfew and disturbances to both domestic and global supply and demand chains due to the outbreak of the COVID-19 pandemic were the main reasons for this sharp decline in the earnings from exports.

Earnings from the three major exports sectors; agricultural, industrial and mineral exports, recorded significant contractions in April 2020. Major export products such as textiles and garments, rubber products, petroleum products, gems, diamonds and jewellery, tea, seafood and machinery and mechanical appliances mainly contributed to the decline in export earnings.

Both the export volume index and the unit value index declined by 50.6 per cent and 28.4 per cent, respectively, in April 2020, indicating that the decline in exports was driven by lower volumes and lower prices, compared to April 2019.

Imports

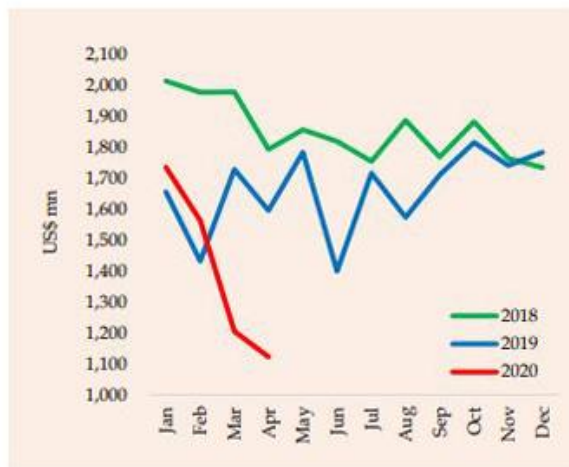
Expenditure on merchandise imports declined notably, on a year on year basis, by 29.6 per cent to US dollars 1,123 million in April 2020 mainly led by the significant declines in intermediate and investment goods. Measures taken by the government and the Central Bank during March and April 2020 due to the COVID-19 pandemic, including the suspension of facilitating the importation of selected goods contributed to the decline in import expenditure. Despite an increase in the import of food and beverages, the expenditure on consumer goods declined, although at a slower pace, led by lower imports of non-food consumer goods.

The selective import clearing process followed by the Sri Lanka Customs (SLC), prioritising essential consumer items and the disruption to other import related services due to the imposition of curfew, disruptions to global supply and logistic chains, lower commodity prices following the COVID-19 outbreak were the main reasons for this significant decline in the expenditure on imports.

Accordingly, expenditure on all major import sectors; consumer, intermediate and investment goods, declined in April 2020. Lower average import prices of crude oil (in April, average import price was US dollars 19.56 per barrel), refined petroleum and coal as well as the lower import volumes of refined petroleum and crude oil mainly accounted for the decline in expenditure on fuel. Expenditure on machinery and equipment, textiles

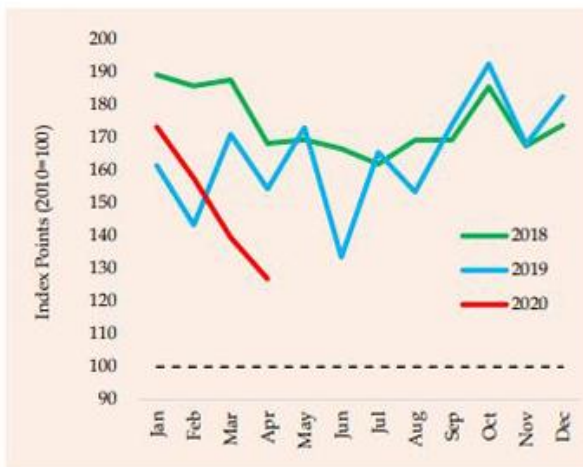
and textile articles, building material, wheat and maize, mineral products and transport equipment imports recorded notable declines.

Figure 6: Monthly Import Performance



Sources: SLC, CBSL

Figure 7: Import Volume Index



Source: CBSL

Expenditure on non food consumer goods such as telecommunication devices, clothing and accessories and home appliances, which were mainly subjected to import restrictions imposed during March/April 2020 also decreased in April 2020. However, a considerable

increase on import expenditure on personal vehicles was observed in April 2020 compared to the previous month, mainly due to the clearing of the backlog accumulated due to service disruptions with the spread of COVID-19 in the country.

In addition, expenditure on food and beverages, categorised under consumer goods imports increased, led by essential goods such as vegetables, seafood and spices while expenditure on base metals, fertiliser, agricultural inputs and food preparations imports categorised under intermediate goods also increased.

Both the import volume index and the unit value index declined by 17.8 per cent and 14.4 per cent, respectively, in April 2020, indicating that the decrease in imports was driven both by lower volumes and lower prices when compared to April 2019.

Source: adaderana.lk– Jun 23, 2020

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Cambodian Garment Factory Owners Urge Suspension of Minimum Wage Talks Citing Outbreak Impact

Garment factory owners on Tuesday urged Cambodia's government to postpone annual negotiations on minimum wage, saying the sector needs to first recover from the devastation of the coronavirus pandemic, while unions sought to downplay the severity of its impact and demand that talks go ahead.

The Garment Manufacturers Association in Cambodia (GMAC) issued a statement calling on the Ministry of Labor to stall minimum wage negotiations in the textile, garment, and footwear sector for 2021, planned to take place between July and September, citing a dearth of orders from foreign buyers and factory shutdowns caused by the outbreak.

“In the textile, garment, and footwear industry, many enterprises have temporarily suspended their production,” it reads.

Source: cambodiadaily.com – Jun 24, 2020

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A New Chapter in Uzbekistan's Cotton Sector?

Uzbek Forum's latest report, “Tashkent's Reforms Haven Not Yet Reached Us” – Unfinished Work in the Fight Against Forced Labor in Uzbekistan's 2019 Cotton Harvest, documents both the progress in eradicating forced labor as well as the remaining challenges in Uzbekistan, where President Shavkat Mirziyoyev's much-lauded reform process has so far evaded significant tangible political reform.

In 2019, state-set production targets for cotton, which local authorities were responsible for fulfilling, were still in place. Failure to meet these “quotas” risked the threat of penalties such as dismissal or fines. Uzbek Forum monitors collected documents that show the continued involvement of the state in organizing the deployment of employees of state and private enterprises to the cotton fields in 2019.

A nationwide online survey conducted by RIWI Corp. also confirmed Uzbek Forum's findings that the threat of penalty and with it, the risk of forced labor, was highest when pickers were recruited by employers or government

officials. These findings underscore the need for efficient recruitment channels independent of government interference and the ability of workers to say “no” to picking cotton without menace of a penalty.

The cotton sector in Uzbekistan has always been considered a strategic sector that generates significant revenues for the state. It was also a national symbol of pride and “wealth to the Uzbek people.” To harvest cotton in autumn 2019, Uzbek authorities had to find 1.75 million harvesters. There were no such numbers of voluntary harvesters in the country by the second half of the cotton harvest.

This is why the heads of the regions and districts, who carry responsibility for fulfilling state-set cotton production targets, resorted to the forced mobilization of people to pick cotton or pay for someone to pick in their place. Despite a significant reduction in cotton production over the past few years (in 2019 Uzbekistan’s cotton production was 500,000 tons less than in 2015), the eradication of forced labor remains elusive.

Uzbek Forum for Human Rights (formerly Uzbek-German Forum, UGF) has monitored and reported on child and forced labor in Uzbekistan’s cotton fields since 2009. At the time, the largest state-orchestrated mobilization of forced labor in the world was under-reported and of little interest to the outside world, from which Uzbekistan had detached itself during the years of Islam Karimov’s rule. Approximately 1 million schoolchildren, many as young as 11, were collected from school by buses across the country and sent to pick cotton under the blazing sun, exposed to hazardous chemicals for little or no pay.

Fast forward 10 years and the picture is markedly different: child labor ended in 2014. Some 200,000 students no longer have to give up two months of their studies to pick cotton and the number of adults forced to the fields has dropped significantly too. The exact number of forced laborers is notoriously difficult, if not impossible, to calculate in a sector that requires the involvement of approximately 1.7 million people.

The International Labor Organization (ILO) estimated that 102,000 people were still forced to pick cotton in the 2019 harvest based on a telephone survey of 6,000 respondents. However, the number is likely to be considerably higher when extortion for payment of replacement pickers and the ability of workers to refuse the “request” of an employer or official to participate in the harvest are taken into account.

The privatization of Uzbekistan’s cotton sector began in 2017 and by 2020 the industry should be fully in the hands of private companies operating “clusters” that combine production, processing, and manufacturing of cotton products. In March 2020, the government announced the abolition of state-set quotas as well as pricing, sales, and inputs for the 2020 harvest. This is of major significance and now puts the onus on private operators to ensure adherence to international labor standards. In a country devoid of independent trade unions and NGOs with the resources and capacity to monitor and report on labor rights violations, the question remains as to who will file complaints and administer remedies when companies fail to uphold labor laws.

In spring 2019 upon the request of the Uzbek government, the Cotton Campaign — which has led a boycott of Uzbek cotton supported by 305 international retailers and brands — developed a roadmap of reforms for the eradication of forced labor. The government has been responsive in implementing a number of the recommendations, including criminalizing the use of forced labor for repeat offenders, improving accountability through complaints mechanisms, and raising awareness of the prohibition of child and forced labor. It has not yet, however, addressed the issue of civil society as one of the core objectives in eliminating forced labor.

Human rights defenders continue to come under threat from the authorities and face harassment in the course of their work. Only one independent human rights organization has been registered since Mirziyoyev came to power in late 2016. Others have had their applications to register repeatedly rejected on spurious grounds. Members of the labor rights initiative group Chiroq, based in Karakalpakstan, were physically prevented from attending a meeting with Cotton Campaign delegates in February this year. Others received threats and, as a result, have since stepped down, too afraid of the consequences.

More recently, four human rights activists, one of them a monitor for the ILO’s Third-Party Monitoring of the cotton harvest, were apprehended by police while monitoring child labor in the cotton fields of the Pop district in Namangan region. On June 8, the activists were taken to a clinic where they were forcibly tested for COVID-19 and subsequently placed under quarantine in their homes for 14 days. They were put under constant surveillance by police officers and have been warned that they face criminal charges if they violate quarantine rules. One of the defenders was beaten by the police while another was subjected to aggressive behavior by the authorities and is now suffering from high blood pressure. Despite repeated

requests, none of the defenders have to date received the results of their tests. The Pop district where the defenders were apprehended is in a “green” zone where no cases of COVID-19 have been recorded. The defenders had no symptoms or reason to believe they had contracted the virus but were informed by the authorities that they had come into contact with a police officer who was infected. The activists posed no threat to public order while carrying out their work. It appears the incident was designed to intimidate human rights defenders and silence critical voices unless the prosecutor’s office, which has since announced an investigation, comes to another conclusion.

Against this backdrop it is difficult to see how the government intends to offer the assurances international brands and retailers demand in order to begin sourcing Uzbek cotton again and persuade the Cotton Campaign to drop its boycott. The sector has a toxic legacy and it will take more than a few handshakes and well-meant promises to give buyers the confidence that their supply chains will no longer be tainted by forced labor.

One important indicator for those companies’ risk analysts is an empowered civil society and independent trade unions that are able to invoke labor rights without risk of reprisal. This will require a departure from an authoritarian tradition ingrained in Uzbek political life. To share power with the common people will surely feel like the deprivation of unquestioned privilege enjoyed by the powerful in Uzbekistan. Despite everything, Uzbekistan is still on a steep learning curve.

Source: thediplomat.com– Jun 23, 2020

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Coronavirus disruptions deal severe blow to Bangladesh's garment industry

Since the outbreak of the global COVID-19 health crisis, Rubana Huq has been tirelessly campaigning to raise awareness for those laboring at the bottom end of global supply chain of textiles. In the case of Bangladesh that is millions of garment factory workers fired or furloughed during the country's lockdown.

The president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has repeatedly warned of the dire consequences of those workers losing their already meager incomes as global fashion brands continue cancelling orders.

In response to the call, the European Union has organized emergency funding to help them, which Huq says was "much appreciated," but could go only so far in limiting the damage done to the country's textile industry.

Export dependencies

According to BGMEA figures, orders worth \$3.18 billion (€2.8 billion) have so far been cancelled since the beginning of the COVID-19 outbreak earlier this year.

"More than 50% of this \$3.18 billion worth of order cancellations are from the European buyers," Huq told DW, adding this was "very unfortunate" given the long history of trade ties with the EU that have made the bloc Bangladesh's biggest apparel export market.

The Asian country is hugely dependent on the export of textiles for its national income as the industry accounts for more than 80% of Bangladesh's overall exports. By comparison, the German car industry, which is said to be essential for Germany's economy, generates less than 20% of the country's exports.

About 4 million workers are employed by the garment industry, most of them female seamstresses who often support several family members and live from paycheck to paycheck. "Since March 2020 a number of 179 factories have been forced to shut down, and many are in the queue," says Huq.

She acknowledges that European contractors are struggling, too, due to store closures caused by national lockdown measures, but says scrapping orders which causes financial losses for one party was "unjust."

'Elusive solutions'

German textile importers though, deny treating their Bangladeshi manufacturers unfairly.

German Fashion, an industry group representing this country's fashion labels, told DW in a statement its members didn't cancel orders "in big numbers," as they were striving to "maintain the close relations they've had with their producers for many years."

"We're currently holding several talks between manufacturers and buyers because we are convinced the problems can only be resolved by a willingness for compromise on both sides," a German Fashion spokeswoman said.

German textiles and fashion industry association, textil + mode, also said its member companies were aware of their "responsibility toward producer countries" and hadn't resorted to big-ticket cancellations in recent months. Firms were pursuing a policy of "partnership and mutual trust," a spokeswoman of the lobby group told DW.

'Massive blow'

German coffee chain Tchibo, which also offers low-budget clothing in its more than 1,000 stores across the country, said the blanket closure "virtually overnight" of all of them had "dealt a massive blow" to the retailer's business.

Tchibo spokesman Arndt Liedtke told DW, the company would aim though to "remain a fair and long-term partner despite the crisis."

"For us, it's been clear all along that we accept shipments in line with our contractual obligations agreed before," Liedtke says, noting that Tchibo has recently signed contracts for next year as it is essentially important for producers to have clarity about demand.

BGMEA official Rubana Huq is lauding Tchibo's approach, saying the company is not registered in a database run by the association and

identifying companies found to violate contracts or cancel payments. Others, however, are less forthcoming, she adds.

KiK and C&A chastised

Germany's biggest low-price clothing retailer KiK, however, has been singled out by BGMEA as being currently one of the main offenders of contractual obligations.

Garnering annual revenues of about €2 billion, the budget retailer has cancelled goods worth \$96,000 so far, with textile shipments to the tune of \$9.26 million currently being "on hold," according to the BGMEA data provided by factories in Bangladesh.

KiK considers its cancellation quota of about 1% as "not too bad," claiming in a statement to DW it had made "hardly any cancellations" in the course of the COVID-19 pandemic.

Similarly, department store chain C&A, says accusations of the company resorting to massive order cancellations are "not correct."

"After the outbreak of the virus crisis, we urged our partners to immediately stop production as a precautionary emergency measure," a C&A spokesman told DW, adding there was no other alternative left after the company had been forced to shut all of its 2,000 outlets in Europe and couldn't sell off the goods delivered.

Textiles and clothing already produced were "of course accepted and paid for," C&A claimed, with orders having been "reactivated almost completely now."

"In total, we have resumed 97% of the goods shipments ordered prior to the crisis and are guaranteeing paying for them," the C&A spokesman said.

Price wars

Cancelled orders are not the only problem facing Bangladesh's garment makers during the health crisis. More often than not, retailers in the west are demanding discounts on producer prices now, says Rubana Huq. "Along with downsizing the previously placed order, many of the buyers have been asking for discounts up to 20% to 50% as well."

German firms KiK and C&A are denying using coercion amid the pandemic, as Huq admits that pressure to lower prices was primarily coming from Anglo-Saxon retailers. "Some of the major companies that have exhibited unprofessional behavior are Dunne's store, Peacocks, ASDA, Arcadia, Sainsbury etc."

Recent talks with Peacocks owner Edinburgh Woolen Mill Group (EWM) have failed to produce any results, the BGMEA president said.

"We are trying hard to find a mutually agreeable solution [with EWM], but so far it seems [to be] a one-sided effort by us with almost no sign of workable cooperation from the other end."

EWM hasn't responded to a DW request for comment.

Solidarity vs. insolvency

At Euratex, the Brussels-based European Apparel and Textile Organization, the effects of the COVID-19 crisis are part of everyday discussions.

Euratex General Secretary Dirk Vantuyghem knows the dire figures coming out of the industry by heart.

"The total turnover of the European textile and clothing industry has dropped by 50 to 60%, and in some sub-sectors even more. For the whole year 2020, we expect a drop of 30%. This is a drop of €50 billion and is unprecedented," he told DW.

Despite the massive blow, he considers the response of some companies to the crisis as "unacceptable" and urges them to display "solidarity across the entire value chain."

"We encourage the large retailers to honor the orders they have placed, because it should be in their own long-term interest. We should also consider the long-term stability of countries like Bangladesh," he says.

Bangladesh's textile industry representative Rubana Huq fully agrees with him, but fears larger and even darker clouds emerging on the horizon.

"Amid this unprecedented situation, buyers going bankrupt has emerged as another terror for our industry. When a buyer goes bankrupt, it instantly hits the outstanding payments to its suppliers," she says, raising the specter

of insolvencies among big names such as Debenhams, La Halle or La Camaieu, which would massively worsen payment uncertainties, and threatening the survival of many in Bangladesh's garment industry.

Source: dw.com– Jun 22, 2020

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Pakistan: Textile industry seeks incentives to boost exports

Textile sector is gearing up to boost its exports in next financial year by \$3 billion as the industry is on the way to achieve 80-90 percent capacity utilisation in the next quarter as order books are filling up.

But the boost is conditional as the industry wants assurance from the government to extend competitively priced energy in the region, lower sales tax and quick refunds and reduction of turnover tax to 0.5 percent from existing 1.5 percent.

All Pakistan Textile Mills Association (APTMA), in a letter written on Tuesday to Abdul Razak Dawood, Adviser to PM on Commerce, Textile and Investment, says that the textile industry will try to achieve \$17.5 billion exports so that the trade deficit of Pakistan is completely covered for next financial year and no further foreign currency borrowing is required.

It urged the government to resolve the issues that include the extension of competitive priced energy, lowering of sales tax and quick refunds and slicing down the turnover tax to 0.5 percent while deliberating the proposed budget for 2020-21 tabled in the Parliament. The letter mentions saying that enhanced exports are the only sustainable way in which Pakistan can sustain the economy as debt burden is already unsustainable otherwise.

APTMA letter says, the country's total export in the outgoing financial year 2019-20 will stand at \$21.60 billion and the remittances will be hovering at \$22.54 billion whereas the estimated export target has been set for 2020-21 at \$27 billion with remittances at \$18 billion.

However, import in the outgoing financial year will be at \$44.49 billion whereas the sum of exports and remittances in 2019-20 will be \$44.14 showing the net trade deficit at - 0.45 billion US dollars.

The letter signed by executive director Shahid Sattar, APTMA also projected the import for next financial year at \$45 billion whereas the exports are projected at \$27 billion with 20 percent reduction in remittances to \$18 billion.

APTMA projected that trade deficit for 2020-21 financial year at zero but this target will be attained only if the government meets the demands of the textile industry.

Source: thenews.com.pk– Jun 23, 2020

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NATIONAL NEWS

Exports show green shoots after hitting new lows: Goyal

India's exports have started to show signs of recovery, after falling steadily in April due to the covid-19-led restrictions imposed on international borders, said commerce and industry minister Piyush Goyal.

“Currently, we are about 10-12 per cent down. So in a sense, we have reached up to 88-90 per cent of the level of exports that we had in June 2019 in the first two weeks of this month. I am awaiting data for the third week (of June),” Goyal said, while speaking at the Confederation of Indian Industry's Horasis India Meet.

In May, exports shrank 36.47 per cent to \$19.05 billion compared to a 60 per cent contraction in April, primarily due to cancellation of orders. In fact, exports remained subdued even during the last financial year ended March because of protectionism, among various other factors. It declined 58.7 per cent in March.

Now with just two weeks left, June exports are likely to be almost at the same level as last year. The Federation of Indian Export Organisations (FIEO) said that there is a drastic arrest in fall of exports compared to April but recovery will be slow due to globally slowing economy.

“Revival still seems to be a very slow process as the global business sentiments are at its lowest, impacting the supply chain and bringing slump or recessionary conditions in the economies across the world,” the federation said.

Commenting on subsidies, Goyal said that the focus is on sustainable growth and not on giving “handouts” for export industry, which would not help exporters in the long run.

He further said that India has made up its mind that we are going to only accept good quality products. Even if a domestic quality product is a bit costlier than imported one, it is sensible to buy Indian item, he said, adding that going forward, people could have to pay a “terrible price” if they don't buy quality Indian goods.

India has already tightened its FDI norms for countries it shares land border with. Imports fell by 51.1 per cent in May resulting in a trade deficit of just \$3.2 billion.

Source: newindianexpress.com– Jun 23, 2020

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DGFT clarifies on Issuance of Preferential Certificate of Origin for India's exports to Vietnam under ASEAN-India FTA

The Directorate General of Foreign Trade (DGFT) on Sunday, clarified on Issuance of Preferential Certificate of Origin for India's exports to Vietnam under the ASEAN-India Free Trade Agreement (FTA).

The issues have been raised by various representatives regarding difficulties in obtaining preferential access in Thailand and Vietnam on the basis of digitally signed electronic Certificates of Origin (COO) because of the acceptance of manual applications.

The given issue has been taken up by DGFT and it is decided that one additional copy i.e. electronic copy along with the set of 4 copies shall be generated by the system. The electronic copy shall bear the image signature of the officer and stamp of the issuing agency.

Exporters may send the electronic copy to the partner country for any immediate clearance. Where required, the exporter may also collect the other set of printed certificates (in quadruplicate) duly ink-signed by the officer along with the stamp from the designated office for any subsequent submission to the partner country authorities.

“The COO applications for exports under ASEAN-India FTA to all ASEAN countries except Thailand should now be submitted through the e-COO Platform by the exporters to the offices of the designated issuing agencies i.e. EIA, MPEDA, and Textile Committee,” the circular said.

No physical application shall be accepted from June 22, 2020. However, manual applications submitted prior to the given date may be issued. The circular further directed that the agencies like EIA, MPEDA, and Textile Committee will henceforth issue the Certificate of Origin online and provide

on request the printed copy of the certificate along with the stamp and wet-ink signature of the issuing officer to the exporter.

Source: taxscan.in– Jun 23, 2020

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Textile mills offer daily wages to lure migrants

Yajuvendra Dubey, a textile mill worker hailing from Bihar, is among the few thousands of migrant workers who decided to stay back in Surat during the lockdown. After remaining unemployed for two-and-half months, Dubey, who lives in Udhna area with his wife and children, was faced with severe financial crisis.

So when the textile mills reopened, he joined one in Pandesara GIDC only on the condition that he be paid wages daily. His employer, who is also faced with severe shortage of skilled workers, has agreed to this demand.

“Whatever money I had, I spent it on arranging food for my family during the lockdown. When my seth (boss) called me to work, I told him to pay me daily so that I can take care of my family,” says Dubey, who works in the boiler department of a textile mill in Pandesara GIDC.

Similar is the case in over 40 textile mills located in Sachin and Pandesara GIDC areas, that have resumed operations post-lockdown. There are about 300 textile mills in the city.

This is a rare event when Surat textile processors switched to daily wage payment looking into the demand of workers who stayed back and are facing financial crunch.

“At the end of the day, I am paying Rs 1.30 lakh as wages to 125 workers. There was no need to restart the mill, but this is for the sake of our workers who have not gone back to their home districts in anticipation of getting employment once the industry starts,” says Jitendra Vakharia, chairman of Narayan Textile Processors.

According to industry estimate, out of its total 2 lakh workers, only 30,000 have decided to stay back in Surat.

Industry sources said that the textile mills that have resumed work are running at less than 30% capacity. Most of them are engaged in completing pending orders only without any fresh orders.

Pramod Chaudhary, managing director of Pratibha industries told TOI, “Workers are the backbone of our industry and in the times of crisis, we are paying them wages daily. We are not only paying them wages daily, but also giving them ration kits.”

Another textile mill owner in Sachin GIDC, Binay Agarwal told TOI, “Till all our workers don’t return, we will have to pay daily wages to the workers who have stayed back. It is a huge financial burden for us, but at the same time we want to support them in crisis and not lose them.”

Source: timesofindia.com– Jun 24, 2020

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Textile boost to help make India ‘atmanirbhar’

The clarion call of ‘Atmanirbhar Bharat’ (self reliant India) given by Prime Minister Narendra Modi does not just imply import substitution but also capacity building to dominate the global market.

Pursuing such a policy can help Indian manufacturers boost manufacturing and export capacities. However, certain sectors like textiles are already self-reliant and can play a larger role in global market with a little boost from the government.

Stagnating exports hampering India’s textile growth

India is the largest and second-largest producer of cotton and man-made fibers — polyester and viscose respectively. Over the years, the country has established a large spinning, weaving and apparel making capacity to convert these raw materials into end-products.

India also has abundant labor supply and a strong domestic market. However, despite these advantages, the country’s textile exports remained at the \$40-billion level for the last few years with share in overall exports declining from 15 per cent in FY16 to 12 per cent FY 19.

In contrast, exports from Bangladesh, Vietnam and Cambodia have increased substantially. Bangladesh exports rose from \$26.60 billion in 2015 to \$33 billion in 2019 while Vietnam's increased exponentially to make it the third largest apparel exporter in the world. On the other hand, Indian apparel exports declined from \$18 billion in FY17 to \$17 billion in FY19.

Roadblocks to growth

Some reasons for the stagnation in Indian textile exports are: low scale of operations, preference for cotton over other fibers and lack of trade agreements with other countries.

Low scale of operations: On average, Indian apparel units have around 100 machines each. In contrast, Bangladesh factories have at least 500 machines each. Additionally, Bangladesh enjoys tariff benefits being a 'least developed country'. To overcome these disadvantages, India needs to set up mega apparel parks close to ports with 'plug and play' facilities and common infrastructure for effluent treatment, etc.

Preference for cotton over other fibers: Cotton has always been one of the favorite crops among Indian farmers. Nearly 5.8 million farmers are engaged in cotton cultivation in India. Also, GST on cotton is uniform at 5 per cent for fiber, yarn and fabric. This is not the case with man-made fibers (MMF), which are taxed at 18 per cent for fiber, 12 per cent for yarn and 5 per cent for fabric. This inverted tax structure makes MMF textiles costly.

Hence, MMF account for just \$6 billion of the \$39-billion textile exports. However, to emerge as serious player in the world fiber market, India needs to adopt an impartial tax policy besides upgrading technical skills in the industry.

Lack of trade agreements: India can gain duty free access to large textile markets such as the EU, Australia and the UK by signing duty free agreements with them. These agreements can also help Indian textile players counter Bangladesh which, as a 'least developed nation', gets duty-free access. Hence, the Indian government should sign appropriate FTAs with these countries. This can lead to the creation of 0.15 million jobs in the textile sector.

India's dream to be Atmanirbhar cannot be possible until and unless the government turns its focus to sectors that are already self-reliant and capable of taking the country on the path of growth.

Source: fashionatingworld.com– Jun 23, 2020

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MSME woes | Large corporates with strong liquidity hold up nearly Rs 3.3 lakh crore in payments: Report

Liquidity issues faced by micro, small and medium enterprises (MSMEs) in India have been aggravated due to the novel coronavirus, or COVID-19, pandemic and the lockdown that followed. Even as almost every sector of the economy was dealt an unprecedented blow by the pandemic-led lockdown and halt in business activity, small businesses were among the worst-hit.

As per a report by credit rating agency Brickwork Rating, close to Rs3.3 lakh crore worth of MSME funds are stuck with strong large corporates in the form of receivables.

This is one of the many challenges faced by MSMEs. Two key things intensified the cash crunch being faced by MSMEs during the lockdown -- lack of formal funding from the banking system and the delay in payments, the report noted.

Many small businesses are plagued by the issue of a stretched working capital due to delayed payments by buyers (private or even the government). In the case of large corporates, MSMEs witness delayed payments for materials supplied or services provided due to their low bargaining power with such entities.

The lack of access to formal funding from the banking system, a perennial problem that has plagued the sector, has seen recent government intervention. The Rs 3 lakh crore in collateral-free loans being provided to MSMEs in the form of an Emergency Credit Line Guarantee Scheme under the Atmanirbhar Bharat package is one such move to ease the sector's woes and help them mitigate the crisis that has reared its head amid the COVID-19 pandemic.

Finance Minister Nirmala Sitharaman on June 22 said the total amount sanctioned under the Emergency Credit Line Guarantee Scheme (ECLGS) by public sector banks and private banks stood at Rs 75,426.39 crore, of which Rs 32,894.86 crore has already been disbursed.

The report, however, notes that despite the MSME-focussed announcements made by the Centre as part of the financial relief packages, the sector continues to experience stretched liquidity "given the long credit period extracted from MSMEs by large corporates, many of which have sufficient liquidity of their own."

The study by Brickwork noted that while some such corporates have weak liquidity and credit profiles, which drives them toward extracting the maximum credit from their suppliers (MSMEs), others have strong credit profiles and liquidity.

Rajat Bahl, Chief Ratings Officer, Brickwork Ratings, said, "Even if 50 percent of the funds held up by strong large corporates with high creditor days are released, it will shore up liquidity for the MSME sector by around Rs 1.6 lakh crore and significantly reduce their liquidity pressure and working capital burden."

Source: moneycontrol.com– Jun 23, 2020

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‘Country of origin’ must on e-Marketplace platform, says government

Buyers on the platform can now see the percentage of local content in various products

In a push to promote local products, the Union government has made it mandatory for all sellers on the Government e-Marketplace (GeM), a platform for public procurement, to list the Country of Origin while registering new products. Those who had uploaded products are getting regular warnings that they will be removed if the origin details are not updated.

The changes to the GeM, a Special Purpose Vehicle under the Ministry of Commerce and Industry, are in line with the Centre's Aatmanirbhar Bharat and Make in India policies, an official statement said.

Buyers on the platform can now see the percentage of local content in various products. They can also switch on a new Make in India filter to see products that match their preferences on local content.

For example, buyers can choose to buy only those products that meet a minimum 50% local content criteria. “In case of Bids, Buyers can now reserve any bid for Class I Local suppliers (Local Content > 50%). For those Bids below INR 200 crore, only Class I and Class II Local Suppliers (Local content > 50% and > 20% respectively) are eligible to bid, with Class I supplier getting purchase preference”, said the statement.

The Aatmanirbhar Bharat policy, introduced in the wake of the COVID-19 pandemic, is meant to encourage self-reliance and boost small Indian manufacturers. The policy changes also come at a time when there have been calls from some sections for a boycott of Chinese goods.

Source: thehindu.com– Jun 23, 2020

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EODB key to India's self-reliance mission: CII

With more outcome-oriented action on ease of doing business (EODB), huge momentum to India’s domestic and overseas investment can be imparted at a time when self-reliance is being strengthened, according to the Confederation of Indian Industry (CII), which recently outlined eight areas where strong measures in mission mode can help to boost the economy.

“While many policies have been announced for a facilitative investment climate, effective translation into ground-level outcomes will help investor perceptions and further boost confidence. We believe that taking the ease of doing business route can unlock huge potential at a time when the world is seeking new investment opportunities,” said CII director general Chandrajit Banerjee said in a press release.

Sustaining this reform momentum can drive new investments, including those from overseas, stated CII.

CII identified immediate and medium term measures in eight areas for EODB that can reduce costs and time for making Indian industry competitive. CII prioritised effective implementation of online single window system (SWS) as the first step towards strengthening EODB. Regular monitoring by the chief secretary of a state, time-bound approvals and single interface should be implemented in all states. Currently, only 21

states have implemented this system. For a business entity, there should not be any other point of interface with the government other than the SWS.

Simplifying property registration and acquisition of land is critical. Industry should be permitted to buy land directly from farmers with deemed approval after 30 days. Digitisation and integration of land records and single online portal with integrated information can help in titling.

Compliances for labour regulations could be speeded up at lower costs. States can follow the example of Uttar Pradesh by exempting industry from select labour laws for three years. The applicable limits under Industrial Disputes Act 1947, Factories Act 1948 and Contract Labour (Regulation and Abolition) Act 1970 must be raised immediately by all states, stressed CII.

At a time when India is seeking deeper overseas engagement, it is critical to ensure a quick and low-cost trade facilitation mechanism. The SWIFT system needs to bring on board all partner group agencies. The risk management system, port community system and authorised economic operators need to be strengthened, including through automation and digitisation, it said.

Enforcing contracts is a challenge due to insufficient commercial courts and infrastructure. CII suggested major digital reforms like virtual court proceedings, e-filing and work from home to speed up court deliberations. The alternative dispute resolution institutions can be expanded in all parts of the country with arbitration and mediation centres. Over the medium term, judicial capacity must be enhanced with specialised commercial courts at high courts and district courts.

Synchronised joint inspections, computerised risk-based inspections and differentiated inspection requirements for low-risk industries can reduce the inspection burden on companies, noted CII. Self-certification and third-party certification can be extended, as in Telangana, where companies with good track record in the medium-risk category are permitted self-certification. In the medium term, an online central inspection system for labour, fire, lift, electricity, boilers, etc is required.

Micro, small and medium enterprises (MSMEs) need a special helping hand, according to CII, and should be exempted from approvals and inspections for three years under state laws while following all rules. Self certification route can be used for renewal and approvals for MSMEs with good track record.

Lastly, India's high logistics costs impact its competitiveness and this will require medium-term action like raising the share of railways and waterways in transport, improving first-mile and last-mile connectivity and reducing port dwell time. Cross subsidisation of freight should be rationalised, added CII.

Source: fibre2fashion.com– Jun 23, 2020

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Surveillance on Chinese consignments bolstered at Chennai port and air cargo complex

The Customs department has strengthened its vigilance on Chinese consignments that arrived at both Chennai port and the Chennai air cargo complex based on suspicions, said sources.

It is learnt that similar checks were held at the Mumbai, Kolkata and Thoothukudi ports. This comes just after last week's India-China face-off at Ladakh.

“It is a regular investigation based on suspicion. We cannot give further information. We cannot stop any cargo,” clarified a senior official of Chennai Customs when asked if Chinese consignments are not being cleared. “In fact, we are clearing them but the cargo is not evacuated from the port and airport due to the lockdown,” he added.

An official of the shipping trade said that the Central Board of Indirect Taxes and Customs had communicated to the Customs department to hold Chinese consignments despite obtaining ‘out of charge’ orders. This information was communicated orally to the trade last night.

At the air cargo complex today afternoon, Chinese consignments were examined but released later by the Customs.

While there is no official data, nearly 30 per cent of cargo, mainly medical and electronic items, handled at Chennai originates from China.

Source: thehindubusinessline.com– Jun 23, 2020

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DGFT amends policy on export of PPEs, masks

The government has banned the export of medical coveralls of all classes, categories, medical goggles, all masks other than non-medical/non-surgical masks (Cotton, Silk, Wool, Polyester, Nylon, Rayon, Viscose – Knitted, Woven or Blended) Nitrile/NBR Gloves and Face Shield.

These PPE/masks have been prohibited from export either as part of kits or as individual items, according to Amit Yadav, Director General of Foreign Trade (DGFT).

The DGFT has amended the export policy on personal protection equipment/masks to give effect to the prohibition, which was notified in the gazette on June 22.

Source: thehindubusinessline.com – Jun 23, 2020

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Govt's MSME credit scheme continues to roll with 800% jump in amount disbursed to small businesses

Credit and Finance for MSMEs: The government's collateral-free loan scheme worth Rs 3 lakh crore continued to support MSMEs with emergency credit to cope up with the Covid impact. The amount sanctioned under the scheme crossed Rs 79,000 crore mark as of June 20, 2020, while the amount disbursed stood at Rs 35,000 crore, according to the data shared by the Finance Minister on Tuesday. This is 799.2 per cent up from Rs 3,892 crore disbursed as of June 1, 2020.

The government has been timely sharing the details around the amount sanctioned and disbursed along with the number of MSME accounts benefitted under the scheme. The scheme was part of the massive Rs 20 lakh crore stimulus package announced by PM Modi last month to revive the Covid-hit economy.

The top lenders under the scheme have been State Bank of India, HDFC Bank, Bank of Baroda, Punjab National Bank, and Canara Bank. MSMEs with an outstanding credit of up to Rs 25 crore as on February 29, which is less than or equal to 60 days past due as on that date along with up to Rs 100 crore in annual turnover are eligible to seek credit under the scheme.

On the other hand, SIDBI has sanctioned more than Rs 10,220 crore to NBFCs, Micro Finance Institutions and banks for lending to MSMEs under the RBI's Special Liquidity Facility announced in March-April 2020, Finance Ministry said in a statement. Moreover, the National Housing Bank (NHB) has sanctioned Rs 10,000 crore to Housing Finance Companies.

“This refinance by SIDBI & NHB is in addition to ongoing schemes through which over Rs 30,000 crore has been sanctioned,” the ministry added. NBFCs & MFIs are also supported under the Extended Partial Guarantee Scheme where approvals have crossed Rs 5,500 crore while transactions for another Rs 5,000 crore are currently going through the approval procedure. There are also “certain other deals currently under negotiation.”

Meanwhile, gross bank credit growth to micro and small enterprises (MSEs) by banks in the first month of FY 2020-21 stood at 3.3 per cent. The credit grew to Rs 11 lakh crore from Rs 10.65 lakh crore in April FY20, according to the RBI bulletin even as there was a contraction of 4.4 per cent from Rs 11.49 lakh crore in March (FY20).

Source: financialexpress.com– Jun 23, 2020

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Govt mulls exporting PPE suits as production hits surplus

The government might soon allow the export of nearly 50 lakh personal protective equipment (PPE) suits a month as production reaches surplus levels. The move might come into effect because of the demand tabled by the Indian apparel export industry body AEPC on June 21. According to AEPC, PPE kits' production has reached 8 lakh units per day in the country.

Apparel Export Promotion Council (AEPC) chairman A Sakthivel said, "Domestic exporters are prepared to play a key role in the global market for PPEs, which is estimated to be more than \$60 billion over the next five years".

Consequently, the textile ministry is currently seeking permission for the PPE kits' export to cover losses it suffered because of the coronavirus pandemic. Export of PPE kits, including suits made for firefighters and bulletproof jackets, was stopped on January 31.

According to the Hindustan Times report, Clothes Manufacturing Association of India did a survey of around 1,000 factories in May and found that the textile companies' apparel sales plunged to 84 per cent during the coronavirus-induced lockdown. However, PPE production reached surplus levels.

South India Mills Association President K Selvaraju also said that the textile companies were producing nearly 1 crore kits a month. Besides, and 2.02 crore PPE suits have been supplied in the Indian market till now.

The daily added that discussions between different stakeholders on PPEs export have already taken place. It is likely that there will be an official announcement on this matter by the end of this week. Additionally, the manufacturers will have to comply with international standards and acquire certifications to ensure that their products are up to the mark.

According to AEPC chairman, countries like Bangladesh, Indonesia, Pakistan and others have lifted the ban on PPE exports and were receiving huge orders.

He added that Pakistan received \$100 million export orders last week, which was likely to go up to \$500 million. Similarly, Bangladesh aggressively protected the global businesses from countries such as the US, Nepal, Sri Lanka and Kuwait while tackling the pandemic.

Source: businessstoday.in – Jun 23, 2020

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Indian customs may start inspection of all imports from China at ports and airports

Indian customs authorities could soon start inspecting all import consignments from China at ports and airports across the country following heightened security concerns after the skirmish at the border, people familiar with the development said.

This 100 per cent check of imports from China could lead to delay in the release of consignments, a non-tariff barrier possibly aimed at curbing imports from the country.

Chennai is one of the first ports to opt for such closer scrutiny of Chinese imports. Industry insiders say Chennai is the key port for import of telecom parts and equipment by many Chinese companies operating in the country. It is also a major port for import of auto components from China.

There is no formal instruction to stop clearances, but importers have not been able to secure release of consignments, one of the people quoted above said. "Importers have been told that consignments need to be examined and sanitised for Covid19 with due procedures," said an industry expert adding that the move seems to have been prompted by an alert.

"100 per cent physical examination means delay in clearances," said another person privy to the development.

The development rattled the industry with multiple consignments getting stuck prompting some of the importers to take up the issue with local customs officials. "Authorities have assured that the issue would be resolved soon," said an official with an export body.

Customs authorities also played down the industry's concerns over the clearance issues. A senior customs official in Chennai said that checking of consignments coming from China was being done as per system generated routine checks, and that individual scrutiny of each consignment would not be physically possible.

"System generated checks are going on... doing it for each container would be a huge time taking exercise," the official said. There are about 300-500 bills from China which are cleared on a daily basis at Chennai customs, which is a large chunk of the overall numbers.

If consignments of any country coming in large numbers are halted, it could lead to the ports getting choked and massive time delays in products reaching the end destination, the official added.

Source: economictimes.com– Jun 23, 2020

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Indian fashion industry on the verge of collapse

New Delhi: The Indian fashion industry is on the verge of collapsing amid supply orders drying up from retailers that are already reeling under mountains of unsold inventories.

Garment manufacturers said they received virtually no order from domestic fashion retailers in May and June, generally a busy time for businesses for the fall season, and that they don't expect any significant improvement in July either.

On Tuesday, several Twitter users shared a video showing a protest by hundreds of workers outside a Bengaluru factory that produced goods for retailers including H&M. "H&M cancelled orders and refused to pay for (the) work done," a tweet said.

An H&M spokesperson, in response to the tweet, said, "The drop in customer demand due to Covid-19 will inevitably impact suppliers. However, we are placing orders with this supplier and we fully stand by our responsible purchasing practices. We are in dialogue with the supplier and the trade unions to resolve the conflict peacefully."

With most fashion brands looking to run their unsold spring-summer collections until October without placing fresh orders, garment manufacturers say many factories will be closed and hundreds of thousands will lose their jobs.

"Retailers will be liquidating inventory for the next two months and they will only start placing orders when the cash cycle starts to improve," said Kulin Lalbhai, executive director at Arvind Ltd that supplies apparel products to both domestic and international clients. "It will mean a couple of months of very low orders... People (retailers) would be cutting down their overall autumn-winter orders by more than 50%."

Most garment shops opened earlier this month after more than two months of anti-coronavirus lockdown, but sales have remained tepid.

Sales of goods in malls are paltry at around 25% of pre-Covid levels, retailers said.

“Footfalls have been below expectations in malls as well as in high streets, specifically in the metro cities,” said Rakesh Biyani, managing director of Future Group that sells fashion brands such as FBB, Lee Cooper, Converse and Clarks.

He said retailers were expecting around 50% of mall traffic to be back, but currently footfalls in malls are hovering around only 25% of pre-Covid period.

“The situation of the retail industry is very bad,” Biyani said. “You need 60-70% sales just to make ends meet. That is why the domestic retail industry is not placing any orders.”

On Wednesday, a group of retailers are scheduled to have a videoconference meeting with finance ministry officials. They would ask for financial stimulus for the beleaguered industry, industry insiders said.

Fashion retailers were ready with their spring-summer collections in early March but many could not even launch them as most states ordered closure of shopping malls to curb the spread of the Covid-19 by then and then in late March the nationwide lockdown started. Hence, the move to run the unsold inventory until October when the winter season begins.

“The intention is to continue with the existing collection till the end of this year,” said Sundeep Chugh, CEO of Benetton India. “This may lead to an overall drop of orders by around 40% as compared to last year.”

Siddharath Bindra, MD of Biba, said the ethnic brand is reducing its orders for the August to December season by 40%. “We are also moving some of existing inventory into the next season,” he said.

A top executive of another ethnic brand said his firm has curtailed its orders this year by 50% as its sales are hovering around 35% of the pre-Covid levels.

Retailers Association of India (RAI), which represents thousands of modern outlets, said the fashion apparel business declined by 70% year on year during June 1-15.

“Customers are still wary of getting into retail stores and we are only doing about 30% of business compared to last year,” said Kumar Rajagopalan, chief executive of RAI. “With that kind of sales we have enough stocks for the next four months. So manufacturers are not getting the orders.”

Manufacturers confirmed that they have hardly received any fresh order for retailers.

“Even the orders for winterwear this year is going to be limited because of the cash crunch the retailers are facing,” said Rahul Mehta, chief mentor of Clothing Manufacturers Association of India (CMAI).

So, the only ground for hope for garment manufacturers is the exports market. Mehta said export orders have started to pick up in places like Tiruppur, the garment hub in Tamil Nadu.

Lalbhai of Arvind said, “Exports are seeing a stronger recovery. Both Europe and the US are opening up. We believe exports will start moving towards 60-70% of the original mark possibly by the end of second quarter.”

Source: economictimes.com– Jun 23, 2020

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Spotting Chinese products on Amazon of govt buying; GeM to track country of origin amid boycott calls

Technology for MSMEs: Amid growing chorus in India to ban import and use of Chinese goods, the government on Tuesday made it mandatory for sellers to mention the Country of Origin to sell goods on its Government e-Marketplace (GeM). Moreover, sellers have been warned that for products already listed on GeM, the Country of Origin should be updated, failing which those products shall be pulled down from the marketplace.

Along with the ‘Country of Origin’ feature on the GeM portal, sellers would also have a provision to indicate the local content percentage in products, Commerce Ministry said in a statement. This will be visible to buyers for all items on the marketplace. Also, the portal has enabled the ‘Make in India’ filter for buyers even as they can choose products that meet the minimum 50 per cent local content criteria.

While GeM has announced these steps to promote PM Modi’s call for Atmanirbhar Bharat, it also comes amid consumers’ growing resentment for Chinese goods following the recent border backlash between the Indian and Chinese armed forces. According to a survey by LocalCircles, having more than 32,000 responses from citizens across 235 districts in India, 87 per

cent said that they are willing to boycott buying of Chinese goods for the next one year. Moreover, 97 per cent said that they will boycott the purchase of major Chinese brands including Xiaomi, Oppo, Vivo etc. and 39 per cent said they won't buy new products but will use what they have.

The Commerce Ministry added that buyers will be able to reserve any bid for Class I local suppliers (local content more than 50 per cent). For bids less than Rs 200 crore, only Class I and Class II local suppliers (local content more than 50 per cent and more than 20 per cent respectively) would be eligible to bid even as Class I supplier will get purchase preference.

Source: financialexpress.com– Jun 23, 2020

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Garment units reopen in Bengaluru, but it is still a slow restart

THREE DAYS after the Covid-19-linked lockdown was lifted in Karnataka, a group of rural women employees of an export-oriented garment factory near Bengaluru gathered at a bus stand in the Mandya region, around 50 km from the factory, and protested the lack of transport to take them to work despite Arvind Mills arranging for passes on state buses for their transportation.

“We have been at the Mandya bus stand since 6 am. We have been given bus passes by the Arvind Mills company. We tried to board a state bus this morning but only two of us were allowed due to social distancing. We want bus services to function like before to take us to work. It is a struggle this way to manage our home and work,” one of the workers said in a video message uploaded on social media by the Karnataka Garment Workers Union (KOOGU).

The garment industry which employs nearly 3.5 lakh people — mostly women — in over 1,200 units at industrial estates around the city of Bengaluru has resumed operations, but social distancing norms and fear of the spread of Covid-19 has restricted the transport options for women workers who rely on company and state transport systems to commute.

In the Bommanahalli and Begur industrial regions of Bengaluru where a few of the former Covid-19 hotspots of the city – like Hongasandra and Mangamanpalya – are located, garment units like Shahi Exports, Aditya Birla Fashion, S K Garments have all begun operations with whatever staff are reporting for work and with a freeze on new hiring.

The streets of this industrial region are abuzz since the lifting of the lockdown unlike the neighboring Electronic City where the big IT companies are located and the streets are deserted as most workers are now working from home. Outside a Shahi Exports unit on the Begur Road, vegetable vendors wait with wares every day to attract the women workers who will pour out of the factory doors when their shift ends every evening.

“Production has started again. Our firm is in better shape than some others. But we expect 10 to 25 percent cut in the salary of staff depending on seniority,” said a senior employee of Shahi Exports.

“They do not want any new recruitment. There is a fear that the virus will spread especially since this is a region where there have been many cases. They are asking people to leave if they have not been coming since the past two weeks,” said another employee at the firm’s Hongasandra unit.

“We are back to normal production. A few workers who have gone home are missing but work is continuing like normal,” says Govind Kumar, a migrant worker from UP at a complex a few metres down the Hongasandra main road which houses units of Aditya Birla Fashion and S K Garments.

The garment units in the Bengaluru factories produce clothing for international brands like Tommy Hilfiger, Gap, HM, Levis, Jockey etc. The companies have increasingly created facilities on the outskirts of Bengaluru and its rural parts to access the low cost labor afforded by rural women.

“All companies have re-opened – some even worked in the lockdown. A few units of some companies shut down during the lockdown. In most companies, those who came to work during the lockdown by whatever means possible are being retained. Those who have returned to work after June are not being allowed irrespective of their service,” said Prathiba R, President of the Garment and Textile Workers Union in Bengaluru.

One of the units that was shutdown during the lockdown was that of the firm Gokaldas Exports in the Srirangapatna area of the Mandya district – around 100 km from Bengaluru – which employed around 1,200 women from

villages around the region. “Around 400 of the workers have resigned but as many as 800 women are protesting the illegal layoffs at the unit,” said the GATWU president. “The companies are saying that the international brands they serve have not placed new orders. We are trying to bring issues to the notice of the international firms as well.”

One of the reasons the workers are not being provided transport is because the company wants them to quit, says the KOOGU union general secretary T S Swamy.

While many of the factories had not paid wages for April and May they have now done so, say garments workers union officials. “The wages for April were not paid till May but they were later paid in full but for May only 50 percent has been paid by some firms,” said T S Swamy the general secretary of the Karnataka Garment Workers Union (KOOGU).

“We have paid full wages for the entire lockdown month of April 2020 in two tranches, the first prior to May 12, 2020, and the second prior to May 25, 2020. All the workers were informed in advance about this payment process. This approach has been adopted to tide over cash flow issues faced during the nationwide lockdown,” Shahi Exports officials said on the company website.

With retail operations gradually opening in the western market the next six months is critical, said a manager at a Bengaluru garment factory.

Some units like Arvind Mills have pivoted operations during the lockdown to make masks, PPE kits and special clothing with anti viral material to combat Covid-19, said a company official.

Source: indianexpress.com– Jun 23, 2020

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Containers from Chennai port boxed in over e-pass confusion

Auto hubs, other businesses hit by disruption in supply chains due to delay in clearance at ports

On an average, 2,200 containers move in and out of three ports — Chennai, Kamarajar and Katupally — that feed Chennai on a normal day.

However, since the intensive lockdown was re-imposed in Chennai and its neighbouring districts on June 19, only some containers are transiting the ports. And even those are stranded in various check-posts within the city.

This has hit the operations of the manufacturing hubs surrounding the city. Supply chains of the auto majors located in Sriperumbudur and Oragadam face disruption with containers not reaching them. Other manufacturers too are facing similar challenges. Their exports too are hit as most containers headed for the ports are stuck outside the city.

The reason for this is the non-issuance of e-passes by the Tamil Nadu government to the trailers and support staff involved in logistics service during the current 12-day lockdown. The passes issued during the earlier lockdown are now deemed invalid and the police authorities are insisting on new ones, said logistics players.

Movement paralysed

Processing of Customs and port-related documentation — that need to accompany the vehicles — has been hampered as no pass is issued to support staff like the Customs House Agents (CHA). Industry associations have sought intervention of the Finance Minister and Chairman of Chennai Port Trust (ChPT) and Principal Chief Commissioner of Customs, Chennai, to sort out the issue. “Movement of containers to districts from Chennai and vice versa is paralysed,” said G Raghu Shankar of International Clearing and Shipping Agency.

The ambiguity over issue of e-passes is creating confusion to service providers like Customs brokers, shipping lines, CFS operators, transporters, ports and terminals, and to the industry.

“Most of the requests for passes have been rejected,” said Shankar, who is also chairman of SICCI’S Shipping Committee.

None of the stakeholders has received the e-pass for the current lockdown for which the applications were made from June 18. “Most of our vehicles with laden containers are being stopped at various police check posts and officials are demanding for fresh e-passes”, said the Trailer Owners Association.

No mention of service providers

While sea ports, airports, train operations, CFS, CHAs and shipping lines, have been included in the e-pass category, there is no mention of logistics service providers.

“How will the shipping trade operate trailers without involvement of the staff involved in documentation?” asked the association.

A senior official of the ChPT said only a few passes are being issued. The logistics community should be considered separately since ports are working 24/7. “Chennai police or corporation should do something. Or else, all operations will slow down and eventually stop,” said CR Raghavendra, Senior General Manager, K Steamship Agencies (P) Ltd.

The Chennai Custom Broker Association, in a letter to Finance Minister Nirmala Sitharaman, said despite the Customs department’s efforts, e-passes are not being issued.

Export containers cannot move without completing the Customs clearance procedures for which the presence of employees in offices is essential.

The State government has been urged to issue a minimum of three e-passes to each company, said the association’s president S Nataraja.

Source: thehindubusinessline.com– Jun 23, 2020

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ISRO gets Indian patent for liquid cooling and heating garment

ISRO gets Indian patent for cooling and heating garment

The Indian Space Research Organisation (ISRO) has got an Indian patent for its liquid cooling and heating garment (LCHG) that is suitable for space applications. The patent is valid for 20 years from the date of application, that is, February 8, 2016, and was granted on June 19.

While ISRO is the patentee or patent owner, the four inventors are Srirangam Siripothu, Reshmi Balachandran, Saraswathi Kesava Pillai Manu, and Gulumurthy Chandrasekaran. According to the patent papers filed by ISRO, the garment made of biocompatible fabrics and parts to provide comfortable body temperature and removal of sweat.

These garments find use in manned space flights and also for earth-bound operations such as firefighting, working in industries and the like, the Indian space agency said in its filings.

The close-fitting, single-piece garment covering the body, torso and limbs from neck to toe weighs between 1,000 to 3,000 g and has a front-entry zipper to be worn inside over which the flight or the spacesuit is to be worn.

According to ISRO, the garment has superior heat transfer efficiency and can be conveniently used for maintaining the body temperature of the wearer at levels suitable for the physiological performance required. The LCHG controls the body temperature of the wearer comprising outer polymeric fabric tricot and inner polymeric fabric net in contact with the wearer's skin.

The outer and inner layer of the garment are separated by a plurality of tubes configured to circulate a heat transfer fluid. The tube is arranged in such a way that it covers the entire body without any overlaps and remove maximum heat from the wearer. The Indian space agency is working on an ambitious Rs 10,000-crore project 'Gaganyaan' to send three air force pilots into space for a week.

Four Indian Air Force pilots are undergoing astronaut training in Russia. Out of these, three will travel into space at a height of about 400 km.

Source: timesnownews.com– Jun 22, 2020

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Haryana farmers choose cotton over paddy

Cotton cultivation tops the preference of Haryana farmers who have opted for the financial incentive-linked crop diversification drive of the Manohar Lal Khattar-led BJP-JJP coalition government.

The key objective behind encouraging farmers to choose alternative crops is to reduce area under paddy, cultivation of which is being blamed for a sharp dip in groundwater table of Haryana.

The state produces nearly 68 lakh metric tonne (LMT) paddy, including more than 25 LMT basmati, sown on about 32 lakh acres of land. For the first time, the farmers switching over to an alternative crop in place of paddy will be paid Rs 7,000 per acre incentive.

Since the ‘Mera Pani, Meri Virasat’ policy was launched in the first week of May, nudging farmers to shift to less water-consuming crops, as many as 82,693 farmers of 22 districts have opted for this scheme (till June 22) and committed to diversifying 84,649 hectare land, states the official data.

According to additional chief secretary, agriculture, Sanjeev Kaushal, at the heart of making this ambitious scheme attractive are a range of swift and bold policy decisions made by chief minister Manohar Lal Khattar.

Of the 82,693 farmers, who have registered themselves on the ‘Mera Pani, Meri Virasat’ portal, over 39,000 farmers have decided to grow cotton in 44,822 hectares instead of paddy. The alternatives these farmers have opted include maize (9,695 hectares), bajra (17,662 hectares), cotton (44,822 hectares), pulses (1,188 hectares) and horticulture activity on 11,280 hectares.

At least 9,032 farmers of eight paddy-rich blocks, including Ratia (Fatehabad), Siwan and Guhla (Kaithal), Pipli, Shahbad, Babain and Ismailabad (Kurukshetra) and Sirsa, where the depth of groundwater level exceeds 40 metre, have also opted for this scheme.

The policy 'advises' the farmers of these eight blocks to diversify more than 50% land that was under paddy cultivation last year to become eligible for Rs 7,000 per acre incentive.

Jai Prakash Dalal, agriculture and farmers' welfare minister, said farmers were being encouraged to avoid planting paddy in areas where the groundwater level had gone below 40 metre. In order to attract farmers towards 'Mera Pani, Meri Virasat' scheme, he said, the state government has decided to give subsidy on agricultural equipment for sowing of kharif crops as well. "Farmers will have to apply online to avail the grant by June 30," he added.

Whether the farmers have actually stopped paddy cultivation in line with the commitment they have made is a subject matter of physical verification that is now underway.

Till June 22, the committees constituted for physical verification had verified 2,137 hectares in 16 districts as the paddy transplantation began on June 15. The real picture of the success or otherwise of the diversification drive will get clear by the end of July when the physical verification of the land would end. "The CM has personally been monitoring the progress of this scheme," Kaushal said, praising farmers for taking the initiative and the agriculture department staff for working 'very hard' despite the challenges Covid-19 outbreak posed.

While the maximum number of farmers (8,543) opting for this scheme is from Jind district, the district with least takers is Mahendargarh where 85 farmers have come forward to diversify 92 hectares. 232 farmers chose this scheme in Kurukshetra. Fatehabad, Jhajjar, Palwal and Karnal are among the districts where more than 5,000 farmers each have accepted this policy.

The state government has promised the farmers opting for diversification that it will procure maize and cotton under the minimum support price (MSP).

Source: hindustantimes.com– Jun 24, 2020

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