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INTERNATIONAL NEWS

'No deal' Brexit to badly affect T&C industry: EURATEX

A ‘no deal’ Brexit would have a detrimental impact on the textile and clothing (T&C) industry, with job losses over 100,000 for 27 European Union (EU) nations and over 27,000 for the United Kingdom, a new study commissioned by the European Apparel and Textile Confederation (EURATEX) with the University of Leuven reveals.

Output losses for the UK would be 41.8 per cent of its value added in T&C production, while the EU-27 as a whole would lose about 9.7 per cent, according to an EURATEX press release.

Negotiators are making a final effort, but a ‘no deal’ can still occur if there is no timely ratification of the Withdrawal Agreement, or if the Withdrawal Agreement is ratified but no agreement on the EU-UK future relationship is struck before the end of the transition period.

A soft Brexit scenario would minimise the damage, but it would still disrupt European value chains and lead to heavy job losses. A soft Brexit would still be significant with, for United Kingdom, 4,759 jobs lost and an output loss of 7.3 per cent of its value added; while for the EU27, 17,786 jobs will be lost and there would be output losses of 1.7 per cent of its value added.

Under a no deal Brexit, the output losses for the United Kingdom would be 41.8 per cent of its value added in production, while the EU-27 as a whole would lose about 9.7 per cent of its gross domestic product (GDP). For the UK this corresponds to absolute job losses of 27 141 jobs, while for the EU-27 as a whole the job loss would amount to 101 756 jobs lost.

With no surprise, the largest share of the EU27 job losses take place, in decreasing order, in Italy, Romania, Portugal, Germany, France, Spain and Poland.

Under a hard Brexit, about respectively 27 000, 12 000 and 11 000 jobs will be lost in Italy, Romania and Portugal, which corresponds to about 27 per cent, 12 per cent and 10 per cent of the EU-27 total working population in the sector.

However, as a proportion of the sector employment and value added in the country, Ireland, Belgium, the Netherlands, Sweden, France, Denmark and Czechia would be the most affected countries within the EU-27, both in terms of value added as in job losses.

For Ireland and Belgium, a 'no deal' Brexit would lead to respectively minus 23 per cent and minus 14 per cent of job losses in the sector and an output loss of minus 40 per cent and minus 25 per cent of their sector value added.

"These figures reflect companies' legitimate concern with a no-deal Brexit. EU-UK trade relations are an essential component of their competitive business model, on both sides. For the T&C industry, we have offered a win-win solution (integrating the UK in the PEM Convention), which would limit disruptions in the T&C value chain to a minimum," said EURATEX director general Dirk Vantyghem the study results.

Source: fibre2fashion.com– Nov 24, 2020

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UK secures vital rollover trade deal with Canada

The United Kingdom and Canada have locked in their existing trading relationship, worth £20 billion, and agreed to begin negotiating a new more ambitious trade deal as early as next year. In a November 21 video call, Prime Minister Boris Johnson and Canadian counterpart Justin Trudeau settled on an 'agreement in principle' to roll over current European Union-Canada trading arrangements.

The prime ministers were joined by UK international trade secretary Liz Truss and her Canadian counterpart, minister of small business, export promotion and international trade Mary Ng, according to a UK government press release.

Today's agreement to rollover provisions of the Comprehensive Economic and Trade Agreement (CETA) gives certainty for UK businesses exporting goods and services to Canada worth £11.4 billion. It will support the British automotive manufacturing and food and drink industries which between them provide jobs for more than half a million people across the United Kingdom.

Overall, an estimated £42 million tariff burden on UK exports has been saved. The benefits locked in under the agreement reached today include tariff-free trade on 98 per cent of goods that can be exported to Canada.

UK producers will continue to benefit from zero tariffs on many agricultural and seafood exports. Last year the United Kingdom exported £344 million worth agri-food goods to Canada.

Without the continuity agreement, Canadian food products such as maple syrup, biscuits and salmon could have been more expensive for British consumers as they would face taxes of up to 8 per cent when entering the United Kingdom under the UK Global Tariff.

The deal secured today provides the foundation for both countries to negotiate a new trade deal that will improve on the existing EU-Canada agreement and will be tailored for the British economy with the potential to go further in new areas like digital trade, women's economic empowerment and the environment.

"Our negotiators have been working flat out to secure trade deals for the UK, and from as early next year we have agreed to start work on a new, bespoke trade deal with Canada that will go even further in meeting the needs of our economy," Prime Minister Johnson said.

Source: fibre2fashion.com - Nov 24, 2020

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USA: NRF expects holiday sales to grow 3.6% to 5.2%

With retail sales rebounding strongly due to continued consumer resilience, the US National Retail Federation (NRF) has forecast that holiday sales during November and December will increase between 3.6 per cent and 5.2 per cent over 2019 to a total between $755.3 billion and $766.7 billion, compared with a 4 per cent increase to $729.1 billion last year.

The numbers, which exclude automobile dealers, gasoline stations and restaurants, saw an average holiday sales increase of 3.5 per cent over the past five years.

"We know this holiday season will be unlike any other, and retailers have planned ahead by investing billions of dollars to ensure the health and safety of their employees and customers," NRF president and CEO Matthew Shay said. "Consumers have shown they are excited about the holidays and are willing to spend on gifts that lift the spirits of family and friends after such a challenging year. We expect a strong finish to the holiday season and will continue to work with municipal and state officials to keep retailers open and the economy moving forward at this critical time."

NRF expects that online and other non-store sales, which are included in the total, will increase between 20 per cent and 30 per cent to between $202.5 billion and $218.4 billion, up from $168.7 billion last year.

"Given the pandemic, there is uncertainty about consumers' willingness to spend, but with the economy improving most have the ability to spend," NRF chief economist Jack Kleinhenz said. "Consumers have experienced a difficult year but will likely spend more than anyone would have expected just a few months ago.

"After all they've been through, we think there's going to be a psychological factor that they owe it to themselves and their families to have a better-than-normal holiday. There are risks to the economy if the virus continues to spread, but as long as consumers remain confident and upbeat, they will spend for the holiday season."

Kleinhenz said households have strong balance sheets supported by a strong stock market, rising home values and record savings boosted by government stimulus payments issued earlier this year. Jobs and wages are growing, energy costs are low and reduced spending on personal services, travel and entertainment because of the virus has freed up money for retail spending.

As a result of store shutdowns and stay-at-home orders last spring, not all retailers and categories have rebounded as quickly, including small and mid-sized retailers.

However, in the aggregate retail sales have seen a V-shaped recovery, growing both month-over-month and year-over-year each month since June. As calculated by NRF, sales were up 10.6 per cent in October versus October 2019, likely driven in part by early holiday shopping. For the first 10 months of this year, retail sales were up 6.4 per cent versus the first 10 months of 2019.

With e-commerce sales up 36.7 per cent year-over-year during the third quarter, many households are expected to depend on digital shopping to make many of their holiday purchases, just as they have for much of their everyday spending this year. The online spending includes websites operated by bricks-and-mortar retailers, which have become major players in the online market as retail channels have merged.

The NRF forecast is based on an economic model that takes into consideration a variety of indicators including employment, wages, consumer confidence, disposable income, consumer credit, previous retail sales and weather. NRF defines the holiday season as November 1 through December 31.

Meanwhile, NRF expects retailers to hire between 475,000 and 575,000 seasonal workers to help accommodate additional demand during the holiday season. That compares with 562,000 in 2019. Some of the hiring may have been pulled forward into October as many retailers have implemented holiday sales campaigns earlier than in the past.

Source: fibre2fashion.com - Nov 24, 2020

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Sri Lanka: Apparel industry hails Budget; confident of recovery from 2021

The Joint Apparel Association Forum (JAAF) yesterday expressed confidence in revival of the country's biggest export sector next year onwards aided by policy direction and support outlined in the Budget 2021 as well as recovery in key markets post-COVID-19.

"We made submissions to the Government and most of our proposals have been incorporated in the Budget 2021. We are pleased to see such policy direction at this critical time for the export oriented industries," JAAF Secretary General Tuli Cooray told the Daily FT.

Although the industry took a harsh blow from COVID-19 which wiped out close to $ 1 billion in turnover, Cooray said resilience has always been the cornerstone for the apparel industry.

"History has amply proved that Sri Lanka is a resilient nation and the apparel industry remains to be a major contributor. At the moment we are not thinking of revisiting our targets, but we all know that it has been a very challenging year for the entire world. In that context, we will probably see a decline in our total exports by 25% to 30% this year just over $ 4 billion. But it is with great confidence I say the apparel sector will come out of this crisis stronger than before," he said.

Sri Lanka last year earned $ 5.3 billion from apparel exports, an increase of 5.1% from 2018. Prior to the COVID-19 pandemic the industry originally expected a 6% increase in exports for 2020.

Export earnings from apparel and textiles in October declined by 18.93 % to $ 356.52 million and by 21% to $ 3.6 billion in the first 10 months of 2020 from a year earlier. Despite the decline in the sector, earnings from exports of other textiles increased by 43.92% in October 2020 in comparison to October 2019.

Earnings from export of Personal Protective Equipment (PPE) related products increased by 46 % to $ 731.63 million in January to October. The strong performance was mainly due to the increased exports of other made-up articles (HS 630790) and articles of apparel and clothing accessories of plastics (HS 392620).

Cooray said it was very challenging as the industry markets remain closed, with the world still continuing to battle the impact of the virus. "Many countries such as India, China, Russia and the US are having very protective policies and not open for trade," he added.

Noting that the apparel industry is continuously looking for access to new markets, he highlighted that they were exploring opportunities to open up trade dialogue with all existing and emerging markets. "The UK, Japan and the US are currently reviewing unilateral trade agreements and we are open to explore such opportunities given the current circumstances," he said.

Boost for fabric manufacturing

Cooray also commended the timely move to establish fabric processing park in Eravur, noting that it is a reflection of the Government's confidence in the apparel industry.

The 2021 Budget announced tax concessions up to a maximum of 10 years under the Strategic Development Law for over $ 10 million investment in setting up fabric plants.

“We stand firm even in the current climate that it is our intention to continue to be a strong player in the global apparel sourcing world. The establishment of the Eravur Fabric Processing Park will help reduce the imports of fabric as apparel manufacturers would be able to replace a part of their imported fabrics with fabric sourced locally,” he said.

According to him, there are currently seven textile mills manufacturing fabric for the export-oriented sector and these mills are capable of producing the finest quality of fabrics where the daily output is around 175 MT.

This is a vital component in the building the industry value addition to over 52% even after accounting for the yarn imports of the local mills. Sales from these seven fabric mills to the BOI registered apparel exporting companies amounted $ 499 million last year. In 2019, Sri Lanka imported 255,437 MT of fabric both for the export-oriented apparel manufacturers and for consumption in the local market. The import bill for this fabric came to $ 2.2 billion.

Worker safety

With regards to work at apparel factories, he said operations continue with strict health guidelines as the industry remains a critical contributor to the sustainability of the economy. “We are a part of the society.

“Our workers’ health and safety is our prime focus, as all our businesses rely on them. Despite the heavy losses the industry incurred due to COVID-19, we have not neglected the welfare and job security of our workforce. We now incur an additional heavy cost for the regular PCR tests, lodging facilities, transport because their lives matter. Apparel industry largest overall employer,” he said.

Entirely privately owned and operated, the apparel industry have successfully utilised the opportunities in the international market to evolve beyond traditional exports and tailoring designs to provide sophisticated and creative solutions through fashion BPO services, research, development and innovation centres. Around 300 garment factories employ 990,000 and over one million people are indirectly dependent or employed.

Source: ft.lk– Nov 25, 2020

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New US guidelines for packaging materials sustainability

GS1 US recently published the 'Best Practice Guideline for Sustainability in Packaging Materials', created by apparel and general merchandise leaders to help the industry incorporate sustainable packaging practices in the supply chain. It provides guidance on the selection of packaging materials and processes to minimise non-recyclable waste.

The new guideline is focused on the use of polybags, packing techniques and materials, and cartons. It was developed by industry partners to address dual challenges: increasing reliance on omni-channel fulfillment and the growing demand for sustainable packaging.

The new guidance, developed for both suppliers and retailers, is applicable to all North American companies trading products in the general merchandise and apparel sector. This includes, but is not limited to, cosmetics, jewelry, footwear, fashion accessories, apparel and sportswear, sporting goods, home fashion and small appliances, according to a press release by GS1 US.

GS1 US, a member of GS1 Global, is a not-for-profit information standards organisation that facilitates industry collaboration to help improve supply chain visibility and efficiency through the use of GS1 Standards, the most widely used supply chain standards system in the world.

Included in the guidance are recommendations for the use of polybags (typically low-density polyethylene (LDPE)-based plastic bags) that protect products during transit from manufacturing sites to distribution centers and onwards to retail stores and consumers' homes (through e-commerce).

Best practices covered in the guideline include rightsizing of packaging components and optimizing polybag thickness to reduce plastic waste, as well as guidance on recyclability, bag closures, labels and carton fulfilment.

Source: fibre2fashion.com– Nov 24, 2020

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Vietnam: PM urges garment, footwear sectors to build brands, promote supply chain linkages

Hailing their achievements, he said that the textile-garment and footwear industries play an important role, employing a huge number of workers, up to 4.3 million. Their exports account for a large proportion of the total national export turnover. In 2019, these two industries exported products worth US$62 billion, equivalent to 24% of the country's total.

He urged the sectors to make reforms to improve corporate governance efficiency in the new situation and promote digital transformation in the management and operation of textile enterprises, thus helping them make the effective use of free trade agreements, including the freshly signed Regional Comprehensive Economic Partnership (RCEP) Agreement.

The Government leader also noted the need for "green growth" in the development of the textile and garment industry, application of a circular economy, and continued automation to raise the labour value.

According to the Vietnam National Textile and Garment Group, Vietnam's textile and garment industry is forecast to earn about US$33.5-34 billion from exports this year.

Source: en.nhandan.org.vn– Nov 24, 2020

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Italian textile technology centre opens in Pakistan

The Italian textile machinery sector's new technology training center in Pakistan has officially opened.

Financed by the Italian Government, the project intends to support the development of the local textile industry, by equipping the technology center with Italian machinery that will allow the local textile sector to improve the quality of its products, through ongoing research and innovation.

The first machines installed were mostly for the dyeing and finishing sector with systems supplied by companies such a Brongo, Tonello and Triveneta Grandi Impianti with more to follow.

The inauguration ceremony for the Italy-Pakistan Textile Technology Center (IPTTC) was held in Faisalabad, Pakistan at the National Textile University (NTU).

The training center, which is the first of its kind for Italian textile machinery technology in Pakistan, was inaugurated by the Italian Ambassador to Pakistan, Andreas Ferrarese, and by Rizwan Shafi, CEO of Crescent Bahuman Limited.

Appearing at the ceremony in a video conference call from Italy was Alessandro Zucchi, the President of ACIMIT, the Association of Italian Textile Machinery Manufacturers, which is a partner in the project along wit the PISIE (International Polytechnic for Industrial and Economic Development).

“With the creation of the Italy-Pakistan Textile Technology Center, ACIMIT wishes to strengthen previously existing fruitful relations with the Pakistani textile industry,” Zucchi said.

In 2019, the Pakistani market was the sixth largest destination for Italian exports, totaling €80 million, and in the first half of 2020, was the third largest foreign market for Italian machinery manufacturers in the sector, just behind Turkey and China.

“I’m certain this initiative will reap benefits in terms of image, not just for the Italian manufacturers that have supplied the machinery, but for the entire Italian sector as well,” Zucchi added.

As well as the availability of technology at the facility, ACIMIT and the Italian Trade Agency will also offer seminars for students, professors and representatives of local manufacturers, as well as the training of local personnel by the Italian companies that supplied the center with its machinery, helping them become better acquainted with their technology.

Source: knittingtradejournal.com– Nov 24, 2020

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Bangladesh stays in the fast lane

The country that was once dismissed as an 'international basketcase' is flourishing even during Covid times

When it's complete, it will be Bangladesh's longest road bridge. The 10-km bridge stretching across the River Padma will link Bangladesh's southwest corner with the rest of the country, cut travel times and boost trade and commerce. It's a shining example of Bangladesh Prime Minister Sheikh Hasina's drive to keep the economy rolling by building roads, bridges, railways and supplying uninterrupted power to every home.

For a glimpse of an even more ambitious project, head to the Mirsarai Special Economic Zone outside Chittagong. Here, on 30,000 acres of reclaimed land, Bangladesh is building its flagship industrial zone in hopes of enticing companies from around the globe. Bangladesh aims to put up 100 special economic zones by 2030.

Leading the way from India into Mirsarai is the Adani Group which is planning to build a 100-acre zone only for Indian companies looking to set up shop in Bangladesh. Already, there is a $20-million Asian Paints factory slated to launch early next year and a $29-million Berger Paints plant. Other Indian companies in Bangladesh include power generation firms and auto industry stars like Ashok Leyland and the Hero Group.

It was Henry Kissinger who visited newly formed Bangladesh in 1974 and famously declared it to be a 'bottomless basket'. The image has stuck in our minds, so it was a shock jolt when the IMF announced last month Bangladesh's per capita income would overtake India's in 2020. (In 2015, India's per capita GDP was 40 per cent higher than Bangladesh's.)

The fact is Hasina, in power now for 12 years, has worked out an economic gameplan to take her country to the next level. She's steered a steady course, keeping the focus firmly on infrastructure sectors like roads, bridges, railways and power and also leveraged Bangladesh's low-skilled labour to develop industrial export powerhouses, chiefly textiles.

That's paid off and it shows in the GDP figures. Bangladesh's GDP was $102 billion in 2009 soon after Hasina took office. After a decade of over 7 per cent annual growth, it tripled to $302 billion in 2019.

Foreign direct investment also tripled in the decade to $3.6 billion. In this Covid year, the IMF projects Bangladesh's growth will tumble to 3.8 per cent but accelerate to 9.5 per cent in 2021. (India's growth is set to contract this year by over 10 per cent.)

Bangladesh's USP

What's the USP that would bring global giants to Bangladesh? First and foremost, there's low wages. "If an Indian will do a job for $300, a Bangladeshi will do it for $250," jokes a Bangladeshi economic analyst.

Besides that, Bangladesh is a country that's got its economic act together in more ways than one. Look at the power sector. Step back to the 2000-2010 decade and Bangladesh was a land of long urban power cuts and non-existent rural power. Hasina ended that by simplifying the tendering process, even though it's said to have led to considerable corruption. Today, 93 per cent of the country has electricity and power cuts are a bad memory in Dhaka. The government's looking to get power to the entire country in the next two years.

The booming power sector's one that's attracted Indian companies to our neighbour. Mumbai-based Shapoorji Pallonji's 220MW gas-fuelled Bhola plant is nearing completion, though it may sell the facility to cut debt.

Similarly, Reliance Power has allied with Japanese energy company Jera to build a 750MW gas-fuelled plant at Narayanganj near Dhaka. Then, there's the Bangladesh-India Friendship Power Company, a tie-up between NTPC and the Bangladesh Power Development Board, which is building a 1,320MW Rampal plant, though it's significantly behind schedule. Besides this, the Adani Group has a power-purchase deal with Bangladesh to supply power generated at its 1600MW Godda plant in Jharkhand.

At a different level, Bangladesh has also been wooing companies exiting China to avoid US tariffs. One giant considering a new home is Chinese state-owned Kunming Iron & Steel Co which is looking at investing up to $2.13 billion at Mirsarai.

There's also the Jinyuan Chemical Industry which erected a $6-million plant. Jinyuan chairman Wang Yang says she set up in Bangladesh precisely to "avoid the impact of the US-China trade sanctions."

In other areas too, Bangladesh has notched up some unexpected successes. It's now the third-largest fish exporter after China and India and is exporting vegetables to the Middle East. Vegetable and fruit exports climbed to $146 million, up almost 80 per cent in 2019-20 from the year before. However, during the last few months, the Covid-induced halt to flights stalled exports and the Bangladeshis have fretted about losing its vegetable market to India which has chartered flights to the Middle East.

Textiles still booming

But the buttresses of the Bangladesh economy are the still booming textile sector which provides 85 per cent of its exports and the 10 million Bangladeshis working abroad in the Gulf and other corners of the globe and who sent home remittances totalling $18 billion last year. That's, of course, far behind India. Our remittances totalled $83 billion in 2019-20 and will slide to $64 billion this year. By contrast, Bangladeshi official remittances have risen, though that's probably because of a scheme to reward people sending home money via legal channels.

When the pandemic first began to cut a swathe through the world there were dire predictions that Bangladesh's textile sector, where workers toil huddled together at close quarters in poorly ventilated factories, would be decimated by the virus. Initially, the garment sector lost $3 billion worth of orders but a few months later about 80 per cent of these were reinstated.

But there was a surprise in store for the purveyors of gloom and doom. While the Indian economy has been felled by Covid-19, the pandemic hasn't hit Bangladesh hard. The textile industry's been relatively unscathed and when the workers returned from their villages production restarted without too much difficulty. It's still a mystery how the sector got off so lightly though experts speculate it may be because the workers are mostly young.

Where does India fit into the Bangladesh growth story? Many Indian companies saw huge opportunities but weren't able to grab them. The giant infrastructure projects were mostly scooped by the Chinese who are building the Padma Bridge, amongst other projects. And the Dhaka airport expansion has gone to the Japanese.

Should India have a free-trade agreement with Bangladesh? Bangladeshis point out that wouldn't be easy because India erects a host of non-tariff barriers to keep products out. Also, Bangladeshi textiles are almost certain to face tariffs to protect Indian companies. Still there are opportunities east of the border and India should be looking at how to make the most of them.

Source: thehindubusinessline.com– Nov 24, 2020

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Bangladesh seeks to boost Japanese investment

A tripartite agreement between two local trade bodies and the Japan External Trade Organisation (Jetro) was signed yesterday to strengthen private sector engagement in trade and investment between Japan and Bangladesh.

The Chattogram Chamber of Commerce & Industry (CCCI), the Japan-Bangladesh Chamber of Commerce & Industry (JBCCI), and the Jetro inked the memorandum of understanding (MoU) at an event in the port city.

The MoU aims to develop a plan for private sector engagement and cooperation for the next 10 years to identify the challenges and new opportunities for strengthening ties between the two nations.

This includes identifying the challenges and opportunities for Japanese companies operating in Bangladesh, exploring areas of technical cooperation for innovation in the private sector and locating potential sectors for export and investment in collaboration with private sector leaders.

The deal also intends to facilitate government spending to strengthen the investment climate and attract Japanese investment.

This involves identifying any potential gaps in required skills as well as plans for capacity development to support Japanese Investors.

As a part of its efforts to facilitate Japanese investment under the MoU, the CCCI will establish a Japan desk at its office to assist potential investors from the island nation with the related process.

CCCI President Mahbubul Alam and Jetro Country Representative Yuji Ando, also the president of the JBCCI, signed the agreement to mark the 50th anniversary of the Japan-Bangladesh economic alliance.

"Japan is committed to providing technical assistance and building skilled manpower for the development of Bangladesh's manufacturing sector in the next 10 years," Ando said.

"We have a good idea about Bangladesh's economic direction as we have been involved in various development projects for a long time."

There is a huge opportunity in the country to increase dependency on technology and build a skilled workforce in the manufacturing sector.

"We are interested in working in these issues," the JBCCI chief said.

This MoU follows an agreement made between the two countries back in 2016 when the Jetro and the Federation of Bangladesh Chambers of Commerce and Industry penned a deal to promote Bangladesh as an investment destination for Japanese entrepreneurs.

This new deal is a continuation of that pact as the CCCI has joined hands with the Jetro Dhaka and the JBCCI to enhance cooperation and facilitate private sector engagement, according to the MoU.

"The goal of this programme is to develop a plan for private sector engagement and cooperation and identify the challenges and new opportunities for strengthening Japan-Bangladesh commercial ties in terms of both trade and investment," said CCCI President Alam.

Bangladesh has made major economic progress in the last decade with total exports have more than doubled.

Alam also said that Chattogram is positioned in a geographically strategic spot.

The Matarbari project and the Deep-Sea Port in Chattogram are both parts of a big concept of Japan's since these projects have the potential to make Chattogram an attractive investment destination.

"If we can properly utilise our competitive resources, Chattogram and Bangladesh as a whole could become the focal point for economic growth in Asia in the future," he added.

At the event, Commerce Minister Tipu Munshi urged Japanese businessmen to invest in the country's various economic zones.

"We urge Japanese businessmen to invest in the 100 economic zones in various sectors, including garments, leather and food processing. We are always ready to give our maximum support to them," he said.

There are 315 Japanese companies currently operating in Bangladesh, 70 per cent of which are willing to increase their investment, according to a Jetro survey.

Deputy Education Minister Mohibul Hasan Chowdhury, Principal Secretary of Prime Minister's Office Ahmad Kaikaus, Member of Parliament M Abdul Latif and a few CCCI directors were also present at the event.

Source: thedailystar.net – Nov 23, 2020

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Bangladeshi apparel makers demand withdrawal of congestion surcharges

Shippers around the world are fed up with carrier costs – the latest group to complain to their government is in Bangladesh.

Garment makers have demanded government take immediate steps to withdraw the emergency cost recovery surcharge (ECRS) carriers have slapped on because of congestion at ports.

In a letter to the shipping ministry, Chittagong Port Authority and Bangladesh Shipping Agents Association (BSAA), the manufacturers say the apparel sector and other industries are already in jeopardy, having being hit by the Covid-19 pandemic.

Global retailers are continuing to suspend or cancel work orders, which has created uncertainty for factories and workers.

“The severe negative effect of the pandemic on the national economy is visible,” writes Mohammed Abdus Salam, first vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Feeder vessels operating to and from Chittagong port have imposed $75 per laden teu and $37.50 per empty container congestion surcharge since 15 November.

They imposed the surcharge as the ports in Colombo, Singapore and Port Klang have experienced severe congestion in the last couple of weeks, with vessels facing berthing delays of up to 48 hours, causing productivity losses they are trying to recoup via the surcharge.

"The imposition of a surcharge in these pandemic days is irrational and unacceptable," Mr Salam writes, adding it could raise the import cost of raw materials, and that buyers may not pay exporters the full price for finished goods.

"As a result, Bangladeshi ready-made garments may [see a] loss of competitiveness," he added.

BSAA chairman Ahsanul Huq Chowdhury argued that the surcharge was not being collected locally. He said the feeder vessels were realising the increased amount from mainline operators, which in turn were collecting it as a general rate increase from the global buyers.

"Feeder vessel operators are incurring a daily operational cost of more than $10,000 due to the congestion at hub ports. So they are forced to slap on the surcharge," he said adding that it would be lifted once the congestion eased.

A representative of a mainline carrier in Dhaka told The Loadstar 90% of shipments from Bangladesh were arranged on a freight-on-board (FoB) basis, where the buyer is responsible for the payment, rather than the exporter.

The surcharge in Chittagong and hub ports has no effect on exporters, he said, adding: "Bangladesh has to follow the global rates like the others."

Source: theloadstar.com– Nov 23, 2020

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Bangladesh Shipping and Ports authorities demand withdrawal of ECRS

In a letter to the shipping ministry, Chittagong Port Authority and Bangladesh Shipping Agents Association (BSAA), have demanded a withdrawal of the emergency cost recovery surcharge (ECRS) carrier as the apparel sector and other industries are already in jeopardy.

Global retailers are continuing to suspend or cancel work orders, which has created uncertainty for factories and workers, said Mohammed Abdus Salam, first Vice President, BGMEA.

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Source: fashionatingworld.com– Nov 24, 2020

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Pakistan: Mixed trend witnessed on cotton market

The upward trend was seen in the cotton market on Tuesday morning but in the evening downward trend was witnessed under the influence of downward trend in the rate of cotton in New York Cotton Market due to COVID 19.

Prime Minister Imran Khan has approved the Textile Policy 2020-2025 According to the Textile Division of Ministry of Commerce Prime Minister Imran Khan has directed to submit the textile policy to the Economic Co-ordination Committee for approval.

The policy will be sent to the federal cabinet for final approval Commerce Ministry officials said. The policy proposes to increase textile exports to 20.8 billion by 2025 According to the document it is proposed to reduce tariffs to increase electricity and gas exports to textile exports increase financing and access to new markets and reduce power supply to the textile sector from 9 cents to 7.5 cents.

Taking to its Twitter handle, All Pakistan Textile Mills Association (APTMA) acknowledged Prime Minister Imran Khan and congratulated Finance Advisor, Dr. Abdul Hafeez Shaikh and Advisor for Commerce & Investment, Mr. Abdul Razak Dawood on approval of the 5-year textile policy. The association also thanked the State Bank of Pakistan (SBP) for its support i.e. TERF, Refinancing Scheme for Wages, etc. during the pandemic.

'Govt has supported Export-led growth through a regionally competitive energy tariff of $6.5 per mmBtu for gas and 7.5 cents d/kwh for electricity over the last 18 months', the association said.

Cotton Analyst Naseem Usman told that Karachi Cotton Association (KCA) is extremely perturbed over the drastic decline in cotton production from 15.0 million bales to 6.00 million bales, as reported, in the current cotton season 2020-21.

The KCA understands that decline in cotton production again in cotton season 2020-21 is mainly due to (i) reduction in yield per acre (ii) cultivation of sugarcane in the areas earmarked for cotton cultivation (iii) supply of uncertified Cotton Seed & Pesticides etc. Hence, there is a considerable gap in cotton production and local mills consumption.

The local textile industry is, therefore, compelled to import raw cotton from abroad to meet its requirement of basic/primary raw material and to ensure its contribution towards achieving the target of exports fixed by the Government through exports of valued added products as well as earning much needed foreign exchange for the country.

The KCA, therefore, urges upon the Government to declare emergency and evolve necessary Plan of Action on war footing basis to increase cotton production in the coming years to meet the rising requirements of the local textile industry and leave adequate surplus for export in order to ensure the presence of Pakistan Cotton in the international market to earn valuable foreign exchange for the country through export of cotton and its value added products.

Cotton is seen to be the backbone of the exporting and related production industries like a textile in Pakistan. Pakistan stood at 4th position in producing cotton in 2012-13 with some 11 million bales but before that, the period in between 1980-90 is considered as the golden period for Pakistan regarding cotton production in which rapid growth was seen. Earlier in 2014-15 the production increased 11 per cent and holds the record of 15 million bales.

The Better Cotton Initiative (BCI) says it provided training on more sustainable farming practices to more than 2.3 million cotton farmers in 23 countries during the 2018/19 cotton season. The figures are revealed in the BCI's annual Farmer Results report which includes data on a range of social, environmental and economic indicators over the 2018/19 cotton season.

Former President ICCI Shahid Rasheed Butt has said promotion of sugar mills mafia should be stopped immediately as this sector is damaging the cotton economy for personal gains.

In he said that illegal extension in sugar mills should be checked as it is helping the sugarcane crop encroach upon the best cotton sowing area and almost a million hectares of the cotton belt is now used for sowing of sugarcane.

Shahid Rasheed said that the tendency is very damaging for the country as the cotton crop is central to the economy and the largest industrial sector of textiles providing sixty percent of foreign exchange and jobs to millions.

Naseem also told that declining cotton production in Multan is affecting women cotton pickers daily income. About 20 million people directly or indirectly linked to the cotton industry, from cultivation to textile products and its exports, have also been affected by the crisis. Cotton often touted as "white gold" has a major share in the country's economy.

Punjab government has decided to collaborate with agriculture researchers from China and the US to develop new seeds for cotton and other crops besides strengthening legislation to curb substandard seeds.

The decision was made in a three-hour meeting jointly chaired by Governor Chaudhry Muhammad Sarwar and Chief Minister Sardar Usman Buzdar at Governor House on Thursday. Federal Minister for Food Fakhr Imam, provincial ministers, Punjab chief secretary and representatives of the private sector also attended the meeting.

The participants discussed problems related to cotton seeds at length and proposed strict punishment to those who produced substandard seeds. It was decided that noted researchers from the US and China would be enlisted for collaboration with local experts to improve research quality.

Mean while Pakistan Cotton Ginners Association and Seed Association of Pakistan has shown their concern for not inviting them in the meeting at governor house Lahore which was especially called to discuss the factors behind decreasing cotton production and for ensuring supply of quality seeds.

Naseem said All Pakistan Textile Mills Association should pressurize government that it should notify a National Cotton Board in order to seriously and properly address all the issues related to cotton.

Naseem told that 2000 bales of Khair Pur were sold at Rs 8800 to Rs 8900 per maund, 1000 bales of Rohi were sold at Rs 8900 to Rs 9200 per maund, 800 bales of Saleh Pat (seed) were sold at Rs 9500 per maund, 400 bales of Ghotki were sold at Rs 9200 per maund, 200 bales of Karor Lal Ehsan were sold at Rs 9000 per maund, 400 bales of Muzaffar Garh were sold at Rs 9100 per maund, 1200 bales of Layyah were sold at Rs 9100 to Rs 9200 per maund, 200 bales of Shadan Lund were sold at Rs 9200 per maund, 200 bales of Bahawal Pur, 400 bales of Khanewal, 400 bales of Lodhran (BCI) were sold at Rs 9500 per maund, 2600 bales of Yazman Mandi were were sold at Rs 9500 to Rs 9600 per maund, 400 bales of Bahawal Nagar, 400 bales of Dharan Wala, 400 bales of Fort Abbas, 1200 bales of Haroonabad, 600 bales of Hasil Pur were sold at Rs 9600 per maund and 200 bales of Bago Bahar were sold at Rs 9700 per maund.

He told that rate of cotton in Sindh was in between Rs 8800 to Rs 9300 per maund. The rate of cotton in Punjab is in between Rs 8800 to Rs 9700 per maund. He also told that Phutti of Sindh was sold in between Rs 3500 to Rs 4500 per 40 kg. The rate of Phutti in Punjab is in between Rs 3600 to Rs 5000 per 40 Kg.

The rate of Banola in Sindh was in between Rs 1650 to Rs 1800 while the price of Banola in Punjab was in between Rs 1700 to Rs 1900. The rate of cotton in Balochistan is in between Rs 8600 to Rs 9000 while the rate of Phutti is in between Rs 3800 to Rs 4900. The Spot Rate remained unchanged at Rs 9450 per maund. The Polyester Fiber was available at Rs 158 per Kg.

Source: brecorder.com– Nov 25, 2020

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Textile Industry of Pakistan Observed a Decline of 10.6%

The textile industry of Pakistan recorded a low demand from foreign businesses where the export fell from USD 8.17 billion (2019) to USD 7.3 billion (2020) during July-Oct. This is a decline of almost 10.6%

However, besides this decline, the textile industry still remains the top contributor in overall exports of the country. According to the data from SBO, textile contributed almost 58% during the first four months of FY21.

It is also stated that the major items of the same niche included; knitwear, ready-made garments, bed-wears, and cotton cloth.

The fall in textile export resulted from the decline of several products. The details included; knitwear declined by 2% YoY, ready-made garments by 13% YoY, and bed-wears and the cotton cloth fell by 2% and 18% YoY respectively.

The data further shared some stats about other industries as well. The export value of the manufactured goods 16% during the period. While exports of food products were recorded somewhere near 16%.
The overall dip in the export of Pakistan during October 2020 observed some downward trend. The exports of textile, food, manufactured products, and petroleum group recorded a dip of 4%, 18%, 3%, and 67% YoY.

Source: researchsnipers.com– Nov 24, 2020

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NATIONAL NEWS

Economy showing strong signals of comeback, India seen as trusted partner: Piyush Goyal

Commerce and industry minister Piyush Goyal on Tuesday said the economy is showing strong signals of comeback and India is being seen as a trusted partner globally with the country's reputation having improved.

In a meeting with industry associations, he asked them to focus on improving quality and productivity, the commerce and industry ministry said in a statement.

"He said that the economy is showing strong signals of comeback, and even in the international arena, India's reputation has gone by several notches and it is being seen as a trusted partner," Goyal was quoted in the statement.

India's factory output expanded 0.2% in September, reversing six months of contraction while goods and services tax (GST) collections in October were 10% higher than the year earlier and railway freight in the last two months grew 15% from the year ago.

An ET forecast last week pegged the second quarter contraction in the Indian economy at 10.2% from the year earlier and lower than the previous forecast of 12% shrinkage.

India's economy had contracted an unprecedented 23.9% in the quarter ended June 30, 2020. The Ministry of Statistics and Programme Implementation will release the quarterly GDP estimates for the July-September quarter on November 27.

Goyal also asked the industry to designate a few days next month, to do brainstorming on these aspects so that the country starts getting recognition as high quality, efficient manufacturer, trader and service-provider.

Indian industry, the minister said, has shown resilience and confidence during the difficult times, and that the results of the second quarter of major companies show that profitability of most of them has gone up, indicating that the Indian industry has utilized the Covid-19 period to do the belt-tightening, improve the product-mix.

Source: economictimes.com– Nov 24, 2020

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Union Budget: CBIC seeks inputs on duty, procedures and exemptions

Asks field offices to present suggestions

The Central Board of Indirect Taxes and Custom (CBIC) has invited suggestions from its field offices on duties, procedures and exemptions etc for Union Budget 2021-22. The Union Budget for FY-22 is likely to be presented in January/February, 2021, a departmental letter signed by Vivek Johri, Special Secretary & Member of CBIC, said.

“The suggestions inter-alia may relate to changes in duty rates/rationalisation of duty rates of specific commodities, scope of notifications and conditions relating thereto, implementation aspects and the issues in disputes/audit objections, issues of interpretation and other matters concerning law and procedures,” the letter said.

In an interaction with an industry chamber on Monday, Johri said that there has been a feedback loop created on how to make reforms an ongoing exercise, and an institutional mechanism to support the same. There has been a crowdsourcing of ideas for Budget 2021 for overhaul of the customs law and an emphasis on the use of technology to make customs faceless, paperless and contactless, he mentioned.

Exemptions under indirect taxes

Meanwhile, there are indications that some exemptions under indirect taxes may be phased out. “The utility of certain continuing exemptions may also be identified and forwarded to the board along with your suggestions,” the letter said.

It may be noted that many exemptions available under erstwhile Central Excise (barring that levied on petroleum products) and service tax have been done away and replaced with refund system Under GST. It means first pay the tax and of one is eligible for concession, he will get his money back. Now, efforts are to prune list of exemptions under Custom Duty.

In the last Budget, Finance Minister Nirmala Sitharaman had focussed on exemptions under direct taxes and based on that a new but optional tax regime without exemptions was announced.

“It was surprising to know that currently more than one hundred exemptions and deductions of different nature are provided in the Income-tax Act. I have removed around 70 of them in the new simplified regime. We will review and rationalise the remaining exemptions and deductions in the coming years with a view to further simplifying the tax system and lowering the tax rate,” she had said.

‘GST suggestions welcomed’

Post introduction of GST with effect from July 1, 2017, it is GST Council which takes a call on rates, procedures etc while Union Budget provides platform for changes in statutory arrangement in taxation laws for GST if required. The DO letter said that GST related changes are not examined as part of Annual Budget Exercise. “However,suggestions related to GST issues are also welcomed. These would be examined at appropriate stage,” the letter said.

Source: thehindubusinessline.com– Nov 24, 2020

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National retail policy will focus on ease of doing business: Ministry

The Commerce Ministry on Tuesday said the proposed National Retail Policy will focus on reducing compliance burden, enabling ease of doing business and digitisation of the retail sector.

Speaking at a CII event, Anil Agrawal, Joint Secretary, DPIIT, said the Commerce Ministry is fine-tuning a discussion paper in this respect which is focusing on key dimensions including ease of doing business for the retail sector.

“It has been stated by many that if one wants to open a retail store, in some cases it requires 24 licences while in some other cases it requires 57 licences. So one of the basic efforts of the policy will be to reduce the compliance burden to make it easy to start the business as well to be able to continue operations," he added.

Agarwal said the government has already taken a number of steps in the direction of undertaking regulatory reforms such as agricultural reforms in terms of the APMC Act and the Essential Commodities Act. "One of the key pillars of the policy will also be on how to enable digitisation of retail especially for small retailers and shopkeepers in rural regions.

Digitisation has to go beyond digital payments and the focus also needs to be on digitisation of inventory management and enabling digital linkages with distributors," he added. He said that upskilling of the retail traders will also be an important pillar of the national retail trade policy.

Job opportunities

"We are also conscious that the retail and e-commerce segments need to be looked at in an integral manner so that the entire ecosystem grows together," Agarwal added.

Meanwhile, a CII-Kearney report stated that a cohesive national retail policy has the potential to generate 30 lakh additional jobs by 2024.

Shashwat Goenka, Chairman, CII National Committee on Retail & Sector and Head – Retail & FMCG, RP-Sanjiv Goenka Group, said, "A national retail policy needs to be rolled out with immediate effect that will bring all forms of retail under one umbrella.

The key areas that the policy needs to pay attention to include ease of doing business, modernisation and adoption of technology, access to capital and employee upskilling. This will better aid the retail sector through trying times while creating an inclusive and holistic environment for the segment to thrive."

The report recommended that the policy should also focus on streamlining of approval and compliance mechanisms for the sector, enabling rapid adoption of technology, modernisation of traditional retailers and bridging logistics and supply chain infrastructure gaps, the report recommended.

Source: thehindubusinessline.com– Nov 24, 2020

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India isolates itself from regional growth opportunities

Among India's trade partners that have seen slumping shipments to the South Asian country, China showed a relatively resilient pace, with its share increasing in India's total imports during recent months despite the COVID-19 pandemic and India's constant undermining of bilateral ties.

According to India's Department of Commerce, Chinese products took 18.3 percent of its total imports from April to September, up from 14.6 percent in the same period last year, contrary to the Modi administration's intention to reduce reliance on its largest trading partner and be self-reliant.

Indian traders and manufacturers are struggling to end reliance on Chinese goods, partly thanks to a lack of high-quality, locally made alternatives, the South China Morning Post reported, citing concerns from Indian traders of losing market share if they replace Chinese supplies.

From pharmaceuticals to silk textiles, India relies on Chinese supplies, making it hard to reduce its dependence on China, especially when its own production is being hindered by fast-spreading coronavirus infections.

While India's imports from China remained relatively resilient despite its drastically shrinking trade in the past months, there's no denying that bilateral economic ties have been undermined due to New Delhi's biased intention to disengage from China.

Besides triggering disputes with China at the border, New Delhi has not stopped confronting Beijing in various economic areas, from banning Chinese apps to prolonging clearance of shipments from China, as well as heightening scrutiny of Chinese investments.

Not to mention that the US, Japan and Australia have sided with India, trying to establish new industry chains with less or even no involvement by China, the world's second-largest economy with a sound industry chain.

Although it will be a tough campaign for the countries, it is hard for India to change its strategy under such circumstances.

The prospects for economic ties between China and India remain dim.

Meanwhile, China, with effective containment of the COVID-19 outbreak and a rapid economic recovery, has been actively promoting regional economic integration with Asia-Pacific countries, forming the world's largest free trade zone - the Regional Comprehensive Economic Partnership (RCEP).

India dropped out of RCEP negotiation at the end of 2019, and it could be even harder for the protectionism-inclined economy to join in the Comprehensive Progressive Trans-Pacific Partnership (CPTPP), or reach free trade agreements with the US or the EU, which have higher thresholds.

Moreover, the Indian economy has relatively low economic complementarity with the Association of Southeast Asian Nations, and it's hard for it to gain sufficient growing momentum from the South Asian Association for Regional Cooperation.

It is expected that Indian government will reflect on its economic strategies, which may isolate it from ongoing regional economic integration and miss out on future opportunities.

Source: globaltimes.cn– Nov 24, 2020

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GDP contraction to improve to 'higher single digits' in July-September, says expert

The GDP contraction will improve to "higher single digits" in the September quarter, and the economy will be back to positive growth by the March quarter, Nilesh Shah, a part-time member of the Economic Advisory Council to the Prime Minister, said on Tuesday.

Shah, a mutual fund industry veteran, said markets are bound to head north in the long term and foreign portfolio investors – who have already poured over Rs 45,000 crore into Indian markets in November, will pump more money in single month than in two previous years.

The GDP contracted by 23.9 per cent in the June quarter due to strong lockdown measures and leading to expectations of the GDP growth being a negative 14 per cent for the full fiscal.

However, resumption of economic activities lately has resulted in some revisions. The RBI expects India’s GDP to contract by 9.5 per cent.

“June quarter when we reported a 23.9 per cent drop, it was one of the worst ever. In the September quarter, the expectation is negative GDP growth but hopefully higher single-digit rather than double digit, December quarter (will have) lower single digit drop in GDP growth and March 21 (quarter) we should expect positive GDP growth,” Shah said.

Speaking at an event organised by BBF India, Shah said a lot depends on the second wave of infections, medical solutions like preventive vaccines or drugs which can cure the infections.

From a longer term perspective, India needs to “copy” the Chinese model and be a manufacturer for the world to help its economy, he said.

Shah said both India and China were at the same level in 1980, but China became the manufacturer of the world leading to massive gains while India remained the backoffice of the world.

“If we become part of the global supply chain, that will change india’s growth orbit forever,” he said, citing the case of South Korean electronics major Samsung.

He said while Samsung also manufactures mobile phones and other items in India, it uses Vietnam more for supplying to the global markets. Resultantly, its turnover in India is only USD 12 billion, while in Vietnam, whose economy is a tenth of India’s, the same is over USD 60 billion.

India needs to ensure that talent like Microsoft’s Satya Nadella and Google’s Sundar Pichai does not venture out and create an enabling environment which will make it possible to build admired businesses, he said.

At present, the condition of an entrepreneur is like that of Abhimanyu in the mythological book Mahabharat, who is fighting the market forces in the form of Kauravas and internal difficulties through the regulatory agencies’ watch, he said.

Shah, who heads Kotak Mutual Fund, said the FPI flows have been surging through the month and wondered if PM Narendra Modi’s meeting with the investors on November 5 had anything to do with it.

Source: financialexpress.com– Nov 24, 2020

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Five ways for Indian textiles to get a bigger global market share

As the world's fifth-largest exporter of textiles spanning apparel, home and technical products, India is a key player in the global textile landscape—contributing about 8 percent of the world's trillion-dollar business-to-business (B2B) market. However, China is miles ahead of India in terms of exports, with a 31 percent share in global exports, while India has just 4 percent share.

India's exports have shrunk by about 3 percent over the past five years, driven by declining cost competitiveness vis-à-vis low cost manufacturing locations, higher cost of capital, longer lead times and lack of innovation. Importers have been moving toward cheaper sources of textiles including Vietnam, Indonesia and Ethiopia.

Amid COVID-19, a "new normal" has been unravelling as consumers shift toward casual wear and place more emphasis on sustainability and traceability. COVID-19 has also set in motion the redistribution of global trade shares, the recalibration of buying patterns amid the rise of e-commerce, and a demand for more control over value chains. Overall, the pandemic has pushed out the growth trajectory of India's textile market by two to three years.

Given these market swings and the growing sentiment for de-risking supply chains from China, now is the time to double down. Five moves can help India's textile companies win a bigger share of the world market:

Build agile supply chains

India can play its hand at building flexible processes based on shortened lead times and asset-light business models. The former will require a manufacturing process redesign, inventory planning and platforming, geographical clustering of suppliers, and upskilling labour. The latter can be achieved by making outsourcing decisions based on in-house talent, logistics efficiency, and the ability to tap into innovative ecosystems of manufacturers and suppliers.

Create the right product–geography mix

Indian players should target the right product mix for each geography by evaluating local consumption markets, overall import base, growth potential, and India and China's relative performance in export volumes and growth. For example, India can focus on exporting knitwear to Western Europe and woven wear to the United States and United Kingdom.

Reset costs

Indian players will need to build a significant cost advantage over China by "variabilising" costs by restructuring manpower and maintenance contracts and exploring shared fixed asset resources across organisations. Furthermore, it will be crucial to increase the yield for manufacturing and subsequently reduce waste. Last but not the least, companies will need to enhance procurement efficiencies, especially in procurement of commodity raw materials, by leveraging specification optimisation, cost unbundling and index-driven inter-vendor price optimisation. These moves can enable a 10 to 15 percent cost-takeout for manufacturers.

Embrace digitalisation and automation, from planning to sales

Although India's textiles industry is behind the curve on automation, the time is ripe to adopt digitalisation across the entire value chain. Planning must take advantage of AI-enabled analytics to sharply the design collections.

Manufacturing should explore a variety of solution, such as IoT-based real-time performance monitoring, predictive maintenance, robotic process automation admin operations, and automatic guiding vehicles for moving materials. Sales and customer engagement should explore AI-based predictive lead scoring, smart B2B sales management tools for generating and managing leads and digital showrooms, virtual 3D sampling, and participation on digital B2B platforms for customer engagement and transactions.

Anchor on sustainability

To differentiate from China and attract global retailers and customers as they look to diversify away from China, Indian players should pivot their sales and marketing campaigns around sustainability. With product authenticity and traceability becoming key differentiators, it is important to invest in advanced tracking solutions for real-time order updates across the value chain as well as in robust state-of-the-art traceability solutions that help prove a product's origin.

Riding the wave of global sentiment for de-linking supply chains from China, Indian players need to create a differentiated value proposition, focus on quality rather than quantity, have more functional and innovative designs, and ensure sustainability and traceability along the value chain.

Currently, India has low competitiveness in the high volume-low value addition parts of the market given high interest rates and a more challenging industrial relations environment. Hence, higher value addition, higher service level and wider customisation requirements, but smaller volume businesses, are more suited for India to gain share in.

The focus on such market segments will help India regain its share of the global textile market, propelling the country to become the second-largest exporter behind China over the next four to five years.

Source: forbesindia.com– Nov 24, 2020

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How exporters can crack the EU market

Cutting logistics costs and complying with exacting European product standards will go a long way in boosting shipments

India is the EU's ninth largest trading partner with 2.4 per cent of the bloc's overall trade. Bilateral trade (in both goods and services) touched €115 billion in 2017.

EU exports to India have grown from €24.2 billion in 2006 to €45.7 billion in 2018. India's exports to the EU have also risen steadily from €22.6 billion in 2006 to €45.82 billion in 2018, with the largest sectors being engineering goods, pharmaceuticals, gems and jewellery, other manufactured goods and chemicals.

Trade in services has also trebled between 2005 and 2016, reaching €28.9 billion. India is among the few nations that run a surplus in services trade with the EU.

India has been negotiating a broad-based trade and investment agreement with the EU since 2007. After several rounds of talks, the negotiations for a comprehensive Free Trade Agreement (FTA) were suspended in 2013 due to a gap in the level of ambition between the EU and India.

Policy-makers here fear that an FTA will not help India to make inroads in EU's market and the gains will minimal However, the failure to sign an FTA has not reduced the bonhomie between the two partners. In the recently concluded 15th Summit of India and EU, the broad consensus that emerged is to strengthen the EU-India Strategic Partnership.

Despite the positive vibes between the two sides, the moot question is India's exports in the competitive EU market are not doing well even in products where we have competitive advantage relative to peers. Take agricultural commodities, apart from processed rice, the share of India in EU's import is invariably less than 3 per cent. Even in processed rice, the share of ASEAN countries is more than double that of India even though India's production is way above that of ASEAN.

EU imports more marine products from ASEAN than India despite its longer coastline. A tiny country like Bangladesh exports more labour intensive products such as apparels and leather products than India. Even in pharmaceutical sector, where India is a strong players, its presence in the EU market is not as that of ASEAN countries or China. Even though India has a modern petrochemical sector, EU imports more by-products of same (chemicals, rubber plastic products) from China and ASEAN than India. Surely, there is a deeper problem why India is not able to penetrate EU's market.

The key factors

At the outset, import tariff is no more a barrier for exports for any country. So, a lower share of India's export in the EU market may arise due to the following factors:

- High production cost in India leading to higher import cost in EU market compared to other countries;
- High logistics costs and poor connectivity that make Indian exports uncompetitive;
- Inefficiency in trade facilitation measures leading to high cost of export or consignments being rejected, which has spill-over effects;

- India's exports being subjected to higher para-tariff in comparison to other countries;

India's exports not meeting the stringent European standard. In the past, quite often, Indian products have been rejected/banned due to failure to comply with EU standards and this legacy is affecting India's exports.

Reducing production cost takes time as it is influenced by multiple factors including the cost of capital. With regard to Points 2-5, government intervention may play a major role: Every rupee saved in logistics/trade facilitation measures matters a lot in keeping the production cost low and, thereby, increasing the competitiveness of the economy. Moreover in the case of perishable items, each hour wasted in transportation increases the risk of consignment being rejected.

Take the case of export of floriculture/fruits from the Pune region via Mumbai airport. As a recent NCAER study on 'Logistics Costs' indicates, the journey from Pune to Mumbai, a distance about 150 km, normally takes about 7 hours, which is significantly more than the flight time to Europe.

Also, an exporter may have to send consignment by air from Pune to Mumbai at high cost to meet the export deadline if the cargo is expected to reach the Mumbai metropolitan region when movement of truck is prohibited in the city. Direct connectivity from Pune to Europe could tilt the balance in favour of exports to EU.

In the past, Indian products have been rejected/banned due to failure to comply with EU standards. In this respect, the Chinese export strategy could offer lessons. China produces similar goods for exports with price differentials concomitant with different standards. Thus, for the EU market, they produce goods complying with European standards at higher price than what they produce for African/Indian market. This way, they protect their brand value and manage costs, too.

Indian producers do not pay as much attention to complying with specific market standards as managing with jugaad. This mind-set needs to change if India plans to penetrate the EU market in a big way.

Source: thehindubusinessline.com– Nov 24, 2020

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Govt: Share of monthly pending MSME dues gets 'normal'; drops to 20% in Oct while procurement doubles

The quantum of monthly pending dues to MSMEs by the ministries and central public sector enterprises (CPSE) against goods purchased has come down from 23.90 per cent in May 2020 to 20.65 per cent in October, according to the data shared by the MSME Ministry on Tuesday. This reflected the increase in the ratio of monthly payments against the procurement made from 76.10 per cent in May to 79.35 per cent in October.

While 25 ministries and 79 CPSEs had bought goods worth Rs 2,346.82 crore in May, the number of buyers also went up to 26 ministries, and 100 CPSEs purchasing Rs 5,096.53 crore products and services from MSMEs in October. “Pending payments are only to the tune of one fifth against the procurement and are mostly within 45 days; thus, forming part of normal business,” the ministry said in a statement. The Finance Minister had asked the buyers to clear MSME dues within 45 days while announcing the initiatives under the Atmanirabhar Bharat campaign for small businesses.

The government had in September as well written to 500 private companies to clear dues followed by letters to 2,800 corporates for the same in October. “As reported by many corporates and as per market feedback, most of the corporates have paid the MSME dues before the festivals. This is also reflected in the highest procurement, biggest transactions, and maximum payments to MSEs by the CPSEs as shown in the table attached.”

The amount pending for the month of May stood at Rs 560.97 crore while for October Rs 1,052.45 crore amount was pending, according to the data. Meanwhile, the number of delayed payment applications of MSEs disposed by the micro and small enterprise facilitation councils (MSEFC) has jumped 187 per cent in around past 12 months.

From 1,528 applications disposed as of October 16, 2019, the number increased to 4,389 as of November 9, 2020, as per the data from the MSME Samadhaan portal. The jump was also with respect to the total number of applications filed by MSEs from 27,380 applications to 59,456 applications during the said period – an increase of 117 per cent.

Source: financialexpress.com– Nov 24, 2020

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Hit with pests, cotton growers in Gujarat discontinue picking

After first two pickings, farmers start wheat, chana, mustard sowing amid sufficient water availability

A large section of cotton farmers in Gujarat have abruptly stopped cotton picking to switch over to other winter crops as a pest infestation has taken a toll on the yeild.

The dreaded pink bollworm disease had started showing its presence by mid-October hampering the crop prospects and reducing the estimated yield.

Rahimbhai Kadiwar in Vankaner taluka of Morbi found that after two rounds of cotton picking, the cotton plants on about 5 acres of land were infested with pink bollworms.

'No point in picking'

"The menace is getting worse and impacting the yield. In the first picking I got about 2.5 quintal of raw cotton from an acre, which reduced to about 1.8 quintal in the second picking. There is no point continuing with such low yield and the pest in addition to it. So we have decided to remove the plants and go for winter crops such as wheat," Kadiwar told Businessline.

Similarly, Ramesh Bhorania, a farmer from Rajkot stated that farmers have realised a cost advantage in switching over to winter crops in stead of continuing with latter pickings for cotton.

"The costs for cotton picking wouldn't match the price and ultimately it would result into a loss-making proposition for them. So farmers have realised this and are turning to winter crops such as wheat, mustard and chana," he said.

In parts of Saurashtra, which has a total 15.35 lakh hectares of area under cotton across 11 districts many farmers have a similar story. Gujarat's cotton sowing is projected at 22.79 lakh hectares, which is about 3.89 lakh hectares lower than last year.

However, trade body Cotton Association of India (CAI) has ruled out any widespread impact of pink bollworm on current cotton crop.

Atul Ganatra, President, CAI, said, “There is nothing to panic about the crop losses. We don’t see any major damage to the crop at this point. The arrivals have touched record in the first two months of the current season. By November-end we will have cotton crop arrivals of about 90 lakh bales (each of 170 kg) , which will be a record of the past many years.” This shows about 25 per cent of the overall projected crop will arrive in the first two months of the season. Generally, the quantum of arrivals in the first two months hovers between 15-20 per cent.

As per the national data, cotton arrivals on Monday were recorded at over 3 lakh bales including 55,000 bales in North India, 65,000 bales in Gujarat, 62,000 in Maharashtra and Telangana each, among others.

“This is indicating that the crop size is alright. The farmers were not selling their crop because the prices were hovering lower at around ₹4,000-5,000 per quintal for raw cotton (kapas), which has increased to about ₹5,000-6,000 now supported by overall bullish sentiment. Farmers are rushing to sell their kapas stocks as the prices are high,” Ganatra said.

Source: thehindubusinessline.com– Nov 24, 2020

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Over 70,000 Indian exporters gear up for Black Friday, Cyber Monday sale through Amazon

E-commerce major Amazon on Tuesday said more than 70,000 Indian exporters who are part of its ‘Global Selling’ program are gearing up to showcase millions of ‘Made in India’ products during its annual Black Friday and Cyber Monday sale on Amazon.com.

On Black Friday last year, Indian exporters had seen a 76 per cent year-on-year growth in the total units sold and on Cyber Monday, they witnessed 55 per cent year-on-year growth in total units sold, a statement said.

“The exporters are launching thousands of new products on Amazon’s global websites for the upcoming holiday season,” it added.

The Black Friday and Cyber Monday sale starts on November 26 and ends on November 30 this year.

“Amazon customers globally will be able to discover and enjoy a range of products including gifting options like STEM toys, fashion jewelry, teas and beverages, beauty products, leather journals and bags by exporters from across India,” the statement said.

Black Friday and Cyber Monday are significant events marking the beginning of the holiday season in the US with large-scale shopping from customers for gifts for friends and family.

Black Friday is celebrated a day after Thanksgiving with retailers wooing potential shoppers with special deals and discounts.

Online retailers had started offering special promotions on the Monday that followed Thanksgiving weekend (similar to Black Friday sale by brick and mortar stores), hence the name Cyber Monday.

‘Made in India’ products across categories like health and hygiene, nutritional supplements and home essentials have heightened demand from customers in markets like the US, Canada, Europe, Mexico, Japan, Australia, amongst others, this year.

Amazon said it works with Indian exporters to help them identify key holiday shopping trends to bring in relevant product assortment, supports them with logistics solutions to get their inventory ready, and guides them to market their products through a range of deals and advertising options.

Black Friday and Cyber Monday (BFCM) is an important time of the year for Indian MSMEs on Amazon Global Selling as it marks the beginning of the global holiday season, Amazon India Director – Global Trade Abhijit Kamra said.

“Coming right after the festive season in India, it has traditionally been a key growth period for our selling partners and with more and more people relying on e-commerce for products globally, we believe that the 2020 BFCM sale period will help accelerate the exports business for our sellers,” he added.

Exports will continue to play a critical role in the revival and growth of Indian economy and e-commerce exports help lower the entry barrier for Indian MSMEs to build and scale their exports business, Kamra said.

“Through Amazon Global Selling, we will continue to make exports easy and accessible for MSMEs across India and contribute to the government’s vision of boosting exports,” he added.

Some of the globally popular Indian brands from Amazon Global Selling who would be offering their unique products and creations this holiday season include Jackinthebox Toys, jewellery brands like Aheli and Jewel Zone, and SVA Organics.

The company had launched Amazon Global Selling programme in 2015 with about 100 exporters.

It has now scaled to over 70,000 Indian exporters who sell products to customers worldwide through 15 international websites in countries such as the US, the UK, UAE, Canada, Mexico, Germany, Italy, France, Spain, Netherlands, Turkey, Brazil, Japan, Australia and Singapore.

The programme has already crossed the USD 2 billion-mark in cumulative exports. In January this year, Amazon had pledged to enable USD 10 billion in cumulative exports by 2025.

Source: financialexpress.com– Nov 24, 2020

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