TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 163 of 2020 July 27, 2020

US 74.69| EUR 87.48| GBP 95.94| JPY 0.71

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	Cambodia: 'Free-trade agreements the future'
2	Nepal's readymade garment sector faces Rs 1.25 billion hit as foreign buyers cancel orders
3	RBI signs $400 mn currency swap facility for Sri Lanka
4	Much needs to be done to boost clothing export: ZimTrade
5	Vietnam organizes fair to promote exports
6	'UK agrees in principle to continue EU trade facilities for Pakistan'
7	Bangladesh: Apparel industry needs to recognise its true worth
8	Bangladesh: Chinese chemical maker rebuffs pandemic fears, wants to invest $300m
9	Pakistan: Textile firms move into Pakistan's frenzied mask market

	NATIONAL NEWS
1	Why integrating with global value chains crucial for India
2	Smriti Irani asks textiles sector to 'commercialise opportunities'
3	Fake GST refund claims: FinMin to crack the whip against over 1,400 ‘risky exporters’
4	India-US ‘limited’ deal to cover just 15% of trade – Details
5	Relief for cotton farmers as CCI steps in during lockdown
6	Punjab: Over 62% drop in export of readymade garments
7	COVID-19 impact: Clothing manufacturers body CMAI's head says textile industry may see consolidation
8	CBIC invites views to weed out outdated customs duty exemptions, laws
9	Concor starts train service to Bangladesh
10	Pay only through digital mode, weavers tell traders

INTERNATIONAL NEWS

Cambodia: 'Free-trade agreements the future'

Having a free-trade agreement (FTA) with more trade partners would help mitigate the Kingdom's loss from the European Union's partial withdrawal of the Everything- but-Arms (EBA) trade status in the future because the country has already completed one with China.

Deputy Prime Minister Hor Nam Hong said that Cambodia and China will sign an FTA before Aug 12 when the EU's partial withdrawal of the EBA deal comes into effect. Prime Minister Hun Sen will travel to China to preside over the FTA signing ceremony.

An FTA with the world's second-largest economy will open the door for more Cambodian goods and agricultural products, such as bananas, cassava flour and rubber to be exported to China.

An economy researcher said the move is happening at the right time because Cambodia needs to diversify bilateral agreements with more trade partners. However, it will take time to replace the loss caused by the 20 percent EBA deal withdrawal.

Hong Vannak, a business researcher at the Royal Academy of Cambodia, said that with the existing huge volume of bilateral trade between Cambodia and China, there are some analysts who say the FTA with China is being made at the same time as the government's plan to replace the loss of part of the EBA deal, but in fact it will come into place later.

"For me, it cannot be replaced in a short time and it will take longer while Cambodia is preparing more trade deals with more trade partners," he said.

However, Vannak said the government may at first intend to mitigate the impact caused by losing the EBA deal and a similar one known as the Generalised System of Preferences, or GSP.

This is a preferential tariff system that provides tariff reduction on various products. The concept of GSP is very different from the concept of "most-favoured nation" (MFN).

MFN status provides equal treatment

in the case of tariff being imposed by a nation but in the case of a GSP differential tariffs could be imposed by a nation on various countries depending upon factors such as whether they are a developed country or a developing country. Both the rules come under the purview of the World Trade Organization (WTO). A GSP provides tariff reductions for least-developed countries but an MFN is only for not discriminating among WTO members.

Vannak believes the GSP no longer suitable for Cambodia.

"As we know, the FTA has yet come into force but China is already increasing buying agricultural products from Cambodia and putting more investment into the sector, so the FTA would help increase trade between China and Cambodia," he said.

The trade volume between Cambodia and China has steadily increased from $5.16 billion in 2016 to $6.04 billion in 2017 and to $7.4 billion in 2018. The two countries aim to reach $10 billion in bilateral trade annually by 2023.

To attract more investment, what Cambodia needs to do is to improve competition and eliminate trade barriers.

The Kingdom's new investment law is expected to be online soon because the draft law is already 95 percent complete and that will be more attractive to more investors, according to an official from the Ministry of Economy and Finance (MEF).

Cambodia is also now pushing to reach a free-trade deal with some of the world's leading economies – namely South Korea and the Eurasian Economic Union (EAEU), the Russia-led economic bloc composed of five member states.

Seang Thay, spokesman and secretary of state at the Ministry of Commerce, said that FTA partners will provide Cambodia more benefits than the current situation. He said Cambodia needs to gain more benefits via bilateral trade agreements.

"We have been preparing to complete bilateral trade agreements with eight other countries. We will start with South Korea and have plans for Japan, the UK, India, Mongolia, the EAEU and the USA – all of which we already have working groups attending to," he said. Thay said so far the EBA deal has provided Cambodia with huge benefits from garment export products to the EU market.

"Cambodia will never forget the status of the EBA deal in helping its economic growth. The FTA with China is not because we are losing part of the EBA deal but because we need to diversify our trade agreements so we need to make use of our potential for boosting economic growth.

Source: khmertimeskh.com– Jul 27, 2020

HOME

****

Nepal's readymade garment sector faces Rs 1.25 billion hit as foreign buyers cancel orders

Foreign buyers have so far cancelled or held up orders worth Rs1.25 billion of readymade garments from Nepal in the wake of the Covid-19 pandemic, the Garment Association of Nepal said.

The cancelled or held up orders are equivalent to around 28 percent of Nepal's total garment exports in the first 11 months of the last fiscal year 2019-20 which ended in mid-July, according to the Trade and Export Promotion Centre, an export promotion and facilitating agency under the Commerce Ministry.

In the first 11 months of the last fiscal year, readymade garments worth Rs4.54 billion were exported.

In the previous fiscal year 2018-19, Nepal had exported readymade garments worth Rs6.34 billion, a 13-year high in terms of value. As the garment sector was recovering from years of downturns, the virus pandemic has emerged as a big setback for the sector.

The readymade garment industry is one of the sectors worst affected by the pandemic as demand from the international market plunged as the global economy faces the worst ever recession, only comparable to the Great Depression of the 1930s.

Global supply chain disruption caused by the pandemic has also affected the smooth supply of goods in the international market.

Pashupati Dev Pandey, a readymade garment exporter and proprietor of Pure Clothing, is one of the entrepreneurs who has been asked to hold a large amount of consignment.

Europe is one of the key markets for Nepal's readymade garments and has been ravaged by the Covid-19 pandemic, closing markets for several weeks. Due to this, Pandey received messages from a French buyer to keep the shipment on hold.

"I had already prepared most of the goods that the buyer wanted, mostly ladies' wear such as trousers, vests and bags," Pandey said. "Now, they are all sitting in storage."

"As these are ladies' clothes whose fashion gets quickly outdated, I am worried if these products can get a good value next season in the international market," he said.

Chandi Prasad Aryal, president of Nepal Garment Association, said it was not only difficult to import raw materials for producing garments, but exporting them was also equally difficult as the pandemic caused border restrictions, virtually halting transport movement in many countries, including Nepal.

The stay-at-home orders by many countries also created shortages of skilled manpower.

In Nepal, the nationwide lockdown was imposed on March 24 and extended several times. The government on May 10 decided to ease the lockdown, allowing the movement of industrial workers. The government announced the end of the lockdown on July 20.

However, international flights will only be allowed to resume commercial regular service from August 17 after they were suspended on March 20.

"Many raw materials have been stranded on the way to Nepal and we were unable to produce goods as per the order," said Aryal. "On the other hand, due to the suspension of ground and air travel movement, we could not deliver the goods on time."

According to exporters, the entire export sector suffered from a plunge in demand and supply chain disruption globally due to the pandemic which has taken the lives of over 640,000 and has infected over 15.75 million across the world, according to Johns Hopkins University, which has been keeping track on coronavirus pandemic.

Starting from the mid-1980s, the readymade garment industry in Nepal experienced rapid growth, mainly due to the quota facility provided by industrialised countries, especially the US.

Capitalising on the facility, readymade garment became the biggest exportable item of the country within the next 10 years.

In 2000-01, Nepal's garment exports reached an all-time high of Rs13.12 billion, with the US accounting for 86.49 percent of the exports.

However, after the US scrapped the quota system in 2005 as per the agreement on Textiles and Clothing of the World Trade Organization, Nepal's garment industry went into a prolonged slump. In the post-quota period, readymade garment manufacturers struggled to adjust and improve their competitiveness to survive in the international market.

Source: textilefocus.com– Jul 24, 2020

HOME

****

RBI signs $400 mn currency swap facility for Sri Lanka

PM Rajapaksa had in February sought a debt moratorium

The Reserve Bank of India has agreed to a $400 million currency swap facility for Sri Lanka till November 2022, the Indian High Commission tweeted on Friday.

Currency swaps are used to obtain foreign currency loans at a better interest rate than could be got by borrowing directly in a foreign market. The RBI's action follows a recent bilateral 'technical discussion' on rescheduling Colombo's outstanding debt repayment to India.

The meeting, in which officials from the Ministry of External Affairs, Ministry of Finance, and the EXIM Bank interacted with representatives of the Sri Lankan government, came five months after Sri Lankan Prime Minister Mahinda Rajapaksa had sought a loan moratorium, during his visit to New Delhi.

Following the outbreak of COVID-19 in the region, India had proposed a virtual meeting to discuss the request. Sri Lanka owes $960 million to India. Meanwhile, government and industry representatives from both countries participated in a webinar on 'Deepening Economic Collaboration between India and Sri Lanka', organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) in association with the Lakshman Kadirgamar Institute of International Relations and Strategic Studies recently.

Addressing the webinar, Sri Lanka's Foreign Secretary Ravinatha Aryasinha said the neighbours could explore possible collaborations in textiles, IT and agribusiness, sectors that India was 'strong in'.

Assuring that Sri Lanka would "facilitate, protect and promote a liberal ecosystem for Indian investors", he welcomed Indian businesses in developing industrial zones, automotive components, pharma, textiles and engineering.

Speaking on Sri Lanka's exports, he said difficulties in market access, often created due to non-tariff barriers in receiving countries, was an impediment, and urged FICCI to collaborate with the Sri Lankan Mission in New Delhi to help boost the export of Sri Lankan spices and concentrates to the Indian market.

Source: thehindu.com – Jul 26, 2020

HOME

****

Much needs to be done to boost clothing export: ZimTrade

The total value of clothing and textile export from Zimbabwe in 2019 was mere $62.3 million, much behind other African countries. So, much needs to be done if the fashion industry is to contribute meaningfully to economic development and national exports, according to ZimTrade, the national trade development and promotion organisation of Zimbabwe.

Last year, the total exports of clothing and textile from Africa was valued at $18.3 billion, according to Trade Map, the International Trade Centre's (ITC's) arm which provides trade statistics for international trade development. Tunisia ($4.3 billion), Morocco ($4 billion), Egypt ($3.2

billion), South Africa ($1.5 billion, and Mauritius ($687 million) were the leading exporting countries.

In comparison, Zimbabwe's $62.3 million clothing and textile exports are concentrated within the regional markets such as South Africa, Mozambique, Zambia, Malawi, and Botswana, according to Trade Map. Of the $62.3 million, cotton exports accounted for $42 million, while apparel and clothing accessories (not knitted or crocheted) fetched $12 million.

"The export figures shows that more needs to be done if the fashion industry is to contribute meaningfully to economic development and national exports," ZimTrade said on its website this month.

An analysis of exports reveals that Zimbabwe "is exporting more clothing and textile products that are not value added, which translate to exporting jobs," ZimTrade added. There is a need now to "come up with an inclusive framework that can harness potential in all players within the fashion and clothing value chain, leverage on the Zimbabwean diaspora as well as address current challenges affecting the industry."

Currently, ZimTrade is developing capacities of local small and medium enterprises in the clothing sector, with the assistance of partners from the Netherlands-based PUM and SES of Germany.

A recent capacity development workshop organised by ZimTrade for designers revealed that some local producers are using design software that are ten years behind current versions used by competitors in Europe and this makes local products uncompetitive on the export market.

In addition, it has been realised that in many companies, the gap between management and shop floor workers is glaringly huge. This becomes a major bottle neck to progress because the workers on the ground may not grasp the company’s vision fully.

"There is need to create strong linkages between clothing manufactures and learning institutions for continuous upgrading of local skills," ZimTrade concluded.

Source: fibre2fashion.com – Jul 26, 2020

HOME

****

Vietnam organizes fair to promote exports

Vietnam will organize a fair to promote exports at the Vietnam-Soviet Union Cultural Friendship Palace in Hanoi on July 30, the city's Department of Industry and Trade announced on July 24.

According to Tran Thi Lan Phuong, head of the department, in the first half of this year, the COVID-19 pandemic took a heavy toll on local businesses, particularly exporters.

As such, the fair is being held to help companies promote their products and reduce their inventories. It is also a chance for local customers to take a look at high-quality export goods from the city and Vietnam as a whole.

Lasting until August 2, the fair is expected to attract more than 300 stalls from over 200 companies. It will feature products ranging from farm produce, food, apparel, footwear, and household items to electronic devices, ceramics, and wooden products, which are already exported to the EU, the US, Russia, Japan, ASEAN, and elsewhere.

The department will invite distribution units such as shopping malls and retail outlets to the fair, to help boost sales, and will increase communications campaigns to attract visitors.

Source: fashionatingworld.com – Jul 25, 2020

HOME

****

'UK agrees in principle to continue EU trade facilities for Pakistan'

The United Kingdom has agreed in principle to keep the European Union's tax incentives intact for Pakistan even after leaving the 27-member block next year, a government official said on Saturday.

Kamal Shahryar, adviser of Trade Development Authority of Pakistan generalised scheme of preferences plus said the negotiation between Pakistan and UK is continuing for getting the similar facility, which Pakistan is enjoying under EU GSP plus.

"UK has not shared conditions of new trade agreement but in principle agreed for similar level of facilities," Shahryar said addressing a webinar.

"After Brexit the border trade with EU will not take place for moving goods in EU member countries. UK has started revision of its MFN (most favoured nation) tariff for all countries which will also benefit Pakistan."

Pakistan has been benefiting from the standard GSP regime of the EU and exports to the EU have been subjected to 20 percent less duty than the normal MFN duties charged by the EU since 2014. Currently, trade between Pakistan and UK is going on under EU GSP plus scheme, which will end for UK from January 1, 2021.

Aaisha Makhdum, joint secretary of ministry of commerce said UK's conventions are same which Pakistan has already ratified under EU GSP plus.

Sultan Rehman, vice president of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) said UK played a key role in economic and social development of Pakistan. At present, the balance of trade between Pakistan and UK is in favour of Pakistan.

Pakistan's exports to UK stood at $1.7 billion and Pakistan is mainly exporting textiles cotton fabrics, knitwear, readymade garments, bed wear and rice to UK.

Zakaria Usman, former president of FPCCI said Pakistani exporters have made huge investment in textile sector in accordance with EU GSP plus requirements, "which should not be affected with Brexit".

Asim Yousuf, vice president of Pakistan-UK Chamber of Commerce and Industry said there are huge opportunities for exports in agriculture, textile and food items to UK.

There is a need of early formulation of a trade delegation to UK for getting new orders from there. Sheikh Muhammad Tariq, chairman of Pakistan UK Business Council of FPCCI said more than 250 million new custom declarations will be filed and processed after completion of Brexit.

"Pakistan should comply with standards and sanitary and phytosanitary measures as UK is importing 1.2 million ton of meat," said Tariq.

He also underlined the need of developing Pakistani business center in UK as UK is establishing business hub wherein all the countries are establishing their offices.

The participants said the State Bank of Pakistan should sign agreement with the central bank of England for trading in property of UK on collateral basis like India has signed.

This agreement will also facilitate transfer of remittances from UK to Pakistan.

UK should also follow registered exporter system – certification of origin of goods based on a principle of self-certification – after Brexit, which is convenient to Pakistani exporters, they said.

Source: thenews.com.pk– Jul 27, 2020

HOME

****

Bangladesh: Apparel industry needs to recognise its true worth

"If you don't know your own value, somebody will tell you your value, and it'll be less than you're worth," stated Bernard Hopkins Jr, one of the most successful boxers of the past three decades.

As the world slowly comes to terms with the new norms following the global Covid-19 pandemic, is it time for the ready-made garment (RMG) industry of Bangladesh and the wider global apparel supply chain to reassess the value of the product that it produces and increase end-consumer awareness of the true costs of the fashion purchases that they make.

The RMG sector of Bangladesh has enjoyed rapid growth since its inception in the late 1970s and, until the devastating effects of the coronavirus hit home, had established the country as the second largest global supplier of apparel, with a 6.4 percent market share in clothing and with the RMG sector accounting for 83 percent of Bangladesh's exports, employing some 4.4 million people and contributing over USD 36 billion to the economy.

A few short months later and the entire fashion industry landscape has changed. Retailers and brands around the world have seen demand for their products shrink dramatically as their customers have been restricted by lockdown measures and, even as these measures are being relaxed, are reluctant to resume the purchasing habits they followed prior to the outbreak of the pandemic. The RMG industry has felt the consequences of this contraction in the fashion industry, with orders from customers being cancelled, delayed or, worse still, payments being withheld, leaving many companies in the industry facing a bleak future.

How could it have come to this in such a short space of time? An industry that was the pride of the nation has been brought to its knees in a matter of weeks and this has raised some serious questions about how we recover and shape the sector for the future.

Lest we forget, the rapid rise in the fortunes of the Bangladesh RMG industry were largely based upon the supply of "value" product, with the industry able to rely on a ready workforce whose salary expectations were, until recently, very low. The current apparel industry in Bangladesh is heavily reliant on "basic" low ticket price production, although some 40 percent of exports in 2018 were on higher ticket price fashion items. Due to this, the sector runs on extremely low profit margins, often eroded through increasing taxes, rising charges for fuel and power and greater expenditure on transportation and wages.

Covid-19 has exposed the fragility of this reliance upon lower ticket price items manufactured by workers who depend on their salaries to support themselves and their dependents. For too long a culture of price pressure from our customers has instilled a situation whereby, in general, the lower the cost paid for any apparel item, the lower the salary of the workforce that produce it.

But have we been missing a trick here? Has the RMG industry, over the years, lost sight of the true value of the product that it produces? I am not for a moment suggesting a wholesale increase in the purchase price of apparel products produced in Bangladesh but what I think needs to be realised is that the prices being paid for the product we produce are being kept artificially and, as has been proven, unsustainably low. In a post-Covid world we need to readdress this imbalance and, together with our business partners establish a fair pricing system for apparel produced in the country.

We should not forget the advances and investments that have been made in the RMG industry in the aftermath of the Rana Plaza disaster in 2013. We have been rightly proud of improvements in ethical, social and environmental standards and, at all costs, we must not turn our back on what has been achieved. Now is the time to engage with our customers and ensure that they understand our needs and the true value of the product we produce rather than continually chase orders for the lowest purchase price.

I appreciate that this approach will be alien to many involved in the Bangladesh RMG sector, but recent events have proven that we cannot let things carry on as normal. In fact it would be foolhardy to assume that things will return to normal once the ravages of the pandemic subside.

Now is the time, through engagement with our customers, to ensure that the true costs of any apparel item, whether produced in Bangladesh or in other sourcing hubs, are clearly communicated to the end consumer. There is an emerging groundswell of consumers in our key markets of the UK, Europe and the USA that want to be assured that the product that they purchase is produced in the most ethical, environmentally sound manner possible. The Covid-19 pandemic offers the opportunity to inform those consumers and, together with our business partners, we can champion the virtues of the apparel product that we produce as a nation.

The Bangladesh RMG industry can no longer rely on the level of business that we enjoyed before the pandemic broke and we will need to adapt. There is much talk about the "survival of the fittest" within the global apparel supply chain. There is a common misconception that when asked to describe the process of natural selection, as defined by Charles Darwin in his work On the Origin of Species and the term survival of the fittest, many assume "fittest" to mean the best physical specimen of the species and that only those in the best shape and best health will survive in nature.

However, this is not always the case. Individuals that survive are not always the strongest, fastest, or smartest. By that definition, then, survival of the fittest might not be the best way to describe natural selection as it applies to evolution. Darwin did not mean it in those terms when he used it in his republished book. He intended "fittest" to mean the members of the species best suited, or able to adapt to the immediate environment, and it is this process of adaption that will ensure that the Bangladesh apparel industry can survive going forward.

Through engagement with our business partners, the championing of the advances the RMG sector has made and the establishment of meaningful partnerships based on a fair pricing strategy, the industry will continue, albeit in a different format to what we all knew before the Covid-19 crisis took hold.

Source: thedailystar.net– Jul 27, 2020

HOME

****

Bangladesh: Chinese chemical maker rebuffs pandemic fears, wants to invest $300m

Yabang Investment Holdings Group Co Ltd, a concern of Yabang Group of China, has expressed its willingness to invest $300 million in textile and other chemical industries inside Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram.

This the highest amount of investment proposal received by Bangladesh Economic Zones Authority (Beza) during the pandemic.

Xiaochu Xu, chairman of Yabang Group, placed his proposal and sought 100 acres of developed land under an annual lease agreement yesterday, according to Beza officials.

A master plan was submitted which includes that on bringing about infrastructure development in the project.

They have also submitted the environment management plan to address environmental issues of the project. This will be a project owned 100 per cent by foreigners.

"The ongoing global trade situation is favourable for Bangladesh. And that is why the Chinese businesses are keen to invest in the South Asian nation," said Paban Chowdhury, executive chairman of Beza.

The investment of Yabang Group will help Bangladesh diversify its export basket as well as ensure technology transfer, he said.

"Basically, Yabang Group wants to take advantage of the global trade competitiveness."

"We will sign a deal on land lease agreement with Yabang Group just after Eid-ul-Azha, as they want to complete the investment process rapidly to go into production as soon as possible," he said.

Foreign investment will come in fast to Bangladesh if responsible local organisations come forward to take advantage of the existing favourable global business climate, he said.

Earlier on June 5, Xu met with Bangladesh's Ambassador in China Mahbub Uz Zaman at his office in Beijing and discussed investment plans in Bangladesh. If things go according to plan, the initial investment may hit around $1 billion and the focus will be given on printing and dyeing, pharmaceuticals and other chemical plants.

The investment holdings group is one of three leading companies in the chemical sector and among 500 top listed companies in China. It has more than 15,000 employees.

Its business covers dye, coating, pigment, medicine, veterinary, pesticide, photovoltaic, logistics, finance and real estate industries. It has more than 60 subsidiary (branch) companies.

The group's annual sales volume exceeds $10 billion with a profit of $500 million.

Source: thedailystar.net– Jul 26, 2020

HOME

****

Pakistan: Textile firms move into Pakistan's frenzied mask market

As the COVID-19 pandemic has spread across Pakistan, a chaotic market has sprung up for face masks, foreign media reported.

In the early days, frontline medical staff and the public clamored for masks and other personal protective equipment, as production companies in Pakistan and around the world struggled with a host of obstacles, from illness to freight costs, from hoarding to a supply squeeze on filter fabric.

In Pakistan, which has recorded more than 270,000 infections so far, the shortage of masks was so acute in March and April that health workers took to social media to appeal for help and citizens hoarded supplies, pushing prices by up to 2,000 percent.

But these problems are a thing of the past as hundreds of new mask brokers and businesses have emerged around the country.

Source: thenews.com.pk– Jul 26, 2020

HOME

****

NATIONAL NEWS

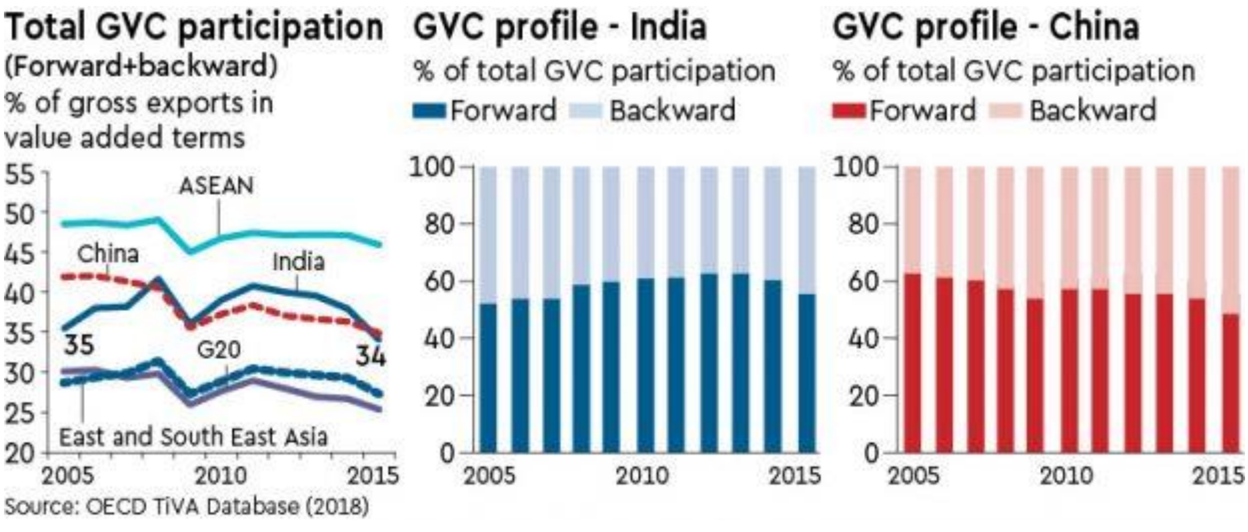
Why integrating with global value chains crucial for India

The pandemic has triggered a debate as to whether the global value chains (GVCs), which are production networks that seek to exploit gains from hyper-specialisation across countries, may lead to increased fragility of economies actively participating in them.

As the experiences during the ongoing pandemic suggest, major demand- and supply-side shocks to value chains, and lack of redundancy planning in such networks, have posed considerable challenges to just-in-time manufacturing activities, arguably accentuating the economic vulnerabilities for countries, including India.

Over the last decade, the system of international production has been grappling with challenges arising from Industry 4.0; growing economic nationalism, and sustainability concerns. The ongoing pandemic has fuelled calls for further de-globalisation of such production networks to reduce industry- and economy-level vulnerabilities.

The accompanying graphic shows the overall GVC intensity across selected economies and groupings in terms of percentage share of the total value added (backward plus forward) in gross exports. It is clear that between 2005 and 2015, there has been a steady decline in GVC intensity across all major economies. For India, GVC participation peaked at 41.6% in 2008, but has dropped ever since, hitting a low of around 34% in 2015.



The stagnation of GVC trade since the global financial crisis, and the unfavourable impact of the ongoing pandemic on GVCs notwithstanding, there are substantial merits of widening and deepening link to GVCs, particularly for a developing country like India.

First, as the World Bank's World Development Report 2020 (WDR 20) suggests, contingent upon deeper reforms in developing countries and policy continuity in industrial economies, GVCs can help reduce poverty, and continue to augment growth and employment.

Cross-country estimates suggest that a 1% increase in GVC participation can boost per-capita income by more than 1%, particularly when countries engage in limited and advanced manufacturing. The growth is much higher than the 0.2% income gain from standard trade.

Second, GVC participation can precipitate significant firm-level productivity improvements. WDR 20 suggests that GVC firms engaged in manufacturing activities show higher labour productivity than one-way traders or non-traders, after controlling for firm-level capital intensity. In particular, firms that engage in both import and export are 76% more productive than non-trading firms, compared with a 42% difference for export-only firms and a 20% difference for import-only firms.

Third, backward participation in GVCs can be particularly beneficial for economies—a 10% increase in the level of GVC participation could increase average productivity by close to 1.6%. As the accompanying graphic shows, while China has seen a rise in its forward GVC participation and a corresponding drop in the backward participation, the trend has been just the opposite for India. India's share of foreign value-added content in total GVC trade has steadily increased from 53% in 2005 to 61% in 2014.

If India can seize FDI looking to relocate from China, and create conditions for firms to leverage the labour-cost arbitrage opportunities, it can capture much of the value addition at the midstream stages. This will, however, necessitate deeper reforms in labour markets, trade infrastructure, and improvements in the overall business environment.

Policies directed towards facilitating vertical GVC linkages between domestic SMEs and larger foreign and domestic firms can go a long way towards strengthening India's relative position in GVC trade.

Fourth, the OECD METRO Model shows that localised regimes (less reliant on foreign suppliers) are more vulnerable to shocks, and result in a significantly lower level of economic activity and fall in national incomes as compared to the interconnected regimes. While interconnected regimes build resilience, stability and flexibility in the production networks, localised regime offers fewer channels for adjustment to shocks.

Estimates for India suggest that a shift towards a localised regime can decrease real GDP by 1.1%, and reduce import and export demand by 11.4% and 14.8%, respectively. Recent policy pronouncement for an Atmanirbhar Bharat may be antithetical to the spirit of efficiency-seeking economic interdependence typified by GVCs in the long-term.

In the aftermath of the pandemic, regional value chains (RVCs) are expected to gain momentum to strike a balance between localisation and globalisation. However, if the recent RCEP experience is any indication, facilitating RVCs is difficult and requires intense regional coordination, geopolitical stability and conducive systemic conditions.

If India intends to strike a balance between managing vulnerabilities in GVCs (similar to those arising from the pandemic), and building resilience, it may need to reassess its regionalisation strategy to take advantage of the accelerated momentum towards RVCs.

That said, long-term gains from globally connected value chains can far outweigh the benefits from RVCs. Not to forget, much of the recovery post-GFC was led by GVC-intensive exports. RVCs could be stepping stone and enabler for more global participation.

Instead of a piecemeal approach, India needs to adopt a holistic perspective focused on ‘whole of the supply chain’, by driving strategic changes in its investment-development paradigm, and through greater integration into the GVCs.

Source: financialexpress.com– Jul 25, 2020

HOME

****

Smriti Irani asks textiles sector to 'commercialise opportunities'

Textiles Minister Smriti Irani on Saturday said that the COVID-19 pandemic has thrown up opportunities and the sector should commercialise this scope.

She said that the textiles sector is always looking for subsidy but one should keep in mind that subsidy is taxpayers' money.

"There is a need to see opportunities and not wait for another crisis," Irani said at a webinar organised by ICC.

Citing an example, she said that the personal protective equipment (PPE) category is a case in point.

"India has become a new player in the PPE category after the pandemic surfaced," she added.

Regarding textile parks, the minister said that during the UPA rule, no role was envisaged for state governments.

"State governments need to oversee the functioning of these parks if employment opportunities are to be raised," she added.

She rued that many promoters of these parks have run away after availing of the subsidy.

Irani also said that the carpet industry will be aided as India is emerging as a key player in the international market.

"If the export promotion council of the carpet industry takes up the matter, it will help the textiles department," she said.

Source: moneycontrol.com– Jul 25, 2020

HOME

****

Fake GST refund claims: FinMin to crack the whip against over 1,400 'risky exporters'

The Finance Ministry has proposed stern action against 'risky exporters' who claimed GST refunds and are now untraceable. However, the Ministry has assured genuine exporters that there is no cause for worry,

According to ministry sources, 1,474 risky exporters claimed IGST (Integrated Goods & Services Tax, levied on inter-State trade) refund worth ₹2,020 crore and then were not available at the address mentioned in the application. Now, refund has been suspended in all such cases wherein there is an adverse report post verification about the exporter or his supplier/s. These risky exporters include '7 Star' ones too.

Sources said that out of the total untraceable exporters, 1,125 are from Delhi alone. Non-existing exporters have also been detected in large numbers at Surat (215), Thane (28), Faridabad (15) and Kolkata (11). These fraudulent exporters were mainly involved in export of ready-made garments, wallpapers, wall coverings, leather apparel, smoking pipes, mobile phones, cigarette holders, footwear, plastics, floor coverings, ball bearings or roller bearings.

Out of the non-traceable 7 Star Exporters, five operated from Delhi, and one each from Mumbai and Kolkata. Adverse reports have been received in respect of other 3 Star Exporters – two in Mumbai and one in Jaipur. These Star Exporters were involved in export of ready-made garments, kitchenware, utensils, sound system, amplifiers, microphones, sea food, shrimps, unstitched fabric, sarees, dupattas etc. They tried to claim IGST refund amounting to ₹28.9 crores unsuccessfully.

'Harassment claim false'

Sources said that refunds of more than ₹1.37 lakh crore have been disbursed and only about ₹2,026 crore is pending, which is being processed as per law.

They added that feeling the heat, some fake/risky exporters are lobbying with some prominent trade associations claiming that genuine exporters are being harassed. Their claim that over 1,500 documents are being sought for verification is completely untrue. CBIC carries out a two-stage verification of each exporter with hardly 3 to 4 documents as per requirement.

Reportedly, some fake exporters have fraudulently availed the ITC, taking advantage of the fully automated IGST refund system. The general modus operandi of risky exporters is to pay the IGST at the highest rate of 28% in order to quickly encash undue ITC claims.

CBIC's data analytics, based on 360-degree profiling of exporters using multiple data sources (GST, Income Tax, Customs, DGFT, etc.), intends to weed out fraudulent exporters from genuine ones with a high degree of success. The confirmation comes after CGST formations carry out a physical and financial verification of the risky exporters.

Meanwhile, customs officials have been sensitised to expedite refunds to genuine exporters in these difficult Covid-19 times, sources said. A grievance redressal mechanism with a 24x7 mobile helpline is available for genuine exporters to get their refund related issues resolved.

Source: thehindubusinessline.com– Jul 26, 2020

HOME

****

India-US 'limited' deal to cover just 15% of trade – Details

India and the US have inched closer towards hammering out a "limited" deal that could cover annual trade of over $13 billion, or roughly 15% of bilateral shipment, which also includes a complete restoration of duty benefits for New Delhi under the so-called Generalised System of Preferences (GSP).

However, if an agreement is reached quickly on widening the coverage, the initial deal could take the shape of a preferential trade agreement, amounting to a much higher value of annual trade.

India may consider opening up its dairy and poultry sectors partially if it gets a good deal from the US in textiles and garment and pharmaceuticals. In garments, for instance, the US import duties (for India) currently range between 16.5% and 32%.

This deal is expected to be almost evenly balanced in terms of trading value for both the partners and could be followed by talks on a potential free trade agreement (FTA).

As part of the limited deal, India will likely reduce tariffs on high-end bikes like Harley Davidson, pledge greater market access in farm products, including cherry, and sweeten its initial offer on easing price caps in medical equipment, a source told FE. India is willing to apply trade margin on coronary stents and knee implants at the first point of sale (price to stockiest), instead of imposing it on the landed prices, as was proposed by it initially, to make it more attractive for American companies like Abott.

India is also willing to resolve certain non-tariff measures such as certification process for some dairy products and market access in alfalfa hay and pork.

Commerce and industry minister Piyush Goyal last week suggested that both India and the US could clinch a quick trade deal. “We should be able to get the quick trade deal out of the way after a few more calls. India and the US must sit down to negotiate a robust FTA but before that we can even look at an early harvest trade agreement for 50-100 products,” Goyal said.

If the US agrees to roll back its extra tariff of 25% on Indian steel and 10% on aluminium, New Delhi will lift retaliatory steps and scrap punitive duties on 29 American goods, including farm items like almond, apple and walnut. This is expected to augur well for the Trump administration before the presidential elections in November.

However, negotiations on the American demand for India to scrap duties on seven ICT products, including high-end phones and smartwatches, are yet to be concluded, the source said. New Delhi had earlier expressed its inability to abolish the tariff on such products on grounds that it would only benefit third parties with far greater share in supplies to India (like China) than the US. Also, New Delhi had estimated that any such move would mean a potential customs revenue loss of $3.2 billion or more a year. Instead, India offered to trim tariffs on those ICT products which could potentially benefit the US more, without causing it such a big revenue loss.

The restoration of GSP benefits will mean dutyfree Indian supplies of over $6 billion a year (the tariff forgone for the US was $240 million in 2018).

The US has been pressing India to abolish/cut “not justified” tariff on motorcycles (50%), automobiles (60%) and alcoholic beverages (150%). It is seeking better trade balance with India through greater market access in agriculture and dairy products.

Stringent US patent protection laws and various steps by the Food and Drug Administration (FDA) have dented India's exports of pharmaceutical products. This is among the important non-tariff barriers that India wants the US to remove.

The "limited deal" was earlier expected to be announced after Prime Minister Narendra Modi's meeting with US President Donald Trump in New York on September 24 last year. However, differences over certain sticky issues caused the delay.

India's trade surplus with the US has been shrinking, as it has stated importing oil and gas from the largest economy, something that India has been highlighting.

According to the US government data, New Delhi's trade surplus with Washington eased to $24.3 billion in 2016 to $23.3 billion in 2019. According to the Indian government data, imports from the US stood at $35.7 billion in FY20, up 0.3% even though overall merchandise imports dropped by 7.8%.

Key purchases include mineral fuels and related items ($8.3 billion), gem and jewellery ($6.2 billion) and capital goods ($4.7 billion). India's goods exports to the US stood at $53 billion, up 1.3% from a year before. Major exported product segments include gem & jewellery ($9.3 billion), pharmaceuticals ($6.3 billion) and garments ($4.2 billion).

Source: financialexpress.com– Jul 27, 2020

HOME

****

Relief for cotton farmers as CCI steps in during lockdown

Over 40% of the crop purchased

Farmers in Tamil Nadu, especially those in Delta areas, who harvested cotton summer crop this year faced low demand and prices because of the lockdown and COVID-19 impact. However, with the intervention of the State Government, the Cotton Corporation of India (CCI) has stepped in and purchased over 40% of the crop so far, giving the much-needed relief to farmers.

Official sources in CCI said that since the first week of June they have purchased 18,000 bales of cotton, which is nearly 40% to 50% of the arrivals, so far. This is mostly cotton with less than 12% moisture content. They have also tied up with ginning units so that the cotton procured is moved from the markets to the ginning units in a week.

According to a senior official of the Agriculture Department, cotton is one of the important commercial crops in the State and is grown on 1.8 lakh hectares. In Delta areas, cotton is grown as a rice fallow crop after harvest of Samba paddy. More farmers evince interest in cotton cultivation as they get market price of approximately ₹5,500 a quintal and profit of nearly ₹70, 000 an acre. Area under cotton in the State increased from 99,000 hectares in 2007-2008 to 1.69 lakh hectares in 2019-2020.

This year, with the spread of COVID-19 pandemic and the nation-wide lockdown since March 25, textile mills did not function to capacity and this reduced the demand for cotton. Hence, traders did not come forward to buy cotton or offered low prices.

The official said that the State Government engaged with the CCI to procure cotton at the regulated markets at Thanjavur, Tiruvarur, Nagapattinam and Cuddalore. The CCI purchased cotton at minimum support price (₹5,500 a quintal) if the quality standards were met. With active procurement by CCI, more private traders stepped in and they have procured the remaining 60% even if the moisture content is slightly high. The price they offer is slightly low for such cotton. But, the farmers find it remunerative.

The State Government continues to work with the CCI so that it is active in the market. Cotton growers in nearby districts started bringing cotton to regulated markets. The State Government has made temporary arrangements in more cotton growing areas so that farmers can sell the produce faster to the CCI or traders. The cotton arrivals and procurement so far have crossed last year's for the corresponding period.

J. Thulasidharan, president of Indian Cotton Federation, said Tamil Nadu is the only State that has a summer cotton crop and usually the industry buys the cotton.

Source: thehindu.com– Jul 26, 2020

HOME

****

Punjab: Over 62% drop in export of readymade garments

Compared to exports worth Rs 29,008.41 crore done in April- June, 2019, the figure was was only Rs 10,955.42 crore in the same period this year.

While garment exports have started picking up slowly, but overall the industry had registered a fall of 62.23 per cent in exports of readymade garments between April-June, 2020, compared to the corresponding period last year.

Compared to exports worth Rs 29,008.41 crore done in April- June, 2019, the figure was was only Rs 10,955.42 crore in the same period this year.

While orders from European countries, USA, Middle East are coming as they are looking for a market outside China, industry has not been able to utilise the opportunity fully as it is working with reduced labour and units are not ready for bulk manufacturing.

According to the figures accessed by The Indian Express, in April 2020, garment exports worth Rs 962.03 crore happened from India compared to Rs 9,786.03 crore in April, 2019. In May, 2020 when things started opening up, exports increased to Rs 3,908.80 crore, but they were Rs 10,661.45 crore in May 2019. Growth in June was healthy in this pandemic year as it grew from Rs 3,908 crore in May to Rs 6,083 crores in June, 2020. However, the figure was less than June 2019 exports worth Rs 8,560.93 crore.

Harish Dua, owner of KG Exports, president of Knitwear and Apparel Exporters Organisation, an association for over 450 export units in Punjab, said,"These figures which show export across the country and clearly indicate that we are not able to take benefit of the current situation when Europe is looking for new markets to place orders. We are not able to meet their demands as we don't have enough workforce and cannot do large scale production."

He added,"I got huge orders from France and the Middle East in May and June, but I had to say no to majority of orders. I have a workforce of 600 persons but as of now, I have only 85 workers with me. Rest are in UP or Bihar and are not coming back as of now. Only 20 have come back till now. My machines are not fully operational."

Dua explained, “I am a regular exporter of T-shirts to France. But raw material worth Rs 14-15 crore is lying blocked in my unit…I started making PPE kits and N-95 masks in April itself and hence, my unit was hardly closed for about 15 days. Still my workers left as everyone else was going. Now, we are seeking exports of PPE kits and masks to be done to other countries, as we are making them cheaper than China, but it is not being allowed.”

Parminder Singh, owner of Pruthi International who exports garments to USA and Middle East, said, “I made designer masks during lockdown so as to earn something as garment sale wasn’t happening. However, exports are going on in a limited manner to the US and Middle East as they too are in grip of Covid-19. Moreover, our previous payments have not been cleared by our clients in America and Middle East. I have no money to invest more in manufacturing and that too with 20 per cent labour.”

Neeraj Arya, owner of Different Garments, exports T-shirts to England and is also struggling with labour issue as his unit has about 100 workers against over 500 it employed usually. Rohan Dhir’s T-shirt making unit, which exports to Middle East, too has around 100 workers against 600 workers earlier.

“I think we should have been the busiest as of now to cater to newer markets but we are sitting idle. All thanks to our government that sent workers via free Shramik trains to their home states,” rued Dua.

He added,”Government should now provide us with a very less rate of interest, not more than 3 per cent, so as to tide over this crisis as people are not able to pay their bank limits and penalties are being imposed. ”

He observed that many orders from Europe were going back to China as Indian companies were not able to handle them.

Source: indianexpress.com– Jul 27, 2020

HOME

****

COVID-19 impact: Clothing manufacturers body CMAI's head says textile industry may see consolidation

The ongoing lockdown has severely hit the textile industry which is so far dominated by smaller manufacturers said Rahul Mehta, Chief Mentor, Clothing Manufacturers Association of India (CMAI).

Apparel industry body chief was speaking at a webinar on ‘Rebooting Textile Industry.’ He also said industry will become a low margin industry and smaller players will struggle to survive. Mehta feels there will be consolidation within the textile industry.

“It is sad that the ones who were doing textile business for 30 years or more, just because of one bad year they are thinking about closing down,” Mehta said.

With around 80 percent of the garment industry mostly micro, small and medium enterprises, CMAI, which has around 3,700 members employing over 7 lakh people, said most of its members do not have the kind of reserves to see them through 3-6 months of this magnitude.

Currently, India is going through an unprecedented complete lockdown since March 22, which was extended to July 31, to prevent the spread of coronavirus.

Mehta said CMAI had done a survey among its members and analysed around 1,500 responses and the responses were quite frightening.

According to the survey, almost 20 percent of them said that they were thinking of closing down the business after lockdown. At least 60 percent of them anticipated a drop in revenue to the tune of 40 percent, which is massive, if you look in terms of number of employment," he said.

Going ahead, Mehta feels, customers will move from unbranded to branded clothing further impacting the smaller players.

If the garment industry closes down, it would impact the entire value chain from fabric supply industry to brand to the zipper and label industry, Mehta said. In the same webinar, brand guru Harish Bijoor said Atmanirbhar is the way to grow for textile industry.

“In the garment industry there nearly 129 mln people involved, 30 unicorns, $30 bln, it largely depends on foreign currency. It is a export dependency industry. But now we need to follow desinomics by becoming ‘Aatmanirbhar’ (Self Reliant) as advocated by PM Modi,” said Harish Bijooor, Brand Guru and Founder, Harish Bijoor Consultants Inc.

Siddharth Bindra, Managing Director of women’s ethnic wear Brand Biba said COVID-19 is a Black Swan event for textile industry and there will be tectonic shift from offline to online.

Nitin Mohan Founder and Director of men's fashion brand Blackberrys agreed with Bindra opinion and said, “We are getting in to the era of shared returns so textile players should not ignore e-commerce platforms for growing their business.”

India’s textile sector is the second-largest employer generator in the country after agriculture and India is the first largest exporter of textiles and apparel in the world.

Source: moneycontrol.com– Jul 26, 2020

HOME

****

CBIC invites views to weed out outdated customs duty exemptions, laws

Review to take place in September

The Central Board of Indirect Taxes & Customs (CBIC) has set the ball rolling for review of existing exemptions from customs duty, and review of custom duty laws, by inviting feedback from the stakeholders. This is a follow-up to Finance Minister Nirmala Sitharaman’s Budget announcement in February this year.

Feedback can be posted on MyGov portal (https://www.mygov.in/) by August 21 and final review will take place in September.

According to information available on the website of CBIC, various customs exemptions have been categorised into 241 notifications, with some of them having a sunset clause, such as exemption given for FIFA under-17 World Cup India, 2017.

Sitharaman, in her Budget speech, had said that exemptions from customs duty have been given in public interest from time to time. However, a number of these have outlived their utility or have become outdated. Many such exemptions are being withdrawn after review and the rest shall be comprehensively reviewed by September.

“I propose to crowdsource suggestions for such reviews. Suggestions will also be invited in respect of the customs laws and procedures for aligning them with the needs of changing times and ease of doing business,” she had said.

Accordingly, suggestions have now been invited on the need for review of a particular notification, amendment in wording of the notification for bringing clarity, consolidation of similar entries, extent of use of the notification, etc. It has been clarified that requests for routine, merit-based change of duty rates are considered usually as part of the Budget proposals and they are not covered under this review exercise and the same need not be furnished.

Stakeholders have also been urged to give suggestions in respect of review of the customs laws and procedures. Such an exercise aims at aligning laws and procedures with the needs of changing times and ease of doing business.

Categorisation of goods

Prior to this year’s Budget, the Finance Ministry took a review exercise to weed out customs duty exemptions that are redundant, outdated or have outlived their utility.

Subsequently, it was decided to withdraw 80 exemptions by making suitable amendment or revoking relevant notifications. The Budget listed five categories of goods for withdrawal of exemption or concessional rates.

The first category related to agro and animal-based products and included tuna bait, skimmed milk and certain milk products, sugarbeet seeds, raw sugar, certain alcoholic beverages, whey and isolated soya protein, soya fibre, etc. The second category was items of metals comprising lead bars, rods and wire, zinc tubes, pipes and tube, tin plates, sheets and strips.

The third group named machinery and included machinery imported for use in certain projects such as specified electricity generation projects, specified Metro projects, certain other specified purposes and specified goods required for construction of roads.

The fourth group was electronic items and listed copper and articles thereof used in the manufacture of specified electronic items, parts for manufacture of printers, CD writers, MP3 or MP4 or MPEG 4 players, pre-recorded cassettes, audio cassettes, colour television tubes, etc. The fifth category was miscellaneous and included peanut butter, preserved potatoes, instant print film, exposed cinematographic films, etc.

Source: thehindubusinessline.com– Jul 26, 2020

HOME

****

Concor starts train service to Bangladesh

State-run Container Corporation of India Ltd (Concor) has flagged off a container train service to Bangladesh, seeking to tap into the growing trade with the neighbouring country.

The inaugural service ran from Concor's Majerhat terminal in Kolkata to Bangladesh via Benapole on Saturday, according to the company. This will be a regular service linking nominated terminals of Concor with various stations in Bangladesh such as Benapole, Jessore, Singia, Noapara and BBW. The trains will run through the Petrapole-Benapole border of India and Bangladesh.

This will meet the much-awaited demand from the trade, Concor said.

The first train carried 50 containers loaded with FMCG items and textile fabric. Concor said the train service will result in substantial time savings for exporters and importers and cut the overall cost of logistics.

The containers were fitted with electronic cargo tracking system (ECTS).

Source: thehindubusinessline.com– Jul 26, 2020

HOME

****

Pay only through digital mode, weavers tell traders

With more than 1,400 textile traders in the city infected with Covid, powerloom weavers have made it mandatory for textile traders to use the digital platform to make payments against sale of grey or unfinished fabrics.

Passing a resolution to this effect, the Federation of Gujarat Weavers' Association (FOGWA) has stated that online payment system is the 'new normal' in the powerloom industry and that weavers will not visit textile markets, especially those in Ring Road, Salabatpura and Sahara Darwaja looking at the rise in number of cases. Traders will have to transfer payments directly into weavers' accounts.

Ashok Jirawala, president of FOGWA told TOI, "All weavers have been asked to provide bank details to the traders for online transfer of outstanding payments.

Post lockdown, traders place orders over phone and fabrics are directly delivered to processing units for finishing.

Ashish Gujarat, president of Pandesara Weavers Association told TOI, "All members of Pandesara GIDC have conveyed to the traders about making payment digitally through NEFT, IMPS etc."

However, textile traders are opposing the new online payment system stating that majority of them still use the old payment mode of cheques to make or receive payments.

Champalal Bothra, secretary of Federation of Surat Textile Traders' Association said, "Over 95% traders still pay in cheques in the markets and aren't used to digital payment mode. While we appreciate concerns, we are ready to provide other solutions."

Source: timesofindia.com– Jul 27, 2020

HOME

****