US 75.94 | EUR 82.86 | GBP 89.93 | JPY 0.69

**INTERNATIONAL NEWS**

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INTERNATIONAL NEWS

Covid-19 to cause severe economic damage than 2009 recession: IMF

The International Monetary Fund Managing Director Kristalina Georgieva said on Monday that novel coronavirus pandemic will drag the world to severe economic damage and the repercussions of which will be worse than the 2009 recession, as per the IMF official release.

Georgieva made a conference call to G20 Finance Ministers and Central Bank governors to raise her concerns. She asked G20 countries to cooperate with each other as the human costs of the pandemic are immeasurable.

Georgieva said in an official statement that 80 countries have requested emergency help from the IMF. She noted that the IMF is also considering making an SDR allocation to add liquidity to the global economic system as it did during the financial crisis.

The move would further supplement IMF members' foreign exchange reserves. Georgieva said more swap lines are needed with emerging market countries. She mentioned that the IMF was considering its own IMF-swap type facility. She stressed on two points in particular:

Negative growth in 2020

She said in the official release that the outlook for global growth for 2020 is negative — a recession at least as bad as during the global financial crisis or worse. However, the IMF expects a recovery in 2021. She added: “To get there, it is paramount to prioritize containment and strengthen health systems—everywhere. The economic impact is and will be severe, but the faster the virus stops, the quicker and stronger the recovery will be.”

Challenges faced by low-income countries

Georgieva mentioned that the advanced economies are generally in a better position to respond to the crisis, but many emerging markets and low-income countries face significant challenges. They are badly affected by outward capital flows, and domestic activity will be severely impacted as countries respond to the epidemic.
She further added, “Investors have already removed US$83 billion from emerging markets since the beginning of the crisis, the largest capital outflow ever recorded. We are particularly concerned about low-income countries in debt distress.”

A recent report published by the United Nations indicated that the economic and labour crisis created by the coronavirus pandemic could result in the loss of 25 million jobs across the globe.

Source: thehindubusinessline.com-Mar 24, 2020

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USA: Cotton Prices Wilt Below 50 Cents a Pound As Demand Bottoms Out

With many manufacturers temporarily closing down production and stores across the country and world shut down amid the spreading coronavirus pandemic, cotton prices have also taken a major hit.

The weak demand has brought cotton prices below the 50-cents-a-pound mark for the first time in more than a decade, numbers not seen since the Great Recession.

U.S. spot cotton prices averaged 52.58 cents per pound for the week ended March 19, according to the U.S. Department of Agriculture (USDA). This is the lowest weekly average since the week ending Sept. 3, 2009, when the average was 52.18, USDA said.

The weekly average was down from 56.15 the prior week and 70.28 cents a year earlier. Daily average quotations ranged from a high of 55.31 cents on March 13 to a season low of 49.75 cents on March 19.

The ICE May futures settlement price ended the week at 54.93 cents per pound, compared to 59.70 cents the week before. On Monday, U.S. futures were down to 53.68 cents.

According to Cotton Incorporated, pandemic-driven volatility may have been too late to affect planting decisions in most regions. Planting is underway in South Texas and will migrate northward as soils warm.
What’s currently being sold in the U.S. is stock from the previous season that ended last fall, as cotton growing and cultivating for the current season either hasn’t yet begun or is in the early planting stages.

“Mass unemployment does not mean good things for consumer spending,” Jon Devine, senior economist at Cotton Inc., said. “Reports of canceled apparel contracts have already been making headlines. As orders for apparel are canceled, upstream effects on fiber demand can be expected.”

Cotton Inc. predicted the bottoming out earlier this month in its March analysis.

“The rapid spread of the coronavirus has significantly altered macroeconomic conditions,” Cotton Inc. said. “The Organization for Economic Cooperation and Development ventured a revised forecast for global GDP growth in 2020 in early March that suggested a 2.4 percent increase in economic activity.

If realized, this would be below the 2.9 percent growth rate experienced in 2019 and would be in the opposite direction of the acceleration in global GDP assumed by the USDA in its early 2020-21 forecasts” for cotton.

Outlooks issued by some economists, such as a recent report from IHS Markit, predict a recession in the second quarter and then a gradual recovery through the fourth quarter.

Global growth in 2019 was the slowest since the Great Recession, Devine noted, adding that deceleration from that weak level does not suggest strength on the demand side of the balance sheet and implies downward risk to consumption estimates.

Source: sourcingjournal.com-Mar 25, 2020
US Dials Back Trade War Tariffs on Textiles as Coronavirus Stifles Fashion

As the COVID-19 pandemic sends fashion into peak crisis, the U.S. has announced exclusions for some products previously caught in the trade war battle between the U.S. and China.

In a memo Friday, the U.S. Trade Representative said certain China-made products hit in the List 3 and List 4A tariffs won’t face duties for the next few months. For products approved in the exclusion, duty breaks will be retroactive to Sept. 24, 2018, when the $200 billion in List 3 tariffs first took effect, through Aug. 7 this year.

For apparel, women’s, girls’ and infants’ pants, skirts, and dresses made of polyurethane-coated leather are excluded from the trade-war prompted punitive tariffs. On the accessories side, now exempted products include backpacks as well as duffel bags and tote bags of man-made fibers.

For textiles, cashmere or camel hair yarn, polyester filament tow, woven polyester or cotton/poly blends coated with polyurethane, and circular single knitted fabric will see the duty break.

In a show of concern for the sector, USTR also said it would hear additional comments on whether more products could be excluded.

“Today, in an effort to keep current on developments in our national fight against the coronavirus pandemic, USTR has opened a docket for members of the public, businesses, and government agencies to submit comments if they believe further modifications to the 301 tariffs may be necessary,” the trade department said.

This comment process does not replace the current exclusion process and supplements that process,” it added. “Submissions are limited to comments on products subject to the tariff actions and relevant to the medical response to the coronavirus.”

With COVID-19 forcing the closure of stores and borders, and a slowdown with factories and flights, fashion brands and retailers are under pressure—and so is the global economy.
On Friday, U.S. Customs and Border Patrol said it’s accepting requests for duty-payment extensions, though it was unclear as to how, and to whom, those would be doled out.

While both the tariff and duty-break news will come as welcome, it may still be a small concession for fashion companies in light of all of the other uncertainties surrounding the sector.

“We hope there will be many more products that receive exclusions,” Julia K. Hughes, president of the U.S. Fashion Industry Association (USFIA), said.

“In these very difficult days, we really want to call on the Administration and the Congress to move as expeditiously as possible to also take direct action to support the jobs and companies—both large and small—in the fashion industry. Proposals to delay the payment of duties and financial support for the industry, including suppliers, is urgent.”

Source: sourcingjournal.com-Mar 25, 2020

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USA: New China Tariff Exclusions Announced; Retroactive Refunds Available

Foods, bags, clothing, auto parts, and more are among the latest exclusions from the Section 301 additional 25 percent tariff on List 3 goods from China announced by the Office of the U.S. Trade Representative. These exclusions (see attached for complete list) cover goods such as seafood, vegetable seeds, chemicals, rubber hoses and tires, backpacks, bags, tool pouches, gun cases, leather skirts and dresses, corrugated boxes, plates and bowls, yarn and fabrics, marble bathtubs and sinks, stone articles, articles of safety glass, steel and aluminum goods, automobile and engine parts, bandsaws, webbing straps, electric motors, printed circuit boards, vehicle wheels, bicycles, steel racks and shelving units, wood cabinets, laundry organizers, and lamps.

The exclusions are reflected in one 10-digit HTSUS subheading (7002.10.2000 – unworked glass in balls, rods, or tubes) and 176 specially prepared product descriptions covering 202 separate exclusion requests.
However, USTR notes that the scope of each exclusion is governed by the product description in its notice and not the descriptions found in any particular request.

These exclusions, which must be claimed using new HTSUS subheading 9903.88.43, will be retroactive to Sept. 24, 2018, and remain in place until Aug. 7, 2020. Importers should review the newly excluded products and apply for refunds of any tariffs paid on such goods since Sept. 24, 2018. Importers may utilize these exclusions for any product that meets the descriptions in the USTR notice, even if they did not request it.

Source: strtrade.com-Mar 25, 2020

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**H&M Laying Off ‘Tens of Thousands’ While Primark Halts New Factory Orders**

The reality of the coronavirus pandemic is hitting home for H&M Group, Primark and Laura Ashley.

The Swedish fashion heavyweight and Primark parent Associated British Foods are each scrutinizing operations to figure out they can shore up bottom lines made increasingly shaky by outbreak-driven store closures and sagging consumer demand. British label Laura Ashley, meanwhile, is searching for a buyer as it enters “administration,” the company shared on Twitter Monday.

**H&M**

With more than 5,000 stores in 74 markets, Hennes and Mauritz has a lot of assets—and a lot at stake. As much, the fast-fashion purveyor is reviewing all parts of its operations, including all costs, H&M Group said on Monday. “Several measures are being taken in respect of buying, investments, rents and staffing, among other areas. The situation is being reviewed market by market based on local conditions,” the company said.

H&M has begun laying off employees temporarily, a move that is expected to expand broadly—and not just at the store level where closures have rocked the sector.
“Dialogue about temporary layoffs has been initiated in a number of markets and will be followed by further temporary layoffs in other markets that are impacted by the corona situation,” H&M said. “Globally, this is likely to affect tens of thousands of employees in all part of the business, although it is not currently possible to specify the exact number.”

Some layoffs could be permanent, thanks to uncertainty surrounding how long the pandemic could last.

A total of 3,441 of the group’s 5,062 stores are currently closed because of the coronavirus, “which together with subdued demand in the markets that are still open, has had significant negative impact on sales so far in March,” the company said.

H&M plans to provide more information on the impact of COVID-19 during the current trading period when it provides its quarterly report on April 3.

Separately, the company also said it plans to scrap its dividend payment to shareholders this year. “I am convinced that this is the best decision in this situation in order to further strengthen the company’s already strong financial position and thereby secure our freedom of action going forward,” Stefan Persson, chairman of H&M’s board, said.

The move will help H&M hoard cash as the company’s awaits clarity on the coronavirus outbreak, which the Centers for Disease Control and Prevention expects could last for several months stateside.

“We are doing everything in our power in the H&M group to manage the situation related to the coronavirus.... This is an extraordinary situation in which we are forced to make difficult decisions, but with every challenge there are also opportunities and I am convinced that we as a company—once we have made it through this—will continue to stand strong,” CEO Helena Helmersson said.

**Primark**

On Monday, Primark’s parent company ABF said it temporarily closed stores in United Kingdom stores over the weekend, which represent 41 percent of sales. This means all 376 Primark stores in 12 countries are now closed until further notice and represent a loss of 650 million pounds ($750.7 million) in net sales per month.
In trying to mitigate the impact from lost sales, the company said a “variety of work streams have been established,” and that all expenditures are being reviewed. ABF has reduced all discretionary spend, and is “making good progress” in reducing fixed costs like negotiating rent with landlords. The company expects to recover about 50 percent of total operating costs.

“To manage Primark stock we have also regrettably informed suppliers that we will stop placing new orders,” ABF said.

ABF’s other businesses in sugar, grocery, ingredients and agriculture have not seen any material impact, confirming the consumer trend toward stockpiling outbreak essentials. “The group has a strong balance sheet, substantial cash liquidity with some 800 million pounds ($923.9 million) of net cash at the half year, together with a revolving credit facility of some 1.1 billion pounds ($1.27 billion),” it said.

Laura Ashley

“This is a sad time for Laura Ashley UK as we step into administration,” the British apparel and home retailer Laura Ashley tweeted Monday, adding “we remain confident there is a buyer out there who will work with us...to restore this iconic brand to greatness.”

Roughly half of Laura Ashley’s 147 stores are set to close, victims in part of the COVID-19 pandemic on top of retail’s longstanding troubles. The retailer confirmed from its Twitter account that 77 stores remain open for the time being, although that’s subject to change. PwC is said to be handling the company’s bankruptcy proceedings.

Both firms, like many others, have global operations and are hard hit from the necessity of closing retail stores as countries are telling citizens to practice social distancing to slow—and hopefully stop—the spread of the coronavirus, also known as COVID-19.

Source: sourcingjournal.com–Mar 23, 2020

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USA: Textile and Apparel Imports Jump in January as Shipments from India, Vietnam Soar

The Department of Commerce’s Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 5.69 billion square meter equivalents in January 2020, up 10.3 percent from December 2019 but down 9.0 percent from January 2019.

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<tr>
<th>Source Country</th>
<th>SME</th>
<th>Monthly change %</th>
<th>Annual change %</th>
<th>$ Value</th>
<th>Monthly change %</th>
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Textile imports totaled 3.38 billion SME, up 4.0 percent for the month but down 7.5 percent from the previous year, while apparel imports of 2.31 billion SME were up 20.9 percent from December but down 11.2 percent from a year before.

Overall Imports. For the year ending in January imports were 69.3 billion SME, up 0.1 percent from a year earlier, as textile imports increased 1.7 percent to 41.8 billion SME and apparel imports fell 2.1 percent to 27.5 billion SME.

Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for January 2020.

Source: strtrade.com-Mar 25, 2020
Asia’s garment makers hang by a Covid-19 thread

Apparel makers in South and Southeast Asia face months of potentially fatal factory closures and mass layoffs as European and American retailers shut their stores and suspend supply orders due to the Covid-19 pandemic.

Garment producers in Bangladesh, Cambodia, Myanmar and Vietnam had until now only seen dozens of factories close because of disrupted supply chains in China, the earlier epicenter of the virus outbreak and the main supplier of the raw materials for many apparel manufacturers.

Vietnam, the world’s eighth-largest textiles exporter, saw year on year export growth for garments decline to just 1.7% in January and February, according to its textiles industry group. That figure is expected to fall into the red now that the US and Europe are locked down against the coronavirus.

Cambodia’s government recently predicted that as many as 200 factories employing roughly 160,000 workers might temporarily close their operations by the end of this month if they run out of raw material imports from China.

On March 19, the Myanmar Times reported that at least 20 out of 500 apparel factories in Myanmar have shut down while 10,000 of a total of 500,000 garment workers have been temporarily laid off.

Although China’s supply chains are now reportedly beginning to re-open, clothing manufacturers now face the even bigger problem of declining supply orders from distributors and retailers in Europe and the US.

Primark, one of Europe’s largest discount clothing retailers, last week cancelled dozens of orders and advised suppliers – many of whom are located in Southeast Asia – to “seriously consider putting a halt on all current and future production and the purchasing of any materials in relation to any Primark orders.”

Associated British Foods, the conglomerate that owns Primark and other clothing outlets, has also closed shops in France, Spain and Italy, as has Sweden-based H&M.
Marks and Spencer, a British multinational retailer, said last week it will reduce clothing orders by at least US$118 million in the coming months. Other big Western clothing brands, like Zara, Mango, Macy’s and J.C. Penney, have also cut back orders or suspended them outright.

Bangladeshi factories have so far lost an estimated $138 million due to cancelled or suspended orders from international brands, Reuters reported. Vietnamese authorities reckon that exports to European markets could decrease by 8%, if not by more, in the first and second quarter of this year. Local reports suggest that dozens of apparel companies have already lost European and US supply contracts.

But Asia’s textile factories are expected to suffer much more from declining European and American retail demand than they have in more recent months because of China’s virus-disrupted supply chains.

Europe and the US only recently took more extreme measures to close borders, restrict public movement and enforce quarantines, Covid-19 motivated restrictions that could last for weeks if not months.

That means fewer Westerners will hit the high streets and malls to shop for clothes. “People do not buy a new outfit to stay at home,” Lord Simon Wolfson, chief executive officer of the international brand Next, which predicts a drop in global sales of $1.1 billion, said last week.

That will hit South and Southeast Asia’s export-geared countries especially hard. In Cambodia, garment and footwear exports account for two-fifths of gross domestic product (GDP) and employ more than 800,000 workers, representing the country’s largest employer.

In Vietnam, the apparel industry generated more than $36 billion in revenues in 2018, accounting for the developing country’s third most important export.

At the same time, Covid-19 is spreading more widely through Southeast Asia. Many countries, including Cambodia and Vietnam, have recently closed their borders and restricted internal travel but have not stopped non-essential business activity including garment manufacturing.

This could change, however, if infection numbers continue to rise and regional governments are forced into more extreme measures, as seen in hard and soft lockdowns of Malaysian, Thai and Philippine capitals.
The Economist Intelligence Unit recently predicted global trade will grow by just 0.4% this year, a downgrade of its previous 2.3% projection made before the Covid-19 outbreak was declared a global pandemic.

The International Labor Organization, meanwhile, estimates that in the worst case scenario 25 million jobs across the world could be lost as a result of the Covid-19 crisis, compared to 22 million erased after the 2008 financial crash.

Whether most South and Southeast Asian garment makers have enough liquidity at hand to weather the storm is in question. Most apparel makers have two survival options, industry analysts say.

They can remain as operational as possible and stockpile goods to sell when the virus crisis ends and European and US consumer demand revives.

The analysts believe consumption including for clothing will skyrocket in the West after their populations are allowed to exit weeks or even months of quarantines and satisfy their literally pent-up demand.

That means garment makers will need to continue paying for raw materials and labor without immediate underlying orders and payments.

Stockpiling, however, could drive down the price of apparel once the crisis ends, as cash-starved manufacturers race to the bottom to assure their stored and ageing products are sold quickly.

The alternative choice is for manufacturers to wind down their operations for several months, temporarily suspend workers and conserve cash for when the global economy is definitely poised to recover.

That seems to be the route most regional garment makers are taking, despite the impact it will have on ordinary workers who often live month-to-month on low hourly wages without protective social safety nets.

“Garment workers already earn poverty pay, with wages barely covering their basic needs, let alone leaving anything extra to cover emergencies or periods without work,” said a statement from Clean Clothes Campaign, an international alliance of garment labor unions and nongovernmental organizations.
Cambodia’s government has promised workers 60% of the national minimum wage for six months if they are laid off because of factory closures.

Click here for more details

Source: asiatimes.com-Mar 25, 2020

US Expected To Lose Cotton Export Share By 2029

The USDA report estimates average price for upland cotton to touch US$ 0.72 per pound by 2029, from US$ 0.62 per pound at the start of the projection period, that is 2019.

With US cotton prices higher relative to both corn and soybeans for 2020-29 compared with the previous ten years, farmers are expected to plant 11.8 million acres in 2020/21 and climb to 13.3 million acres at the end of the projection. The average plantings for the projection period are roughly 1 million acres higher than in the prior decade.

US domestic mill use is expected to remain flat at 3.0 million bales over this timeframe while exports are projected to grow, rising from 15.5 million bales to nearly 18.5 million by the final year. US mill use makes up less than 15% of total US disappearance of upland cotton over the projection period. While mill use in the late 1990s was closer to 60% of total US cotton use, increased competition from both foreign manufacturing of cotton and synthetic fibres, such as polyester, have reduced mill use in more recent years.

US cotton export share may fall

US upland cotton export growth is expected to remain strong and trend higher throughout the projection period. The United States remains the largest exporter of cotton, and is expected to export between 15.5 and 18.5 million bales per year over the next decade. With growing international demand and strong export growth expected in Brazil and to a lesser extent in Australia, the US trade share (for all cotton, upland plus ELS) is nevertheless expected to decline moderately from 35% in 2020/21 to 33% in 2029/30.
Even so, global cotton trade increases throughout the projection period, and by 2029/30 is expected to reach 58.4 million bales, according to the USDA report. The projected 27% increase over the projection period to 2029/30 is driven in part by a recovery of China’s imports after completing its disposal of surplus stocks. China’s cotton imports are projected to reach 16.6 million bales by the end of the projection period. Vietnam and Bangladesh are the next two-largest cotton-importing countries. Both are projected to increase imports, adding a combined 6.8 million bales over the projection period.

The USDA report estimates average price for upland cotton to touch US$ 0.72 per pound by 2029, from US$ 0.62 per pound at the start of the projection period, that is 2019.

With US cotton prices higher relative to both corn and soybeans for 2020-29 compared with the previous ten years, farmers are expected to plant 11.8 million acres in 2020/21 and climb to 13.3 million acres at the end of the projection. The average plantings for the projection period are roughly 1 million acres higher than in the prior decade.

US domestic mill use is expected to remain flat at 3.0 million bales over this timeframe while exports are projected to grow, rising from 15.5 million bales to nearly 18.5 million by the final year. US mill use makes up less than 15% of total US disappearance of upland cotton over the projection period. While mill use in the late 1990s was closer to 60% of total US cotton use, increased competition from both foreign manufacturing of cotton and synthetic fibres, such as polyester, have reduced mill use in more recent years.

**US cotton export share may fall**

US upland cotton export growth is expected to remain strong and trend higher throughout the projection period. The United States remains the largest exporter of cotton, and is expected to export between 15.5 and 18.5 million bales per year over the next decade. With growing international demand and strong export growth expected in Brazil and to a lesser extent in Australia, the US trade share (for all cotton, upland plus ELS) is nevertheless expected to decline moderately from 35% in 2020/21 to 33% in 2029/30.

Even so, global cotton trade increases throughout the projection period, and by 2029/30 is expected to reach 58.4 million bales, according to the USDA report. The projected 27% increase over the projection period to 2029/30 is driven in part by a recovery of China’s imports after completing its disposal.
of surplus stocks. China’s cotton imports are projected to reach 16.6 million bales by the end of the projection period. Vietnam and Bangladesh are the next two-largest cotton-importing countries. Both are projected to increase imports, adding a combined 6.8 million bales over the projection period.

Bangladesh, Indonesia, Pakistan, and Turkey are expected to be the third-, fourth-, fifth-, and sixth-largest cotton importers by 2029/30. Since the early 2000s, China was the largest importer, but Bangladesh became the world’s largest cotton importer in 2015/16. However, China returned as the largest importer once again in 2018/19.

Indonesia’s cotton imports surpass Turkey’s import level in 2019/20. Indonesia is the fourth-largest cotton importer throughout the projection period, with projected imports growing 1% annually, and approaching 4 million bales by 2029/30. Turkey’s share of world consumption weakened recently, but imports are expected to increase slightly through the projection period to 3.4 million bales by 2029/30.

Pakistan’s cotton imports are projected to decrease and remain stable near 3.4 million bales. Pakistan’s exports, on the other hand, are projected to slightly increase by 2029/30 to 0.3 million bales. Mexico, EU, Thailand, FSU, South Korea, Taiwan, and Japan all decrease imports slightly throughout the projection period, with a combined decrease of 820,000 bales by 2029/30.

Global cotton production and exports

Raw cotton production is expected to continue moving to countries with favorable resource endowments and advancing production technologies. The expanded cotton output is projected from traditional producers with large amounts of land suitable for cotton production, including Brazil, Sub-Saharan Africa, and India.

The US share of world cotton production has declined from the early 2000s (by 25%) with the spread of new technology around the world; however, throughout most of the baseline period, the US share is expected to remain fairly stable (at 20%), similar to the recent 5-year average.

The United States remains the world’s leading cotton exporter, increasing exports (2% annually) to 19.3 million bales (upland and ELS cotton) by 2029/30. However, the US share of world cotton trade falls to 33% by 2029/30, compared with 39.4% in 2016/17.
Area planted to cotton in Brazil is projected to expand in the Mato Grosso region, with continuing yield growth as well. Brazil’s cotton exports are projected to increase by 4.9 million bales by 2029/30, corresponding to a 5.2% annual growth rate, the largest projected export increase among the world’s major exporters. Brazil became the world’s second-ranking cotton exporter in 2018/19, surpassing India, and remains second through the projection period.

India’s cotton exports increase by 0.6% annually, reaching 7.4 million bales in 2029/30. Improved yields in India raised production and exports earlier in the decade, but bollworm resistance and weather issues have hampered yields in recent years.

India was the second-largest exporter for a decade until Brazil and Australia surpassed India in 2018/19. For the projection period, however, India is expected to be the world’s third-largest cotton exporter behind the United States and Brazil.

Exports from the 15 countries of the Economic Community of West African States are projected to experience sustained 2.4% annual growth in the next decade. Improvements in technical and financial infrastructure will help boost production and exports. Cotton exports from the other countries in Sub-Saharan Africa are projected to increase 1% annually. Sub-Saharan Africa is expected to add 1.36 million bales to trade and account for 11% of world trade over the projection period.

Government policies in the major cotton-producing countries in Central Asia are promoting investment in textile industries and contributing to exports of textile products rather than exports of raw cotton.

Exports of raw cotton decline throughout the projection period. FSU exports (entirely from Central Asia) decrease 1.9% annually, with only 1.2 million bales exported by 2029/30, far below the peak exports of 7.3 million bales in 2005/06.

Source: textileexcellence.com-Mar 20, 2020
Portugal's Textile Industry Supports Fight Against Coronavirus

Portugal is not spared from the corona virus. The westernmost country in the EU has over 2300 coronavirus cases and 33 deaths.

The Portuguese textile industry, including many exhibitors at ISPO Munich and OutDoor by ISPO, has now launched an initiative in the fight against the corona crisis to support hospitals with textile equipment.

The textile association ATP, together with the Citeve Technology Centre, is organising a platform of the Portuguese textile industry to respond to the call of the Ministry of Health for textile equipment for hospitals. Several clothing manufacturers from northern Portugal spontaneously offered to switch their fashion production to protective masks and clothing. A challenge is the purchase of suitable fabrics, which are normally imported from India or China.

"The Biggest Problem Is the Scarcity of Resources"

However, the vertical structure of the Portuguese textile industry allows for the development of these fabrics directly on site, in cooperation with spinning and weaving mills.

The research institute Citeve as technology partner is currently carrying out various material tests in order to meet the high technical and medical requirements of the products. The first hospital gowns were already delivered to a hospital in northern Portugal last Friday.

"We have received a lot of support from the companies, many of them even without any experience in manufacturing these devices. The biggest problem is the scarcity of resources, so we spent the whole week studying the materials that could meet the technical requirements and preparing technical documentation to supply companies for the manufacture of production lines," explains Braz Costa, Citeve's managing director.

Portuguese Textile Industry as a Figurehead

This year, 40 Portuguese companies participated in ISPO Munich, mainly from the textile and sports fashion industry.
For more than 10 years, the textile association - through its agency Selectiva Moda and together with its technology partner Citeve - has organised two Portuguese joint stands at ISPO Munich. Portugal is the world leader for high-quality technical textiles, especially performance fabrics. This year, 24 Portuguese fabric samples were awarded at the Forum ISPO Textrends.

Source: ispo.com-Mar 25, 2020

US Garment Manufacturers Are Feeling the COVID-19 Crunch

Kathryn Hildebrand watched in horror last week as hundreds of thousands of dollars of production orders went up in smoke in a matter of hours.

The president and CEO of the Good Clothing Company, a garment-manufacturing facility, in Fall River, Mass., knew it was coming, but she was still shocked when it did. Worldwide, scores of assembly lines have ground to a halt as garment factories have shuttered or stalled in the wake of the coronavirus pandemic, first because of raw-material shortages from China, which went on a nationwide lockdown after the disease was first detected three months ago, then after spooked brands and retailers facing widespread store closures started zeroing out orders.

Hildebrand did the only thing she could: she laid off her fewer than two dozen employees so they could file for unemployment and batten down at home with their families.

“We have just been getting emails canceling orders right and left—our entire schedule has been completely eradicated,” Hildebrand told Sourcing Journal. “So you can’t continuously bring people to work when you don’t know if you have work for them. And it takes money to run a factory floor.”

Propelled by the forces of globalization, more than 98 percent of the clothing worn by Americans today is produced overseas. But holdouts remain, especially in the garment districts of Los Angeles and New York City, which collectively employ some 67,600 makers of apparel, accessories and finished textile products, according to census data.
Then there are businesses, like the Good Clothing Company, that are on the frontlines of a reshoring renaissance to bring jobs back to the United States. But the economic fallout of COVID-19 could roll back progress for “made in the U.S.A.” as more factories go offline, whether voluntarily or because no other option remains.

“It’s important to note that the net margins in manufacturing are extraordinarily low,” said Hildebrand, who had 40 active clients out of a roster of 350. “So not a whole lot of damage has to get done for things to be destroyed. But I get it—everyone’s terrified, so they’re all stopping.”

Dynotex, a full-service production factory in Greenpoint, N.Y., has similarly closed up shop. Though the company has enough orders to keep production humming for the next few weeks, most of its 20 employees have asked to stay at home.

At present, more than 15,000 people in New York State have tested positive for COVID-19, with the majority stemming from the New York City region. Now an epicenter for the contagion, New York City has ordered closed all nonessential businesses. Garment manufacturing doesn’t count as an essential service but even if it did, Dynotex would still be dark, said CEO Alan Ng.

“The workers don’t want to come in anyway,” Ng said. “We’re not in immediate financial difficulty at this point, but if what President Trump said is true and the virus will continue till July or August, then there is a real concern that we’re not going to survive that long without income.”

In California, where authorities have issued a shelter-in-place decree for all but “critical” manufacturing, Reformation will be shutting down its downtown L.A. plant until at least April 19, a spokesperson told Sourcing Journal. (The brand will not be fulfilling e-commerce orders, though customers can still shop through Nordstrom, Net-a-Porter and Shopbop).

San Fernando-based Argyle Haus of Apparel is also complying with the executive order, though it was already down to a “significantly reduced” staff of fewer than seven as early as last week, according to CEO Houman Salem. He has put long-term plans on ice.
“We’re in a defensive mode now,” he said. “We’re not hiring any new employees or making any new, significant investments until further notice.”

What a bailout might look for American garment manufacturing remains to be seen. The U.S. Small Business Administration is offering low-interest federal disaster loans to small businesses “suffering substantial economic injury as a result of the coronavirus” in designated states and territories.

New York City’s Department of Small Business Services is working to deploy a zero-interest loan program and an employee retention grant. And on Tuesday, Vogue and the Council of Fashion Designers of America announced A Common Thread, a “fundraising initiative supporting those in the American fashion community who have been impacted by the COVID-19 pandemic,” per a press release, though details are still scant.

Some factories are keeping production lines humming—and workers employed—by pivoting to making masks and other protective gear that are in desperate supply across the country.

Oregon’s Portland Garment Factory was one of the first facilities to volunteer to shift production to disposable masks made from medical-grade polypropylene, which it will release on its website in a series of “drops” rather than accept pre-orders so it doesn’t oversell and have people “beating at our door,” said founder and owner Britt Howard, who estimates she can pump out 2,500 units per week.

“We’re calling them frontline barriers,” Howard said of the masks. “They’re not technically FDA approved, but we did our best to get what we think regular masks are made of.”

Turning to masks was a way of gaining a foothold of control amid the chaos and uncertainty: More than half of Portland Garment Factory’s orders have been cancelled or put on hold.

“I don’t want to be a mask maker for the rest of my life,” Howard said. “I want to go back to running my regular business and I want everything to be normal again. But until then I’m just going to do what’s the most helpful for the community.”

UStrive Manufacturing, the first factory in the United States to gain both Global Organic Textile Standard and Organic Content Standard certifications, has been negotiating with the L.A. Mayor’s office to become
an “essential manufacturer of medical supplies.” It had ceased production on March 17 after clients began rescinding orders, but it will kick the production of surgical gowns and masks into gear and hire an additional 100 sewing operators on top of its existing 90 employees as soon as its status is greenlit.

“Without the essential contract, it would be hard to stay in business,” said Scott Wilson, the company’s founder and partner. “Yesterday the sky was falling, today [it] looks like we will become part of the solution; who knows what tomorrow will bring?”

Former American Apparel head Dov Charney says his Los Angeles Apparel venture can crank out 300,000 surgical masks and 50,000 gowns per week in its 150,000-square-foot factory in downtown L.A. He wants to do this, he told Sourcing Journal, because “preserving commerce is good for the American worker and good for the world.”

For Days, a closed-loop clothing company, has converted its sewing capacity in Hawthorn, Calif., to make hospital masks out of a double layer of cotton jersey and elastic straps. They’re not the N95 masks that offer medical workers the most effective protection, a spokesperson said, but rather washable and reusable barriers “best worn over an N95 mask to extend the life of the N95.”

Hildebrand of Good Clothing Company, too, is investigating mask production as a way to contribute to the crisis response while keeping her business—and the mostly immigrant women she had hired—afloat. But while President Trump has invoked the Defense Production Act to enlist the private sector in securing medical equipment and other supplies, he’s been loath to activate the mandate to its fullest extent and pour defense dollars where they’ll count the most, she said.

“The army that’s going to fight this thing is going to be your first responders and your medical professionals. And it’s going to be your manufacturing community that supplies them with the goods that they need,” Hildebrand added. “We just need money and fabric. We have to be able to pay our workers to come back and you can’t do that without a purchase order.”

For a few bright spots in U.S. manufacturing, however, business as usual is still the order of the day. In Carlstadt, N.J., Suuchi and its employees are still chugging along. (Manufacturing is exempt from the state’s stay-at-
home edict.) CEO Succhi Ramesh says she hasn’t seen a downstream impact of lowered sales yet, but that may change in the coming months.

Still, Suuchi’s business model affords it some measure of extra resilience, Ramesh said. The company is vertically integrated, nearshores its materials from the western hemisphere and wields predictive consumer analytics as its secret weapon. It’s also situated on a digitized grid that provides clients with real-time access to the shop floor. If one arm of production drops off (or gets shut down), another elsewhere on the network can pick up the slack.

“This could be a wake-up call for us on how to run supply chains,” she said. “If it’s a local-for-local system on a platform, you have better control versus having a supply chain halfway across the world in China.”

OnPoint Manufacturing, an on-demand apparel maker in Florence, Ala., is also weathering the pandemic better than most. “We’re worried it’s going to happen but we haven’t seen the decline yet,” said CEO J. Kirby Best. Most of its material is sourced in the United States, so it hasn’t experienced many disruptions, and because it only produces clothing when a consumer places an order, it’s not weighed down with inventory it can’t sell.

Like Ramesh, Best believes the crisis may jolt the garment industry out of its sense of complacency over the manufacturing status quo, particularly as worsening climate change and overpopulation render future supply-chain disturbances inevitable.

“We believe that this will be the tipping point for the garment industry to rethink and to challenge traditional ways that they’ve been doing things,” he told Sourcing Journal. “We’re going to go through a horrible mess for a while, but now’s the time to be thinking about what it should look like on the other side.”

David Billstrom, CEO of Kitsbow Cycling Apparel, which runs its own production line in Old Fort, N.C., agrees. A former first responder, he put out a call on Facebook over the weekend to see if there was interest in plastic face shields and fabric face masks. In just 48 hours, he received requests for 30,000 units. “Onshoring is definitely more important than ever, both for medical supplies and apparel,” he said.

Source: sourcingjournal.com-Mar 25, 2020
South Africa: Clothing industry workers to get full pay during Covid-19 lockdown

The clothing and textile sector’s 80,000 workers have been guaranteed full pay for six weeks during and after the Covid-19 lock down in a ground-breaking agreement by stakeholders.

On Monday night, President Cyril Ramaphosa announced a 21-day national lockdown to limit the coronavirus outbreak. It will take effect from midnight on Thursday, and will impose stringent restrictions on the movement of people. People will be confined to their homes and will only be allowed to leave to shop for essentials such as food and medicines, to seek healthcare, or collect social grants.

On Tuesday, the National Bargaining Council for the Clothing Manufacturing Industry in SA announced that parties in the industry have reached a “ground-breaking agreement” that will see workers getting their salaries during the lockdown period.

The signatories to the agreement include the SA Clothing and Textile Workers’ Union (Sactwu), the Apparel & Textile Association of SA (Atasa), and the SA Apparel Association (Saaa).

According to the agreement, payment to the industry’s 80,000 workers will be made up of workers' Unemployment Insurance Fund (UIF) monies and employers funds, and that the clothing industry bargaining council will be the institution for the UIF distribution payments to workers through company payroll systems.

The bargaining council said the agreement had been submitted to the department of employment and labour for an “emergency gazette and extension to non-party companies in the clothing industry”.

“The parties to the bargaining council, working together with the UIF and the department of employment and labour are now focusing on the practical modalities of implementation of the agreement.”

A clothing industry Covid-19 lockdown rapid response task team has been established to manage immediate “practical implementation matters arising from the conclusion of the agreement”.

In a media briefing in Pretoria on Tuesday, employment and labour minister Thulas Nxesi said employers and bargaining councils will be used to distribute new UIF benefits.

Nxesi said the government would not put a number on the table as to the size of the national disaster benefit as it might unfairly raise expectations.

“We do not want to talk about figures. We can’t announce something that we cannot fulfil. Our actuaries are busy looking at the numbers.”

The UIF was anticipated at the time of the February budget to have R3.6bn in surplus contributions over the next three years. In addition, to this it also had about R60bn in investments with the Public Investment Corporation (PIC).

Both these numbers are completely out of date, as contributions to the fund will now change significantly and investments will have diminished considerably.

Source: businesslive.co.za- Mar 24, 2020

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**Bangladesh: HSBC extends support to beleaguered garment sector**

HSBC Bangladesh yesterday announced a set of measures to help its textile and garments clients tide over the economic fallout from the coronavirus pandemic.

The lender will provide special short-term loans of up to one year with principal moratorium for four months, which can be used for the purpose of supporting payroll bill and utility payment.

Although the Bangladesh Bank has recently asked banks to extend similar support to businesses, which are being battered from all side by COVID-19, the British lender is the first to formally announce measures of its own.

The bank will also allow three months' moratorium against the existing term loans enjoyed by businesses belonging to the textile and garments sector, according to a press release issued by HSBC Bangladesh.
During the moratorium period, clients will not be required to give any instalment and the lender will not seek any repayment amount from them as well.

HSBC will provide up to 90-day extension of import liability maturing in next three months where export shipments are delayed.

It will work to ease cash flow pressures faced by businesses and help customers tackle the market uncertainties, including disruptions to their supply chains.

To ease the pressure on Bangladeshi economy, clients will be allowed to enjoy trade relief in the form of waiver of letters-of-credit (LCs) commission and margin requirements for the import of medicine, medical equipment and accessories used to treat COVID-19.

Customers facing delivery disruptions owing to late shipment and presentation of documents will have amendment fees on LCs waived, said HSBC, one of the largest banks in the globe serving more than 40 million customers in 64 countries and territories of the world.

"We are going through challenging times in Bangladesh and are committed to continue our support to the local community to the best of our capabilities," said Francois de Maricourt, chief executive officer of HSBC Bangladesh.

HSBC empathise with its customers who have to deal with the turbulence caused by this unforeseeable outbreak and it is taking actions to help alleviate their financial burden, he said.

The lender recognises that many customers may have to run their banking in a digital norm to continue their business where conventional paper flow is not possible due to the unprecedented situation arriving from the virus outbreak.

Against the backdrop, the bank will provide support to customers to onboard onto HSBC's digital platforms HSBCnet -- to enable the flow of trade to continue.

Although some clients are still using the paper-based banking, the platform is completely paperless. Relationship managers of HSBC Bangladesh will help its clients operate the digital platform.
Along with the textile and garments sector, the lender will actively evaluate and try to introduce specific initiatives to support its customers in other sectors as required.

"We are increasing our support to the business community to navigate this difficult journey together. The announcement is another testament of our commitment to the customers in the country," said Md Mahbub ur Rahman, the CEO designate of HSBC Bangladesh.

Source: thedailystar.net- Mar 25, 2020

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Bangladesh Follows India in Country-Wide Lockdown, as Factories Already Face ‘Indefinite Shutdown’

Bangladesh has imposed a nationwide lockdown as it fights its own battle against the deadly and damaging COVID-19 virus.

Local authorities have asked citizens in the country to stay indoors, and have banned passenger travel via waterways, rail and domestic flights. Public transportation on roads will be suspended temporarily in hopes of stemming the spread of the virus. It’s not yet completely clear what impact this will have on factory operations or whether there will be any allowance for garment workers to get to and from their posts.

“It was decided to lock down all public transport across the country from March 26 to April 4. Trucks, covered vans and vehicles carrying medicine, fuel and perishable items will remain out of the purview of the lockdown,” Road, Transport and Bridges minister Obaidul Quader, told Turkey-based international news source Anadolu Agency.

As of Tuesday, official reports from the World Health Organization (WHO) put Bangladesh’s confirmed coronavirus cases at 33, though the actual number is likely much higher.

Already, the world’s second largest garment manufacturer after China is teetering on the brink of despair as retailers back out of orders daily, leaving factories cash poor and staring down dark zero revenue days ahead.

For now, Bangladesh is hoping a bailout can quell the crisis.
On Wednesday, the country’s Prime Minister Sheikh Hasina announced in an address to the nation, a 5,000 crore Bangladeshi taka ($590 million) bailout for export-oriented industries. The funds, she said, are to be used solely as salaries and allowances for workers in the export sectors.

It remains to be seen how the bailout will bolster the flailing sector, but for now, things are looking bleak.

“There is a growing fear that if this unprecedented pattern of order cancellations continue, factories in Bangladesh could see indefinite shutdown,” Asad Sattar, director of Utah Group, a knits and wovens manufacturer in Bangladesh, told Sourcing Journal. “There have already been 700 million pieces cancelled or suspended—valued at $2.25 billion (BGMEA). Factories have begun to shut down and 1.5 million workers are now facing job suspension.”

Apart from the bailout announced Wednesday, Sattar said Bangladesh’s Labor Act does provide some protection for workers—but that can only go so far as the factories’ survival.

“In the case of a factory being unable to sustain itself financially due to losses from providing pay without work (due to no orders), there is nothing to financially protect the workers,” he said.

“Bangladesh had already been going through a liquidity crisis, and even with government intervention it’s tough to imagine how most factories will manage cash flows, particularly given that there are two yearly bonuses coming in May and July due to the Eid Holidays. For many, the Eid bonus is considered an essential form of income.”

Without some help from the brands and retailers that have called themselves partners, companies may meet a relic of what was once an industry manufacturing garments for the masses. It’s not a situation anyone involved can afford to be in.

If the cancelled orders, plus coronavirus, plus the country-wide lockdown leads to worker layoff—which, at this point, may be inevitable—Sattar says there’s an allowance that will see workers earn 50 percent of their basic salaries and housing and rent, for 45 days. It’s not clear whether the $590 million bailout will come in addition to this or simply provide for it.
“However, if the crisis continues beyond this, then factories that are unable to continue to pay large overheads without revenue will declare bankruptcy. In such a case, we could see millions unemployed,” he said. “There is growing fear that this may in turn lead to unrest if multiple factories shut down in one go.”

Source: sourcingjournal.com - Mar 25, 2020

Bangladesh: RMG order cancellation continues

Global buyers have cancelled more order of readymade garment products from Bangladesh as many fashion brands have shut their stores in Europe and North America due to the coronavirus outbreak.

Source from Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday said buyers have so far cancelled orders worth of worth $2.58 billion following the global outbreak of coronavirus.

As of yesterday, 936 factories have reported that the buyers cancelled orders of 800.18 million pcs of clothes worth $ 2.58 billion which will directly affect nearly 1.92 million workers, said the source.

Source said, due to the continuation of order cancellations, the biggest source of export earning is passing a shaky situation.

Earlier on Monday, Dr Rubana Huq, president of BGMEA, said, “We’re facing a dire situation as buyers are cancelling shipment orders. All the buyers from different places, countries and continents are temporary suspending the orders”.

Source: theindependentbd.com - Mar 26, 2020
Pakistan: Dullness persists on cotton market

Dullness persisted on the cotton on Wednesday as all participants were absent from routine business owing to fears of spread coronavirus in the globe, dealers informed on phone.

The official spot rate was unchanged at Rs 8800, they said.

Rate of seed cotton per 40kg in Sindh low quality was at Rs 2800, while the best quality was unchanged at Rs 4100, and in the Punjab prices of low quality were at Rs 2800 while the fine type was available at Rs 4600, they said.

In Sindh, Binola prices per maund were at Rs 1400-1800, in Punjab rates were at Rs 1650-1800, they said and the rate of polyester fibre was at Rs 167 per kg, they added.

Lint prices moving up in the international market, despite the fact that coronavirus is spreading in the world with the passage of the time, they observed.

Cotton analyst Naseem Usman said that under the circumstances, we are praying to the God to keep us away from all kinds of diseases and bad days.

Adds Reuters: ICE cotton futures on Tuesday were on track to snap a six-day losing streak, helped by rebound in financial markets, as investors hoped for major stimulus measures to cushion the blow from the coronavirus epidemic.

Cotton contract for May rose 2.12 cent, or 4.1%, to 54.27 cents per lb as of 1:04 p.m. EDT (1704 GMT). It traded within a range of 51.16 and 54.87 cents a lb.

Total futures market volume fell by 27,550 to 36,422 lots. Data showed total open interest fell 2,722 to 200,616 contracts in the previous session.

Source: brecorder.com - Mar 26, 2020

HOME

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Cambodia, Russia to boost bilateral trade, looking at FTA

Cambodian Deputy Prime Minister Hor Namhong met Russian Ambassador to Cambodia Dmitry Tsvetkov in Phnom Penh this week and said both countries had good diplomatic relations that continue to be strengthened by Russian contributions to the Kingdom’s economic growth.

Cambodia and Russia have pledged to increase bilateral trade and investment as the Kingdom aims to diversify its market through the signing of a free-trade agreement (FTA) with the Eurasian Economic Union (EAEU), of which Russia is a member, together with Armenia, Belarus, Kazakhstan and Kyrgyzstan. It has a total market of 183 million people and a GDP of US$5 trillion.

In Asean, Singapore and Vietnam also have an FTA with the EAEU, while Indonesia, Malaysia and Thailand are also known to be interested.

Namhong said: “Our countries share a good relationship and we cooperate well in many sectors. Since 2015, our countries have signed 51 agreements to boost trade and investments in the financial sector, agriculture and more. Last year, bilateral trade reached US$55.39 million and we hope it will continue to grow this year.

Cambodia welcomed some 55,653 Russian tourists last year and hopes to welcome an increasing number in the future. Presently, we are in talks over 14 memoranda of understanding (MoU) which we expect to be signed soon. These will focus on tourism, education, law and youth development,” he said.

He also expressed hope that Russia will support Cambodia in its free trade negotiations with the Eurasian Economic Union.

In return, Dmitry Tsvetkov noted Cambodia’s fast development and said he was impressed by the fact that even though Cambodia was not an oil-producing country, it had seen approximately 7 percent growth last year.

He said a Cambodia-Russia Working Group had started negotiations on a free-trade agreement with Eurasia, while he noted Cambodian officials visited Moscow last year to discuss the EAEU FTA.
In 2016, Cambodia and the EAEU signed an MoU to enhance cooperation in trade. However, as Cambodia is still in the WTO Least Developed Country classification, 46 Cambodian products can enter the EAEU market duty-free within the next three years.

Businesses in the region are hoping that Cambodia can secure further trade agreements, with agricultural conglomerate Mong Riththy Group planning to expand markets for mango exports in Russia and Hungary.

Mong Retthy Group president, Mong Riththy said his company plans to export around 5,000 tonnes of mangoes a year to Russia.

Source: khmertimeskh.com - Mar 25, 2020

Toppling Bangladesh, Vietnam to lead global RMG exports

Though, Bangladesh has become the second-largest garment exporter worldwide by grabbing 6.4 per cent market share, the country is soon likely to be overtaken by Vietnam, whose exports have been rising rapidly and the country expects its apparel shipments to cross $40 billion by the end of the year. However, to achieve this, Vietnam needs to maintain export growth at 11-12 per cent for the rest of the year.

Why Bangladesh slowed down

During the first eight months of the current fiscal, Bangladesh exported garment worth $21.84 billion. However, as per Export Promotion Bureau figures, exports declined by 5.53 per cent year-on-year. Revenues too declined by 13.45 per cent during these eight months to $25.24 billion. Between July and February, the country recorded $10.89 billion from its shipment of knitwear products and $10.94 billion from the woven product shipments.

Exports of knitwear and woven products declined 5.17 per cent and 5.88 per cent respectively during the year. If the country’s shipments do not rise abnormally, Bangladesh might not achieve its target of exporting $38.20 billion worth of garment by the end of this fiscal. The country’s garment exports have been declining due to the closure of nearly 200 small garment factories over the last few years. It also reflects falling
competitiveness of RMG industry whose exports dipped by 7.74 per cent during July-November of FY2019-20.

Some major reasons behind the slowdown are: policy incentives by competitor countries which enable them to get more business by lowering prices; increase in production cost fueled by a minimum wage increase in December last year; poor efficiency and relatively higher cost of doing business and over concentration of the industry to a few product items and over-concentration of markets.

**Vietnam takes the lead**

In contrast, Vietnam has been performing strongly as it recently signed the landmark Free Trade Agreement (FTA) with the EU, which allows them to enjoy zero-duty benefit to the largest trading bloc of the world. Also, geographically, Vietnam is closer to the EU and other Western countries. This allows garment manufacturers to ship goods with lower lead time. They can ship their goods with airliners at lower costs.

Another big advantage is its abundant Chinese investment and higher factory productivity. Many Chinese investors have factories in Vietnam in addition to those they run in Mainland China. As a result, the benefit of product development in China also trickles down to Vietnam. This makes the job of sourcing by buyers easier in Vietnam. This is the main reason why Vietnam is doing so well in RMG exports in recent times.

Latest ‘Ease of Doing Business’ shows, Vietnam is a better choice for investment than Bangladesh as the country is concentrating on product diversification. In contrast, Bangladesh still manufactures basic apparels. Almost 75 per cent of its shipments consist of T-shirts, trousers, sweaters, formal shirts and jackets though the country is slowly graduating to value-added and high-end garment items for upscale customers in the Western world.

Bangladesh also lags in the production of technical and smart clothing items, which prevents it from tapping the global market for hospital clothing, school uniforms and armed forces, worth billions of dollars.

Another advantage for Vietnam is its government’s support to the entrepreneurs through food subsidy to workers, social benefits, medical benefits and housing assistance. Also, Vietnamese workers are known to be
more efficient than Bangladeshi workers as they have an improved supply of gas and electricity, working environment and infrastructures.

Source: fashionatingworld.com - Mar 24, 2020

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Bangladesh reaches out to EU, US for export loss concern

Bangladesh government has initiated discussions with major importing countries sharing their concern for the loss being incurred from the coronavirus spread.

BGMEA (Bangladesh Garment Manufacturers and Exporters Association), the leading association estimates around two billion dollars as their export losses due to coronavirus.

“We are in discussion with the EU, the US and G7 countries. We have informed them about our situation and are trying to offset the loss,” Foreign Minister Dr AK Abdul Momen said in a video briefing on Tuesday.

The minister, however, mentioned that local enterprises are producing corona preventive gears and already countries like the USA has requested Bangladesh to supply the gears.

He also informed that the corona preventive equipment from China will arrive in the country on Thursday by a special flight.

Source: fashionatingworld.com - Mar 25, 2020
NATIONAL NEWS

Cabinet approves extension of rebate of taxes scheme for export of garments, made-ups from April 1

The Cabinet on Wednesday approved the continuation of Rebate of State and Central Taxes and Levies (RoSCTL) for export of garments and made-ups from April 1, 2020 till the scheme is merged with Remission of Duties and Taxes on Exported Products (RoDTEP).

Announced on March 7, 2019, RoSCTL was offered for embedded state and central duties and taxes that are not refunded through goods and services tax.

The government, had on March 13 approved RoDTEP, a scheme for exporters to reimburse taxes and duties paid by them such as value added tax, coal cess, mandi tax, electricity duties and fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism.

“RoSCTL scheme for apparel and made-ups will be continued with effect from April 1, 2020 without any change in scheme guidelines and rates as notified by ministry of textiles till such time that the RoSCTL is merged with RoDTEP,” the government said in a statement.

As per the statement, continuation of RoSCTL beyond March 31, 2020 is expected to make the textile sector competitive by rebating all taxes/levies which are currently not being rebated under any other mechanism.

Source: economictimes.com- Mar 25, 2020

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Covid-19: New Foreign Trade Policy on April 1 seems a difficult proposition now

Many exporters want current policy to continue for some time with some benefits thrown in.

Exporters are still in the dark over whether the government will go ahead with the scheduled announcement of the new Foreign Trade Policy (FTP) 2020-25 on April 1.

Many are making a case for postponing the FTP due to the uncertainties unleashed by the Covid-19 pandemic and a shut-down of government offices was making discussions difficult.

A government official told BusinessLine: “Not only are exporters eager for an extension of the present FTP and announcements of some additional relief measures, it has also become logistically difficult to finalise a new FTP as the Commerce Ministry is mostly shutdown.”

The Commerce & Industry Ministry, however, has not yet made any official announcement on whether the new FTP will be unveiled on April 1 or delayed.

The Engineering Export Promotion Council has asked the Commerce Ministry for the continuation of the existing FTP (2015-20), which will end on March 31, for some more time. “We have also requested that status holder certificates be automatically renewed beyond March 31,” said Ravi Sehgal, Chairman, EEPC.

The EEPC stressed that amnesty should be granted for non-fulfilment of export obligation under the Export Promotion Capital Goods scheme and Advance Authorisation scheme due to the downturn in global trade cycle.

Special package

The Apparel Export Promotion Council has sought a special package for the apparel sector, including creation of a corpus fund for exporters, as it expects uncertainty to linger for at least next two months impacting shipments worth $1 billion that would affect 13 million direct workers and their families.
“There is no point in announcing a new FTP policy on April 1 if there is not much to be announced in terms of schemes and measures,” pointed out Ajay Sahai, Director-General, Federation of Indian Export Organisations (FIEO).

Sahai said since the government had already said that the popular Merchandise Export from India Scheme (MEIS) for exporters will be replaced with the new Remission of Duties and Taxes on Exported Products (RoDTEP) scheme in phases after sectoral discussions over the next few months, there was no need to announce a new FTP in a hurry.

Under the MEIS scheme, exporters are assured of a minimum incentive for their exports while there is no guarantee what the new RoDTEP scheme will have to offer as it still needs to be deliberated upon.

“It is better for the government to wait and have proper deliberations with the industry on special packages before finalising the FTP for the next five years.

Because of the Covid-19 lockdown, all sectors have not been able to give their inputs,” said Anil Bhardwaj from the Federation of Micro, Small and Medium Enterprises.

India’s goods exports during April-February 2019-20 dipped 1.5 per cent to $292.91 billion compared to the same period last year, although exports increased 2.91 per cent to $27.65 billion in February 2020, for the first time in seven months.

Source: thehindubusinessline.com - Mar 25, 2020
India Shuts Factories, Locks Down Country for 21 Days to Contain Coronavirus Crisis

India will be under complete lockdown as it looks to stave off the coronavirus pandemic that is quickly spreading within its borders.

Some parts of the country had been locked down for the past two days, but starting Wednesday, movement will be restricted nationwide for the next 21 days, with limited exceptions.

“From 12 midnight tonight, the entire country will go under a complete lockdown,” Indian Prime Minister Narendra Modi said Tuesday. “To save India and every Indian, there will be a total ban on venturing out of your homes. Every state, every union territory, every district, every village and every locality is being put under a lockdown.”

That means factories will be shuttered until April 14, and already pressured production could face further strain.

When talk had originally surfaced about the lockdown lasting for one week, Ritesh Nair, co-founder of India-based sustainable sourcing company Iipi Sourcing, said, “Yes, there are orders being impacted, but if it’s a matter of a week, the gap will be covered up without much delay.”

Now that the lockdown will be three times longer than first expected, the impact is less certain. The pandemic’s spread, however, is more certain.

“It will have different implications depending on the customers associated with the factories,” he said. “The biggest impact will be for factories dealing with the fast fashion and mass market retailers just because of the scale of volume and the economics involved. Having said that, at the other end of the spectrum, smaller factories who have lesser capital and cash flow reserves could also be impacted.”

On Monday, the World Health Organization (WHO) reported 415 confirmed cases of COVID-19 in India. On Tuesday, India’s health ministry said that number had climbed to 536, following trends seen elsewhere around the world. While the count may be small for a country with 1.3 billion people, the government’s aim is to quickly prevent things from getting out of hand.
All commercial and private establishments that aren’t dealing in critical needs, like food stuffs and medical supplies, will now be closed. All manufacturing facilities, with the exception of those producing “essential commodities” must remain shuttered.

Communications did not further outline what will be considered an essential commodity, but already the apparel factories are closed. Transportation services in some places have also ground to halt. Non-exempt citizens found breaking the stay-at-home order could face imprisonment.

During the lockdown, according to Nair, the government has asked all industries to retain their staff so that salaries would not be impacted while their mobility is banned. India is expected to announce plans for business support and an economic stimulus package in the coming days.

“Most factory owners are planning to support the workers at this time to the very best extent possible,” he said. “Many State governments are also working on providing cash support & food ration support to the daily wage workers whether in apparel or in any other industry.”

Because the lockdown will also drive down demand, some don’t believe the impacts will be all that far reaching.

“Shops and malls across India are closed and demand too is down. Hence the factory closure will not impact business much,” Kamal Nandi, business head at Godrej Appliances and president of electronics industry body CEAMA, told India’s Economic Times. “Apparel and lifestyle goods brands have also shut their factories.”

Nair, however, feels the impact could be greater than Nandi suggests, and he’s sitting with a “deep worry” about the potential impact on businesses in both the short and long term.

“The apparel sector is such a time driven machine that a three-week interruption can have severe repercussions on most of the apparel factories and ancillary services,” he said. “However, since this is a global threat facing all of us right now, we all have to stay positive and believe in each other—both customers as well as suppliers [will] bounce back and recover together.”
How things progress or slow in terms of the virus spread over the next three weeks will determine what happens next in India. But for now, Modi has emphasized the severity of his order.

“The next 21 days are crucial for us, as per health experts, a minimum of 21 days is most crucial to break the cycle of infection,” he said. “If we are not able to manage this pandemic in the next 21 days, the country and your family will be setback by 21 years.”

Source: sourcingjournal.com- Mar 24, 2020

Textile industry bracing for Rs 100 crore loss

Textile and household textile manufacturers and exporters are bracing for Rs 100 crore loss with the State going under Sec 144 from Tuesday.

Karur is one of the largest hubs in the country for manufacturing and exporting household textiles. Atlas Nachimuthu, President of Karur Textile Manufacturers and Exporters Association told TNIE “There’re over 500 industries functioning in the district with more than 2 lakh employees.

The industries here are exporting textiles to various other countries including European nations, USA, Japan and South Africa. While a few countries have already cancelled their previous orders, the remaining buyers are holding talks to either postpone the orders or cancel them.”

“We held a meeting of manufacturers and decided to shut down the industries here till March 31. The industry is going to face losses to the tune of Rs 5 to Rs 10 crore per day.

Calculating both the cancelled orders and the shutting down of the industries for around 10 days, the total loss will account to around Rs 100 crores. We’re now worried as to how we are going to give salary to employees,” he concluded.

Source: newindianexpress.com- Mar 24, 2020
MSMEs say jobs can be protected only with govt’s financial help

A relief package for sick, stressed MSMEs being worked out, assure officials

The Labour Ministry has advised against retrenchment of workers or salary cuts but many in the micro, small and medium enterprises (MSMEs) feel that if the current lockdown for containing Covid-19 continues over weeks, the government must step in with a financial package to protect both workers and enterprises.

“There is a symbiotic relationship between employers and workers. No employer would want to retrench now especially as they would need to hire again when normal times are back. But with shipments and payments stuck and orders getting cancelled, it will not be possible for MSMEs to maintain their workforce,” said Animesh Saxena, an exporter of garments based in Gurugram.

A relief package for sick and stressed MSMEs is likely to be announced soon, assured a senior official in the Ministry of MSME. “Covid-19 will have an impact on the MSMEs too but the government is taking measures to give a boost to the sector. In the next 10 days, a relief package for the sick and stressed industries is likely to be announced,” the official told BusinessLine.

Easy credit

The government has to at least give units some easy credit to tide over the current crisis, Saxena said. “For instance, it could give us about 25 per cent of our sanctioned limit with a moratorium on interest for a six months. This will help us pay salaries and wages and keep us afloat,” he added.

The MSME sector is most critical for India’s economy as it accounts for more than 90 per cent of manufacturing enterprises, 45 per cent of industrial output and 40 per cent of exports. They also provide employment to more than 60 million people.

The payment structure in the MSME sector varies depending on the article being produced, explained Anil Bhardwaj, Secretary General, Federation of Indian Micro, Small & Medium Enterprises (FISME).
“In sectors, like garments and leather, where payment is made on piece-wage basis, it is not possible to ensure wages are paid when pieces are not getting produced. However, employers do make advance payments to workers at times of crisis like this,” said Bhardwaj.

‘Govt must pitch in’

In other sectors, where workers are employed on a permanent basis, large-scale lay-offs were not happening yet. “The employers can pay their permanent employees for some time. But if the crisis extends then the government, too, has to chip in to pay part of the bill like it is happening in countries such as the UK,” Bhardwaj added.

Chairman of Khadi and Village Industries Commission (KVIC), Vinai Kumar Saxena, said the month of February and March are crucial for the sector as most of the exhibitions are held then and targets are achieved for the year. “We will not be able to achieve the target this time. These are tough times for us,” added Saxena.

Although the Finance Minister has said that a package was being worked out, the industry says it can’t wait for long. “If the government doesn’t step in right now with financial help for the MSME sector there will be utter chaos in the economy soon,” said a Delhi-based handicraft manufacturer and exporter.

According to Ram Iyer, Founder & CEO, Vayana Network, a third party supply chain finance platform, cross border trade is likely to get a hit as exports to prominent countries like Europe, US and China will see a decline.

For instance, the textile industry, which accounts for 10 per cent of the annual export, will see a major decline in revenue for corporates and its supply chain on account of reduced export orders.

“This will create serious working capital shortages for corporates and its supply chains. There would be a further dip in GST collections as most of the industries such as poultry and seafood, consumer durables and electronics, tourism, hospitality and apparel, will see a major decline in revenue due to the coronavirus outbreak,” Iyer said.

Post the pandemic, there is a need to create adequate trade finance support to deal with the massive increase in demand. “This would involve creating
business continuity plans that involve more automation with suppliers and customers,” he added.

Source: thehindubusinessline.com- Mar 24, 2020

Corona-hit maritime and logistics sectors seek rescue package as trade slows

India’s maritime industry, the backbone of the export-import trade, is seeking a relief package from the government to deal with a looming crisis as the coronavirus pandemic takes a toll on the global economy.

Industry executives say that the devastation brought on by the pandemic has had a “disastrous effect on almost all container terminals, bulk cargo terminals, container freight stations (CFS) and inland container depots (IDCs) across India”.

“While industries such as hospitality, airlines and tourism have come under stress, we are underestimating what is going to happen to the ports and logistics sectors in the country. It is going to completely collapse in the next two to three months,” said the managing director of a port logistics company.

“The government should recognise that the industry will go through a severe Black Swan event and support the sector. Ports and related logistics segments are an essential service; it's a large employer and there needs to be continuity,” he added.

“Ports and logistics are a high-risk industry and the pain will be massive,” he said.

Ports, given its interface with other countries on trade, has been hit by a steep drop in volumes owing to disruptions in global supply chain and uncertainty prevailing on how long it will continue.

The volume decline, combined with delay in collection of dues from customers, are driving the maritime industry to the brink of default in payment of statutory dues, dues to port trusts, dues to banks and financial institutions, payment of salaries and wages to employees and contractual
workers and default in payments to suppliers including small and medium enterprises.

The difficulties faced by the industry are extremely severe and cannot be eased without the support of the government, said a spokesman for the Indian Private Ports and Terminals Association (IPPTA).

The short-term (90 days) relief sought by the marine and logistics industries include moratorium on payment of interest and principal amount to banks/FIIIs, waiver of interest and penalty on non-payment of GST, TDS and other taxes, and instructions to insurance companies to treat COVID–19 as a natural disaster and process the insurance claims on the basis of Business Interruptions (BIs).

Banks/FIIIs should be directed to disburse funds under the sanctioned facilities, where it is pending for minor paper work.

The marine and logistics operators are also seeking waiver on payment of revenue share/royalty, land lease payments to major port trusts and minimum guaranteed throughput (MGT) obligations in their PPP contracts for a period of 180 days till August.

Port concessions, they argue, should be extended by years – to 32 years from 30 years.

Cargo terminal operators have also urged major port trusts to hike the discount in vessel-related charges (VRC) by an extra 20 per cent over the prevailing levels.

Major port trusts should allocate suitable land adjacent to the existing terminals for storage of empty containers, free of cost, for 90 days. “There is a huge imbalance in the availability of empty containers and enough empty inventories are required to support exports,” the IPPTA spokesman said.

Funding to ports and logistics sectors should be treated as priority sector lending by Indian banks, and interest rates for setting up new port projects/completion of on-going port projects be cut by 200 basis points, besides reducing the rate of interest on term loans by 100 basis points.
The government should reduce GST rates for ports and logistics sectors to 12 per cent, the lobby group said, adding that GST input credit be allowed on constructions of immovable port and logistics infrastructure projects.

Given the uncertainty in export-import trade, increased focus should be lent to movement of cargo by the coastal route. “It requires a national policy on coastal container movement in a time-bound manner,” IPPTA added.

Source: thehindubusinessline.com- Mar 24, 2020

CII writes to PM Modi, seeks fiscal stimulus package of Rs 2 trillion

To battle the current coronavirus disease (COVID-19) crisis, a fiscal stimulus of 1 per cent of India’s gross domestic product needs to be provided by the government through direct benefit transfer to the poor and elderly immediately, the Confederation of Indian Industry (CII) has told Prime Minister Narendra Modi.

This would be in line with steps taken by other major economies like the United States, France, Japan and the United Kingdom, which have announced billions of dollars worth of stimulus to their economies.

In a letter to the PM sent on Wednesday, the industry body stressed the need for easing the cost of capital. It has renewed its demand for the removal of long-term capital gains tax of 10 per cent and fixing the dividend distribution tax at 25 per cent.

However, as an immediate measure, CII has suggested that Rs 5,000 be provided to every poor person, the majority of who work in the informal economy and face the brunt of business slows down. It also wants the most vulnerable section — the elderly — to get Rs 10,000 each, and free distribution of one month’s ration to those below the poverty line from the government’s stocks.

The Periodic Labour Force Survey data currently counts 200 million casual laborers in the country, who CII said could benefit with the transfers, and could help drive consumer demand.
The industry body has argued that the recent crash in global oil prices allows the government to fulfill this demand. “Every $10 dollar decline in oil price leads to a saving of $15 billion in the oil import bill,” CII said.

It also pushed for Goods and Services Tax (GST) payments to be on the collection of bills, rather than the raising of invoices to avoid liquidity getting locked during delays in payments.

Such pending payments, especially to the micro, small and medium enterprises sector currently stand at Rs 6 trillion, according to government statistics.

**Banking reforms needed**

CII has also listed a host of immediate monetary and banking reforms including a reduction of 50 basis points both on Cash Reserve Ratio as well as the repo rate to ensure suitable liquidity for banks. Along with other industry bodies, it has also demanded that the Reserve Bank of India relax norms for recognising non-performing assets from 90 days to 180 days till September 30 to provide relief.

Over the past few days, India Inc has demanded that the central bank announce a blanket moratorium on debt repayments for 60 days to help firms tide over immediate cash flow issues. CII has suggested that credit limits for all regular banking accounts be enhanced by 25 per cent.

### Sectoral challenges

To address the shortage of easily available, cheap drugs, the industry body has suggested shoring up indigenous Active Pharmaceutical Ingredients (API) production. While in 2018-19, pharmaceuticals exports were worth $19.13 Billion, a study by the commerce ministry found that 70 per cent of APIs continued to be imported from China. Now, this over dependence has led to
pricing volatility and supply disruption that has led to concerns of a shortage.

For the beleaguered aviation sector, CII has sought an immediate 4 per cent cut to the Value Added Tax levied by states on Aviation Turbine Fuel (ATF). In the long run, CII says ATF needs to be brought under the ambit of the GST regime to enable full input tax credit.

Source: business-standard.com- Mar 21, 2020

Government eases compliance for companies, individuals, no charge for ATM withdrawal

Finance Minister Nirmala Sitharaman also extended the deadlines for linking PAN with Aadhaar and Vivad se Vishwas tax dispute resolution scheme

In the backdrop of lockdown in most places and with just about seven days remaining for the financial year to close, the government has announced a slew of measures to ease compliance and statutory burden for individual as well as corporate.

At the same time, Finance Minister Nirmala Sitharaman retreated that an economic package is being worked out and will be announcement soon.

“People should not be worried about compliance...honest tax payers has to be provided mental and physical ease to spend time with family (during the time of lockdown),” Sitharaman said.

At the press conference addressed through video conferencing, she spelled out relief measures related with Income Tax, GST, Customs & Central Excise, Corporate Affairs, Insolvency & Bankruptcy Code (IBC) Fisheries, Banking Sector and Commerce.

Asked about delay in announcing comprehensive economic package, she said the government has no intention to delay the package. Parliament session is over, Finance Bill has been passed and government is collating views from various stakeholders.
Various sub group such as one comprising of industrialists, other of academicians and one of Parliamentarians are discussing various aspects of economy. All these consultations will help in finalising measures by the COVID-19 Task Force, she said.

On the high volatility in the stock market and rupee breaching 76 for the first time, the Minister said that all the regulators such as RBI and SEBI along with Finance Ministry are monitoring development in the market.

“Monitoring is happening thrice a day,” she said. However, when asked about expanding the fiscal or redefining norm for non-performing assets (NPA), she said that any announcement will be made during time to come.

On changes in GST related compliance announced by the FM, MS Mani, Partner with Deloitte India said that the extension of GST return filing timelines together with the deferment of e-invoicing and new returns announced earlier would allow businesses to focus on resumption of business processes once normalcy resumes in future.

“The waiver of interest, late fees and penalties for SME’s would enable them to focus on reviving their businesses once things are back to normal, he said.

On measures for direct taxes, Pranav Sayta, National Leader at EY said that the government must be complemented for the swift, comprehensive, clear and decisive manner in which it has proceeded to grant relief as well as extend various compliance timelines in respect of Direct taxes.

“This comes as a very welcome measure, to reduce stress and uncertainty, for businesses and taxpayers, already reeling under the severe adverse impact of Covid-19,” he said.

On the Insolvency and Bankruptcy Code Chandrajit Banerjee, DG at CII said that the announcement has come that the default threshold limit of Rs 1 lakh has been steeply raised to Rs 1 crore.

This has come as a major relief to MSMEs. “These measures will greatly help companies where matters are before NCLT,” he said.
Table: Ease of compliance

Relaxed norms

Banking Services:
- No fee on withdrawal by debit card from any bank for 3 months
- No need to maintain minimum balance
- Lower bank charges for digital trade transactions for all trade finance consumers

Corporate Affairs
- Threshold for default under IBC raised to Rs 1 crore from Rs 1 lakh
- No mandatory requirement of holding one board meeting in a gap of 120 days till Sept 30
- Companies (Auditor’s Report) Order, 2020 to be applicable from 2020-21

Foreign Trade
- Extension of timelines for various compliance and procedures

Source: thehindubusinessline.com- Mar 24, 2020
‘Income levels of daily wagers down by 50-70%‘

The government’s decision to lock down districts affected by COVID-19, including Bengaluru Urban, has hurt the poor, the working class and the informal sector the most.

According to an interim report by a few unions and organisations, the income levels of daily and weekly wage workers has fallen by 50 to 70% from the pre-COVID-19 time.

The All-India Central Council of Trade Unions (AICCTU), the Karnataka Domestic Workers’ Union, The Garment and Textile Workers’ Union (GATWU), with a few organisations, have prepared an interim report on the health awareness, livelihood security and food security among workers in the city.

According to the report, based on a detailed interview of more than 60 daily wage workers across the city, there was “a pressing need” for dissemination of information regarding prevention and spread of COVID-19 among workers and shutdowns have “affected their ability to survive”.

The report also states that thought there was fear about contracting the virus while at work or during travel to work, most of them were forced to work owing to the fear of losing income and jobs.

Source: thehindu.com- Mar 24, 2020