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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	Topics
1	Chinese Trading Pushes Cotton Close to 60 Cents
2	'Made in USA' gains ground as import cost rise
3	Korean Textile Group Cries Foul As Kohl's Cancels \$100M in Placed Apparel Orders
4	Gap working with vendors to manage product pipeline
5	COVID 19- Primark reports zero sales
6	HKTDC to reschedule nine trade fairs
7	Indonesia's Textile and Garment Industry: Opportunities for Foreign Investors
8	COVID-19 Is Rapidly Unraveling Asia's Garment Sector
9	Turkey 3rd largest exporter of clothes to EU
10	Brands Call for Post-COVID-19 Green Plan, Protection for Garment Manufacturers
11	After Halting Production, Uniqlo Owner and M&S Say They'll Pay for Nixed Orders
12	Bangladesh: COVID-19 trajectory for Bangladesh RMG
13	Pakistan: Govt asks textile exporters to take benefit of emerging business opportunities

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Page 1

NATIONAL NEWS	
1	COVID-19 lockdown: Most export units yet to restart, lack of SOPs in states a hurdle
2	31% apparel units to shut down, 2.5 mn jobs at risk due to lockdown: CMAI
3	Covid-19 lockdown: Govt allows all local shops to open, but malls excluded
4	A longer lockdown may create problems for exporters: FIEO
5	Shipping Ministry allows three older container terminals to recalibrate royalty payouts
6	Rs 1-lakh crore fund in the works to repay pending dues to MSMEs: Nitin Gadkari
7	India's forex reserves surge \$3.09 billion to \$479.57 billion
8	Majority of Indian consumers may shift to online shopping in next 9 months: Survey
9	COVID-19 lockdown relaxation: Gujarat allows export firms in cities to resume operations
10	CAIT to launch e-marketplace to enable contactless delivery by grocery stores
11	Coronavirus lockdown Industries cannot be forced to pay wages during lockdown: panel
12	AP, Telangana look to draw foreign firms hit by covid-19 in China
13	Corona impact: Banarasi silk, fabric industry seeks stimulus
14	Cotton sowing likely from May 1
15	TN announces complete lockdown in three cities from April 26-29

INTERNATIONAL NEWS

Chinese Trading Pushes Cotton Close to 60 Cents

Is it the classical love/hate relationship?

Of course, the dastardly Wuhan Chinese coronavirus that China dumped on the world is the hate part of the relationship. Yet, Chinese cotton trading is now the love part of the relationship.

We mentioned last week that the double bottom in the Chinese cotton charts was pushing New York futures higher, bit by bit. This week, the price rally came home to roost with the deferred cotton contract almost touching 60 cents. More will come, but not just now.

The big chunks came this week with triple-digit gains as Chinese trading led the way. While there were some very slight daily losses in China, the chart pattern – coupled with across the board increases in weekly Chinese prices – led the way for New York to enjoy the best week it has had in months.

Nevertheless, the New York ICE futures contracts remain below 60 cents and likely will remain so until after the northern hemisphere planting season concludes.

The blessing, nonetheless, is that cotton futures prices are much closer to 60 cents than the 50-cent level that had been staring us in the face. Hopefully, trading has reached a new pattern and will now hold a trading range between 54 and 58 cents, with speculative trades trying to push the 60-cent button.

Likely, the Chinese move has been satisfied for now. Yet, it could return at any time as the Chinese continue to make noise about buying agricultural products to satisfy their obligations to purchase agricultural goods from the U.S. Yet, the world coronavirus pandemic has kept some of those obligations in limbo.

Additionally, the U.S. is actually more intent on getting some of the private and scientific property rights satisfied before pushing too hard on the trade picture.

Exports will remain a major issue. This week's export sales report was positive for the first time in three weeks. While not a glowing report, net sales for the week ending April 16 included 15,700 bales of upland and 2,300 bales of Pima. Again, it was a weak report, but it was the first report in three weeks that did not show negative sales.

Export shipments were a bit brighter, as upland shipments totaled 266,300 bales and Pima shipments totaling 7,100 bales. Vietnam, Pakistan, China and Turkey were the primary delivery points.

We should expect these four countries to be major delivery points for the remainder of the year. Bangladesh will also be a strong taker of U.S. cotton, but its textile economy has suffered a bit more than some others.

The Easter season price increase has encouraged more growers to give cotton plantings another look especially now that corn and soybeans have had significant sell offs.

Corn has been hurt by the collapse in oil prices as the value of ethanol has also plummeted (yes, some oil traders had to actually pay buyers just to take their oil). Corn will rebound, but most likely not until the spring of 2021 when cotton prices should be in the 60-65+ cents. Soybeans will remain under pressure as the Brazilian crop continues to outproduce the U.S. crop. Too, Brazilian growers are very aggressive marketers.

U.S. growers are advised to postpone 2020 crop marketing decisions as prices will rebound somewhat. Too, the cash sale with loan premiums plus the LDP gain alternative will always be there and will tend to be in the 63-66 cent range. Too, the seed payment program – granted the payment is at the end of the marketing year – keeps cotton planting competitive.

Source: cottongrower.com - Apr 24, 2020

[HOME](#)

‘Made in USA’ gains ground as import cost rise

Recent statistics reveal, the escalating US-China trade war, rising cost of imports, and consumers’ increasing demand for speed to market, is compelling the country to focus on products ‘Made in the USA.’ Textile and apparel production in the country grew to record high of \$28.1 billion in 2018 with more locally made products being sold.

Lack of visibility in US textile and apparel manufacturers

Office of Textiles and Apparel (OTEXA) stats reveal the total value of US textile and apparel exports increased by 20 per cent to \$22.9 billion in 2019. However, as noted by a recent OTEXA analysis, despite this strong performance, textile and apparel manufacturers in US are hardly visible on the world trade map.

The analysis suggests, US manufacturers display a relatively high concentration of geographic locations. Around 61 per cent of self-reported yarn manufacturers in the country are from North Carolina, followed by South Carolina, which accounts for another 11 per cent. This concentration of the yarn manufacturers in the South is attributed to the abundant cotton supply in that region.

Secondly, the country is witnessing the emergence of many large-size textile mills its apparel manufacturers are predominantly small and medium-sized. These textile mills have a high concentration of factories with over 100 employees, whereas over half the apparel mills in OTEXA database reported having less than 50 employees.

Micro factories merge as labor costs increase. Also, due to increasing labor costs, US apparel mills are focusing on niche markets like designer-based micro-factories. These factories typically provide customized services, ranging from proto-typing to sample production.

The two most popular types of vertical integration amongst the textile and apparel mills in the US include fabric and apparel and fabric and technical textiles. Amongst these, fabric mills are the most actively engaged in vertical integration strategy—around one-third of them reported also making apparel, technical textiles, or home textiles.

Additionally, 20 per cent technical textile manufacturers in the OTEXA database were reported to have incorporated an apparel component to their product portfolio.

Serving customers through value-adds

Moreover, these mills have shifted from only making products to offering various value-added services. The OTEXA survey shows, majority of companies included in the 'Made in the USA' database have in-house design capabilities. These mills aim to serve their customers' needs rather than just making physical products.

Fifth, according to OTEXA database, of the 122 US textile and apparel manufacturers, around 70.5 per cent were engaged in exports. Of this, 76 per cent textile mills were more actively engaged in exports than apparel manufacturers.

Diverse markets for apparel and technical textiles

The survey also revealed that the Western Hemisphere is the dominant export market for US yarn, fabric, and home textile mills, whereas the export markets for US apparel mills and technical textile producers are relatively more diverse.

As many as 77 per cent yarn manufacturers included in the OTEXA database reported exporting three or more different markets in the world. Likewise, around 40 per cent of fabric, home textiles, and technical textiles mills did the same.

A high percentage of textile and apparel mills reported using the NAFTA and CAFTA-DR trade agreements for their exports. This was particularly the case with yarn producers 83 per cent of whom reported leveraging these agreements for their exports.

Source: fashionatingworld.com - Apr 24, 2020

[**HOME**](#)

Korean Textile Group Cries Foul As Kohl's Cancels \$100M in Placed Apparel Orders

Big-box retailer Kohl's has reportedly canceled apparel orders across the board, much to the chagrin of its international supply chain partners.

The Korea Federation of Textile Industries (KOFOTI) is hitting back, demanding the store chain reconsider its commitments to manufacturers across the globe. The decision puts the livelihoods of about 200,000 workers at risk, the group said in a statement to Just-Style.

While the group appreciates the devastating impact that the pandemic has had on the textile industry, Kihak Sung, KOFOTI's chairman, said Kohl's has a responsibility to its suppliers, and shouldn't leave them high and dry even as consumer demand plummets.

"We recently became aware of Kohl's unilateral decision to cancel orders already produced and in production without prior consultation which has caused an unprecedented disruption to the supply chain," he said, which puts hundreds of thousands of jobs at risk in countries like Indonesia, Vietnam, the Philippines, Guatemala, Nicaragua and Haiti.

The economic damages are being acutely felt by fabric mills in Korea, Sung said, which supply materials to manufacturers worldwide. So far, the sector has incurred more than \$100 million in damages due to canceled orders or payment term extensions. About 150 Korean fabric mills, accessory mills, vendors and sample rooms have been affected.

Kohl's informed its partners of the halt in production without prior consultation, and left "no room for any negotiation" when it came to payment terms on orders already in process or even those that were fully finished, Sung said. As COVID-19 closed stores in March and forced Kohl's to furlough 85,000 staff, by CNBC's count, the retailer said on March 30 it was "managing inventory meaningfully lower to align with anticipated sales."

Sung suggested that Kohl's look to the recent about-faces from H&M, Primark and Zara, which resulted in the fashion firms agreeing to pay textile workers after intense media scrutiny. The matter with Kohl's could be resolved amicably, he said, urging the company not to leverage force majeure clauses in its agreements to get out of making payments.

“Now more than ever, all stakeholders in the supply chain must cooperate more closely and look for more creative solutions to survive this crisis together,” he added.

Neither Kohl’s nor KOFOTI responded to requests for comment.

Source: sourcingjournal.com - Apr 24, 2020

[HOME](#)

Gap working with vendors to manage product pipeline

American clothing and accessories retailer Gap Inc is actively working with vendors to manage its product pipeline and right-size its inventory. It has also shifted capacity in some factories for making PPE—all with a goal to provide transparency and clarity to its supply chain partners as the company works through the issues due to the COVID-19 crisis.

"With 90 percent of our stores closed around the world and uncertainty about the length of time until they re-open, compounded by the impact that the COVID-19 virus will have on the overall economy and the likelihood of the virus returning in the Fall, we have made the very difficult decision to furlough the majority of our store employees and continue to monitor staffing levels at each of our fulfillment centres," a Gap spokesperson said in response to a Fibre2Fashion's email asking how does it plan to help its suppliers overcome the current crisis and bring out a win-win proposition for both.

"We are focused on reducing expenses while doing what is in the best interest of our employees, customers and partners, as well as the long-term health of our company. This work requires diligently managing our inventory, including identifying those products we can sell in the short-term, those we can store now to sell later, and those orders we need to cancel," the spokesperson said.

"We are taking the proactive and prudent actions needed to manage the business through this crisis to ensure that, on the other side of this pandemic, we can and will resume placing orders with our vendors, and partner with them to build a sustainable recovery for all of us and our workers.

Throughout this journey, we are guided by our long-held values and commitments to the health and well-being of our teams and communities, including our vendors, the factory workers and other critical supply chain partners.

"We are actively working with our vendors – many of whom we have worked with for over 10, 20, even 30 years – to manage our product pipeline and right-size our inventory. These conversations are ongoing and reflect the realities of some government-mandated factory closures due to COVID-19.

Importantly, we have worked with our vendors to pause production for a few days, allowing us to recalibrate as we model potential future scenarios in order to come back to them with a more detailed action plan. In the meantime, we have shifted capacity in some factories toward making PPE and are prototyping to develop PPE supplies, including masks and gowns, using our excess materials," the spokesperson added.

Gap's goal is to "provide transparency and clarity to our supply chain partners as we work through these issues. And, of course, we look forward to the time that we can open our stores again and welcome back our employees and customers."

Source: fibre2fashion.com - Apr 24, 2020

[HOME](#)

COVID 19- Primark reports zero sales

The Coronavirus situation in Bangladesh is affecting the profit margins of fashion brand Primark in the country. Before the pandemic, monthly \$600 million worth of products were sold in Primark stores, while in the last month the brand reported zero sales.

Primark has 370 stores in 12 countries around the world. A large part of the garments is made in different factories across Bangladesh. But all their stores have been closed for the last month. Primark has stopped trading online. Its website now offers suggestions on how to refurbish your wardrobe, and how to decorate your house and celebrate your birthday alone in this lockdown.

Primark's entire business model is developed by capitalizing on cheap labor countries like Bangladesh. The brand also has a very efficient supply chain. The brand has already canceled all orders from Bangladesh. Its stock has been sold in large quantities.

Primark claims they have already paid for the orders that have already been delivered. The company also said that a 'special fund' will be set up for the workers in the factories where Primark's clothing is made.

Source: fashionatingworld.com - Apr 24, 2020

[HOME](#)

HKTDC to reschedule nine trade fairs

The safety of exhibitors and buyers has always been a priority for the Hong Kong Trade Development Council (HKTDC). Considering the current development of the novel coronavirus outbreak, and in line with the health measures taken by the Hong Kong SAR Government, a decision has been made in consultation with industry representatives to reschedule nine HKTDC trade fairs originally during April and May 2020.

Under the new arrangement, the following fairs will be held concurrently from 25 to 28 July 2020 at the Hong Kong Convention & Exhibition Centre.

- HKTDC Hong Kong International Lighting Fair (Spring Edition)
- HKTDC Hong Kong Electronics Fair (Spring Edition),
- HKTDC International ICT Expo
- HKTDC Hong Kong Houseware Fair
- HKTDC Hong Kong International Home Textiles and Furnishings Fair
- HKTDC Hong Kong Fashion Week
- HKTDC Hong Kong Gifts & Premium Fair
- Hong Kong International Printing & Packaging Fair

- Hong Kong International Medical and Healthcare Fair

Along with these nine concurrent fairs, the HKTDC will organise a Summer Sourcing Week from 25 to 28 July. Featuring nine fairs located at the same venue, it will provide a one-stop cross-industry platform for global buyers to replenish their stocks.

Additionally, HKTDC is looking into O2O business-matching services at its fairs so that overseas buyers who cannot come to Hong Kong can locate target exhibitors in advance. Video conferences will be arranged between buyers and exhibitors to discuss business deals.

Source: fashionatingworld.com - Apr 24, 2020

[HOME](#)

Indonesia's Textile and Garment Industry: Opportunities for Foreign Investors

Indonesia's textile and garment industry enjoyed positive growth throughout 2019 with exports valued at US\$13.8 billion, an increase from US\$10 billion in 2018 and making the country one of the largest textile producers in the world.

Despite this upward trajectory, the industry has been severely impacted by the US-China trade war, and now, the COVID-19 outbreak. Vietnam, although also affected by the trade war, still recorded some US\$35 billion in textile exports in 2019.

Currently, 30 percent of Indonesia's total production is to meet domestic demand with the remainder for exports to mainly the US (36 percent), Middle East (23 percent), EU (13 percent), and China (5 percent). These are dominated by large manufacturers producing for global apparel brands. Before the onset of the virus, the Indonesian Textile Association (API) stated that the country's textile and garment industry is expected to grow at a compound annual growth rate (CAGR) of 5 percent.

The government, through its Industry 4.0 Masterplan, aims to propel the country into the top five largest textile producers in the world by 2030. This presents unique opportunities for foreign investors to enter and assist in

this revitalization program, in particular, supply expertise on sophisticated production techniques.

Constraints remain

Internal constraints still plague Indonesia's textile industry and have hindered its export potential. Electricity and gas prices are high compared to other textile producing countries, which has reduced Indonesia's competitiveness in the international market.

Labor costs have also increased annually; the minimum wage in Indonesia has been increased by 8.5 percent for 2020. The country's minimum wage is also fixed based on the sector. 'Leading sectors or industries' in a province, like textiles and garment manufacturing, can determine their own minimum wage rate, also known as UMSP. The UMSP must be higher than the provincial minimum wage (usually by 5 percent and above).

Another issue has been ageing machinery, which results in overall lower productivity and efficiency for the country. This undermines one of the sector's key strengths – the presence of both an upstream and downstream industry – although only the largest players can afford to invest in new plants and machinery to complement these operations.

Furthermore, increasing regional integration has resulted in an influx of cheaper textile products into Indonesia (legal and illegally), especially from China, which has placed pressure on smaller domestic manufacturers. For many smaller, local companies, turning to the production of 'Batik' has been a way to distinguish themselves, but this is a very niche market in the global textile industry.

Batik is a centuries-old technique of using wax and dye to decorate cloth and garments developed in Indonesia. The artform has been designated as an Indonesian cultural contribution to the world by UNESCO, with many manufacturers still utilizing hand-drawn designs. An increasing number of manufacturers are moving away from the manual technique and using modern machinery to produce printed Batik.

External constraints include the depreciating Rupiah, which has increased production costs. This is because raw materials, such as cotton, are bought with US dollars from the US, Brazil, and Australia – amounting between US\$300 to US\$600 million per year – and impacting the profitability of companies that cater to the domestic market. Larger companies with the

capacity to export their products are benefiting from the stronger dollar as it increases their revenues.

Opportunities for foreign investors and industry diversification

Despite the aforementioned challenges, the overhaul of this lucrative industry requires local companies to access much-needed funding.

Foreign investors with the expertise to facilitate more value-added production techniques are in high demand. Further, as international competition becomes fiercer, textile companies that lack the capital to compete could be takeover targets through partnerships, joint ventures, and private equity investment.

The Indonesian government is looking to enhance its support for the textile industry. The current administration has improved the country's logistics by building new highways and ports. It is also curbing the import of illegal textiles and tightening import rules for textiles and textile products.

More vocational institutions catering to the sector are being developed in cooperation with local companies, aiming to produce skilled human capital who can use the latest technology in production, such as 3D printing.

Industry players must also diversify their export market – considering that its biggest market, the US, could impose tariffs on a variety of Indonesian products, including textiles at any time.

New potential international markets could include Australia – both countries ratified the IA-CEPA trade agreement in February 2020 – as well as New Zealand, South Korea, and Japan.

Additionally, Indonesia's Muslim fashion wear is finding an increasing market in the Middle East and North Africa as the region now represents more than half of the country's overseas missions and trade negotiations.

Source: aseanbriefing.com - Apr 24, 2020

[**HOME**](#)

COVID-19 Is Rapidly Unraveling Asia's Garment Sector

When the dark cloud of COVID-19 finally starts to lift, the garment supply chain left in its wake could be a ravaged and more at-risk version of what the world last knew.

And the fate of the supply chain's garment workers could be worse than the wonder of whether they'll get paid, with factories idling under both lockdown orders and a lack of orders. A new report from risk analytics firm Verisk Maplecroft shows that in Bangladesh, the world's second-biggest garment manufacturing country, most factories are located in the highest-risk areas for occupational health and safety, meaning the chance that coronavirus spreads in these communities is "extreme."

Already, with retailer cancellations or postponed payments piling up, more than one million garment workers in Bangladesh have been furloughed or let go, according to a report released last month by Penn State's Center for Global Workers' Rights.

"South East Asia's 40 million garment workers are at the sharp end of the coronavirus crisis," Verisk Maplecroft human rights analyst Sofia Nazalya wrote in the report. "The pandemic has devastated the sector, leaving thousands unemployed and facing poverty, while the health and safety of those who continue to work is at serious risk in factories that are not geared up for social distancing."

Confirmed coronavirus cases in South and Southeast Asia reached 75,262 with 4,604 new cases in the past day, according to the World Health Organization's Friday situation report.

That's 2.87 percent of the world's 2.6 million total confirmed COVID-19 cases. By contrast, cases in the U.S. reached 830,053 Friday, with 29,127 new cases in the last 24 hours, accounting for 31.6 percent of global cases. Europe, meanwhile, accounts for 48.8 percent of the world's confirmed coronavirus cases.

While cases in the West are considerably greater than in the major sourcing countries, the knock-on effect of upended economies in the nations that buy from them has already proved detrimental, most critically, where labor is concerned.

“Asia’s garment hubs already perform poorly across our labor rights indices, with all rated high or extreme risk for forced labor, child labor and occupational health and safety. However, we expect an increase in these risks across the board as staff are laid off and livelihoods are threatened,” Nazalya wrote. “As a result, laid-off workers are likely to turn to exploitative employment that increases the risks of forced labor. The chances of children entering the workforce will also rise exponentially, as families attempt to make up shortfalls in earnings.”

What’s more, while cases may appear on the lower side in South East Asia for now, testing isn’t as wide-reaching as it needs to be, which means many more in the countries have the virus than what’s being reported. The cases are only expected to climb as factories look to reopen and attempt to navigate production in facilities where social distancing may be near impossible. And the factories themselves are located in densely populated areas where many expect cases of coronavirus will spike.

In looking at its index for Occupational Health and Safety, Verisk Maplecroft said the central area of Bangladesh, where the country’s capital, Dhaka, is located, constitutes a higher risk than the rest of the country.

“Dhaka administrative region is home to most of the country’s garment manufacturing factories and was already rated extreme risk for OHS prior to the pandemic,” the report said. “We are likely to see the region’s score worsen even more.”

While some brands are stepping in to make good on their commitments to accept placed orders and pay for them on time so workers will receive their salaries, others aren’t. And the efforts of the few still won’t be enough to protect the many garment workers from what Verisk Maplecroft says will be “sustained unemployment.”

“As the pandemic continues to spread across Asia and the world, we expect layoffs of garment workers to continue in 2020-Q2, reflecting the serious economic disruption facing the sector,” Nazalya wrote.

Bangladesh, Vietnam, India, Indonesia and Cambodia—all vital suppliers of the world’s clothing—are expected to be hardest hit. With many factories in places like Bangladesh still not open or fully operational, workers may go too long without pay, and factories too long without revenue, and some won’t be able to sustain themselves or recover from the blow.

“Massive layoffs will ignite labor unrest and union activity as workers protest unfavorable working conditions and demand wages owed. In the capitals of Bangladesh and Cambodia, thousands of laid off workers have already held protests demanding wages owed and severance pay, which may only be the start,” Nazalya said. “This leaves fashion and retail companies facing a combustible mix of reputational risks that cannot be offset by onsite inspections, along with ongoing disruptions from shortages of material and potential are ups of civil unrest in their key hubs.”

Source: sourcingjournal.com - Apr 24, 2020

[HOME](#)

Turkey 3rd largest exporter of clothes to EU

Turkey is the third-largest exporter of clothes to the EU, the bloc's statistical authority said Friday.

"The EU imported clothes worth €154 billion [\$166 billion] in 2019, just over half of which came from non-EU Member States (52%, or €80 billion)," Eurostat said.

"Imports of clothes from non-EU countries came mainly from China (€23 billion, or 29% of total extra-EU clothes), Bangladesh (€15 billion, 19%) and Turkey (€9 billion, 11%)," it said.

Over the last decade, imports of clothing to the bloc increased in value by 62%.

Germany stood out as the largest importer of clothes from non-EU countries.

This made up €19 billion worth of clothes which equaled 23% of extra-EU imports of the commodity.

Germany was ahead of Spain (€13 billion, 16%), France (€11 billion, 14%), the Netherlands (€10 billion, 13%) and Italy (€8 billion, 10%).

Italy, largest clothing exporter

Among member states, Italy exported clothes worth €12 billion to non-EU Member States in 2019, making the country the largest extra-EU exporter of clothes, ahead of Germany (€6 billion, 16%), Spain (€5 billion, 15%), and France (€4 billion, 13%).

Although trade in textiles has increased significantly over the last decade, factory closures and transport restrictions related to the current coronavirus pandemic may affect this trend, according to Eurostat.

Source: yenisafak.com- Apr 24, 2020

[HOME](#)

Brands Call for Post-COVID-19 Green Plan, Protection for Garment Manufacturers

Fashion retailers such as H&M are participating in global calls to protect garment manufacturing businesses and rebuild a greener post-COVID-19 future.

The high-street juggernaut is among a slate of companies that have backed a new, informal alliance by the European Parliament calling for a European Union-wide “green reboot” following the coronavirus pandemic.

Led by France’s Pascal Canfin, who chairs the European Parliament’s committee on environment and public health, the so-called Green Recovery Alliance rallies 180 political decision-makers from 11 countries, 79 Members of the European Parliament, 90 trade union organizations, 28 business associations, seven non-governmental organizations, six think tanks and 37 chief executives to urge Europe to develop a “new model of prosperity” based on a transition to a climate-neutral economy, the protection of biodiversity and a transformation of the current of agri-food system.

“This is not a matter of creating a new economy from scratch,” the alliance said in a statement. “We already have all the tools and many new technologies.”

Much progress has been made within the past decade that can “dramatically” reduce the cost of the transition, it pointed out.

“Ten years ago, zero-emission vehicles were only a prototype,” the alliance said. “Ten years ago, wind energy was three times more expensive than it is today, and solar energy seven times. Ten years ago, we had not carried out renovation work on buildings showing that this action is profitable.”

And political will, through initiatives such as the European Green New Deal and other national zero-carbon development plans, already exists.

“We need to prepare Europe for the future, and design recovery plans, both at the national and at the EU level, enshrining the fight against climate change as the core of the economic strategy,” it said. “The time has come to turn these plans into actions and investments that will change the life of citizens and contribute to the quick recovery of our economies and our societies.”

Despite the pandemic’s economic squeeze, resistance to further investments in a climate-neutral future is “not the way forward,” the alliance said, calling for the establishment of “green recovery investment packages” to accelerate the shift to a healthier planet.

“COVID-19 will not make climate change and nature degradation go away,” the group said. “We will not win the fight against COVID-19 without a solid economic response. Let’s not oppose those two battles, but let’s fight and win them at the same time. By doing so, we will only be stronger together.”

H&M is also among brands such as Adidas, C&A, the International Apparel Federation, Inditex, Marks & Spencer, Primark, PVH Corp., Ralph Lauren, Tchibo, VF Corp., Under Armour and Zalando that have thrown their support behind a call to action by the International Labour Organization to help garment manufacturers survive the economic disruption caused by the COVID-19 crisis while protecting garment workers’ incomes, health and employment.

The effort is being supported by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC), IndustriAll Global Union and the Bangladesh Employers’ Federation.

The stakeholders are urging the industry to work with governments and financial institutions to mobilize sufficient funding to “enable manufacturers to ensure business continuity” by securing payment of wages, along with income-support and job-retention schemes that address the impact of the crisis.

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

Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, says she hopes this will be a “collective and collaborative platform” where businesses across the globe will “come forward to address the immediate crisis so that the lives and livelihoods of the millions of workers can be protected thereby allowing the RMG industry to sustain the challenges and come out with renewed resilience.”

According to Workers Rights Consortium’s COVID-19 tracker, H&M, Inditex, Marks & Spencer, PVH Corp. and VF Corp. have committed to paying suppliers in full for completed and in-production orders, while C&A and Primark have not.

Primark announced Monday, however, that it is now able to pay 370 million pounds (\$455 million) for additional product orders it had originally planned to cancel. The retailer says it will now be taking all of the in-production and finished product planned for shipment by April 17, albeit with extended payment terms on some orders. Its pledge to create a workers’ fund recently came after fire for confusing stipulations and amounting to a portion of the value of the orders it had canceled by invoking the force majeure contract clause.

Source: sourcingjournal.com- Apr 24, 2020

[HOME](#)

After Halting Production, Uniqlo Owner and M&S Say They'll Pay for Nixed Orders

Uniqlo owner Fast Retailing and British department store Marks & Spencer have committed to pay their suppliers the money they're owed.

Like many Western retailers, Marks & Spencer told suppliers to stop producing after nations started going on lockdown to stave off the worst of the coronavirus pandemic. But it had agreed to shell out for products that had been shipped before March 24, the day after U.K. Prime Minister Boris Johnson issued stay-at-home orders.

Marks & Spencer now says it will also pay for all made garments for the “vast majority” of orders—amounting to 95 percent of its product spend—with exceptions for niche lines or tertiary suppliers.

The department store adds that it will pay for “large volumes” of fabric already purchased by suppliers, and it will offer vendor finance (such as deferred loans) and letters of credit should suppliers need them.

“We have paid for all shipped products and for the vast majority of orders we will pre-pay for all garments and committed fabric—which is the most expensive cost for a supplier and across all our partners we will aim to ensure that no fabric goes to waste and is used at a later date,” a Marks & Spencer spokesperson said in a statement. “Most of our orders will be paid through the vendor finance facility we have available.”

The company said it “fully” supports the efforts of the Ethical Trading Initiative, a third-party monitoring group that helps businesses source responsibly, along with the International Labour Organization, which is facilitating the disbursement of emergency relief funds and coordinating an industry-wide response.

“Additionally, we'll continue to support our community projects in the supply chain, including those focused on employability, health and digital wages,” the spokesperson said.

Fast Retailing, the Japanese conglomerate that owns Uniqlo, J Brand, Theory and Helmut Lang, announced Tuesday that it has implemented a “series of measures” to mitigate the risks faced by its manufacturing

partners and by workers across its supply chain, both of which have “contributed much to our business and industry.”

These include paying for completed and in-production orders, with no changes to payment schedules that were agreed upon prior to COVID-19 disruptions.

Like Marks & Spencer, Fast Retailing says it will use fabrics or materials already purchased by suppliers to fulfill its orders or will provide compensation should they later prove unnecessary.

The conglomerate says it will begin consulting with each of its suppliers, in accordance with its responsible procurement, to “understand the current financial health of the partner, and to offer support if needed,” such as ascertaining financial risks, evaluating how current order status compared to production capacity and adjusting production schedules “where feasible.”

“Fast Retailing will continue to monitor the impact of the COVID-19 pandemic on our supply chain,” it said in a statement. “In cooperation with UN agencies, industry organizations, and the governments of our manufacturing locations, we will work to protect the security and safety of people who help to make our clothes and to help safeguard the financial stability of our production partners.”

Fast Retailing and Marks & Spencer source a portion of their garments from Bangladesh, which, as the world’s second-largest clothing exporter after China, has been dealt an especially bruising blow by the crisis.

Nixed orders worth billions of dollars have led factories in Bangladesh to lay off or furlough more than half of the country’s 4 million garment workers, according to the Bangladesh Garment Manufacturers and Exporters Association, a trade group. Industry bodies estimate the country is poised to lose roughly \$10 billion in export revenue as a result of canceled business this financial year.

The Clean Clothes Campaign criticized Uniqlo the same day, however, for continuing to owe \$5.5 million in outstanding severance payments to workers from the Jaba Garmino factory group in Indonesia. Both Uniqlo and German brand S.Oliver are under investigation by the Fair Labor Association for allegedly violating its “principles of fair labor and responsible sourcing.”

“Since the sudden loss of their jobs, these workers have been forced into profoundly vulnerable situations, compounded by the current COVID-19 outbreak and restrictions,” the labor-rights group said. “A large number have been unable to find alternative factory work over the past five years. Many have relied on informal income from work such as street vending, childcare or laundering clothes and now face unprecedented hardship, with reports that a large number can only afford to eat plain rice.”

The workers are not covered under the Indonesian benefits system or COVID-19 related funds, which means they can only hang on by borrowing money, even though they have no way to pay their mounting debts.

“Uniqlo has manifestly failed and continues to fail in its clear moral responsibility towards these workers,” the Clean Clothes Campaign said. “International standards dictate that companies must address and remedy adverse human rights impacts of their business practices and, had Uniqlo acted responsibly, the 2,000 Jaba Garmino workers would not be in such desperate positions now. “

Source: sourcingjournal.com- Apr 24, 2020

[HOME](#)

Bangladesh: COVID-19 trajectory for Bangladesh RMG

The past global recession that started off in the first quarter of 2008 and tapered down around the middle of 2009, had put the global economy in a shock that saw corporate behemoths collapsing, unemployment rates shooting up, bourses crashing, interest rates going down to zero, and global trade reaching an unprecedented low.

This started off due to the collapse of financial markets for the sub-prime mortgage rate meant for real estates in the US and had a cascading effect on other financial products and the global economy.

In 2020, the world economy is facing a similar, even a more severe downturn caused by the COVID-19 pandemic. The signs of distress are already visible in every corner of the world, and the global community is bracing for the worse yet to come.

Back in 2009, the global trade of goods was plunged by 12 per cent, and services trade by 9 per cent, according to the WTO. It is said that 22 million jobs were lost, as per the estimates of the ILO. NASDAQ commodity data showed that crude oil prices came down to a range of US \$ 33 to \$40 per barrel from the peak of US \$147 a barrel within a few months, and cotton bales were sold below 60 US cents from the average range of 80 US cents a bale.

Now in April 2020, the locked-downed world is looking at the alarmingly bleak statistics published by global organisations. The ILO's initial estimate for global job loss stands at 25 million, while the WTO fears that the global trade of goods will drop by 13 to 32 per cent, depending on the severity and duration of the pandemic. As of April 20, 2020, crude oil prices have gone negative in the US market, quite an incomprehensible phenomenon. NASDAQ is showing cotton futures being sold around 50 US cents a bale.

Riding on low prices for oil and cotton, and sizable stimulus by the government, Bangladeshi exports rebounded in an impressive manner. Bangladesh recorded the highest ever annual export growth of about 24 per cent in 2010 compared to 2009, according to trade statistics from the UN Comtrade database.

According to many analysts, Bangladesh's quick rebound from the 2009 recession was due to the fact that Bangladesh produces basic apparel products, demand for which remained stable even at times of recession. This strength in the capability for mass production of cheap basic apparels leveraged with low import payments for cotton and other raw materials, the ready-made garments industry of Bangladesh bounced back quickly at that time.

Since the basic parameters remain similar in 2020, as they were in 2009, will the history of bouncing back be repeated in 2020 for Bangladesh RMG?

The likelihood of the history of quickly bouncing back after post-COVID19 is slim. Why?

The answer lies in the sudden erosion of social capital. The concept of social capital in the industrial context can be defined as the networks of relationships among people and enterprises who live and work in the same industrial value chain, enabling those industries to function effectively.

The social capital in the form of mutual trust between Bangladeshi suppliers and a large number of the Western buyers is depleted by the latter's cancellation of orders and refusal to pay the agreed price for the finished goods. According to the BGMEA, orders worth 3 billion US dollars were cancelled as of early April 2020. In the home front, due to cancelled orders and unfair prices offered, the payment of wages to the RMG workers suffered heavily. The trust between the workers and employers of the RMG industry in Bangladesh got eroded too due to delay and irregularity in paying the wages.

This calls for renegotiating the norms of future contracts between the buyers and manufacturers, and bring necessary reforms in the current standards of the 'Incoterms' - the universally accepted standards defining the responsibilities and obligations of the buyers and sellers in international trade.

To avoid future shocks arising from failure to pay wages on time, employers may think of creating an emergency trust fund to cushion the cash requirements for wages, and such a fund can also be used as collateral for borrowing emergency funds from the banks.

Source: thefinancialexpress.com.bd - Apr 24, 2020

[HOME](#)

Pakistan: Govt asks textile exporters to take benefit of emerging business opportunities

As west is slowly opening up in terms of economic activities Pakistan exports estimated to reduce by \$1.86b during FY 20

The government has asked the exporter to take full advantage of these new opportunities as the west is slowly opening up in terms of economic activities.

“The west is slowly opening up and there are trickles of orders coming in. These orders are in different segments and would take us to where we were prior to the coronavirus. I’m appealing to our textile industry to take full advantage of these new opportunities to enter new segments and new geography. The govt will support you completely,” said Adviser to Prime Minister on Commerce Abdul Razak Dawood on Thursday.

Earlier, Pakistani exporters had faced setback after the outbreak of coronavirus and the evolving position of the global economies and its impact on the export sector of Pakistan. Pakistani exporters are facing problems and they are being told not to ship consignments till further notice. Exporters are seeking relief package from the government to offset the massive losses. Data of container traffic at Pakistan's two major ports shows a sharp decline in export cargo handling since mid-March. This is consistent with the cancellation of export orders or requests to delay the shipments when the lockdown started in Europe.

According to the International Monetary Fund (IMF)'s projection Pakistan's exports are estimated to reduce by \$1.86 billion to \$23.732 billion during ongoing fiscal year (FY20). Similarly, imports are projected to decline by \$4.64 billion to \$48.291 billion during the present financial year. The reduction in imports would help in reducing the trade deficit of the country. The reduction in trade deficit would help in controlling the current account deficit.

In a bid to help the exporters, the government had announced Rs100 billion disbursements to the exporters in shape of refunds. In order to mitigate impact of outbreak of COVID-19, the Prime Minister has approved relief package i.e. Rs70 billion for refunds related to Federal Board of Revenue (FBR), Rs30 billion DLT related to ministry of commerce. In another tweet, the Adviser announced that DLT refunds of Rs828 million for non-textile sector have been transferred to State Bank of Pakistan. The reimbursement will start from today (Friday), he added.

Razak Dawood also said that the federal government has allowed export of textile masks. Export of masks will not apply to surgical and N95 masks, the Adviser said on his social media account.

The National Command and Operation Centre (NCOC) last week allowed the export of hand sanitisers and textile masks. On January 31, a ban was imposed on the export of face masks and hand gloves as a first precautionary measure and to ensure availability of "sufficient basic first aid material" due to the coronavirus pandemic.

Source: nation.com.pk - Apr 24, 2020

[HOME](#)

NATIONAL NEWS

COVID-19 lockdown: Most export units yet to restart, lack of SOPs in states a hurdle

Exporters have told the commerce ministry that most units are yet to resume operations, as many states haven't yet issued standard operating procedures (SOPs). Also, states like Karnataka, Tamil Nadu and Telangana have not quite provided relaxations despite the home ministry's directive on partial lifting of lockdown from April 20.

Giving its feedback to commerce secretary Anup Wadhawan, the Federation of India Export Organisations (FIEO) has said manufacturing couldn't start in certain "green zones" as well, as firms supplying components to them are located in the red zones.

In some cases, exporters, who had already piled up adequate stocks before the lockdown, want the inventory to be cleared before starting fresh production, given a crash in demand. Similarly, in many auto clusters, manufacturing hasn't started as the distribution channels have not been opened yet, FIEO director general Ajay Sahai said.

"A lot of MSMEs are unable to open their factories as they lack the liquidity to purchase raw materials and other inputs," Sahai said.

With key markets — the US and the EU — battered by the Covid-19 and over a half of their orders cancelled, Indian exporters are facing an unprecedented crisis. Merchandise exports crashed as much as 35% year-on-year in March, as the impact of the pandemic started to bite.

With a half of their orders cancelled now and the nation-wide lockdown extended up to May 3, exporters warn of a much steeper decline in both outbound and inbound shipments in April. Merchandise exports, which had already contracted by 1.5% y-o-y up to February, ended the last fiscal with a 4.8% fall to \$314.3 billion.

Ravi Sehgal, chairman of the engineering goods exporters' body EEPC India, said inadequate liquidity and logistics are the major challenges for companies to restart production.

Getting workers from their homes to factories when public transport remains shut is an expensive affair. Similarly, transporting goods has been a gigantic task. “While the central bank has announced steps to ease liquidity in the system, banks remain risk-averse. So loans to exporters at reasonable rates remain inadequate,” Sehgal said. Engineering goods is the largest export segment, accounting for roughly a fourth of the country’s outbound shipments.

As such, many important industrial townships – including Mumbai, Pune, Hyderabad, Ahmedabad, Bhopal, Indore, Kanpur and Agra – continue to be in the so-called red zone, the leading exporters’ body said. Earlier this month, FIEO had warned of 15 million job losses in the export sector if the government didn’t come out with a relief package immediately.

Even some of the food processing companies have reported that they are not getting the raw material as village panchayats were not allowing anyone to enter to procure such raw materials. For instance, the cashew industry procures raw materials through APMC but since these designated mandis are not functioning, the cashew units are finding it difficult to start production. The labour shortage is across industries and even affecting the transportation sector very badly, which is also deterring units from opening.

Source: thehindubusinessline.com- Apr 25, 2020

[HOME](#)

31% apparel units to shut down, 2.5 mn jobs at risk due to lockdown: CMAI

Around 31 per cent of domestic apparel factories might close and about 2.5 million workers could lose jobs as a result of the extended lockdown, imposed to fight coronavirus disease (Covid-19), impacting their business, says a survey conducted by the Clothing Manufacturers Association of India (CMAI).

Around two-thirds of those who participated in the survey said they would not be able to pay wages for April, though 92 per cent paid wages and salaries for March. Job losses in the textile value chain could be around 10 million, they said.

With the extended lockdown and loss of sales during the peak consumption (festive) period, the number of companies that are on the verge of closing down has gone up by 50 per cent, compared to the first week of the lockdown.

“MSMEs see no future and want to shut operations. Considering that close to 8 million people are employed by the domestic apparel industry, almost 2.5 million workers will be out of jobs,” CMAI said.

About 67 per cent of respondents said they would not be able to pay wages for April. With no sales and support for additional working capital from banks, factories don't have funds. Non-payment of wages could lead to significant unrest, and CMAI members are worried that owners might not be able to visit their factories, if wages are not paid.

The association asked the government to provide 50 per cent wage subsidy up to Rs 50,000 per month for five months from March, provident fund contribution for both employer and employee for three months for employees with wages Rs 15,000 or less.

All Banks should offer interest subvention of 5 per cent on total borrowings, 25 per cent additional working capital to be made available mandatorily, subject to available drawing power on revised norms, extension of moratorium on term loans and working capital loans from three months to six months.

Source: business-standard..com- Apr 24, 2020

[HOME](#)

Covid-19 lockdown: Govt allows all local shops to open, but malls excluded

However, the exemptions will not be given in hotspots and containment areas

In a reprieve to public at large, the government on Friday night allowed opening of neighbourhood and standalone shops, including those located in residential complexes within municipal areas, but at a 50 per cent strength and after taking necessary precautions.

However, the order signed by Union Home Secretary Ajay Bhalla, made it clear that shops in marketplaces, multi-brand and single-brand malls located in municipality areas shall continue to remain closed till May 3.

Government of India
Ministry of Home Affairs

North Block, New Delhi-110001
Dated 24th April, 2020

ORDER

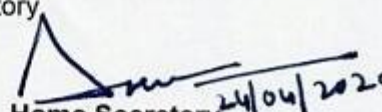
In continuation of Ministry of Home Affairs's Order No. 40-3/2020-DM-I(A) Dated 15th April, 2020 and in exercise of the powers, conferred under Section 10(2)(I) of the Disaster Management Act, the undersigned, in his capacity as Chairperson, National Executive Committee, hereby orders the following amendments in the consolidated revised guidelines for strict implementation by Ministries/Departments of Government of India, State/Union Territory Governments and State/Union Territory Authorities:

Modifications

- I. In Sub-clause 1 (x), the term 'shopping complexes' *is replaced with* 'market complexes within the limits of municipal corporations and municipalities'.

Inclusions

- I. Sub-clause (xiii) & (xiv) under Clause 14 on Commercial and private establishments:
 - xiii. All shops registered under the the Shops and Establishment Act of the respective State/UT, including shops in residential complexes and market complexes, except shops in multi-brand and single brand malls, ***outside the limits of municipal corporations and municipalities***, with 50% strength of workers with wearing of masks and social distancing being mandatory.
 - xiv. All shops, including neighborhood shops and standalone shops, shops in residential complexes, ***within the limits of municipal corporations and municipalities***, registered under the the Shops and Establishment Act of the respective State/UT, except shops in market complexes and multi-brand and single brand malls, with 50% strength of workers with wearing of masks and social distancing being mandatory


Home Secretary 24/04/2020

To

1. The Secretaries of Ministries/ Departments of Government of India
 2. The Chief Secretaries/Administrators of States/Union Territories
- (As per list attached)

Amending its April 15 order, the Union Home Ministry said "all shops, including neighbourhood shops and standalone shops, shops in residential complexes, within the limits of municipal corporations and municipalities, registered under the the Shops and Establishment Act of the respective State and UT" will be allowed to open during the lockdown.

The shops will mandatorily have 50 per cent strength of workers wearing of masks and following social distancing. Opening of neighbourhood shops is being seen as a relief to people who have been under lockdown since March 24 to contain the spread of novel coronavirus.

The Home Ministry order comes on the eve of Muslim holy month Ramzan.

The ministry also said shops located in registered markets located outside the municipal corporations and municipalities can open after following the drill of social distancing and wearing of masks but with 50 per cent of strength.

However, single and multi-brands shall continue to remain closed in these areas also.

"All shops registered under the the Shops and Establishment Act of the respective State/UT, including shops in residential complexes and market complexes, except shops in multi-brand and single brand malls, outside the limits of municipal corporations and municipalities, with 50 per cent strength of workers with wearing of masks and social distancing being mandatory" will be allowed to function.

However, the exemptions will not be given in hotspots and containment areas.

Source: business-standard.com- Apr 24, 2020

[HOME](#)

A longer lockdown may create problems for exporters: FIEO

Exporters body FIEO on Friday cautioned the government that if the current lockdown will continue for long, it may create problems for exporters. Federation of Indian Export Organisations (FIEO) President Sharad Kumar Saraf said that several countries such as Bangladesh, Dubai and the UK have issued solutions and guidelines for lifting the lockdown, and the federation has shared those suggestions with several states in India.

“More than one month have passed since the complete lockdown was imposed and it is creating difficulty for labours and industry. If it will be continued for long, it may create problems for exporters,” Saraf told PTI.

After a three week period of the lockdown that ended on April 14, Prime Minister Narendra Modi extended the countrywide lockdown for 19 additional days till May 3 to contain the spread of the pandemic.

“...in a calibrated and calculated manner, we need to start economic activities. It is my humble appeal to allow the industry to start in different places so that economy start moving,” he said adding “we need to create a balance between life and livelihood”.

Further, he added that clarifications issued by the Home Ministry on April 15 guidelines for partial resumption of manufacturing units are welcome but those should percolate down.

“This has been our experience that while the home secretary gives out the guidelines and clarifications, all the chief secretaries of states do not implement it in full letter and spirit and the guidelines do not percolate down upto the ground level,” Saraf said.

He also said that large areas should not be declared as red zones if only few COVID cases have been found.

“For example, Thane has been declared as red zone, just because few cases have been found in few villages. Instead of declaring whole district as red zone, only those areas where the COVID cases have been found should be declared as containment area and in rest of the areas, industry may be allowed to resume work,” he added.

India's first case was reported on January 30 and from March 25, the country was put under a 21-day complete lockdown.

Ludhiana-based Hand Tools Association President Subhash Chander Ralhan said that the government should allow factories and shops to open otherwise it will be "very" difficult for exporters to revive the work if lockdown continues for long.

The country's merchandise exports plunged by a record 34.57 per cent in March.

Source: [financialexpress.com](https://www.financialexpress.com)- Apr 24, 2020

[HOME](#)

Shipping Ministry allows three older container terminals to recalibrate royalty payouts

Policy change gives relief to terminal operators

The Shipping Ministry has allowed three of India's older container terminals operating at state-owned major ports trusts to recalibrate their royalty payouts to the government by factoring in the rate discounts granted for handling containers shipped between the country's ports and transshipment containers.

The order was signed by Shipping Minister Mansukh Mandaviya on Thursday. BusinessLine has reviewed a copy of the Ministry's order.

The policy change will make it attractive for Nhava Sheva International Container Terminal Pvt Ltd (NSICT), run by Dubai-government-owned DP World, at Jawaharlal Nehru Port; PSA-Sical Terminals Ltd, majority owned by Singapore's PSA International, at VOC Port Trust; and Visakha Container Terminal, run by International Cargo Terminals & Infrastructure Pvt Ltd, at Visakhapatnam Port Trust, to handle coastal and transshipment boxes by reducing the losses they were so far suffering on this business.

The earliest container terminal privatisation contracts at major port trusts followed the royalty model, wherein the terminal operator had to pay the royalty specified in the contract on each container handled at the terminal to the government-owned port.

Granting of discount

But, after the contracts were signed and the terminals started operations, the Ministry announced a policy, in 2005, prescribing concession to ships carrying containers between Indian ports and on coastal container related charges. Accordingly, a 40 per cent discount was granted in handling coastal containers compared to foreign-bound containers.

However, the contractually-mandated royalty per container payable by the operators to the port trusts remained unchanged irrespective of whether the terminals handled foreign-bound containers or coastal containers. Thus, the operators offering coastal concessions would realise lower revenue for handling a coastal container, whereas he is required to pay the prescribed royalty to the port trusts, resulting in revenue losses.

In comparison, other older cargo terminals operating under a revenue share model are required to share revenue with the port trusts only on the actual revenue earned based on the concessional rate prescribed for handling coastal containers.

“Therefore, the royalty regime discouraged the three terminal operators from handling coastal containers,” a Ministry official said.

With the policy change approved by the Ministry, the royalty per container payable by the operators will be different for coastal containers and foreign containers, based on the rates approved by the rate regulator.

Rate anomaly

For instance, if the royalty per container for handling a foreign container is ₹3,000, the same for a coastal container will be ₹1,800 (after factoring in the 40 per cent discount).

In the case of transshipment containers (those arriving on a ship that are lifted and put on another ship immediately), the terminal operator earns 1.5 times the rate prescribed for a foreign going container, though it handled the same container twice. But the port trusts collected royalty twice on a transshipment container per the contract terms. This acted as a disincentive for the operators to handle transshipment containers.

This anomaly has been rectified by the Ministry by allowing the terminal operators to pay royalty to the port trusts at 1.5 times, the same as the revenue earned.

For example, if the handling rate for a foreign going container is ₹4,000, the operator was charging ₹6,000 (1.5 times) from customers instead of ₹8,000 on transshipment containers but had to pay royalty (say ₹3,000 a container) twice on the same container, ie ₹6,000, to the port trusts.

Henceforth, the operators will have to pay royalty of ₹4,500 per container (1.5 times ₹3,000) on a transshipment box to the port trusts.

The three terminal operators will separately sign a supplementary agreement with the port trust concerned to give effect to the policy change for the balance period of their 30-year concession agreements.

Source: thehindubusinessline.com- Apr 24, 2020

[HOME](#)

Rs 1-lakh crore fund in the works to repay pending dues to MSMEs: Nitin Gadkari

The government will set up a ₹1-lakh crore fund to repay outstanding payments to MSMEs owed by the central and state government undertakings, as well as major industries, Union Minister Nitin Gadkari said on Friday.

The Minister said he has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the Finance Ministry gives its go-ahead.

“We have decided to set up a fund of ₹1 lakh crore. We will insure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity and payment-receiving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, Centre and State governments and major industries,” Gadkari said.

The Minister for MSME and Road Transport and Highways said the fund will impart relief to the micro, small and medium enterprises (MSMEs)

sector to a certain extent. He said the corpus will be a mobile fund that will help increase liquidity in the market.

Interacting with representatives of Assocham via video-conferencing, Gadkari asked the industry chamber to explore a technical joint venture through investment of capital between Indian industry and major global corporations.

He also suggested the industry body to compile investment data regarding companies from the US, the UK and other nations present in China and invite them to set up businesses in India. He said he is willing to monitor this initiative to expedite all the required permissions in this regard.

Expediting GST, IT refunds

Besides, Gadkari said he would take up the issue of expediting GST and income tax refunds with Finance Minister Nirmala Sitharaman to ease MSMEs' liquidity issue.

"I am also going to recommend to the Finance Minister that since computerised systems are in place for GST and income tax refunds, why can't we expedite the system and process refunds within eight days," he said.

Source: thehindubusinessline.com- Apr 24, 2020

[HOME](#)

India's forex reserves surge \$3.09 billion to \$479.57 billion

The country's foreign exchange reserves surged by USD 3.09 billion to USD 479.57 billion in the week to April 17, due to an increase in foreign currency assets, according to the latest data from the Reserve Bank of India.

In the previous week, the reserves had increased by USD 1.81 billion to USD 476.47 billion.

The reserves had touched a life-time high of USD 487.23 billion in the week to March 6, after it rose by USD 5.69 billion.

During 2020-21, the country's foreign exchange reserves had risen by almost USD 62 billion.

In the reporting week ended April 17, foreign currency assets (FCA), a major component of the overall reserves, rose USD 1.55 billion to USD 441.88 billion.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

The gold reserves increased USD 1.54 billion to USD 32.68 billion in the reporting week, the RBI data showed.

Special drawing rights with the International Monetary Fund (IMF) were up by USD 3 million to USD 1.43 billion.

The country's reserve position with the IMF remained stable at USD 3.58 billion during the reporting, the data showed.

Source: financialexpress.com- Apr 24, 2020

[HOME](#)

Majority of Indian consumers may shift to online shopping in next 9 months: Survey

The coronavirus outbreak and the subsequent lockdown in the country will lead to a major shift in the shopping behaviour of people, says a survey foreseeing consumers' appetite for online shopping rising to 64 per cent from 46 per cent over the next 6-9 months.

According to the survey report published by IT company Capgemini, with lockdown measures in place across India, there has been a surge in the use of online channels and the trend will continue even after the lockdown is lifted.

The survey, conducted in the first two weeks of April, further said, "Over 46 per cent of Indian consumers will shop at physical retail stores compared to 59 per cent who shopped at physical retail stores before the pandemic. 72 per cent of Indian consumers will prefer to purchase from retailers which will offer delivery assurance as well as assurance of compensation for future cancellations in next 6-9 month."

Most consumers, it said, would like the practices adopted by leading e-commerce companies. About 74 per cent Indian consumers surveyed said they will prefer to purchase from retailers offering delivery at flexible timing in the next 6-9 months and 89 per cent customers said they will be more cautious about issues of cleanliness, health and safety post COVID-19 pandemic.

Post coronavirus crisis, 78 per cent of Indian consumers said they will prefer to increase usage of digital payments going ahead. Around 65 per cent of consumers in the survey said they will increase the purchase of groceries and household supplies during the course of next 6-9 months.

The survey also revealed that 75 per cent Indian consumers are highly optimistic, about recovery in the next 6 months, compared to 48 per cent of consumers worldwide.

Source: [financialexpress.com](https://www.financialexpress.com)- Apr 24, 2020

[HOME](#)

COVID-19 lockdown relaxation: Gujarat allows export firms in cities to resume operations

With the Gujarat government allowing export-oriented companies located in city limits to resume operations provided they have export orders, nearly 5,000 such units are likely to commence work from Saturday. Though these units will need permission from respective collectors, they will be able to work on pending export orders with immediate effect.

The export-oriented units within the municipal limits can apply for permissions. However, these units should be located outside the containment areas declared by local authorities in the wake of coronavirus pandemic,” said Ashwini Kumar, secretary to the chief minister.

The state government on April 20 gave permission to industries located outside municipal limits to resume work, and as a result, nearly 35,000 industrial units have started operations, he said, claiming that over 3.25 lakh people get back to work in these units.

Piyush Tamboli, chairman, Confederation of Indian Industry, Gujarat chapter, said the decision will benefit over 5,000 export-oriented units in

the state. According to Tamboli, industries are functioning in most of the Covid-19-affected countries and there has been demand for various commodities and industrial products from across the globe. The state government's decision would provide employments to thousands of labourers who are without job for more than a month.

Tamboli, who is also the chairman and managing director of Bhavnagar-based Investment & Precision Casting, said since his company falls under the city limit, he has also applied to resume operations from Saturday. According to Tamboli, he would like to start operation with 180-200 workers, against the full strength of 840 employees in order to follow Covid-19 advisories, including that of social distancing.

Source: financialexpress.com- Apr 24, 2020

[HOME](#)

CAIT to launch e-marketplace to enable contactless delivery by grocery stores

Traders' body CAIT on Friday said it will soon launch a national e-commerce marketplace to help local grocery stores take orders online and ensure last mile contactless delivery. "To solve the challenge of providing essential goods to the Indian citizens during the COVID-19 situation, the Department for Promotion of Industry & Internal Trade (DPIIT), along with CAIT, is synergizing the efforts of various companies and startups working in supply chain to help the local Kirana stores take orders online and ensure last mile contactless delivery through a national e-commerce marketplace to be launched shortly and will strengthen the supply chain," the traders' body said.

Confederation of All India Traders (CAIT) said the e-commerce portal will make all efforts to onboard about 7 crore traders of the country. Manufacturers, distributors, wholesalers, retailers of all verticals of domestic trade and consumers will be the integral part of this e-commerce platform, it said.

CAIT Secretary General Praveen Khandelwal said the e-commerce national marketplace has already been conceived and designed, and has played a crucial role in ensuring supply of essential goods in different cities under present COVID-19 crisis.

Source: [financialexpress.com](https://www.financialexpress.com)- Apr 24, 2020

[HOME](#)

Coronavirus lockdown | Industries cannot be forced to pay wages during lockdown: panel

Parliamentary panel on labour sees COVID-19 shutdown as natural calamity

The Parliamentary Committee on Labour in its report on the Industrial Relations Code, 2019, submitted on Thursday, has recommended that “in case of natural calamities, payment of wages to the workers until the re-establishment of the industry may be unjustifiable”. Committee Chairman and senior BJD leader Bhartruhari Mahtab added that the ongoing lockdown to check the spread of COVID-19 can be counted as one such calamity.

The Industrial Code makes it incumbent upon the employer to pay 50% wages to the workers/employees who are laid off due to shortage of power, coal, raw material etc for 45 days. The Committee has, however, expressed reservations for payment of the prescribed percentage of wages to the workers in the event of closure of an establishment due to “natural calamity”.

“In case of natural calamities like earthquake, flood, super cyclone etc. which often result in closure of establishments for a considerably longer period without the employer's fault, payment of wages to the workers until the re-establishment of the industry may be unjustifiable,” the report says.

The Committee has suggested that “clarity” be brought in so that employers “not responsible for closure or lay off, are not disadvantaged in case of such natural calamity of high intent”. When asked if COVID-19 and the ongoing 40-day lockdown under which almost all industries have been shut, would also count as a natural calamity, Mr. Mahtab told The Hindu, that ‘it should’.

“The basic idea about our recommendations is that the industry should also not be forced when the situation is beyond their control. The law has to be reasonable. It is for the government to step in and extend a helping hand for the industries,” he added.

These recommendations were strongly opposed by three members — CPI (M) Rajya Sabha MP Elamaram Kareem, CPI Lok Sabha MP K. Subbarayan and DMK's M. Shanmugam.

In his dissent note against the report, Mr. Kareem said the recommendations are unfortunate especially in the present context. "Given the present situation where the entire nation is fighting against monstrous attack of novel coronavirus and when every ordinary citizen has been shouldering the risk beyond his/her capacity, I am not able to understand the rationale behind these recommendations," Mr. Kareem wrote.

The Industrial Relations Code 2019 is an amalgamation of three laws — Industrial Disputes Act, 1947, Trade Unions Act, 1926, and Industrial Employment (Standing Orders) Act, 1946. It was introduced in the Lok Sabha in November last year and referred to the Standing Committee on Labour in December. With the ongoing lockdown, the draft report was circulated to the members on April 15 via e-mail and they were given eight days to respond. And the final adopted report was accepted by the Speaker Om Birla on Thursday.

Source: thehindu.com- Apr 24, 2020

[HOME](#)

AP, Telangana look to draw foreign firms hit by covid-19 in China

The covid-19 pandemic may have slowed down India's economic engine, but the two Telugu states of Andhra Pradesh and Telangana are in fact looking at invest opportunities which may arise as a result of it. While officials from Telangana are still tight-lipped about which companies have shown interest, AP is in fact looking to draw companies, specifically from the electronic and textile industries, if they leave China in the coming days.

"The Japanese industry and manufacturing industries...big companies which are manufacturing in China, and furthermore textile and apparel companies, are looking at AP in a positive environment. They have seen how we have been able to handle this crisis, vis-à-vis against other states. They saw that AP is still pristine and has a long way to go," said IT and industries minister Mekapathi Goutham Reddy.

He added that the state could give some subsidies in thrust areas or reduce the burden on industries, so that it is viable to continue in the anticipated coming tough economic climate. "Taking such decisions means that the chief minister (Y. S. Jagan Mohan Reddy) is not looking at just social welfare, but is also looking at the industrial sector also," Goutham Reddy told Mint over a phone interview.

Given the negative economic impact covid-19 is likely to have, any investment that materializes will come as a boost to AP especially, given that the present YSR Congress Party (YSRCP) is on the verge of decentralizing its capitals between Amaravati, Visakhapatnam and Kurnool. The previous government, led by former chief minister N. Chandrababu Naidu, had conceived a centralized capital in Amaravati, which was to be an economic hub, with several infrastructure projects and investments (which has now mostly been undone by the current government)

The bill pertaining to the decentralization was passed by the state assembly earlier this year, and is still stuck in the state legislative council. For Telangana, where the capital of Hyderabad already has an IT sector (Hitech City), attracting more investments is only natural given the major companies that have come to the state over the last five years or so.

The Telangana government has planned to set up a handful of industrial parks in the state, like the Kakatiya Integrated Mega Textiles park, Sircilla Apparel park, four mega food parks at Nizamabad and Pharma City near Hyderabad. "Right now, we don't want to say anything because we will make it public only once a deal is done. But some companies from abroad have shown interest," said a an official from the Telangana government, who did not want to be quoted.

Goutham Reddy also stated that AP is getting a lot of enquiries from the pharma industry. "With pollution also being a main issue, lot of farmers face problems (with pharma companies). Addressing the issue of pollution will be easier since we have a coastal area," he pointed out, and added that a bulk of the investments which exit China are likely to come to India in the coming days.

Source: livemint.com- Apr 23, 2020

[HOME](#)

Corona impact: Banarasi silk, fabric industry seeks stimulus

The hardships of silk yarn traders and textile industry of Varanasi, who started facing the impact of novel coronavirus outbreak in China as early as in December 2019, have further increased with the lockdown and is now looking up to Prime Minister Narendra Modi, their MP, for respite.

The Banarasi textile industry has sought PM's help and demanded interest waiver on EMIs, extension in moratorium period, relaxation in fixed rental charges on electricity bills and reimbursement of part of labour wages.

UP Vyapari Kalyan Board member and leading silk yarn trader Harshpal Kapoor has sent a charter of demands to the PM on April 13, and Bharatiya Janata Party MLC, Ashok Dhawan, who is also the patron of Banarasi Vastra Udyog Association (BVUA) has been pursuing it.

Kapoor said the Banarasi textile industry is facing a crisis since imports have plummeted as the Covid pandemic has hit the economies of the importing countries from Europe, America and other continents. "There is impact on domestic market too due to lockdown.

There is no hope of orders from importing countries in near future while marriages are being postponed. The revival of our industry is not possible by the year end. So, we have urged the government to support the industry," he added.

"After setbacks during demonetisation and GST launch, the Banarasi silk and textile industry has been hit by the pandemic. Over 20 lakh people are directly and indirectly dependent on our industry in Varanasi region," Kapoor said.

Apart from the cost of raw material, labour, bank interest and electricity add to the cost of textile. Due to complete stoppage of commercial activity in lockdown there is zero revenue earning, hence we are seeking relief, he added.

The traders have sought six-month moratorium on monthly instalments, waiver of bank interest and bank charges also for six months.

The industry is paying salaries, but if government doesn't provide economic stimulus, the possibility of large scale unemployment in the sector in coming months can't be denied.

BVUA's yarn coordination committee vice chairman Vaibhav Kapoor said the Rs 5,000 crore industry started facing problems in December 2019 as China halted silk yarn export till February. When China opened export in March, the lockdown started in India, he added.

Source: timesofindia.com- Apr 24, 2020

[HOME](#)

Cotton sowing likely from May 1

Sowing of cotton in Bathinda, Mansa, Muktsar, Faridkot, Moga, Fazilka and Ferozepur districts is likely to get delayed by at least 10 days because of the ongoing harvesting of wheat, which is being done in a phased manner in view of the lockdown restrictions.

As per PAU, Ludhiana, cotton sowing should be done between April 20 and May 31. However, this year, it is likely to begin from May 1.

Gurcharan Singh, a farmer of Fazilka's Rampura village, said the state government had not even started the supply of water in Lambi minor canal, which irrigates over 70 per cent of the area.

The Agriculture Department today claimed to have made arrangements to provide agro-inputs and Bt cotton seeds to the farmers through listed companies.

Suttantar Kumar Aery, Director, Agriculture, said 26,57,500 packets of hybrid cotton seeds were required for cultivation and so far 25 lakh packets had been arranged.

Dr Jaswinder Singh Brar, an agricultural scientist, said: "We are setting up demonstration plots on 300 acres at Sudhar block in Ludhiana where we will adopt drip irrigation method."

Source: tribuneindia.com- Apr 25, 2020

[HOME](#)

TN announces complete lockdown in three cities from April 26-29

There'll be no relaxation to open shops and other establishments during the full-day lockdown in Chennai, Coimbatore and Madurai, says the government.

The Tamil Nadu Chief Minister Edappadi K Palaniswami on Friday announced a complete lockdown for four days from 6 am to 9 pm in Chennai, Coimbatore and Madurai from April 26 to 29 aimed at containing the spread of coronavirus.

In Salem and Tirupur, it will be for three days from April 26 -28 from 6 am to 9 pm, said Chief Minister Edappadi K Palaniswami.

The government said that violators would face legal action and their vehicles would be impounded.

Only hospitals, essential services like AMMA canteens, ATMs, restaurants with home delivery and mobile vegetable carts will be allowed.

At present, shops and other establishments are allowed to function till 1 pm. However, this relaxation will not be applicable during the full day lockdown, says a government press release.

The five cities have a high rate of Covid-19 positive cases. The full day lockdown was taken after discussions with various experts. In other cities, the present lockdown relaxations will continue, he said in a press release.

Source: thehindubusinessline.com- Apr 24, 2020

[HOME](#)
