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TEXPROCIL NEWS CLIPPINGS

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INTERNATIONAL NEWS

Slow But Positive News Brightens Cotton's Outlook

Is it the end of a tunnel? Is that a light?

After losing about 20 cents in some 20 days, the cotton market appears ready to dig in and hold its ground. At least, there are a few positive signs, particularly with new crop prices.

Nevertheless, downside price risk cannot be written off just yet. The potential of a further five cent drop remains a possibility for old crop, but new crop prices should be able to hold above the 50-cent level and move higher.

The new crop December contract is showing signs of strength. Textile mill closings – coupled with the closure of retail outlets around the world – have wreaked havoc on cotton prices. Yet, market prices, while still experiencing some daily triple digit moves, are showing a bit less volatility. The very low 50s appear to be holding for old crop, while the December contract is looking to challenge 56 cents.

The remaining old crop contracts – May and July – appear to be stuck with the effects of the coronavirus. Textile operations around the globe are shuttered in most locations.

China and the Indian subcontinent account for approximately 80% of the world's cotton spinning activity, and well more than half of those operations are closed for at least another two to three weeks.

India's announcement this week that it was ceasing all business activity for at least three weeks was the lead factor. India accounts for nearly 20% of the world's population and all business activity is halted for another two plus weeks.

Too, many operations in Pakistan and Bangladesh are closed, as well as pockets in China and other locations. Many of the Turkish mills have closed. Vietnam is generally open.

Yarn is moving sporadically as apparel orders have dwindled to only a trickle due to the multitude of closed retail outlets. Delivery dates of both raw cotton to mills and yarn and apparel orders are routinely being delayed.

The supply chain is gradually reopening, but only sporadically and only partially. Thus, the demand side of the price equation will continue to be severely impacted for another 60-120 days.

U.S. export sales remain very active. In fact, sales have been so strong that it is now expected that delivery of the bulk of the remaining current year sales will, at some time, be moved to the next marketing year.

Mills are taking advantage of the current low prices and will later exercise their option to postpone delivery until after August 1, 2020 – the beginning of the 2020-21 marketing year…and when cotton prices will be higher.

The potential good price news is that 2020 crop plantings will be severely restricted. Thus, it is expected that the December 2020 and all the 2021-22 contract months will experience a significant rebound in prices due to the combination of a small crop and pent-up demand scenario.

USDA will add another rung in the U.S. grower planting intentions ladder next week.

Recent estimates range from 11.6 to 12.6 million acres. Soybeans and corn will gain acres, although the outlook for soybean prices is extremely negative. Cotton growers that stay with cotton will likely be rewarded.

Look for Pakistan, China, Turkey, India and the U.S. to lead the parade to lower cotton plantings this season – the key to higher prices.

Source: cottongrower.com-Mar 27, 2020

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China's factories reopen, only to fire workers as virus shreds global trade

Shi Xiaomin, who used to export suits and blazers by the thousands to South Korea, the Netherlands and the United States, was luckier than many other Chinese factory owners.

When his factory in the eastern city of Wenzhou reopened last month after an extended shutdown due to the coronavirus outbreak, the local government sent a bus to a nearby province to ferry back more than 20 of his stranded workers. Staff with cars volunteered to fetch colleagues.

Shi's optimism was short-lived. In the past week, requests to cancel orders or delay shipments from his European and US clients have flooded in.

Early in the outbreak, China imposed tough travel restrictions and factory suspensions to curb the spread of the virus, squeezing labor supplies and sending exporters scrambling to fulfil orders.

Now the reverse is now happening - overseas orders are being scrapped as the pandemic ravages the economies of China's trading partners.

"The unprecedented shutdown of normal economic activity across Europe, the US and a growing number of emerging markets is certain to cause a dramatic contraction in Chinese exports, probably in the range of a 20-45% year-on-year drop in the second quarter," said Thomas Gatley, senior analyst at research firm Gavekal Dragonomics.

Shi said his fabric supplier in hard-hit Italy suspended operations on Sunday, meaning no fresh raw materials from May. His stockpile of fabric will last until the end of April.
Shi said he would slow production and might suspend all output soon if business does not improve.

He also told the 50-odd workers who have yet to return from Hubei province, the epicenter of the outbreak in China, to find jobs elsewhere.

"We know this year is bad and next year would be better, but the question is how many factories can make it to next year?" Shi said.

Slumping exports

Economists had initially anticipated a V-shaped recovery for China's economy, similar to that seen after SARS epidemic in 2003. But analysts have since slashed their forecasts to levels not seen since the Cultural Revolution ended in 1976.

China's net exports accounted for 11% of economic growth last year. "The last overseas orders we received were for April," said Zhu Hongping, chairman of Hangzhou Hongli Food, a supplier of precooked food to restaurants in Japan, South Korea, Australia and New Zealand.

Normally, at this time of the year, orders can stretch to June and July, Zhu said, adding he may have to suspend production in three months.

Even when they do have orders, exporters are worried about constantly changing restrictions countries have adopted to curb the spread of the virus. "Even if we finish the products, we don't know if the countries we are shipping to will be locked down," said Yi-Cheng Sung, who helps manage a factory that produces makeup brushes and accessories in Shenzhen.

On Tuesday, state-owned Securities Times reported Good Will Watch Case Manufacturing, a supplier to the US watch brand Fossil, would put its more than 600 workers on leave for at least three months.

Unemployment

China's manufacturing sector, accounting for about 40% of gross domestic product and over 20% of jobs, was already suffering from the US-China trade war.

More big layoffs would be a concern for the ruling Communist Party and its focus on social cohesion and economic stability, particularly in a year when Beijing aims to double GDP and disposable incomes from a decade ago.
China's urban jobless rate hit 6.2% in February, up one percentage point from the end of 2019, and a record since the statistics bureau started publishing the data in early 2018.

Dan Wang, an analyst with the Economist Intelligence Unit (EIU), said the jobless rate could go up by another 5 percentage points this year, which corresponds to an additional 22 million in urban unemployment, on top of an estimated 5 million jobs lost in January-February.

Another 103 million workers could be affected by salary cuts of 30%-50%, Wang said.

A 23-year-old salesman at a mirror factory in Yiwu in Zhejiang province said US clients cancelled over $500,000 of orders on Saturday alone.

Some of the factory's more than 1,000 workers have since been suspended while others are given more days off per week, the salesman said, declining to be named.

"I think the company will start to lay off people soon," he said.

Source: thejakartapost.com-Mar 27, 2020

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Italy's Denim Sector Is at a Standstill, But its People Remain Hopeful

In Italy, it's people over business as COVID-19 wreaks havoc on the country's livelihood.

As the U.S. begins to see store closures and shelter-in-place policies roll out across the country, Italy is deep into its coronavirus nightmare. The country's famous shopping galleries and piazzas are empty. Travel and sporting events are cancelled; its social and hospitable nature dimmed as residents are ordered stay indoors.

And Italy's premium denim sector is at a standstill.

"We're in an absolute emergency situation," said Paolo Gnutti, PG Denim founder and CEO. "It's really hard to predict the future scenario. Today the only thing that is very important is everyone to stay safe and alive—ourselves, our family members and the neighbors next door."

For more than a month, parts of Italy's Lombardy region—home to denim players like Berto, Candiani Denim, Hub 1922, Tonello and more—have been under lockdown as the country became the European epic center of the COVID-19 pandemic.

As the coronavirus spread, the rest of the country has been placed under further restrictions. On Sat. March 21, Italian prime minister Giuseppe Conte issued a mandate to shut down all nonessential manufacturing activities in the country—including businesses in the denim supply chain—until April 3.

The decision came down the day after Italy saw its highest day-to-day-rise in the number of deaths of people infected with the coronavirus, despite regions of the country being on lockdown since Feb. 21.

Some companies have diversified their production but others, Gnutti said, are on “standby” awaiting to resume their normal operations whenever that may be. “The worldwide scenario of our industry has completely changed right now,” he said.

Business has been far from “normal” for weeks for chemical company Rudolf Group. Fearing shortage and delivery issues, Alberto De Conti, head of the company’s fashion division, Rudolf Hub 1922, said customers from around the world have been rushing orders to secure sufficient stocks.

“This is putting quite a lot of pressure on our logistics and it is very similar to the supermarket craze we watch on television,” he said. “Because of this rush, we expect the second half of the year to be slower.”

Blue of a Kind, the Milanese denim brand that makes premium jeans out of upcycled fabrics, is feeling the pressure that any startup focused on year-over-year growth is currently experiencing.

“This is crucial for all companies at our stage,” said Fabrizio Consoli, Blue of a Kind founder and general manager. Some of the brand’s wholesale customers are changing their orders. As a result, Consoli has made the decision to hold back on deliveries until retailers have a clearer idea of how things will unfold.

“Coronavirus is casting a shadow on the future of the entire fashion ecosystem, in which we are a still a small player,” Consoli said. “But I believe the level of innovation and the inner value of our brand will play a role in this difficult moment in time.”

Safety first

“Made in Italy” garment finishing technology firm Tonello anticipates that the virus and the economic aftershocks that comes with it will have an effect on future orders. However, Alice Tonello, marketing and R&D manager for Tonello, said for the time being, the company’s priorities are completing commitments it has undertaken and guaranteeing their employees all the necessary safety measures.

“This situation is getting unpleasant implications on the business end, but we’re focused on the people and in managing the situation,” she said.

Prior to the government’s decision to shut down of all non-essential manufacturing, Tonello’s production continued to run as usual without delays, albeit with all the necessary security measures like employees maintaining a safe distance and constantly disinfecting surfaces and devices. Meanwhile, all departments not strictly linked to Tonello’s production have adopted a “smart working” strategy and are continuing their work activities from home.

With its headquarters in Germany, De Conti said Rudolf Group is working at full speed, but the HUB 1922 office outside of Milan—where many of the company’s denim-focused innovations are born—is following the instructions, restrictions and measures issued by the Italian government.

The team, De Conti said, is relying on technology to stay connected with clients, though roadblocks remain.

“Not being able to interact with our customers is definitely the biggest issue,” he said. “In fact, despite the significant help of technology, our business remains a very visual and tactile one, especially in the early phases of development. Grounded flights and closed airports are…a problem.”

PG Denim has also adapted to a smart working strategy. The fabric developer is staying connected with suppliers and clients mainly by phone, Gnutti said, and testing new finishes and trends by emailing clients photos. But it is not a pleasant work-from-home scenario. “The situation is not easy at all—it’s close to [being] catastrophic,” he said. “This is not how we should work, but we are forced to work like this in order to survive.”

As a one-man show, Alessio Berto, owner of the pattern and consultancy studio The Tailor Pattern Support in Veneto, Italy, said he can manage all the safety restrictions put in place by the government. "The laptop allows me to make patterns from anywhere and the email does the rest," he said. However, his workshops and his ongoing partnership with I-Skool, Isko's educational design program, are in a holding pattern until businesses and schools can return to their normal operations.

"Certainly everything will slow down, but we all cannot stop," Berto said. "The important thing is that when we recover, that there is collaboration and open-mindedness by everyone. Then, great things will happen."

New definition of normal

A return to normalcy is a long ways away. Tonello anticipates a "significant slowdown" in the denim industry and a re-evaluation of supply chains.

"In my opinion, this will lead to a reorganization in production, towards flexibility and swiftness, which in turn could lead to more nearshoring," Tonello said. "We hope that in the recovery, people, consumers, and all of us, will have a positive momentum to start again with new ideas and greater values. It's in moments like these that we figure out what are the core values of business and, of course, life."

Blue of a Kind stands by its decision to manufacture in Italy. It is now clearer than ever to Consoli that the longer and wider-spread the supply chain, the more challenging it is to manage in unpredictable circumstances like COVID-19.

But no form of planning can mitigate the hurdles that he says lie ahead of the denim industry. "Unfortunately, it is already pretty clear that the entire fashion industry will be badly hit by the coronavirus epidemic and that its consequences will be suffered for a long time," he said. "In fact, I expect we will see a reduction in receptivity from the market in the future."

On the consumer side, fashion and other non-primary goods will likely be exposed to a contraction in demand, Consoli said, while on the B2B side, most of the impact will be suffered as a chain reaction of shops having been closed for months and inventories piling up in warehouses.

When the dark cloud that looms over Italy's industries finally dissipates, Gnutti said the industry is going to encounter a new and challenging definition of normal. "The world economy will pay a very high price," he said. “We still have no idea of the repercussions but surely this season in the textile world will be most entirely lost.”

Fresh outlook

The outbreak has forced companies to hit pause—and not just in the literal sense.

From a business perspective, De Conti said the biggest takeaway from the pandemic is that the supply chain is stronger together. “Single countries cannot survive easily on their own and global, mutual support is required,” he said. “Hopefully, as soon as this nightmare is over, there can be more empathy and understanding throughout the value chain rather than just cost pressure.”

People need to “reflect on what we have, what we really need and what is superfluous,” Gnutti said.

Now, Gnutti added, is the time to think about what it means to produce with care and responsibility instead of prioritizing quantity and price. He expects Italy will come out of this pandemic with a newfound love for local independent businesses, domestic manufacturing and quality over quantity.

“I really hope everybody will get out from this situation safe and sound and stronger than before,” he said.

Consoli’s silver lining in the situation? Time.

“This forced time mostly working alone from home has been an incredible opportunity for long-term planning,” he said. Companies are being forced to think proactively about the future, he said, rather than be reactive as day-to-day business typically imposes.

Though the next year of business may see fewer collaborations, De Conti remains hopeful the denim sector will maintain the pace at which it was innovating—and perhaps come out with greater ideas.

“I hope that now we are forced to step back and detach from most of the noise and some of the distractions, it can be a creative moment in time,” he said. “A sort of new intellectual Renaissance during which new perspectives can be developed.”

De Conti also expects companies to re-evaluate some of the prior procedures of how they do business. “This crisis brings up that remote interactions can definitely be efficient, are fast and definitely cheaper than…flying,” he said. “I am sure that some of the new ways of working will extend well beyond the crisis.”

Be human

In a country where more than 7,000 people have died from COVID-19 and countless acts of heroism and compassion from healthcare workers, business owners and neighbors spark goodwill, the lessons learned extend well beyond the factory floor.

Camaraderie, collaboration, sharing and greater sensitivity are among the qualities that Tonello said she hopes to see more of after life returns to a sense of normalcy.

“It will certainly be a great lesson for everyone, both economic and professional and I hope human,” Berto added. “I have always thought that globalization, on the one hand, gives, but on the other, takes. I don’t know what the consequences will be, but I am positive and I try to carry on as always.”

And the need to check in with friends and colleagues from around the world is greater than before. “This is not a life lesson for only the denim industry,” Gnutti said. “The reality is that from now on we can take nothing for granted any more as we were used to doing before.”

Gnutti urged the industry to put the digital tools that everyone has in the palm of their hands to use. “Let’s stay in touch online,” he said. “The denim community needs to support each other—psychologically and for [business].”

Source: sourcingjournal.com-Mar 27, 2020

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Ross Stores Cancels All Merchandise Orders for the Next Three Months

Ross Stores is cancelling all orders for merchandise through June as it battles to survive its current COVID-19 inflicted reality.

In a memo sent to vendors and obtained by Reuters, Ross reportedly said it would nix all purchase orders made through June 18.

“This is the first time in our history that we are unable to deliver exceptional merchandise to our customers,” the memo read. The discounter also said it would give a 90-day extension on payment terms for all existing merchandise payables.

Ross Stores could not be immediately reached for comment.

The news comes on the heels of a company announcement just 17 days prior outlining plans to open 100 new locations—75 Ross Dress for Less and 25 dd’s DISCOUNTS—in 2020. In February and March this year, the company opened 19 Ross and seven dd’s DISCOUNTS stores.

“These recent openings reflect our ongoing plans to continue building our presence in both existing and newer markets, including the Midwest for Ross, and expansion of dd’s DISCOUNTS into Indiana,” Ross Stores group executive vice president for property development Gregg McGillis, said at the time. “As we look out over the long-term, we remain confident that Ross can grow to 2,400 locations and dd’s DISCOUNTS can become a chain of 600 stores given consumers’ ongoing focus on value.”

Now, with all of its 1,831 brick-and-mortar stores closed at least through April 3 due to the spreading coronavirus pandemic, expansion plans may have to be put off for the Dublin, California based company that saw $16 billion in revenues last year. Having consistently opted out of the e-commerce game, there’s no backup for business online either.

What’s more, with the United States surpassing every country in the world in terms of its coronavirus cases—which reached 63,570, according to World Health Organization (WHO) counts Thursday, including 11,656 new cases reported in 24 hours—chances are slim that Ross Stores, or any other retail stores will be able to open in a week’s time.

Other discounters have faced a similar fate in recent weeks, TJX Companies included.

On March 19, the company, which operates the TJ Maxx, Marshalls and Sierra stores, said it would close all of its 4,529 brick-and-mortar locations as well as its e-commerce platforms. Now a visit to any of the sites yields a message that reads: “Our site is currently unavailable.” The closures were outlined to last for two weeks, which would mean reopening on Thursday.

In a follow-up to the closure announcement, TJX CEO and president Ernie Herrman, said, “TJX is a great company with a great retail model. I want to reiterate that TJX entered 2020 in a very strong financial position. We consider the actions that we announced today as just prudent steps we are taking to further strengthen our financial liquidity and flexibility during this uncertain environment.”

Discounters had been among the leaders in fashion retail as consumers opted for more value-based buys.

In its State of Fashion 2020 report, McKinsey & Company, with Business of Fashion said, “For some years now, the polarization of the market has progressed, with both luxury and value and discount players gaining share with an increasing number of consumers choosing to make major ‘investment’ purchases while otherwise opting for value.”

In looking at total return to shareholders to get a sense of each segment’s economic profit, McKinsey said luxury led with 22 percent total return to shareholders, with value behind at 14 percent. Both categories significantly outperformed the 1 percent premium/bridge brought in and the mid-market category’s 2 percent decline. “The bifurcation across price segments is evident.”

At a time when uncertainty quells consumer spending, growth in the category could have been expected to climb. But with discount stores shuttered and orders cancelled, the outlook for the category is also cloudy.

Source: sourcingjournal.com-Mar 27, 2020

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China's Factories Hit with 2nd Blow from Coronavirus as External Demand Drops

Since last week, emails from foreign clients have been flooding into export manager Grace Gao's in-box, asking to delay orders already made, putting goods ready to be shipped on hold until further notice, or asking for payment grace periods of up to two months.

Gao's firm, Shandong Pangu Industrial Co., makes tools like hammers and axes, 60% of which go to the European market. As the virus ravages the continent from Spain to Italy, the shutdowns there are cutting off orders to Chinese factories just as they were beginning to get back on their feet. It's a story playing out across the country.

"It's a complete, dramatic turnaround," lamented Gao, estimating sales in April to May will plunge as much as 40% from last year. "Last month, it was our customers who chased after us checking if we could still deliver goods as planned. Now it's become us chasing after them asking if we should still deliver products as they ordered."

This emerging pattern poses a grave risk to the chances the world's second-largest economy can repair the damage from the closures in February to curb the virus. Even as policy makers including Premier Li Keqiang talk up a recovery and roll out support measures, economists continue to cut their growth forecasts.

"It is definitely the second shock-wave for the Chinese economy," said Xing Zhaopeng, an economist at Australia & New Zealand Banking Group. The global spread of the virus "will affect China manufacturing through two channels: disrupted supply chains and declining external demand."

The earliest insight from official data into the emerging pain for industry will come on March 31, when the purchasing managers' indexes for the month are released. But unless there is a strong rebound, the record slump in profits seen in the first two months of the year is likely to continue.

In the meantime, firms are saying that canceled orders, uncertain logistics and delayed payment have become their latest headaches.

"Manufacturers are seeing many cases where overseas clients regretted their orders or where goods can't be delivered due to customs closures in other countries," said Dong Liu, vice president of Fujian Strait Textile Technology Co. in southeastern China. His factory was about to resume full capacity, after the return of workers who had been stranded in Hubei province, the center of the original outbreak. "The dent on export orders is rather serious."

China is already facing its first quarterly contraction in decades and the weakest year since 1976. In a worst-case-scenario laid out by Bloomberg Economics, recessions in the U.S., the euro-area and Japan will chop some $2.7 trillion off of global output.

The cancellation or postponement of big sporting events, from the National Basketball Association season to the Summer Olympics, has also hit Chinese factories.

"A week or two after returning from Chinese New Year — starting from mid February — we started to feel our orders began to disappear one after another," said Alice Zeng, whose company AQ Pins and Gifts Co. sells metal souvenirs. "First it was some marathons in Japan that were pulled. And then orders in Europe, and then the U.S."

The firm exports 100% of its products and had been expecting a contract to supply Euro 2020, the now-canceled European football tournament. Her suppliers' factories in Dongguan, near Hong Kong, are still busy now, but there's not likely to be many new orders from April, Zeng said.

"Plummeting export growth in coming months is inevitable," Lu Ting, chief China economist at Nomura International HK Ltd, wrote in a note to clients Tuesday.

A nascent stabilization had been underway this month, aided by the government's relative success in limiting the disease outbreak. Confidence at small and medium-sized companies rose in March, though it remained at a level indicating contraction. Bloomberg's suite of early indicators also showed activity rising from the unprecedented lows seen in February.

In Keqiao, Shaoxing, a district on China's east coast that's famed for textiles, factories are hurting amid record cancellations of orders. Since factories there re-opened this month, some 78% of companies have seen reduced orders and 65% have had some existing orders canceled, according to a local industry survey.

The lockdown spreading to many countries is also making delivery uncertain and delaying payments — another nerve-wracking situation for small enterprises with thin cash flows.

“We have to keep the products even after we ready them,” said Janny Zhou, an export manager at an auto-engine parts maker with 200 employees in the eastern city of Taizhou. “Overall our clients can’t pay us in time because banks are closed and they themselves are asked to stay at home.”

The government is responding to the emerging crisis by focusing on keeping workers in jobs even if their income is cut. Policies including delayed social security payments have been floated in some places, but as yet no blanket measures to keep firms operating through the downturn have been unveiled.

The Ministry of Commerce acknowledged that some export orders have been canceled amid rising external uncertainty, and promised to help exporters with tax rebates, insurance and credit. The government will support companies to build warehouses in some key trading nations and streamline customs clearance, among other actions.

“The worst is yet to come for exports and supply chain,” said Larry Hu, Chief China Economist at Macquarie Group Ltd. “For the whole year, China’s exports could easily fall 10% or probably more.”

Source: insurancejournal.com-Mar 27, 2020

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Indonesian textile market shuts due to virus fears

The largest textile market in Southeast Asia, Tanah Abang Market, temporarily closed as part of the measures to prevent the spread of the coronavirus.

Arif Nasrudin, President Director of PD Pasar Jaya, as the city-owned market operator, said the market closed for 10 days starting today through an agreement with traders.

The market temporarily stopped trading activities when the number of the visitors rose sharply one month before the month of Ramadan. These visitors are not only from Greater Jakarta areas, but from other regions in Indonesia and from other countries, such as Malaysia, and some other Asian, European and African countries.

Nasrudin said Tanah Abang Market recorded daily transactions up to 500 billion rupiah (US$31,455). There are 13,000 traders that will stop their transaction as the market closes until April 5.

Tanah Abang is the first city-owned market to close amid the virus outbreak in Jakarta. Before that, five big shopping centers in Jakarta have also been temporarily closed until early April. They only open some stores that provide basic needs.

The Indonesian government announced Thursday there were 893 confirmed cases in the country. Jakarta is the province with the highest number of cases and the deaths. Jakarta Governor Anies Basewedan previously announced the closing of all entertainment places and tourist destinations in Indonesia's capital.

Source: thestandard.com.hk-Mar 27, 2020

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22,000 Temporarily Laid Off at Spanish Department Store

Spain's only department store chain is temporarily laying off thousands of workers in a bid to gain a financial reprieve.

On Wednesday, El Corte Inglés announced plans to furlough 22,000 of its more than 90,000 employees for 14 days. The retail company is taking advantage of a government measure that grants unemployment insurance to workers on short-term furlough because of COVID-19.

Since the Spanish government declared a state of alarm, similar to the U.S.'s state of emergency, businesses across the country have been forced to shut down in the name of force majeure due to the outbreak of coronavirus that has sparked at least 56,188 cases and killed more than 4,089.

El Corte Inglés stressed that employees will not lose their jobs and will receive almost all of their wages. The government's plan offers a base amount to mitigate the economic impact from store closures due to the pandemic. El Corte in turn said it would supplement those baseline benefits to bring the total amount that laid off workers receive to what it would have been had they still been working.

The actual time frame for the layoffs is unknown, but will continue for however long the government's state of alarm remains in effect.

El Corte said the planned layoffs also apply to the 2,000 employees at its Sfera fashion chain and to its Viajes El Corte Inglés operation, impacting 1,900 staff members. El Corte, based in Madrid, is the largest department store in Europe and the third largest worldwide.

Retailers worldwide ahave been hit hard by the pandemic, keeping stores closed and forcing tough decisions on headcount.

H&M earlier this week said it would lay off tens of thousands of workers, while Nordstrom on Wednesday said it will begin furloughs.

Source: sourcingjournal.com- Mar 27, 2020

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EBA issue, COVID-19 exposing Cambodia's weaknesses: AVI

The announced intention to scale back the European Union's (EU) 'Everything But Arms' (EBA) preferential trade arrangement with Cambodia and the COVID-19 pandemic are laying bare the structural weaknesses of the country's economy, which is over-reliant on the EU for market access and on China for production capacity, investment and tourist inflow, according to the Asian Vision Institute (AVI).

Cambodia's most vulnerable citizens, particularly women who work in the garment industry, low-skilled workers and those who have just been lifted from poverty, will feel the brunt of the fallout, said the independent think tank based out of the country.

The Asian Development Bank and the World Bank have each warned policymakers of the precarious state of the 'near poor' in Cambodia. According to official estimates, the current poverty rate is below 10 per cent (compared to 47.8 per cent in 2007). Although the nation has achieved great success in its fight against extreme poverty, more than 70 per cent of Cambodians still live on less than $3.20 a day.

The government introduced short-term measures in late February of 2020 to help employers sustain their operations, to help workers who have lost their jobs or whose work has been suspended and to support small and medium enterprises which are the backbone of the economy.

The measures include tax holidays, direct support, training programs, customs facilitation and the reduction of government expenditures. An enhanced set of reforms and mid- to long-term measures are to be announced by the government at the 19th Government-Private Sector Forum on April 1.

AVI has appealed to the government to take consider measures to support the diversification of markets, of sources of foreign direct investment, of industrial bases and of domestic start-ups, and to making small and medium enterprises more visible.

Second, more robust internal government reforms are needed to address fundamental challenges that existed well before the arrival of the pandemic and the EBA adjustments.

These reforms should focus on areas of weakness as outlined by the World Bank's 'Ease of Doing Business' score assessment for Cambodia: starting a business, dealing with construction permits, connecting to the power grid, registering property, obtaining credit, paying taxes, trading across borders, enforcing contracts, resolving insolvency and others.

Further consideration should also be given to Cambodia's scoring in the World Economic Forum's 'Global Competitiveness Report', AVI said in a press release.

Third, additional incentive schemes that target specific industrial sectors should be formulated to support diversification.

And finally, regular progress reviews must be conducted to ensure the effective implementation of measures and reforms, the think tank added.

Source: fibre2fashion.com- Mar 28, 2020

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Coronavirus: Hundreds of thousands of fake masks flooding markets amid Covid-19 outbreak

Hundreds of 1000's of counterfeit medical masks are being peddled because the world grapples with the coronavirus disaster, The Impartial can reveal. The pretend masks are sometimes made in unsterile sweatshops beforehand used to make phoney purses or designer denims.

Producers are labelling their wares with pretend model names of well-known medical provide corporations resembling 3M, in accordance with medical provide business sources, legislation enforcement officers and photographic proof obtained by this publication.

They even forge "CE" certification stamps and paperwork that purport to attest to European requirements in the identical method they used to forge Ralph Lauren or Gucci labels on shirts and purses.

Pictures obtained by the Impartial confirmed employees in Turkish textile factories stitching collectively medical masks in circumstances that consultants described as unsterile and substandard. Turkish police on

Tuesday seized 1 million masks and arrested 5 individuals in a raid on a sweatshop making unauthorised medical provides in Istanbul.

"They use Photoshop or no matter and make their very own certificates," stated one business insider who purchases protecting masks for the electronics business. "They're even enlisting field producers to make pretend containers with logos on them like they had been promoting pretend Nike T-shirts. As a result of no person's shopping for T-shirts any extra, they begin to manufacture masks."

Interpol final week warned of a spike in pretend masks and different medical provides, describing a 90-nation operation that resulted in 121 arrests and the seizure of $14m (£12m) value of "doubtlessly harmful prescription drugs".

"Criminals will cease at nothing to make a revenue," stated Jürgen Inventory, secretary-general of Interpol. "The illicit commerce in such counterfeit medical gadgets throughout a public well being disaster reveals their complete disregard for individuals's wellbeing, or their lives."

Surgical masks have grow to be a vital element within the worldwide battle in opposition to coronavirus, in addition to essentially the most seen icon of a pandemic that has dramatically reworked life throughout the planet.

Medical employees the world over have complained they don't have sufficient. Physicians and nurses from Iran to Italy to america say they're compelled to reuse masks which are ordinarily thrown out after seeing every affected person. Nationwide and native governments are scrambling to acquire extra masks.

The added complication of doubtless harmful pretend masks provides to the challenges of medical professionals and policymakers. Reliable medical product producers and brokers apprehensive about their status and the unfold of illness are amongst these sounding the alarm.

No hype, simply the recommendation and evaluation you want

"Now in Turkey textile corporations are producing these masks," stated Celal Sadrettin Dai, chair of the disciplinary board of the Massiad Marmara Medical Machine Producers and Suppliers Affiliation.

[Click here for more details]

Source: globalnewshut.com - Mar 26, 2020

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Vietnam gains higher exports to Canada and Mexico

Vietnam has taken full advantage of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to gain strong growth in exports to Canada and Mexico.

According to the Ministry of Industry and Trade (MoIT) these are the two CPTPP members that have yet to sign bilateral free trade agreement (FTAs) with Vietnam. In the first two months of this year, Vietnam's exports to Canada rose by 20.39 per cent to US$578 million year on year.

With over 37 million people, a high standard of living and an urbanisation rate at 80 per cent, Canada is considered a potential market for many key export items of Vietnam, including textiles, footwear, seafood, tea, pepper, cashew nut, coffee and wooden furniture.

During the first two months, textile and apparel export value reached more than $100 million, up 5.86 per cent year on year. The export value of mobile phones and accessories surged by 104.22 per cent to $122.09 million compared to the same period last year.

Other products with strong growth in exports included the group of iron and steel and plastic materials with rates of 153.69 per cent and 354.06 per cent year on year, respectively.

Vietnam's export value to Mexico reached $497.2 million in the first two months. Of which, many products gained high export value, including computers, electronic products and components ($133.6 million), telephones and components ($122.6 million), shoes and sandals ($47.5 million), textiles and garments ($16.3 million), machinery, equipment and other spare parts ($34.5 million), vehicles and spare parts ($35.2 million).

Assessing the implementation of FTAs to promote exports, especially the CPTPP, Lương Hoàng Thái, director of the MoIT's Department of Multilateral Trade Policy, told the Đầu tư (Investment) newspaper reported that Vietnam's enterprises have efficiently exploited markets with which Vietnam has not yet signed FTAs.

In fact, Vietnam's enterprises have done more than expected, taking full advantage of the CPTPP, Thái said. In 2019, Vietnam gained high growth in exports from the CPTPP countries, especially Canada and Mexico, while the agreement came into effect on Jan 14,2019.

The country gained a year on year growth of 26-29 per cent in export value to Canada and Mexico last year, he said.

The CPTPP has partly contributed to the strong growth in exports of Vietnam so the country had a trade surplus of $1.6 billion with the CPTPP market last year.

Before this agreement, Vietnam had a total trade deficit of $900 million with this market, said Thái.

Meanwhile, the General Department of Customs said Vietnam still recorded a trade surplus of $1 billion in the first half of March 2020, even during the novel coronavirus (Covid-19) pandemic.

In the first half of March, Vietnam's total trade value reached $21.47 billion, including export value of $11.2 billion and import value of $10.3 billion.

Therefore, the country achieved total trade value of $97.85 billion in the period from Jan 1 to March 15, up 4.4 per cent year on year. It had a trade surplus of $2.74 billion.

Of which, the total export value recorded $50.29 billion, up 6.8 per cent and the total import value was $47.55 billion, up 1.9 per cent.

During the period from Jan 1 until March 15, goods with high export growth included phones and components ($10.2 billion); computers, electronic products and components ($7 billion); machinery, equipment, tools and other spare parts ($3.93 billion); seafood ($1.26 billion); textiles and garments ($5.88 billion); footwear ($3.42 billion); timber and wood products ($2.1 billion); and vehicles and spare parts ($1.76 billion).

Source: thestar.com.my - Mar 27, 2020

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The coronavirus outbreak is crushing Bangladesh's garment export with growing order cancellations

More than $2.6 billion worth of orders in Bangladesh's garment sector have been withdrawn and new cancellations are coming up, according to the country's commerce minister.

Garments are a major source of export for the South Asian country as retail brands abroad source for apparel from Bangladeshi factories. But the coronavirus pandemic has led to many of those brands shutting down their stores, forcing them to cancel orders or delay shipments.

"More than $2.6 billion (worth of) orders have been canceled, and new cancellations are coming up," Tipu Munshi, Bangladesh's commerce minister, told CNBC's "Street Signs" on Friday.

"We are waiting to see how it improves; the moment things improve, we hope that the buyers will not cancel the orders or they will take the deliveries, maybe a little later, and they will pay the money to the factories," Munshi said.

More than 4,600 garment factories in Bangladesh make shirts, T-shirts, jackets, sweaters, and trousers; they are mostly shipped to Europe, the United States, and Canada, to be sold by local retailers in those countries.

Bangladesh is the world's second-largest clothing exporter behind China, according to ratings agency Moody's.

Ready-made garments comprised 84.21% of Bangladesh's total exports worth $40.5 billion in its 2018-2019 fiscal year, according to data posted on the website of trade body, Bangladesh Garment Manufacturers and Exporters Association (BGMEA). More than 60% of the garments were shipped to the European Union.

Canceled or delayed orders could lead to serious problems for Bangladesh, where garment factories are likely to struggle to pay some 4.1 million workers in the sector, who already earn very low wages.

BGMEA's website showed about $2.67 billion worth of orders — or 828 million pieces of apparel in 966 factories — have already been canceled or suspended, and it affects around 1.96 million workers thus far.

The trade body's president, Rubana Huq, made a video appeal to international buyers earlier this week. "I am going to appeal to your good senses so that you kindly take all your current goods, which are under production and which are ready," she said. "Please take them under normal payment terms."

Commerce minister Munshi told CNBC that other sectors in Bangladesh, such as leather, jute, and ceramics, are also being affected due to the global outbreak. He also implored buyers in Europe and the United States to support the country's efforts to keep the garment sector from struggling during the pandemic.

The virus outbreak in Bangladesh so far has been relatively less severe, with 48 reported cases and 5 deaths, according to data from Johns Hopkins University. Globally, cases have risen to 530,000 and more than 24,000 people have died.

Source: cnbc.com - Mar 27, 2020

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Pakistan feared to lose $4bln of exports this fiscal

Pakistan's exports are feared to fall an estimated $4 billion this fiscal year as coronavirus outbreaks have brought industrial activities to near halt in the country, industry officials said on Thursday.

The officials said the country's exports are going to take a serious hit with a very little or no exports in the last quarter of the current fiscal year. Exporters are unanimous that annual exports wouldn't cross the $20 billion mark in FY2020.

There is an average $2 billion worth of goods exported every month. Since exports are expected to be hurt for at least two months, $4 billion loss is obvious, they said.

"At this point of time, there are no buyers in the world for our products, be they textiles, sports goods or surgical goods," Mazhar Ali Nasir, an office bearer of the Federation of Pakistan Chamber of Commerce and Industry said.

"Moreover, China has begun reviving its industry, so even after lockdowns are lifted across the world, Pakistan's exporters would not be able to capture any substantial chunk of the global market." Novel coronavirus has affected 200 countries with trade consignments being cleared slowly. Nasir said it is still unclear how long the lockdown would continue.

"Though the government has announced an incentive package, most of the industry could not survive without international buyers," he said. "Certain textile exporters have closed their units." Exports showed a little recovery in the first eight months of the current fiscal year, up around 4 percent to $15.6 billion.

Pakistan is struggling to improve exports sector's share in GDP from the existing single digit. Exports fell to $22.9 billion in FY2019 from $23.2 billion a year earlier. Ministry of commerce expected $2.7 billion decline in exports in the next four months.

Zubair Motiwala, chairman of the Council of Textile Association said textile exports would suffer at least $2 billion. "The government's support package for the textile sector is not enough," Motiwala said. "The sector is going through a severe liquidity crunch as the buyers abroad are not making payments. We had some orders delayed but the cancellations are not yet rampant."

Food and vegetable exporter Waheed Ahmed said horticulture exports are expected to decline by at least 15 percent. "Last year, our total exports were $670 million. Mango season begins mid-May, and if we couldn't export mangoes this season, overall exports will be down significantly." Businesses are coping with the lost revenue and disrupted supply chains due to factory shutdowns and quarantine measures, restricting movement and business activity.

The International Monetary Fund says 2020 could see a recession worse than the global financial crisis, while the Organisation for Economic Co-operation and Development has warned the global economy would take years to recover.

Sport goods exporter Muhammad Faraz said there are absolutely no orders from abroad as the markets are closed. "I think there would be zero sports goods exports in this quarter, as these are not the things that the world wants now."

Exports via airlines have completely stopped, while shipments via sea have declined by over 90 percent in the last week. Akhlaq Abidi, a leading seafood exporter, said the entire world stopped importing sea foods. “We primarily export to China, UAE, Malaysia and Thailand. Now, a little export has resumed to China.”

Source: thenews.com.pk- Mar 27, 2020

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Brazilian retailers, mall operators shut to face COVID-19

Brazilian retailers and mall operators are opting for closure of brick-and-mortar stores and urging customers to shop online, as the private sector adjusts to help decelerate the spread of COVID-19 across the country. The move followed emergency regulations enacted by the central and state governments allowing only essential services to remain open.

In Sao Paulo state, which is home to some 46 million people and accounts for around a third of the nation’s economic output, state governor Joao Doria has issued a quarantine order that will apply till April 7.

Many retailers, including fashion chains C&A Modas SA, Cia Hering, Guararapes Confeccoes SA and Marisa Lojas SA, immediately followed Doria’s order and closed brick-and-mortar stores, according to a news agency report.

Some, such as Lojas Renner SA, acted before the official orders, suspending activities indefinitely in Brazil, Uruguay and Argentina. Magazine Luiza SA also joined the move, shuttering all physical stores indefinitely.

BR Malls closed all its malls, proceeding only with delivery services in locations where authorities have not yet banned such activity. Upscale rival Iguatemi Empresa de Shopping Centers SA closed all but essential services in four malls in Sao Paulo.

Source: fibre2fashion.com- Mar 27, 2020

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Australia: Cotton On and Affiliated Brands Closing All Stores on Sunday

Australian retail giant Cotton On Group and its eight brands -- Cotton On, Cotton On Body, Cotton On Kids, Rubi, Typo, Factorie and Supré -- will temporarily close stores from Sunday.

The company announced the decision to move all business online in a message seen across all their social media channels on Saturday morning.

With a text graphic that simply read "We're in it together", the notice thanked staff and customers "during this tough time" of a global pandemic due to the coronavirus.

All brick-and-mortar stores under the Cotton On Group will close from Sunday 5pm AEDT, with online shopping still available.

Free shipping is only applicable if orders amount to over $60 and contactless delivery is being offered.

The brand's Facebook page was inundated with overwhelmingly positive comments in reaction to the news, with staff members welcoming the move.

"Thank you for looking after your teams and our people. I’m so grateful to work for such an amazing and supportive company," wrote one woman.

"Thank you for coming to this decision. Our teams are so thankful and we’re excited to come back when the time comes," added another.

Smiggle, Myer, Peter Alexander, Portmans and Just Jeans are among other Australian brands to let go of retail workers and close doors due to the economic impact of the pandemic.

Retail chain Myer will stand down around 10,000 team members who worked across both its store network and support office from close of business Monday.

Myer CEO John King said it was "one of the toughest decisions this company has faced in its 120 years of operation".

Brand Collective -- which owns stores such as Superdry, Clarks and Hush Puppies -- has also announced its stores will close this Sunday.

Kathmandu Group closed its entire retail network in Australia on Friday.

The group that owns Portmans, General Pants, Peter Alexander, Jacquie E, Smiggle, Just Jeans, Dotti and Jay Jays -- Premier Investments -- has shut down all their stores for a one month period.

These numbers add to the other stores such as Lovisa, The Athlete's Foot and Hype that have all shuttered their doors too.

The SDA, the union for retail, fast food and warehouse workers, has told 10 daily the number of retail workers now unemployed is growing almost hourly.

Source: 10daily.com.au- Mar 27, 2020

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Pakistan: Cotton slips to register third weekly fall

ICE cotton futures fell on Friday, recording its third consecutive week of declines, as markets grappled with the economic fallout from the coronavirus pandemic.

Cotton contract for May settled down 1.45 cent, or 2.8%, at 51.33 cents per lb. It traded within a range of 51.15 and 53.32 cents a lb.

The contract was down 3.4% for the week. “Cotton prices continue to fall in response to continued instability in financial markets, and demand destruction from the COVID-19 virus," said Barry Bean, a cotton buyer based in Gideon, Missouri. “News of spot market shutdowns in India, port closures, and long term economic damage have simply added fuel to the fire."

The novel coronavirus, which has killed at least killed 24,887 people and infected 551,823 globally, caused a halt in most economic activities worldwide. India, Asia's third-largest economy, has imposed a nationwide lockdown since Wednesday to fight the coronavirus and contain its spread.

The US House of Representatives on Friday approved a $2.2 trillion aid package – the largest in American history – to help people and businesses cope with the economic downturn inflicted by the coronavirus pandemic.

"Once it (stimulus package) is passed, it takes time to work... With prices under pressure, cotton acres will fall, the question is how much?" said Sid Love, commodity trading adviser at Kansas-based Sid Love Consulting. Elsewhere, stocks across the globe fell on Friday after a historic three-day run-up, with markets expecting the volatility to continue as the virus has literally put a full stop on world economic activities. Total futures market volume rose by 5,230 to 28,372 lots. Data showed total open interest fell 573 to 192,616 contracts in the previous session.

	Current Session								
	Open	High	Low	Last	Time	Set	Chg	Vol	Prior Day Set
May'20	52.78	53.32	51.20	51.83	12:55 Mar 27	-	-0.95	11498	52.78
Jul'20	52.93	53.30	51.42	51.86	12:55 Mar 27	-	-0.97	8360	52.83
Oct'20	53.86	53.86	53.86	53.86	10:03 Mar 27	-	-0.85	1	54.71

Source: brecorder.com- Mar 28, 2020

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Brands Pulling Factory Orders Are 'Crippling Bangladesh's Apparel Industry'

All of us are aware of the spread of the virulent novel coronavirus and the impact it is having around the globe. Originating from Wuhan in the Hubei province of China, the virus is now wreaking havoc across the world.

This unprecedented state of affairs is obviously having an effect on apparel brands and retailers, as shops are forced to close, consumers avoid crowded shopping destinations and sales of apparel products sharply decline.

Against this backdrop, brands and retailers are postponing the delivery of ready goods that have already been produced by garment factories. Furthermore, while retailers are cancelling all new upcoming orders which were agreed upon earlier with their garment factories, they are telling the manufacturers not to cut already imported fabrics and process other raw materials. Moreover, some buyers are delaying payments to manufacturers for the apparel they already shipped, citing the COVID-19 outbreak.

The effects of the above on Bangladesh's apparel industry can be far-reaching and devastating. The first, most profound effect is manufacturers' inability to pay worker's salaries. With postponed and cancelled orders piling up, manufacturers now face significant issues in paying their workers and employees. If the workers do not receive their salaries at the expected time, this will directly impact the livelihood of garment workers and their immediate dependents.

Another side effect: delaying workers' salaries may breed discontent among the workforce, who become demotivated and, as is often the case, allow their productivity to suffer.

Second, if the payment is not received from a buyer within the time frame they agreed to, it has a direct effect on the manufacturers' cash-flow and they, in turn, are forced to delay payments to their suppliers. This means delayed payments by brands and retailers are crippling manufacturers' ability to pay their own suppliers. If the suppliers do not receive their payments on time it creates a lack of trust within business relationships that are built over long periods of time, and jeopardizes long-term trading partnerships.

The third impact is that as payments from customers are delayed, banks are blocking manufacturers from opening new letters of credit. If the manufacturers cannot open new letters of credit for fabrics and other raw materials, they will fail to generate new orders with other customers. Plus, they run the risk of delays to existing orders if fabrics are unavailable, meaning they face the risk of shipping production by air or even cancelling orders in the delivery pipeline.

Last, but by no means least, manufacturers are even struggling to pay their utility bills, causing embarrassment and deteriorating their relationships with the authorities.

Given the dramatic spread of the coronavirus, manufacturers were prepared for a downturn in production orders over the coming months. But they were not prepared for the above-mentioned precipitous downturn in trading conditions for production that has already been completed or the lack of payment for goods that have already been shipped. One would have hoped that any customer facing difficulties would have a strong enough relationship with their manufacturing partners to discuss the situation and agree on a payment program that can work for both parties.

Whilst my deepest sympathies lie with those affected by the COVID-19 virus and my thoughts go out to all of the countries that are suffering from the outbreak of the disease, I cannot countenance a change in purchasing practices that puts the livelihood of the apparel manufacturers as well as their workers and employees at risk.

Surely now, more than ever, this is a time for the strengthening of relationships and buyers need to realize that Bangladesh RMG manufacturers, as innocent bystanders to this global epidemic in a country that has undergone recent lockdown, should not be made to bear the full financial burden of a downturn in trading conditions.

Source: sourcingjournal.com- Mar 27, 2020

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NATIONAL NEWS

Allow us to work with half the regular workforce: Exporters to Central Government

In a meeting with Commerce Minister, FIEO warns of losing market share to China, others

Exporters have asked the government to allow them to operate with 50 per cent of their manpower during the lockdown period with all safety and social distancing norms in place so that at least a part of their activities can continue and they do not lose their market share to China and other competing countries.

In a video conference with Commerce & Industry Minister Piyush Goyal, exporters body Federation of Indian Export Organisations made a case for extension of the existing foreign trade policy (2015-20) for one year beyond March 31, extension of all status holder certificates and extension or re-introduction of interest equalisation scheme to help the community at the time of crisis.

"Our loss will be China's gain which is using all means to gain greater market access with increased export rebate VAT," warned FIEO, in its presentation to the Minister, stressing on the need for the government to act fast.

Exports from the country have almost come to a stand-still since the 21-day nationwide lockdown started on March 25 as manufacturing in most factories have stopped and transportation of manufactured goods to ports is also not taking place.

'Amend regulations'

In a letter to the Minister, the Confederation of Indian Textile Industry (CITI) said the smooth movement of ready-cum-in-transit consignments to the ports for shipment should be allowed.

"This will require certain amendments in the provisions regulating movement of goods/vehicles inter-State, intra-State and inter-district movement, for which the necessary orders may be issued," the letter said.

All agencies involved in exports-imports, including Customs, CHAs, freight forwarders, transporters, shipping lines, courier companies, plant quarantine, EIC, Certificate of Origin issuing agencies and AD banks, should function with minimal staff, since if one of them is not functioning, the export/import chain will be broken, FIEO, too, said.

"Alternatively, the scanned copy of documents sent from official e-mail, may be accepted by all countries in such grave situation. The countries may be asked to release documents in absence of certification on provisional basis with subsequent submission of document," it added.

To help exporters meet their credit needs, FIEO said RBI should extend pre- and post-shipment credit by a minimum of 180-270 days, give exemption from interest and penalty on crystallisation of bills on due date and convert loss in forward cover to interest free loan to be paid after 90-180 days.

India's exports in the April-February 2019-20 period was 1.5 per cent lower to $292.91 billion.

Source: thehindubusinessline.com- Mar 27, 2020

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The RBI's package relies heavily on banks to pass on the benefits

Faced with unquantifiable risks to India's economy and financial system from the Covid-19 crisis, the Reserve Bank of India has deployed an impressive array of weapons from its arsenal to contain the fallouts.

The Monetary Policy Committee (MPC) has come up with an intra-meeting rate cut of 75 basis points, which if transmitted by lenders, will provide substantial relief to borrowers. It has also announced an asymmetric 90 bps cut in the reverse repo rate, aimed at discouraging banks from parking excess liquidity in government securities and economising on lending.

The move to reduce banks' Cash Reserve Ratio requirement by 100 bps to free up ₹1.37 lakh crore and increase the Marginal Standing Facility by the same amount are good moves too, and will augment primary liquidity for banks at a time when there is exceptional demand for cash withdrawals.

Targeted Long-Term Repo Operations amounting to over ₹1 lakh crore, with the proviso that banks will be required to invest the money solely in investment-grade corporate debt is aimed at tackling the logjam in money markets. The three-month moratorium on business loans can help alleviate working capital stress resulting from the lockdown. This moratorium will also apply to retail loans, but at the discretion of lending banks.

Source: thehindubusinessline.com- Mar 27, 2020

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Seventh Bi-monthly Monetary Policy Statement, 2019-20 by RBI Governor Shaktikanta Das

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (March 27, 2020) decided to: reduce the policy repo rate under the liquidity adjustment facility (LAF) by 75 basis points to 4.40 per cent from 5.15 per cent with immediate effect;

accordingly, the marginal standing facility (MSF) rate and the Bank Rate stand reduced to 4.65 per cent from 5.40 per cent; further, consequent upon the widening of the LAF corridor as detailed in the accompanying Statement on Developmental and Regulatory Polices, the reverse repo rate under the LAF stands reduced by 90 basis points to 4.0 per cent.

The MPC also decided to continue with the accommodative stance as long as it is necessary to revive growth and mitigate the impact of coronavirus (COVID-19) on the economy, while ensuring that inflation remains within the target.

These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth. The main considerations underlying the decision are set out in the statement below.

Click here for more details

Source: indiainfoline.com- Mar 27, 2020

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Shri Piyush Goyal holds video conference with Export Promotion Councils representatives

The Minister of Railways and Commerce & Industry Shri Piyush Goyal today held a video conference with representatives from various Export Promotion Councils (EPCs) from across the country, to assess the impact of COVID-19 and lockdown in the country, and get their feedback and suggestions in ameliorating the situation.

The Minister of State for Commerce & Industry Shri Hardeep Singh Puri, Commerce Secretary Dr Anup Wadhawan, Director General of DGFT Shri Amit Yadav were among those present in the meeting. The EPCs apprised of the impact of the pandemic on their activities and businesses, and made a range of suggestions to overcome the hardships.

Shri Piyush Goyal said in the meeting that Export-Import is an important activity of the country, and at the same time, lockdown was necessary for the safety and health of 130 crore Indians. Therefore, a fine balance has to be maintained, and solutions found to reduce the difficulties. He said that the Government has been ahead of the curve in the recent times, as noticed in the recent announcements made by the Union Finance Minister and the RBI Governor.

But in such difficult times, one can learn from the experiences of others and plan for the future. Shri Goyal said that the suggestions made in the conference will be taken up in right earnest, and action will be taken soon. He assured the Export and Import groupings that the Government will try to be accommodative with their reasonable demands, and come out with practical outcomes.

The organizations which took part in the video conference included FIEO, AEPC, SRTEPC, GJEPC, CLE, CEPC, Shefexil, Pharmexcil, Electronic & Software EPC, Services EPC, Silk EPC, EEPC, EPCH, Project EPC, Texprocil, Telecom EPC, Cashew EPC, Plastic EPC, Sports Goods EPC, Capexcil, Chemexcil, EPC for EOU & SEZ, Wool & Woollen EPC, HEPC and IOPEC

Source: pib.gov.in- Mar 27, 2020

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JNPT extends relief to coronavirus-hit import trade

Jawaharlal Nehru Port Trust waives dwell time charges for import containers

Mumbai, March 27 Faced with an acute shortage of drivers to operate trucks that moves containers, Jawaharlal Nehru Port Trust (JNPT) has waived dwell time charges for import containers moved by road to nearby container freight stations, directly to factories/catchment areas and empty containers unloaded from a ship from Mach 22 till March 31.

India's biggest container port has also decided to waive shifting charges on import containers for which change of mode activity (from truck to rail) is performed to facilitate movement of CFS/DPD (direct port delivery) containers by rail till March 31, Niteen Borwankar, Chief Manager (Traffic), said in a trade notice.

JNPT further said that delivery of direct port delivery (DPD) containers will be allowed from terminals even after the stipulated 48 hours till March 31. Unmesh Wagh, Deputy Chairman, said that JNPT is providing maximum possible assistance for transactions as ports have been declared as essential services.

"All concerned agencies (linked to port operations) are requested to provide their maximum possible services for the smooth functioning of the export-import (EXIM) trade and for the movement of EXIM freight for JN Port and its eco-system comprised of linked CFSs, ICDs, empty yards, tank farms etc," Wagh said in a communication.

Source: thehindubusinessline.com- Mar 27, 2020

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FM hails RBI move to allow deferment of EMI, interest payment dates

Quick transmission of slashed interest rates is imperative, says Nirmala Sitharaman

Finance Minister Nirmala Sitharaman said the RBI's announcement to allow a three-month deferment in the payment of EMIs (equated monthly instalments) for term loans and interest on working capital loans will give much desired relief to the common man.

RBI Governor Shaktikanta Das on Friday announced that all 'lending institutions' — commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India financial institutions and NBFCs (including housing finance companies and micro-finance institutions) — are being permitted to allow a moratorium of three months on the payment of instalments in respect of all term loans outstanding as on March 1, 2020.

"The three-month moratorium on payments of term loan instalments and interest on working capital (would) give much-desired relief," said Sitharaman. Moratorium period refers to the time during which borrowers are not required to pay an EMI. This period is also known as EMI holiday. Usually, such breaks are offered to help individuals and corporates facing temporary financial difficulties due to natural or man-made crises.

The FM also emphasised the need for quick transmission of slashed interest rates. The Monetary Policy Committee under the RBI Governor decided to cut the policy rate by 75 basis points. This is the rate at which the RBI lends to banks. There have been complaints that banks do not pass on the benefit of policy rate cuts, while the banks say that out of the total liquidity available, the money raised on repo has a small share. Also, the rest of the money comes from term deposits, which means the cost is high, and it is not possible for them to cut the interest rates immediately.

However, Finance Ministry officials feel that it would be easy for banks to cut the interest rate on loans. Since the RBI has also announced injecting ₹3.74-lakh crore though Targeted Long Term Repo Operations (TLTRO) and reduction in Cash Reserve Ratio (CRR) by 100 basis points, or one percentage, banks will have ample liquidity, that too at lower cost, and this will help in quick transmission, officials said.

Economic growth

Sitharaman also took note of Das' statement on economic growth. According to the RBI Governor, it is worthwhile bearing in mind that India's macroeconomic fundamentals are sound and, in fact, stronger than what they were in the aftermath of the global financial crisis.

The fiscal deficit and current account deficit are now much lower, inflation conditions are relatively benign, and financial volatility measured by change in stock prices from recent peaks and average daily change in the exchange rate of the rupee are distinctly lower, he observed. "Covid-19 is upon us; but this too shall pass. We need to remain careful and take all precautionary measures," he said.

Meanwhile, Financial Services Secretary Debashish Panda, in a tweet, urged people not to pay attention to rumours on the closure of bank branches. "Customer service bank branches are operational and will continue to provide services. Sufficient cash across branches & ATMs! Don't trust rumours of branch closures! Customers requested to stagger arrival at branches etc," he tweeted.

Source: thehindubusinessline.com- Mar 27, 2020

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Moody's pegs India's 2020 growth at 2.5%, lower than China's

Moody's on Friday sharply trimmed its growth projection for India to just 2.5% for 2020 from 5.3% earlier. The latest projection is lower than its forecast of 3.3% for China, the epicentre of the Covid-19 pandemic.

With this, Moody's joins a clutch of agencies that has slashed their FY21 forecasts in the range of 2.5-4.2% in the wake of the coronavirus outbreak and the consequent lockdown. India's growth, however, could rebound to 5.8% in 2021, while China's may accelerate to 6%, Moody's said.

The global rating agency has forecast a 0.5% contraction for the global economy in 2020, citing an unprecedented demand compression.

Moody's projection comes on a day when the monetary policy committee of the Reserve Bank of India (RBI) cut the repo rate by as much as 75 basis points, with RBI governor Shaktikanta Das flagging risks to expansion in most sectors.

"If Covid-19 is prolonged and supply chain disruptions get accentuated, the global slowdown could deepen, with adverse implications for India," Das said. He added that the implied real GDP growth of 4.7% for the March quarter, based on the estimates of the National Statistics Office (NSO) in February, is now at risk because of the pandemic. The NSO had pegged the FY20 growth at 5%.

"The slump in international crude prices could, however, provide some relief in the form of terms of trade gains. Downside risks to growth arise from the spread of Covid-19 and prolonged lockdowns. Upside growth impulses are expected to emanate from monetary, fiscal and other policy measures and the early containment of Covid-19," the governor said.

On Thursday, Crisil slashed its FY21 growth forecast for India by as much as 170 basis points to just 3.5%. It expected the impact of social distancing, drop in discretionary spending and a potential plunge in exports to exacerbate the slowdown in the June quarter.

ICRA, too, trimmed its growth projection to 4.2% for FY21 from 4.4%, despite the support from agriculture and government spending.

SBI's group chief economic advisor Soumya Kanti Ghosh has estimated growth to collapse to just 2.6% in FY21, with a clear downward bias. The FY20 growth could also see a downward revision from 5% to 4.5%, with the March quarter expansion being 2.5%, he said in a report.

The total cost of the lockdown is at least Rs 8.03 lakh crore (in nominal terms), output loss of at least 4%, an income loss of Rs 1.77 lakh crore and a loss in capital income of Rs 1.69 lakh crore, Ghosh said.

Source: financialexpress.com- Mar 28, 2020

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SIMA, TEA hail financial relief announced by RBI

The financial relief measures announced by the Reserve Bank of India (RBI) today has come as a sigh of relief for the ailing textile industry. The Southern India Mills' Association (SIMA) and the Tiruppur Exporters' Association (TEA) have hailed the measures stating that they would come as a great relief for the textile industry in the short run.

SIMA chairman Ashwin Chandran has welcomed the announcement of three months moratorium period for payment of term loans and working capital interest, advising the banks to re-calculate the drawing power liberally and extending additional working capital facility, substantially reducing the repo rate thereby enabling the financial institutions to reduce the rate of interest, and making provisions to exclude the three months moratorium period for asset re-classification and credit rating.

TEA President Raja M Shanmugam thanked the RBI governor for considering the major requisition and providing three months moratorium on payment installments of term loan outstanding and interest on working capital facilities to be deferred by three months. He also lauded the announcement that deferment will not be classified as NPA.

Shanmugam appreciated the decision that in respect of working capital facilities sanctioned in the form of cash credit/overdraft, the banks may recalculate drawing power by reducing margins and/or by reassessing the working capital cycle for the borrowers.

In a press release, Chandran appeal to the Prime Minister to advise RBI and banks to give clear instructions to provide additional working capital to the tune of 25 per cent without any additional collateral or margin money. He also felt that the PM should advise RBI to issue clear direction immediately for extending the moratorium for the payment of interest on term loans as the March 2020 quarter is fast approaching.

He hoped that the Union government would review the situation in the days to come and announce suitable financial measures. He has also appealed to the state governments in South India to defer payment of current consumption charges for three months and waive the demand charges for electricity.

Both Chandran and Shanmugam thanked the Prime Minister, Union finance minister, and Union textiles minister for making certain announcements on financial relief package through RBI.

Shanmugam said he hoped other measures would also be announced soon to support and re-energise the knitwear sector.

Source: fibre2fashion.com- Mar 27, 2020

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Coronavirus relief measures: Sidbi launches financial assistance programme for MSEs

Small Industries Development Board of India (Sidbi) on Friday announced the launch of its financial assistance programme for micro and small enterprises (MSEs) that provide products and services to help fight the Covid-19 pandemic.

As per the scheme, titled Sidbi Assistance to Facilitate Emergency response against coronavirus (SAFE) scheme, MSEs engaged in manufacturing of hand sanitisers, masks, gloves, headgear, bodysuits, shoe covers, ventilators, goggles, testing labs etc. can avail loans up to Rs 50 lakh at a fixed interest rate of 5% for a maximum loan repayment tenure of five years. The loans are collateral-free and may be sanctioned within 48 hours of applying and submission of documents.

The special scheme will help MSEs to acquire equipment, plant and machinery and other assets including raw material required for production or delivery of services. It will also help meet additional emergencies to ramp up supplies of these essential products, Sidbi said.

Mohammad Mustafa, chairman and managing director of Sidbi, said, “Being proactively responsive to the enterprise ecosystem has been our thrust under Sidbi Vision 2.0. In a situation which the country is going through right now, we felt that there is a need to immediately support and encourage those MSEs which are helping the nation fight the menace.”

Source: financialexpress.com- Mar 28, 2020

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IIT-Delhi develops infection-proof fabric to prevent hospital-acquired infections

The Indian Institute of Technology (IIT) here has developed an "infection-proof fabric" to be used at hospitals to prevent hospital-acquired infections (HAIs).

The development by "Fabiosys Innovations", a start-up incubated at IIT-Delhi, comes at a time when the world is dealing with the deadly coronavirus outbreak. However, the team has been working on the project for over a year with support from the government's Department of Science and Technology.

According to official statistics from the Ministry of Health and Family Welfare, for every 100 hospitalised patients in developing countries, 10 acquire HAIs and the risk is even higher at the time of a coronavirus outbreak.

The team claims to have developed an affordable, novel textile-processing technology, which converts regular cotton fabric into infection-proof fabric. "We take rolls of cotton fabric and treat it with a set of proprietary-developed chemicals under a set of particular reaction conditions, using the machinery already commonly available in textile industries.

The fabric, after undergoing these processes, gains the powerful antimicrobial functionality," Samrat Mukhopadhyay, a professor at the Department of Textile and Fibre Engineering in IIT-Delhi, said.

"What is interesting about the Fabiosys' fabric is that even after washing multiple times, it does not lose its functionality. This fabric can be stitched into various articles such as bedsheets, the uniforms for patients, doctors and nurses and even curtains.

The fabric satisfies the Indian washing standards in terms of number of washing. It is also completely non-toxic and affordable," he added. IIT has collaborated with the All India Institute of Medical Sciences (AIIMS) for a pilot run of the product.

Source: economictimes.com- Mar 27, 2020

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Covid-19: Welspun to use textile capacity to make disinfectant wipes, masks

The firm plans to build a pipeline of a few hundred thousand masks and wipes in the coming weeks for all on-ground workers and their families attending to essential services

Amid the coronavirus (Covid-19) outbreak in the country, the Welspun Group is switching capacities at its textiles plant of Welspun India Ltd in Anjar, Gujarat to manufacture disinfectant wipes and masks to meet the demand-supply gap for personal protection.

The company plans to build a pipeline of a few hundred thousand masks and wipes in the coming weeks that could be made available to all on-ground workers and their families attending to essential services, B K Goenka, chairman of Welspun Group told Business Standard.

The plant that makes home textile products for largely exports along with domestic market also has technical textiles capabilities for products like disposable wipes, wound care, diaper, drapes and gowns apart from technical textile durables for automotives, protectives and home textiles, among others. Now, as a natural extension, the group is looking to manufacture disinfectant wipes and masks to bridge the demand-supply gap in the country.

"Welspun Group has always been at the forefront when it comes to supporting Government initiatives and the Society at large. From the business point of view, we have been making smart non-woven products and medium for diverse applications around safety clothing, filtration, personal hygiene and cosmetic segments. Hence, manufacturing face masks & disinfectant wipes for combating the crisis is a natural extension for us," said Goenka.

With this, the company aims to bridge the unhealthy gap between demand and supply for personal protection and wipes in the country even for non-specialised application need, he added.

While it is working on using technology and skill set that are not optimized for such finished products, the group feels it can build a pipeline of a "few hundred thousand masks and hand wipes" in the coming weeks.

"However, the current lockdown poses its own challenges for sourcing of key ingredients and managing workforce. For this, we are working with the Government and local authorities who are extending all the support to ensure no disruption in the manufacturing process," Goenka added.

With its prime focus currently on speedy production of such essential supplies, Welspun is focused on making these masks and disinfectant wipes available for all on-ground workers and their families who are at great risks by attending to essential services amidst the pandemic.

Among the top global makers of bed and bath linen, the company has been manufacturing cotton terry towels, beach towels, bath rugs and mats, bath robes, cotton sheets, pillows and comforters among other things at its Vapi and Anjar facilities.

Source: business-standard.com- Mar 27, 2020

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Is Bhilwara in Rajasthan set to emerge as Corona time-bomb of India?

Is Bhilwara, the textile city of India, set to emerge as the epicentre of Corona explosion in India? The first death from the coronavirus pandemic in Rajasthan was reported from Bhilwara on Thursday.

Bhilwara is located 250 kms south-west of Jaipur and has deep rooted tradition for textiles. The spinning machines used in Bhilwara are imported from Italy, China and Germany.

And 69 out of 892 spinning mills in India are located in Bhilwara. The city is India's largest manufacturer of fabrics, and accounts for 50 percent of the total polyester fabrics manufactured in India.

The spread of Corona virus in the form of an explosion is feared in Bhilwara. The fear is obvious because the owners of the spinning mills undertake regular visits to China, Italy and the Middle-East.

Similarly, people connected with textile industries in China and Italy also visit Bhilwara regularly. Both China and Italy are the worst sufferers of Corona pandemic.

A total of 3,287 people died in China, while death toll in Italy because of Corona virus was 7,503 people. Rajasthan Health minister Raghu Sharma is also worried with the possibilities of large-scale spread of Coronavirus infection from Bhilwara.

Sharma has already ordered health workers to visit homes of nearly 90,000 workers who were suspected to have been directly or indirectly exposed to infections.

The state health minister Raghu Sharma had earlier said community transmission of Coronavirus had started in Bhilwara. “It is going to dangerous for the people of Bhilwara in the coming days,” a doctor said.

Fear of spread of Covid-19 in Bhilwara is quite similar to that of Italy. The coronavirus outbreak has been nightmarish for Italy’s $150 billion-plus fashion industry.

While Bhilwara has the potential to emerge as world’s largest textile destination, the fear of an Italy-like Corona community outbreak will continue to haunt the people of Rajasthan.

Source: nenow.in- Mar 26, 2020

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