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INTERNATIONAL NEWS

USA: What's Going to Happen to All of Fashion's Mounting Merchandise?

When the COVID-19 crisis finally lets up, fashion's next-most-pressing mandate will be to manage the crisis of stuff.

That stuff, the industry's spring and summer merchandise, is currently sitting in factories, in warehouses, in distribution centers, on the water, at the docks, in port-side storage, and in the back rooms of shuttered brick-and-mortar stores. And that says little of the fall/winter merchandise orders some brands are promising to place with their currently out-of-work factory partners.

"Basically, it's a mess, it really is a mess," said Karla Magruder, a founding partner of Accelerating Circularity, a collaborative industry project aimed at accelerating the textile industry's evolution from a linear to a circular model. "There is literally not a place to put all this stuff."

Once retail reopens, the inventory predicament becomes manifold: Where will all of that merchandise go, and once it hits, will consumers be open to buying it? If it can't be sold, what happens then?

Stores will be the first stop for much of the oversupply, but with the cooler seasons' product so far slated to follow close on its heels, retailers won't be able to wait it out while demand trickles back in.

"Brands and retailers are going to want to unload that product as quickly as possible," said Doug Cahn, founder of corporate responsibility consultancy The Cahn Group. "There'll be heavy discounting and they'll look to clear out inventory, so I think we can likely see dramatic reduction in prices in the very short term."

Some experts are predicting markdowns could meet Great Recession levels of 70 percent off and upward. But some money may be better than none for retailers trying to recover from plummeting profits.

That level of discounting, however, poses its own problem for an industry that was already locked in a vicious pre-virus cycle of markdowns that have made consumers balk at buying anything full price.

"A lot will go on sale, even though it would be great if it didn't, because it's just [making] it even more difficult for the industry to survive with these constant sales," said Morten Lehmann, chief sustainability officer of the Global Fashion Agenda, which has made fashion's sustainable transformation its mission. "We know that too much is already ending up at landfill and there's a huge risk that even more will end up at landfill. So that is what we are trying to look at, what could be some of the solutions, because that's a big worry."

The industry is generating "a huge amount of waste now," Magruder said, adding that discounting won't clear enough of the goods from store shelves anyway. In the forced reprioritizing of essentials over excess brought on by the pandemic, she said, "People are not buying stuff just because it's discounted." Post-COVID-19 may be the period that sees some in the industry finally buried by their excess inventory.

"Part of what's going to take people out here is not just the cash management over the closing period," said Steven Bethell, founder of Ottowa-based Bank & Vogue, which buys and trades used apparel goods. "The next phase is probably a bigger storm than just shutting down and not paying their rent. This is the part of the exiting of the stock."

Where do clothes go from here?

While there's been talk of the coronavirus pandemic finally righting fashion's seasonal calendar, in line with the actual season and consumers' buy now, wear now wants, the move may not manifest in time to fix 2020. There's no telling yet whether consumers could be swayed to buy spring product that's been remanufactured to work for fall, or whether they'll snag this spring's goods for next year's spring, but both are options fashion's more innovative are mulling.

One solution, Lehmann said, could be to upskill manufacturers with a dearth of current work, enlisting them to remake or redesign goods to be ready for the coming season, but that comes with its own challenges.

"It's so complex with how the supply chain is structured," he said. "Some of it would be sold to local markets, but then there's the size issues that some of it doesn't fit the Asian sizes…so there would still be things you couldn't sell even of you go for the local markets or the manufacturing-level markets."

Bethell, who also operates a remanufacturing facility in Gujrat, India, said interest in the option is already ramping up.

“We’re having really strong and good conversations with some good brands about taking on inventory and remaking it,” he said. “It’s not even a sizing issue, it’s…taking an existing item and turning into a value item, reworking and upcycling product.”

Brands considering this option, he said, should be thinking about whether the garments they have on hand could be supplemented with an add-on that ups the interest, or whether a silhouette change could improve seasonal relevance.

Beyond remanufacturing for this year, some brands and retailers may look to spruce up spring/summer ’20 goods and hold them off for spring/summer ‘21, but the issue there becomes one of storage.

“The manufacturers can’t store all these goods,” Lehmann said. “So, I think that is one of the big questions that all brands—or the whole value chain—is trying to find a solution to. What do we do with the deadstock and with the overstock?”

Deadstock’s fate

Some of that deadstock and overstock will make its way to discounters, like T.J. Maxx and Ross Stores, which will be spoilt for choice when it comes to merchandise to take in.

Retailers will likely have to offload this product to discounters at significantly slashed prices and still, they may not be able to part with enough of it. As their stock on hand will be more than just the one-off pieces leftover at the end of the season, they’ll have a hard time convincing stores in this discovery shopping category to take too much of the same thing. It’s a similar challenge they’d meet on the secondhand market, likely fashion’s next stop for its unsold stock after doing what it can with discounters.

“Often what happens in the new businesses, you’ll get 100 green dresses or 100 blue dresses, but no thrift operator wants to put 100 green dresses in their shop. They want to mix them up because that’s what makes thrift or a T.K. Maxx kind of shopping environment exciting,” Bethell said.

"I'm not sure that you're going to see a lot—unless it's a strong name brand—of the new product necessarily in domestic thrift. The new product people are going to be better off either selling it to a discount retailer or selling it to jobbers who sell it to an export market."

The trickle-down effect of unsold textile goods across the globe will weigh down on the secondhand market, which, itself, will be overloaded with inventory when people can finally peek out from their hideouts. And many of those people will have Marie Kondoed their homes while quarantined, and have their own goods to offload to local charities and thrift stores.

"The suspicion is that as soon as restrictions are lifted, there's going to be a flood of donations, but if there's so much that the system can't handle it or can't digest it, that will then be pushed onto world markets," Bethell said. "Those world markets, probably they're not going to be able to handle the volume as well."

All of this also says little of countries' banning of used clothing imports for the sake of boosting their own domestic markets, or consumers' concern that shopping secondhand means goods could be at risk for coronavirus contamination.

Then there's the logistical considerations of getting unsold goods to their various new receptacles: Will the goods have to be repackaged for shipping? And who pays for the shipping?

"There's cost involved in just moving it," Magruder said.

Put simply, offloading apparel goods post-coronavirus won't be simple at all.

"There's an analogy with oil," Bethell said. "Not that there isn't a value to, but there's going to be a space problem. You physically won't have any space to put this stuff, and if you try to hold onto it, unlike oil, there's a seasonality issue there."

Landfill or nah?

If the glut of garments can't be sold at markdown to discounters or on the secondhand market, brands will have to turn to charity as the next option for unpacking that product. And from there, recycling.

"It's brand-new merchandise, so you really don't want to do that, but it is better than it going to landfill," Magruder said. The problem there, she said, is that "right now textile banks are overflowing and the sorters are going out of business because they can't sort and send it anywhere because nobody is open to take those goods."

Innovation, it seems, will be key in exiting the surfeit of fashion product, and if the industry can get sorting sorted and fold circularity into its considerations, there could be new opportunities to use recycling to turn sitting goods into sustainable garments.

Bethell's Bank & Vogue supplied some post-consumer denim to Renewcell, which it used to make a dress for H&M's Conscious Exclusive collection this year. The dress was made of 50 percent Circulose recycled from used cotton jeans, and 50 percent wood from sustainably managed forests.

"We were able to process the cotton jeans…which they used as an input to their process," Bethell said. "So, a percentage of the product that they're using to recycle is deadstock product. Innovative solutions like that will become more of a demand."

Textile waste is by no means a new problem, but COVID-19 could carry the crisis up a category level.

By the U.S. Environmental Protection Agency's most recent estimates, 16.9 million tons of textile waste were generated in 2017, accounting for 6.3 percent of all municipal solid waste collected that year. Though recycling has ramped up, just 2.6 million tons of that total textile waste was recycled in 2017, 13.6 percent of which was clothing and footwear.

The societal responsibility that has come as a side effect of the coronavirus, however, could keep spring/summer '20 goods out of the dumps.

"I don't think brands are going to landfill product, I think people are too astute for that," Bethell said. "I think people are going to take enormous haircuts on pricing."

Magruder agrees.

"There's so much pressure on companies to do the right thing now, I think that people really don't want to end up sending things to landfill. I think they're going to try really hard not to do that," she said.

All options considered, there's little way for fashion to win financially as it works itself out of an inventory conundrum that had been piling up even before the pandemic.

"This is a recovery conversation at best," Bethell said, "not a money maker."

Source: sourcingjournal.com - Apr 28, 2020

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China's industrial profits fall 36.7% year-on year in Q1

Profits of China''s leading industrial businesses dropped 36.7 per cent year-on-year in the first quarter of 2020 due to the impact of the coronavirus pandemic, official data revealed on Monday.

The data released by the National Bureau of Statistics (NBS) revealed that the profits in the first quarter of the year were placed at 781.45 billion yuan ($110.43 billion), reports Efe news.

The marker recorded a 38.3 per cent year-on-year fall in the months of January and February, while the slump in March stood at 34.9 per cent, according to NBS.

Before the suspension of the activities due to the pandemic, the industrial profits had shown a 6.3 per cent year-on-year decline in December with a total drop of 3.3 per cent in 2019.

Of the 41 sectors listed by the NBS, 39 recorded a slump in their profits in the first quarter of 2020 while the remaining experienced an increase.

Likewise, the gains of state-run firms declined 45.5 per cent during this period, while that private entities slumped 29.5 per cent.

Most affected firms included those of oil, coal and other fuel industries (-187 per cent), machine and equipment repair industries (-84.3 per cent), automation (-80.2 per cent), chemical industry (-56.5 per cent), textile (38.8 per cent), food manufacturing (27.4 per cent) and pharmaceutical industries (-15.7 per cent).

At the other extreme, tobacco and agricultural and processed food industries recorded gains of 28.5 per cent and 11.2 per cent, respectively.

NBS expert Zhang Weihua said that resumption in production was accelerating and corporate profits have been showing some positive changes given that 28 of the 41 companies analyzed in March showed improvement in their figures as compared to that of the first two Months of 2020.

The data released on Monday is one of the economic indicators - along with international trade and production, among others - that show the significant impact of the pandemic on the figures of the Asian country.

Source: outlookindia.com - Apr 28, 2020

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Does America Have Enough Manufacturing Resiliency?

Even before the Covid-19 pandemic, there were questions worth asking about the United States' resiliency and self-sufficiency concerning manufacturing. Now, shuttering factories and borders in the name of public safety has thrown some of these shortcomings into sharper relief.

Thankfully, there are also signs that the U.S. may be in a good position to rebound after the crisis and improve its chances of weathering future disruptions while reducing the magnitude of the impact.

Weaknesses in U.S. manufacturing and supply chains

According to the CIA, the U.S. was the world's second-largest importer of foreign goods in 2017. As a result, in 2018, the census noted a $616 billion trade deficit for the U.S.

Trade deficits can be a sign of relative wealth, as is the case for America. As one writer put it, the average American citizen is "wealthy" enough to "afford to purchase what other nations have to offer."

The negative correlation between trade deficits and a lack of self-sufficiency is clear, however. An abundance of dollars does little good if products can't cross international borders.

One example of a lack of self-sufficiency in U.S. consumer goods supply chains includes the textile and fashion industries. In mid-February, authorities at U.S. ports noted a 12.9% drop in clothing shipments due to factory and distributor closures throughout China.

Industry experts predict a worsening and potentially "disastrous" downturn in the clothing and textile industry through the first six months of 2020.

In 2018, Chinese imports accounted for more than 35 cents of every dollar spent on clothing in the United States. Vietnam and India represented around 11% and 7% of U.S. clothing consumption, respectively. The relative lack of affordable domestic clothing and textile options makes this one sector that exemplifies America's trade weaknesses in critical industries.

The electronics industry is another. China provides around half of all LCD panel shipments in the world, which are critical for production in sectors like laptops, televisions, computer monitors, smartphones, industrial controls and automotive manufacturing.

All told, the Port of Los Angeles — one of America's largest — had registered a 22.9% total drop in cargo container volume from China by early March.

The ongoing skills gap is another weakness in the fabric of America's manufacturing and supply chain sectors, although not one that's unique to the U.S. Some 89% of American manufacturers are having to leave job openings vacant or consider offshoring due to a lack of qualified and motivated applicants.

Around 2.4 million manufacturing jobs may go unfilled between 2018 and 2028 if employers don't find a way to fix their communication and education problems, as well as the perceived stigma among the public when it comes to decent-paying blue-collar jobs.

Helping employers develop outreach campaigns and stronger relationships with trade schools and universities would substantially strengthen America's domestic manufacturing capacity and make the nation more resilient in the face of global pressures — including pandemics and other major setbacks.

The strengths of American manufacturing and supply chains

What America lacks in manufacturing capacity, it makes up for in the quality of its manufacturing environment. Research from the Brookings Institute names the U.K., Switzerland and the United States, in that order, as the first-, second- and third-place nations for manufacturing environment quality.

The U.S. earned high marks for metrics like risk index, low corruption and attractive corporate tax policies, yet showed room for improvement in the quality and quantity of manufacturing infrastructure, the cost of education and the number of patent filings.

Click here for more details

Source: epsnews.com- Apr 28, 2020

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Apparel Textile Sourcing Trade Shows Reveals Dates for New Virtual Event

Reacting to business conditions and restriction caused by COVID-19, Apparel Textile Sourcing (ATS) Trade Shows has added the Apparel Textile Sourcing-Virtual (ATSV) as its fourth trade show on the 2020 calendar.

The new event will take place from May 25-29, while the Apparel Textile Sourcing Miami (ATSM) physical trade show has been moved to Nov. 11-13 from May 27-29.

The May event evolution to ATSV will now expand the audience reach to include global attendees from the United States, Canada, Latin America, Europe and Australia.

“The global pandemic demands business industry solidarity, speed and a response,” said Jason Prescott, CEO of JPC Inc. and producer of ATS Trade Shows. “We first surveyed thousands of buyers and sellers and over 90 percent conveyed an eagerness to attend virtually. Then we engaged our B2B trade platforms–TopTenWholesale.com and Manufacturer.com. We used these same large B2B platforms to launch the ATS brand in 2016.

Finally, we are subsidizing manufacturers from hard-hit regions to significantly lower their booth costs. We are here to support our community."

International and domestic manufacturers will be able to interact with attendees live through voice chat, WeChat or text. All attendees will also receive online links, catalogs, certifications and further information electronically. ATSV will feature apparel and textile manufacturers' interactive booths stocked full of ready-to-order apparel, textiles, home textiles and fashion accessories.

ATSV will also feature live seminars from industry leaders focusing on the global supply chain perspective and shelter/rebound business strategies in the wake of the pandemic.

"Now is definitely the time to introduce a virtual solution to Apparel Textile Sourcing Trade Shows," said ATSV speaker Avedis Sefarian, CEO of Worldwide Responsible Accredited Production (WRAP), the U.S.-based non-profit social compliance organization.

The first 30,000 attendees will have immediate access. The virtual event is spread out over five days to provide easy navigation. Matchmaking professionals from TopTenWholesale.com and Manufacturer.com will be available to help connect any buyers and sellers.

Attendees can register for free at appareltextilesourcing.com/virtual/

Source: sourcingjournal.com- Apr 28, 2020

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UNCTAD Issues 10-Point Plan to Bolster Global Transport, Trade During COVID-19

As countries adopt radical measures to bring the coronavirus pandemic under control, international trade and transport systems are under tremendous stress.

Early evidence shows that international trade is collapsing, threatening access to goods and critical supplies. In response, the United Nations Conference on Trade and Development (UNCTAD) has issued an action plan to tear down barriers to trade and transport and ensure the free flow of goods, food and essential supplies.

"Trade facilitation is about keeping goods moving, so we must do our utmost to ensure the crisis doesn't slow the movement of critical supplies," Shamika Sirimanne, UNCTAD's director of technology and logistics, said. "Facilitating trade and the transport of goods has become more important than ever, to avoid logistical obstacles that lead to shortages of necessary supplies."

The policy brief presents concrete measures to facilitate transport and trade while protecting people from contracting COVID-19. The action plan is rooted in UNCTAD's work with international policy experts and operators on the ground, through its trade facilitation, customs automation and maritime transport programs.

UNCTAD proposed 10 policy measures to cover maritime transport, customs operations, transit, transparency and legal issues, as well as technology to enhance paperless trade processes.

The plan calls for policies that ensure uninterrupted shipping, keep ports open, protect international trade of critical goods and speed up customs clearance and trade facilitation and facilitate cross-border transport.

It also seeks to ensure the right of transit, safeguard transparency and up-to-date information, promote paperless systems, address early-on legal implications for commercial parties, protect shippers and transport service providers, and prioritize technical assistance.

The policy brief also calls on governments to ensure health measures are implemented in ports and border crossings in ways that minimize interference with international traffic and trade. It also stresses the need for people involved in the movement of trucks, ships and planes to be given the status of critical personnel.

Sirimanne noted that even before COVID-19 struck, many developing countries were already confronted with the challenge of having limited resources to make the necessary investments in transport infrastructure and services, and undertake trade facilitation reforms.

These measures require further investment in human, institutional and technological capacities, and should be given priority by development partners. UNCTAD already works with developing countries to support their trade and transport facilitation efforts. An example is the ASYCUDA program that offers a technology solution for customs automation and a single window for trade.

UNCTAD also trains officials to build port management capacity, works with national trade facilitation committees and provides technical assistance to improve transport transit in developing countries. The committees enhance inter-agency coordination to facilitate trade flows, especially in emergency situations such as the coronavirus pandemic.

Source: sourcingjournal.com- Apr 28, 2020

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Panama, Qatar ‘working closely’ to boost trade, says envoy

Qatar and Panama continue to share robust trade and economic relations despite the impact of the ongoing health crisis across the international community, Panama’s top diplomat in Doha said.

“The Embassy of Panama in Qatar is working in collaboration with the different authorities and institutions in the State of Qatar to create boundaries and bridges between both the countries that will result in an increase of trade,” ambassador Musa Asvat told Gulf Times.

Aside from trade, Asvat noted that the embassy is also co-operating with Qatar authorities “in innovations and other areas, especially now that new trends will be driving investments for the ‘new customer’ that will emerge once the ‘new normal’ will start, assuring that business continuity and communication will increase.”

According to Asvat, the economy of Panama is based mainly on the services sector, which accounts for nearly 80% of the country’s GDP and accounts for most of its foreign income.

“These services include the Panama Canal, banking sector, retail and wholesale commerce, the Colón Free Trade Zone, insurance sector, logistics and transport, ship registry, medical and health sector, and tourism. The country’s industry includes manufacturing of aircraft spare parts, cement, beverages, adhesives, and textiles. Additionally, exports from Panama include bananas, shrimp, sugar, coffee, and clothing.

“In 2019, trade figures registered imports from Qatar at above $800,000, mainly in plastics and derivatives. During the first semester of 2019, Panamanian exports to Qatar were around $100,000, mainly in coffee, tea, cocoa, and derivatives,” Asvat explained.

Asked if the pandemic will have an impact on future import-export figures and trade relations between both the countries, Asvat noted that the first quarter of 2020 has been a challenge for trade worldwide.

“In Panama, the government is closely working hard with the private sector to develop and take all the necessary measures to mitigate the impact of the pandemic, but this will also depend on how other countries and regions will cope with the current circumstances.

"Our economy is highly-depend on a variety of services. Before the Covid-19 outbreak, main economic firms' forecast of year-on-year growth was expected to be around 4.5% for Panama during 2020, but now it is expected to increase in between 2.0% and 2.5%," Asvat emphasised.

Asvat said Panama is a top commercial, logistical, and air transport hub in the Americas. With 90 air connections to 34 countries in the Americas and Europe through its main airport, and the Panama Canal handling 5% of world maritime trade, Panama is one of Latin America's busiest transit points today, he said.

"This exposed us to be one of the first countries in Latin America to have a particularly high concentration of coronavirus infections and more risk than other countries in the region," Asvat pointed out.

He added: "The rapid intervention of Panama on dealing with the outbreak has reduced its impact, as a result of more testing, identifying where the cases are located by every sector, and with clear and transparent communication to the population on a daily basis through the media to inform all citizens.

"Authorities have imposed tighter containment measures, a total lockdown on weekends, curfews, and strict hygiene information and procedures."

Source: gulf-times.com - Apr 28, 2020

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EU-27 imported €154 billion clothes in 2019

The 27 EU Member States (after the UK left the EU on January 31 this year) imported clothes worth €154 billion in 2019, just over half of which came from non-EU Member States (52%, or €80 billion). Over the last decade, imports of clothing to the EU Member States increased in value by 62 per cent, according to Eurostat, which provides statistics for the EU.

Last year, €115 billion of clothes were exported by the EU Member States, the majority of which went to other EU Member States (69%, or €79 billion). This represents a 68 per cent increase in the value of EU Member States' intra-EU exports since 2009.

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

In 2019, almost €19 billion-worth of clothes were imported by Germany from non-EU Member States (23% of total extra-EU imports of clothes imports by value). This makes Germany the largest EU importer of clothing from non-EU countries, ahead of Spain (€13 billion, 16%), France (€11 billion, 14%), the Netherlands (€10 billion, 13%) and Italy (€8 billion, 10%).

Imports of clothes from non-EU countries came mainly from China (€23 billion, or 29% of total extra-EU clothes), Bangladesh (€15 billion, 19%) and Turkey (€9 billion, 11%), followed by United Kingdom (€5 billion, 6%), India (€4 billion, 5%), Cambodia and Vietnam (both €3 billion, 4%).

Among EU Member States, Italy exported clothes worth €12 billion to non-EU Member States in 2019 (34% of total extra-EU exports of clothes by value). This makes Italy the largest extra-EU exporter of clothes, ahead of Germany (€6 billion, 16%), Spain (€5 billion, 15%), France (€4 billion, 13%) and the Netherlands (€2 billion, 5%).

Source: fibre2fashion.com - Apr 28, 2020

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Kohl's, Macy's, Gap, Belk Are Among The Retailers Delaying Payments To Their Suppliers

Landlords and employees are not the only people getting stiffed by retailers desperate to conserve whatever cash they can get their hands on.

They are now also telling their suppliers the check is most certainly not in the mail

With their stores closed and revenue at just a fraction of pre-pandemic levels, many of America's big retailers are struggling to find a way to survive the coronavirus economic collapse. First they began laying off—furloughing is the nicer way they have put it—their employees, putting more than one million retail workers out of jobs. Then they told their landlords they wouldn't be paying their rents in April—and maybe beyond.

As for the companies that supply them with all the products they sell, many giant retailers first began canceling any new orders. They then stepped up their game by refusing to accept any incoming shipments that had been previously ordered and were arriving at U.S. ports.

And now, they've dropped the third shoe: They are simply not paying for goods already delivered and accepted, telling their vendors they have unilaterally extended the payment terms out from the standard net-30 days to 60 or 90 days. Some are now going even further, with reports saying they won't pay their bills for as long as 120 or even 180 days. For those who are calendar-challenged, that's half a year—and counting.

And while it's one thing to tell giant corporations like P&G or consumer electronics vendors they aren't getting paid, many of these suppliers are smaller companies that themselves are running out of cash, not to mention patience.

We've all heard the predictions of the number of retailers that won't survive into the post-pandemic period, but less well reported are the hundreds, perhaps thousands, of suppliers that will go under, too.

In a recent Retail Dive report on the subject, Dennis Cantalupo, CEO of Pulse Ratings, said, "We have compiled a growing list of 30+ retailers who have sent communications to suppliers dictating new payment terms."

He added, "What is surprising is that some very healthy retailers have extended terms, which we feel places an unfair burden on their supplier partners who are also desperately trying to manage cash flow during this crisis."

The number of retailers taking this approach includes many high-profile names. "We previously announced that we extended payment terms for vendors to 120 days," a Macy's spokeswoman told one online publication.

A vendor who wished to remain anonymous and does business with Kohl's said he received a curt letter from the retailer saying it would be taking 180-day terms for all outstanding payments. He said it was not negotiable.

JC Penney said last month that it was "extending the terms for payment of goods and services" but has not shared details on how far out it has pushed its payments to vendors. A vendor said Belk has also told its suppliers it was taking extended terms but did not specify for how long.

Gap may be among the most troubled retailers out there, issuing dire forecasts on its continued existence. It stopped paying rent in April and has said it could run out of cash if this shutdown continues. It has not specified publicly how it is paying its vendors, but at least one said terms have been extended.

In the U.K., apparel retailer New Look went even further and told its suppliers it was suspending payments for existing merchandise "indefinitely." It said vendors could pick up their goods if they wanted, which would seem to be an impractical solution to the problem.

Another British retailer, Arcadia Group, which owns Topshop among other brands, took its terms to 90 days and told its suppliers that "we are able to cancel any order at any stage," saying it was "not responsible" for any of the costs associated with producing the goods. It did say it would "bring in any order at a 30% discount" that was in transit on March 17.

Not all retailers are stiffing their suppliers. Discounters like Walmart and Target that have remained open are reportedly paying on time, as are some other stores that have closed, including Nordstrom. Others, including the TJX group and H&M, initially held off paying for existing goods but have resumed payments and are current, several vendors said.

The retailers that are suspending payments are not just creating financial havoc for their vendors. Much of the merchandise involved in these orders was produced by third-party factories in Asia, often smaller manufacturers that have seen their orders dry up over the past 90 days and don't have the cash reserves to remain in business.

Even as parts of the U.S. economy start reopening, or talk about reopening, the repercussions of this pandemic are likely to reverberate up and down the supply chain for months, even years, to come.

Source: forbes.com- Apr 27, 2020

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Global e-com sales hit $25.6 trn in 2018: UNCTAD

E-commerce sales hit $25.6 trillion globally in 2018, up by 8 per cent from 2017 figures, according to the latest estimates by the United Nations Conference on Trade and Development (UNCTAD), which is celebrating the UNCTAD eWeek online event from April 27 to May 1 to explore digital solutions and policies to help the world recover from the COVID-19 crisis.

The event features dialogues among ministers, heads of international organisations, business executives and civil society representatives.

According to the UNCTAD analysis, the estimated 2018 e-commerce sales value, which includes business-to-business (B2B) and business-to-consumer (B2C) sales, was equivalent to 30 per cent of global gross domestic product (GDP) that year.

"The coronavirus crisis has accelerated the uptake of digital solutions, tools and services, but the overall impact on the value of e-commerce in 2020 is still hard to predict," said Shamika Sirimanne, UNCTAD's director of technology and logistics in a press release.

The 2017 value of global e-commerce was estimated at $23.8 trillion, based on a revised methodology. The value of global B2B e-commerce in 2018 was $21 trillion, representing 83 per cent of all e-commerce, comprising both sales on online market platforms and electronic data interchange transactions.

B2C e-commerce was valued at $4.4 trillion, up by 16 per cent from 2017. Cross-border B2C e-commerce sales amounted to $404 billion in 2018, representing an increase of 7 per cent over 2017 figures.

The United States continued to dominate the overall e-commerce market. It remained among the top three countries by B2C e-commerce sales, alongside China and the United Kingdom.

The leading B2C e-commerce companies are based mostly in China and the United States. The world's top 10 B2C companies in 2018 generated almost $2 trillion in gross merchandise value (GMV), according to the report.

China's Alibaba was far ahead with a GMV of $866 billion in 2018, followed by Amazon with $277 billion. However, in terms of revenue, China's JD.com and Amazon were ahead of Alibaba.

Developing and transition economies accounted for about half of the top 20 economies by B2C e-commerce sales. In relation to GDP, B2C e-commerce in these economies was the largest in Hong Kong, China and the United Kingdom, and smallest in India, Brazil and Russia.

Among the top 20 economies, the extent to which Internet users engage in online purchases varies considerably. For example, in 2018, 87 per cent of Internet users in the United Kingdom shopped online, compared with only 14 per cent in Thailand and 11 per cent in India.

UNCTAD estimates that 1.45 billion people, or one quarter of the world's population aged 15 and older, made purchases online in 2018. This is 9 per cent higher than 2017 figures.

China had the largest number of online shoppers at 610 million, according to the report. While the bulk of online shoppers mainly bought from domestic suppliers, some 330 million online shoppers made cross-border purchases in 2018—a little more than one in five of all online shoppers.

The interest in buying from foreign suppliers continued to expand. The share of cross-border online shoppers to all online shoppers rose from 17 per cent in 2016 to 23 per cent in 2018.

Source: fibre2fashion.com - Apr 28, 2020

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Bangladesh: 'Operational manual' a must for RMG, textile companies to contain Covid-19

The RMG (ready-made garment) and textile companies should maintain 'operational manual' to contain the spread of COVID-19 among workers ahead of full resumption of production in the companies.

However, the companies' productions right now should also be resumed in a limited scale avoiding the workers' gathering amid the alarming spread of COVID-19, according to a leading entrepreneur.

"The listed RMG and textile companies having orders, placed by buyers, can resume operations in a limited scale. In that case, the factories should have an operational manual to save workers from the deadly infection of COVID-19", Azam J. Chowdhury, president of Bangladesh Association of Publicly Listed Companies (BAPLC), told the FE on Tuesday.

Mr. Chowdhury said it will not be wise if the owners of listed textile and RMG companies call all workers at a time to resume operations.

"The scope of spreading COVID-19 among workers will be intensified if their safety is not prioritised while resuming operations at RMG and textile companies," the BAPLC president said.

On April 25, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in a letter to the labour secretary, called for gradual reopening of the garment factories in industrial zones using a 30 per cent workforce in the first phase.

The BAPLC president said following the government's order, the energy companies are continuing operations with limited manpower maintaining social distances.

"But the nature of operations at RMG and textile companies is different from energy and power sector. That's why, the owners of RMG and textile units should ensure safe transports so that workers can reach the workplaces maintaining social distancing," the BAPLC president said.

Contacted, the officials of some listed textile companies said they have already resumed operations.

Some other companies said they have not yet resumed productions due to various reasons including limited scope of accommodation for workers amid ongoing lockdown enforced to contain spread of COVID-19. These companies also said they would resume operations soon.

The officials of Envoy Textiles said they reopened factory as they have the scope of ensuring social distances for their workers.

"Textile companies have huge spaces in their compounds. Workers are able to work maintaining sufficient distances at such type of factories," said Abdus Salam Murshedy, MP, managing director of Envoy Textiles.

He said their workers are also living in the factory premises in compliance with formalities required to contain the spread of COVID-19.

Asked, the officials of Regent Textile Mills said they have resumed operations amid ongoing public holiday.

"We have paid workers' salary for March. We are working to avail the facility announced by the government under the stimulus package," said an official of Regent Textile Mills.

Sohrab Ali, company secretary at Pacific Denims, said presently their company remained closed following the public holiday announced by the government to disperse public gathering.

"We have paid our workers' salary for March. We have no accommodation for workers who can stay near the workplace maintaining specific distances. That's why, we have not yet opened our factory," Mr. Ali said.

Asked, the officials of some listed companies said they have paid workers' salary for March and working to avail the facility of stimulus package announced by the government.

Corporate offices of many listed textile companies were found closed as no one received phone, while the telephone operators were found only at some other offices.

Contacted, the officials of Desh Garments and Esquire Knit & Composite said their factories still remain closed.

Textile sector is the largest one in terms of the number of listed companies. Presently, there are 56 companies listed under the sector of textile. Insurance sector is the second largest sector having 47 listed companies.

Source: thefinancialexpress.com.bd- Apr 29, 2020

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Vietnamese garment makers shift to PPE manufacturing

Amid the global COVID-19 crisis, Vietnamese garment manufacturers have quickly shifted to producing additional medical face masks and protective clothing for export to countries that have been hit hard by the pandemic. Experts feel enterprises must step up efforts to meet the required standards and regulations set by US and European Union (EU) markets.

Vietnam Textile and Apparel Association (VITAS) vice chairman Truong Van Cam said despite bright export prospects caused by COVID-19, Vietnamese businesses must obtain the necessary medical certificates to export medical products to these markets.

Vietnam's trade office based in Belgium has also warned that domestic enterprises who wish to export masks and protective medical clothing to the EU must first obtain CE marking in order to comply with EU regulations, or alternatively meet the 11 standards set forth by the EU and its members, according to a Vietnamese newspaper report.

Nguyen Tuan Viet, director of VietGo Company, said domestic firms have signed nearly 300 export orders for face masks.

According to the country's ministry of industry and trade, US firm DuPont has ordered Vietnamese garment enterprises to produce 450,000 protective items to address the urgent need of health workers.

It is expected that over the course of the next five weeks, the US department of health and human services will continue to receive 2.25 million sets of medical protective clothing from Vietnam.

Source: fibre2fashion.com- Apr 29, 2020

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Centre mulls extending interest subsidy scheme for exporters

Commerce Ministry in talks with FinMin, PMO on the matter

With exporters seeking assistance to survive the Covid-19 crisis that has disrupted businesses globally, the Centre is looking at extending the interest equalisation (subsidy) scheme for select sectors for some more time, say officials.

The Commerce and Industry Ministry is in discussions with the Finance Ministry and the Prime Minister's Office on the need to re-introduce or extend the interest equalisation scheme, which is basically an interest subsidy scheme for exporters from select sectors that lapsed on March 31, 2020, a government official told BusinessLine.

The plan is to extend the popular scheme, which benefits a wide range of exporters, by at least a few months.

"Exporters urgently need financial help as not only are they losing orders with production halting due to the national lock-down but their shipments and payments are also stuck. If the interest equalisation scheme, which provides credit at a lower interest rate, is not extended, they may be further crushed," the official said.

The scheme, earlier called interest subvention scheme, was announced for a period of five years, from April 1, 2015 to March 31, 2020, for 416 selected tariff lines, many of them involving labour-intensive production, such as readymade garments, automobile parts, processed agriculture/food items, handicrafts, glass and glassware, medical and scientific instruments and pharmaceuticals. The scheme also covered all items exported by the MSME (micro, small & medium enterprises) sector.

While the scheme initially offered a 3 per cent subsidy on pre- and post-shipment export credit to all beneficiaries, the rate was enhanced to 5 per cent for the MSME sector in 2018.

Industry bodies such as CII and exporters' organisations including the Federation of India Export Organisations and EEPC India have already urged the government to extend the scheme.

"Most exporters are hopeful that the interest equalisation scheme will be extended given the dire situation they are in but the delay in decision-taking is making them restless. The Commerce & Industry Ministry is trying to expedite the process," the official said. While the Foreign Trade Policy, which was to lapse on March 31, 2020, was extended by the Centre by one year, no decision was taken on the interest equalisation scheme.

India's exports of goods in March 2020 plummeted 34.57 per cent to $21.41 billion (year-on-year) as the spread of Covid-19 across countries disrupted production and supply chains globally. This pulled down overall export figures for financial year 2019-20 by 4.78 per cent to $314.31 billion.

Exporters fear that performance in April and May would be worse when the full impact of the Covid-19 crisis plays out.

Source: thehindubusinessline.com- Apr 28, 2020

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Fitch slashes India's GDP growth rate to 0.8 per cent

But predicts growth rebound to 6.7% in 2021-22

Global rating agency Fitch on Tuesday sharply cut India's GDP growth rate to 0.8 per cent during current fiscal, which is the lowest growth projection so far.

"(Reduction) reflecting the impact of the coronavirus pandemic and official efforts to contain it. This is down sharply from our forecast of 5.6 per cent prior to the outbreak," the agency said. Though, it expects growth to rebound to 6.7 per cent in 2021-22, it feels there is a risk that the crisis could amplify the fiscal and financial sector strains and hurt the country's growth prospects over the medium term.

Fitch's projection is lower than IMF's estimate of 1.9 per cent and the World Bank's estimate of 1.5-2.8 per cent. It is also in contrast to its group company, India Ratings & Research's (Ind-Ra) projection of 1.9 per cent.

On Monday, another agency Crisil cut its forecast to 1.8 per cent from last revised number of 3.5 per cent. The government is yet to revise its projection of 6-6.5 per cent as it is waiting for the growth numbers of the January-March quarter of FY 2019-20 and April-June quarter of FY 2020-21.

In December before the onset of the Covid-19, Fitch affirmed India's rating at 'BBB Minus' with a Stable Outlook. This is the last investment grade and stable outlook means that a revision will take place only after some time depending on the various factors mainly fiscal.

According to Fitch, further deterioration in the fiscal outlook as a result of lower growth or fiscal easing could pressure the sovereign rating in light of the limited fiscal headroom India had when the Covid crisis emerged.

"Our assessment of India's rating in such a case would be guided by our judgement of its probable medium-term fiscal path in the post-crisis environment. The government may tighten fiscal policy again once the pandemic is under control, but India's record of meeting fiscal targets and implementing fiscal rules has been mixed in recent years, which will colour our assessment of any official commitment to tighten fiscal policy over the medium term," it said.

Further, it mentioned that the country has limited fiscal space to respond to the challenges posed by the health crisis. General government debt stood at 70 per cent of GDP in FY20, according to Fitch's estimate, well above the 'BBB' rated sovereigns' median of 42 per cent.

"India's relatively robust external position supports its sovereign rating, and has helped to offset its comparatively weaker fiscal metrics," it said.

Risks to the medium-term economic outlook will increase if India experiences another bout of stress in its financial system. The current slowdown will reverse at least some of the improvement of the past few years in banking sector's health.

"Prolonged financial-sector weakness could weigh on credit growth, economic output, investment and productivity," the agency cautioned.

Source: thehindubusinessline.com- Apr 28, 2020

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CCI operations start at slow pace as traders feel lockdown pinch

The coronavirus (COVID-19) crisis and the subsequent lockdown has brought CCI's MSP procurement operations to a standstill. Gin and press owners had taken a stance not to restart their operations in view of labour issues as well as fear of the infection.

Close to 50 per cent of the 210 procurement centres run by Cotton Corporation of India (CCI) have resumed their operations, allowing farmers to sell their produce at the government-declared Minimum Support Price (MSP) of Rs 5,550 per quintal. Chances of private ginners actively procuring from farmers are slim given the headwinds the industry is facing of late.

The coronavirus (COVID-19) crisis and the subsequent lockdown has brought CCI's MSP procurement operations to a standstill. Gin and press owners had taken a stance not to restart their operations in view of labour issues as well as fear of the infection.

Due to repeated protests by farmer groups, district collectors had issued notice to ginners who had failed to start their operations. The CCI's operations is run at the ginning and pressing units that corporations lease out at the start of the October-September cotton season. Farmers bring their raw cotton into gin yards where it is pressed into bales of 170 kg each and sent to godowns.

Of 210 procurement centres, which were operational at the beginning of the season, 98 have restarted with the rest also expected to begin their operations soon. In Maharashtra alone, 16 centres have started operations. Till around April 15, the CCI had procured 84.65 lakh bales across the country.

Industry estimates point to India producing 324 lakh bales this season, of which 278.76 lakh have already arrived in the markets till April 15. This would be the first time when CCI has continued its operations after March, at least in Maharashtra. Most of the kapas (raw unginned seed cotton), which arrives after March, do not meet the Fair and Average Quality (FAQ) parameters set by the corporation as it is mainly from the second flush of the crop.

The CCI's operations comes at a time when the average traded price of kapas in the mandis across the country have nosedived to Rs 4,750.15 from Rs 4,965.85 per quintal, as of last month.

Domestic trends had reflected the price drop in international markets — with Cotlook A index, which is the international benchmark for raw cotton prices. The index, which had crossed the 80.2-cent mark in mid-January, has since then collapsed to the present 65.15-cent mark. Cotton traders have ruled out any drastic increase in prices given the long fallout of the COVID-19 crisis.

Pradeep Jain, chairperson of Kandesh Gin and Press Owners Welfare Association, said ginners were facing the problem of capital as trade had almost come to a standstill since the lockdown.

"Most of the yarn or garment makers have stopped their operations so there is hardly any trade," he said. Other than labour, he said, locked capital was also a major worry for the industry with many ginners and yarn makers yet to receive payment for the trade they had done before the lockdown.

Arvind Jain, vice-chairperson of the welfare association and director of Cotton Association of India, estimated that a payment of around Rs 8,000 to 10,000 crore was yet to be relased to ginners, oil pressers and yarn makers.

"Another Rs 500 crore worth of payment for the two lakh bales exported before the lockdown is pending," he said. China's announcement of procuring 40 lakh bales of cotton has failed to excite the industry as they feel a majority of the contracts will be bagged by the US exporters. "We feel that trade will normalise only after June," they said.

Source: indianexpress.com- Apr 28, 2020

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Exporters seek relief amid COVID-19 outbreak, SBI working on packages

Hit hard by the COVID-19 pandemic, exporters have sought relief from the government and banks to deal with the situation, a representive of a trade body said on Tuesday. Chairman of CII National Committee on Exports and Imports, Sanjay Budhia, said exporters are looking forward to extension of interest subvention scheme that expired on March 31, among other measures.

"CII and all industry associations are asking for renewal of the scheme as interest rates in India are as high as 9 to 10 per cent," Budhia said.

Indian exporters should get cost of credit at international rates to compete with Chinese exports, he said. Budhia said China has announced export rebate of up to 13 per cent and also devalued its currency.

Another exporters' body, Engineering Exports Promotion Council (EEPC), has also made a case for term loan extension. "Working capital is an issue and term loan extension is what the exporters are looking for," Executive Director of EEPC Suranjan Gupta said.

On rolling over of forward contracts, Budhia said due to the lockdown, there are no shipments taking place. "The exporters are seeking rollover of forward contracts and they should not be penalized for forward cover taken as non-shipment of goods is not leading to realisation of export proceeds," he said.

Leading public sector lender State Bank of India said some packages are being worked out for exporters, adding that these have to be within the guidelines of the RBI and other regulations.

"We are already extending an emergency line of fund- based limit and non-fund based limit to the MSMEs," an official of the bank said. He also said exporters will be granted extension of time for export realisation and no interest charges will apply for making deferred payments up to three months.

Source: economictimes.com- Apr 28, 2020

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CBIC issues guidelines for virtual hearing of appeals and adjudication of indirect tax cases

In an effort to ensure the speedy disposal of appeals and adjudication for exim assessees during the Covid-19 crisis, the Central Board of Indirect Taxes and Custom (CBIC) has issued guidelines for personal hearings in the virtual mode.

Since various measures are in place to contain the Covid-19 pandemic, including the lockdown and social distancing guidelines, the Board has decided that personal hearings in respect of proceedings under the Customs Act 1962, given by authorities including the Commissioner (Appeals), original adjudicating authorities and compounding authority, may be conducted through video conferencing facility

“Broad guidelines to conduct such virtual hearings are provided so that Customs appeals and adjudications are completed expeditiously,” the Board said, while adding that these guidelines are based on the overall directions given by the Supreme Court. It believes that such a mechanism would help importers, exporters, passengers, advocates, tax practitioners and authorised representatives to follow social distancing norms while working from a place of their choice.

According to the guidelines, the party concerned, either appellant or respondent, will need to give his consent for personal hearing through video conference while filing the appeal. The date and time of hearing, along with a link for the video conference, will then be shared.

The party will not be allowed to share the link with anyone without prior approval. The advocates/ consultant/ authorised representative, appearing on behalf of party, should file his vakalatnama or authorisation letter, along with photo ID, to the adjudicating or appellate authority. “All persons participating in the video conference should be appropriately dressed and maintain the decorum required for such an occasion,” the Board has said.

The submissions made by the appellant through video conferencing will be reproduced in writing and a statement of the same will be prepared, which will be known as ‘record of personal hearing.’ A soft copy of such record will be mailed to the appellant.

There will be provision for modification. If the appellant does not re-send the email within three days of receipt, it will be presumed that he agrees with the e-mailed record. Accordingly, the matter will be taken forward for a decision. Additional documents can also be submitted within three days of the date of virtual hearing.

The same guidelines will be applicable for cases related to Central Excise and Service Tax.

Source: thehindubusinessline.com- Apr 28, 2020

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Retailers seek rent waiver, govt support; malls ask for waiving off electricity charges, government levies

Retailers and brands are seeking rent waivers across malls and high streets with earnings taking a hit due to the coronavirus-induced lockdown.

Offers under consideration of mall management and landlords include total waiver during the lockdown period, partial waiver, renegotiated rates, and revenue sharing arrangements.

Some have asked mall managements to waive off the minimum guarantee that is charged from shops during the period of lockdown.

Market sources indicate that eateries including coffee shops, restaurants and pubs, fashion apparel, footwear and anything that comes under discretionary spending have been worst hit due to the prolonged lockdown.

India has been in a lockdown since March 25. In some states and regions, a complete shutdown was in force much before.

Brands like Woodland; Speciality Restaurants, which run the largest chain of restaurants in India; Metro Brands, the footwear retailer which houses brands like Metro Shoes, Mochi, Walkway and DaVinchi, and some multiplexes have either written to malls or have initiated discussions.

Negotiations on

“Yes, we have written to some malls seeking rent waiver or to landlords seeking renegotiation of rents. Discussions are on,” said Harkirat Singh, MD, Aero Club, makers of Woodland branded footwear and apparels.

Singh said that even in the 2008-09 economic crisis, rents were renegotiated. But the current situation is “worse”. “Some of the stores are quite old or have landlords with whom we have a working relationship. So naturally, we expect some resolution towards this end,” he added.

Apparel brand Raymond also confirmed that it was in “active discussion” with mall owners and high street shop owners across the country to arrive at an amicable solution.

Keeping the company “healthy and strong” would be the immediate focus for Metro Brands, which has close to 500 stores across the country, most of them company-owned, company-operated. If rationalisation is required at some stores, the company would take a call accordingly, said Alisha Malik, Vice President, E-commerce, Metro Brands.

“Say, if there is a very fancy store in a prime retail space and the owner is not willing to negotiate, then it will be important to put the company’s financial health first so that when it is time to reboot we are strong enough to do that,” she said.

Anjan Chatterjee, Chairman and Managing Director of Speciality Restaurants, which owns brands like Oh Calcutta, and Mainland China, points out that the restaurant industry has been amongst the worst hit. Revenues are near nil. Costs like rent and staff salary continue to recur.

“We are left with no other option but to seek rent waiver. Business and economic activity have absolutely stopped,” he said, adding that government support was also a need of the hour.

Countries like the UK have announced support for businesses with a certain percentage of staff salaries being borne by the government. “I hope the same is done in India too,” he told BusinessLine.

Government support

According to Chatterjee, South City Mall in Kolkata has already reciprocated and said they will take up matters once the lockdown is lifted. “Discussions are on with other malls too,” he said.

The Retailers Association of India (RAI), an industry body of retailers, has also sought “stronger policy and fiscal interventions” in the form of support for wages, moratorium for payment of principal & interest, and support in the form of working capital.

The association has maintained that the retail industry employs about 46 million people, and sustains livelihood of 250 million Indians. Food and essentials contribute around 50 per cent, while other non-essentials contribute the remaining.

“Not opening non-essentials can have a serious impact on 20-25 million employees and 125 million Indians working in non-essential retail and millions of other Indians working in the total supply chain. If retail loses a million jobs, it will have a livelihood impact of at least five to six million,” said BS Nagesh, Chairman of RAI and Founder of Trust for Retailers & Retail Associates of India, in a recent statement.

Malls in a fix

Malls, meanwhile, are in a fix.

A section of mall owners maintain that there are fixed costs which are being borne by them even when the premises are shut for over a month now. In fact, some malls are operating with skeletal staff as grocery stores and supermarkets operate in them.

The Bengal unit of CREDAI has already pointed out that many realtors have high tension connection in their premises. There is no operation / production and the electricity consumption is negligible.

Incidentally, the high tension consumers had to give a minimum demand commitment and the bill is raised on the consumer for minimum demand whether electricity is consumed or not.

Since Covid-19 is a pandemic amounting to force majeure, CREDAI has called for waiver of fixed maximum demand charges and the 17.5 per cent government duty.

CREDAI has requested that the state power department "direct the CESC and various discoms to pass on the waivers to their consumers in the forthcoming electricity bills" for the next three months.

Source: thehindubusinessline.com- Apr 28, 2020

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PSA waives storage charges fully at its three Indian terminals

Singapore's PSA International Pte Ltd will waive all storage charges at its terminals located at Jawaharlal Nehru Port Trust (JNPT), Chennai Port Trust and V O Chidambaranar Port Trust (VOCPT) from March 22 to May 3, the global port operator said in a public notice to the trade on Tuesday.

The move follows a Shipping Ministry directive to all the state-owned major ports and private cargo terminal operators therein to waive storage charges fully for the lockdown period.

Similar trade notices have been issued by Dubai's D P World Pvt Ltd, waiving storage charges on all containers at its terminals at Chennai Port Trust and Cochin Port Trust.

Dakshin Bharat Gateway Terminal Private Limited (DBGT) has also waived storage charges at its terminal in V O Chidambaranar Port Trust (VOCPT).

Since March 22, PSA has extended a series of waivers across its three terminals to support the trade.

In an April 13 trade notice, PSA said it will offer a 50 per cent discount in storage charges on all import containers at its three terminals from April 16 to April 30.

"In addition to our earlier waivers of import storage, extensions of free time, waiver of change of mode charges and waivers of rail terminal handling charges for empty containers, we have been informed by the Ministry of

Shipping to waive all storage charges from 22 March 2020 to 3 May 2020 at PSA Chennai, PSA Mumbai and PSA Sical," the operator said in the notice.

The storage charges already collected during this period will be refunded as a credit note.

Though space utilisation at these terminals remains within manageable limits and there have been no berthing or departure delays during this period, the situation can change rapidly given the uncertainty, PSA said.

"To safeguard operations and service levels and to avoid potential congestion, we may take pre-emptive action including but not limited to en-bloc evacuation of containers with Customs approval," PSA said while seeking "fullest cooperation from the trade to evacuate containers as soon as possible".

Source: thehindubusinessline.com- Apr 28, 2020

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Noida: No orders for next 2 years, say garment exporters

Apparel is one of the largest industries in Noida, but it is an uncertain time for over 500 garment manufacturers of the district, many of whom are exporters to major brands abroad. They claim that not only have their future shipments been cancelled, but consignments in transit have been scrapped as well. And even if the lockdown ends in May, they would have no orders to service for at least the next two years.

"It's a fact that we have no orders to service for the remainder of 2020 and garment exporters would miss the western Christmas market of 2021 too because sampling and order booking happens a year ahead. So, it is a two-year gap for the garment industry and even after lockdown, we don't think this segment will be able to make a comeback," said garment exporter Rajeev Bansal.

According to exporters, payments of previous dispatches are also withheld by importers in the UK and Europe. These exporters employ about 50,000 people, and 60% of them are women engaged in tailoring, thread-cutting and other hands-on work.

“We have exporters who cater to some top-line clothing lines globally, including Zara, H&M, M&S, Arcadia, Tom Taylor and Aeropostle. Several consignments have been cancelled. Some imports have been stopped and cancelled even when they were in transit.

Future orders have been cancelled too and payments of earlier orders have not come through, so the garment exporters are in a spot,” said Bansal, also the national secretary of the Indian Industries Association (IIA), which represents small, medium and micro enterprises.

Another Noida-based luxury clothing and accessories exporter, Umesh Batra, said. “The kind of clothing and accessories we send overseas has always had a fixed clientele but this time, no one is interested in uber-luxury products. There are no orders for Christmas this year, and even for 2021 sampling can’t be done now. So we have come to realise that we will only be able to cater to the export market in 2022 and no sooner than that.”

According to the garment exporters, a comeback is not going to be easy post-lockdown either. “Even if we restart work with gloves and in highly sanitised environments, we expect new, post-Covid-19 compliances for exports will kick in,” Bansal said.

Meanwhile, there has been some workforce loss as migrant workers have returned to their home state and may not come back to the city soon. “The rest who are paid between Rs 10,000 and Rs 15,000 per month are left in the lurch as the scope for garment industry in the near future is dim. Till now we are paying salaries, but don’t know about the future,” he added.

“Garments export is the worst hit among all SMEs at the moment because the consumer pattern has changed globally overnight and high-end clothing is the last thing among priorities. People are going to buy more of essentials than luxury products and certainly, it will take a while before the export market makes a U-turn,” Kulmani Gupta, president of IIA-Noida chapter, said.

Source: timesofindia.com- Apr 28, 2020

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Blockchain can tackle supply chain failures exposed by COVID-19, boost economic recovery: WEF

Blockchain technology can help tackle supply chain failures exposed by the COVID-19 pandemic and also boost the economic recovery process, the World Economic Forum (WEF) said on Tuesday.

Releasing a 'blockchain deployment toolkit' to help organisations improve future pandemic preparedness and accelerate an economic rebound post COVID-19, Geneva-based WEF said it is aimed at helping leaders maximise the benefits and minimise the risks of the technology.

The WEF, which describes itself as an international organisation for public-private partnership, said crises such as the coronavirus pandemic dramatically increase pressure on governments and businesses to maintain resilient supply chains.

"The pressure created by the COVID-19 outbreak on global trade systems highlights an urgent need for global cooperation to maintain and strengthen the resilience of international supply chains," it said.

Resilience in supply chains depends on trust, transparency and integrity, which can be improved through responsible deployment of blockchain technologies that offer a "shared truth", the WEF said.

It further said the current pandemic underscores the need for businesses and governments to improve the integrity and provenance of pharmaceutical products and medical supplies, as well as food, goods and industrial and consumer products.

The WEF said the first of its kind toolkit is culmination of more than a year of efforts to capture best practices from blockchain deployment across industries and has drawn on global expertise of more than 100 stakeholders, including governments, companies, startups, academic institutions, civil society, international organisations and technology and supply chain experts.

"The blockchain deployment toolkit is essential for designing solutions that work for a multitude of actors, including smaller players who may not have access to the resources required to unlock the value of blockchain technology.

For this reason, the toolkit can level the playing field for small and medium-sized enterprises," said Nadia Hewett, Blockchain and Digital Currency Project Lead, WEF USA.

"There are many lessons to learn from the current pandemic and this toolkit is a starting point for improving long-term pandemic preparedness and accelerating an economic recovery led by public-private cooperation," Hewett added.

The toolkit has been piloted in a variety of different contexts by organisations developing blockchain solutions within their supply chains, including the Abu Dhabi Digital Authority, Hitachi, Saudi Aramco as well as a number of SMEs.

Seth Berkley, CEO, Gavi, the Vaccine Alliance, said "Gavi continues to explore how technologies such as blockchain can be used to create more resilient supply chains for critical vaccines, particularly in light of COVID-19. The WEF's toolkit ensures that the exploration and use of blockchain technology is done in a responsible and holistic manner."

The toolkit was created by the WEF with the Centre for the Fourth Industrial Revolution Network Fellows from Hitachi, Deloitte and Saudi Aramco.

Source: financialexpress.com- Apr 28, 2020

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CCI buys 41% of 2019's cotton produce of south Malwa

With the purchase of one lakh quintal raw cotton from south Malwa districts after it resumed operations two weeks ago, the Cotton Corporation of India (CCI) has bought about 41% of the total cotton produced in 2019.

According to official data, about 44,000 quintal cotton has been procured from Fazilka and 41,000 quintal from Mansa district since April 14.

The central agency is estimated to have bought cotton worth Rs 54 crore after it resumed procurement on April 14. Cotton purchase was suspended after curfew was imposed in Punjab on March 23 due to Covid-19 outbreak.

Officials say that despite the pandemic, CCI has successfully purchased 41% of total cotton sold in the south Malwa market this season. Procurement is still on at different districts and about four lakh quintal more is expected to be purchased in the coming weeks.

“The CCI started procurement in October last year after private players were paying farmers less than the MSP. By March 21, when purchase had to be suspended, CCI had disbursed Rs 850 crore to cotton growers. For purchase from April 14 onwards, CCI has already paid Rs 25 crore to farmers and the process to clear dues of Rs 29 crore is on,” said a CCI official, pleading anonymity.

State cotton coordinator Rajnish Goel said that till March 21, 37.11 lakh quintal was purchased in Punjab and CCI had bought 14.40 lakh quintal cotton at the MSP (minimum support price). Rest of the produce of 22.50 lakh quintal was purchased by private players.

“A section of farmers was still holding back cotton stock so the state government decided to resume purchase amid curfew. CCI was granted permission to start purchasing cotton from Mansa on April 14. Later, Fazilka, Muktsar, Bathinda and Faridkot were also covered. Purchase is being done amid strict adherence of medical protocol issued in view of the pandemic,” said Goel.
Source: hindustantimes.com- Apr 28, 2020

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FOSTTA demands date extension for TDS payment

Textile traders in the country’s largest man-made fabric (MMF) wholesale market in the city have urged Union finance ministry to extend the due date of payment of tax deducted at source (TDS) and Goods and Services Tax (GST) for March until May 3.

The Federation of Surat Textile Traders’ Association (FOSTTA) has written to Union finance minister Nirmala Sitharaman stating that the due date for TDS payment for March is April 30 and for filing GSTR 3B return is April 20. Due to extended lockdown period until May 3, commercial establishments are closed and that it is not possible for the traders to pay TDS and GST for the month of March.

FOSTTA office-bearers stated that the central government has waived off late fee for filing of TDS return up to June 30, but interest of 0.75% will be charged if the tax is paid late. In such circumstances, the traders will have to bear huge losses for late filing of TDS and GST return.

FOSTTA secretary Champalal Bothra said, "Textile markets are located in red zone in the city and that the markets won't be operational until May 3. Hence, it is not possible for the traders to pay TDS and file GST 3B return. We have urged the central government to extend the filing dates and demanded that the interest of 0.75% on late filing be waived off."

Source: timesofindia.com- Apr 28, 2020

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Telangana could tap manufacturing firms exiting China: KTR

The covid-19 pandemic has hit the industrial sector across India, but Telangana IT minister K.T. Rama Rao feels there could be a silver lining in the crisis. KTR, as he is known in political circles, said if electronics and textile companies move away from China in the coming months, the Telangana government could work internally to draw potential investors to the state. Edited excerpts of an interview:

Do you think some manufacturing companies will move away from China, once the crisis eases?

I think the dependence on China is something that every manufacturing company is definitely reviewing and revisiting.

For instance, we saw what the Japanese and Korean premiers have said with respect to their companies moving away from China. So in light of all that what we should, as a country, be thinking is that in any adversity there are opportunities.

The silver lining in this crisis is that it will throw up potential opportunities for India to grab. For instance, textile as a sector is heavily focussed and concentrated in China.

Likewise a lot of electronic manufacturing happens in China and a lot of it will move away. So India has a brilliant opportunity to seize. Likewise, for the life sciences industry. Fortunately for us, in all these three sectors, Telangana is poised very well.

Have any companies enquired about setting up shop in Telangana?

Anybody who is looking at India, will look at more progressive states like us. We are working internally and engaging with potential investors. There are investors from China, (South) Korea and other parts of the world who have invested in Telangana, so we are reaching out to others through them.

How do you think covid-19 is going to impact the industrial sector?

The biggest challenge will be to instil confidence in the workforce. Operating at full capacity in the short-term will be a challenge, but operating at an optimal capacity and eventually ramping up should be the goal. You have to work in shifts, as against what you are used to. Lot of changes have to be made. Sanitation, sanitizers and personal hygiene will become a topic of extreme importance.

You will have to have paramedical staff on call at least, so that if someone falls sick they can be immediately shifted. So unless we do all this nobody will be comfortable to return to work. How all this is feasible, we have to start thinking about. We also have to see what other countries bounced back and are coping.

Have there been requests from the industry bigwigs to ease the lockdown?

Telangana can’t think in isolation and we have to see what the rest of the world is doing. We have continued our lockdown till 7 May, and did not provide any relaxations as such, but many of our neighbouring states did. So it becomes difficult for our industry also to become competitive. Some sections of the industry reached out and appealed to us, but we told them this is a pandemic and that as a government our priority is to keep our people safe.

What do you think the Centre needs to do on its part to boost the economy?

The government of India needs to seize the opportunity and create a positive spin on the whole situation. It needs to start engaging with various industry bodies and missions in various important manufacturing countries, to start engaging in activity which will lure investments to us. Secondly, why is state after state asking to include MNREGA with agriculture?

There is renewed focus on pharma and vaccines now. India's capabilities have been proven. Even president (Donald) Trump standing in the White House and asking (Narendra) Modi to send hydroxychloroquine, is where Hyderabad gets a resounding endorsement. So a project like pharma city assumes national importance. This is the silver line I have been harping on.

Source: livemint.com- Apr 28, 2020

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India's Fashion Industry Takes A Hit As Sales Come To Halt Amid Covid-19 Pandemic

It's a difficult time for the fashion industry as they navigate through the troubled waters. The revenues of the apparel business have shrunk significantly due to the Covid-19 pandemic. The business of India's local designers who depend on retail stores for their sales has come to a standstill. Sales have come to a halt and weavers and craftsmen are facing wage loss.

The Covid-19 pandemic has created a crisis across all the businesses barring those of essential commodities. Indian handloom sector has been picking up in the "slow fashion" market internationally, but with the coronavirus uncertainty no overseas orders will be forthcoming as it has disrupted the entire supply chain of the textile sector.

Shailesh Chaturvedi, Chief Executive Officer and Managing Director, Tommy Hilfiger, Calvin Klein India, says, "Businesses would have to take care of both people and cash flows, at least until June."

As per reports, India's largest fashion body, the Fashion Design Council of India (FDCI) cancelled its bi-annual ready-to-wear fashion week in early March. Though the organisation returned payments from the participating designers and sponsors but did not get any refund for the venue where the fashion show was supposed to take place.

Paromita Banerjee, a fashion designer from Kolkata says, “It is true that fashion does not fall under the category of essential commodities, but at the same time, clothing is one of the highest revenue generators since we need clothing for various occasions, all the time. But having said that, cash flow will be low now and there will be less disposable income to spend on non-essential or 'fancy' items of clothing.”

Banerjee says the FDCI has created a Covid-19 fund to help young designers to combat and tide away this time to help them pay salaries, overheads etc. There has been support coming from Lakme Fashion Week organisers IMG Reliance too.

“In my small little way, I am glad that my business and brand, for the past ten years, has been concentrating on slow fashion; fashion that has passed through the hand of multiple craftsmen before it finally reaches the wearer. Fashion that has stood the test of time and has become classics over time,” says Banerjee.

However, designers believe what will definitely survive these tough times is the clothing range that falls under the range of sustainable and classic fashion. Since customers might not have extra cash at their disposal, they will be compelled to shop more for items that last longer, clothes that they can reuse and those that become classics in the wardrobe.

Sunita Shankar, a fashion designer from Delhi says, “There is a huge loss of orders for a season due to cancellation of many big events. Existing orders stand cancelled or delayed, payments delayed or deferred. With the shops and boutiques being closed there have been no sales. There is no cash flow and there is a big liquidity crunch.”

The designers are facing additional pressure of paying salaries to employees and craftsmen. There are no funds to resume manufacturing, trading and sales, and cash flow is needed for raw materials, utility bills and taxes.

The handloom and the handicraft sector have been the hardest hit. With the lockdown, the weaving and the crafts community are left with uncertainties and anxieties. The abrupt halt to their economic activities has threatened their livelihood.

Shankar says, “Financial assistance is necessary, but it is also the time to think differently while dealing with the situation and preparing for the future. Though financial aid is essential it may be suggested to purchase stocked merchandise from craftspeople and weavers in order to motivate them to produce more. The government could initiate and support the sales of products and textiles through promotional campaigns.

Rahul Mehta, Chief Mentor of the Clothing Manufacturer Association of India says, “Almost 80 percent of the entire garment industry falls under the micro sector. Therefore, the impact is more because our members do not have the kind of resources to see them through the coming months.”

The Indian fashion and textile industry provide livelihood to many people—weavers, dyers, tailors, designers, exporters, raw material producers. And the pandemic has disrupted the entire chain. Banerjee says, “My only wish from the govt, if I put it simply, is to help in combat this scenario by giving us certain leeway into things that are under their control. And we will manage the rest.”

Gunjan Jain, textile designer of label ‘Vriksh’ says, “Orders have been canceled, there is blocked inventory of stock that we are unable to sell due to market collapse leading us to exhaustion of running capital. Small enterprises are forced to shut down, leading to debt. Handloom weavers and artisans have the advantage of working from home but there is no raw material available for them to continue work.”

Mehta says that it has been estimated that if no assistance comes from the government by way of wage subsidy or by way of revival package, there will be a loss of almost one crore jobs in the entire textile chain. He says, “I am not only referring to the entire garment industry because if the garment industry closes down then it will be the end of the fabric supplier, the zipper, tags and label industry.”

However, on a positive note, Shankar mentions, “The present interruption has given us the opportunity to reflect, rethink and recalibrate both our lifestyle and work.” This pause should ideally be promoted as incubation period where self-sustaining communities and designers encourage ‘Handmade in India’, ‘Make in India’, ‘Buy Indian and promote Indian’. This can be an opportunity to harness and enhance the languishing skill, knowledge and production base of both handloom and handicraft sector. Shankar further adds, “The world post-Covid will be different where the shift will be to need and functional-based garments as many would be working from home."

With the world becoming more and more digitalised, the handcrafted products gain both in value and in currency. Designers could work on designs and innovate within the constraints of the present scenario with both empathy and sympathy for both craftspeople and consumers. A new range of textiles, clothes and crafted products could pave the future and in sync with the changing lifestyle. "Need is to build up synergies between craftspeople, weavers and designers, innovating within constraints working on an affordable range of clothing and products," says Shankar.

Designers feel that the business model needs to change because the world will probably change after the pandemic gets over. One important lesson learned is that the true wealth of a nation is its people and their wellbeing is instrumental in the growth and development of the country.

Source: outlookindia.com- Apr 27, 2020

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'Growth trajectory will be gradual post-Covid'

Amid the Covid pandemic, Ludhiana-based Trident Group — a $1-billion conglomerate having interests in textiles, yarn, paper, chemicals and energy — has decided to make face masks, PPEs, bed sheets and other textile items for healthcare workers and public. Rajinder Gupta, founder Chairman, in conversation with Vijay C Roy, says post-Covid, the growth trajectory will be gradual. Excerpts:

How the pandemic has hit textile industry?

The US and Europe are fairly big markets for India besides the domestic market. Currently, the US and European countries are undergoing challenging times. It may take another six to nine months to become normal, as some of the retail majors have already filed for bankruptcy. May be after 2-3 months, when coronavirus subsides, you will have to deal with only a limited set of people who are fairly big and digital platforms such as Amazon.The market will shrink and even retail outlets will get consolidated. There could also be acquisitions.

What kind of losses you foresee for the textile industry?

It's very difficult to say at this point in time. There are many factors. We have to see it in three perspectives. In first scenario, which could be the worst, possibly when 50% market is available or 50% production is possible. So the entire value chain will shrink to half. The second case may be the best when the situation becomes normal soon. The third case will depend on geo-political scenario — which country suffers how much from this pandemic.

How Covid has hit your production?

In the past almost two months, we have not produced much. The production has perished and so is the revenue. In broader terms, the three-month production or three months' revenue has already gone. You can't rebuild it.

How exports market has been affected?

Since we were not able to manufacture much, there was nothing to export. However, no order has been cancelled. The exports were affected because either we couldn't ship it or produce it. So even if the order was not cancelled, it has not been fulfilled either. The balance sheet doesn't cite the reason behind the decline in revenue.

Post-lockdown, what kind of challenges you foresee for the industry?

Let's imagine a situation where a big ship is moving and you have 25,000-30,000 families who are rowing it and you have an ecosystem of another 1 lakh people who are supporting as vendors, suppliers and bankers. When the entire system comes to a halt, it's very difficult to achieve the same momentum. The process will be gradual. You can't kick-start it all of a sudden. The growth trajectory will depend on a host of factors.

Do you think Covid will impact the capital expenditure of textile mills?

Of course, yes. You will have capex only when it's much needed. I don't think capex is on uppermost mind of any management barring a few sectors.

What kind of package should be announced to assist the textile industry?

The government, banks and industry will have to work together. Any package that hurts the banks or government won't be feasible. I do think the government will support the industry but it will depend upon capacity to support.

What are the lessons learnt from this pandemic?

I think how to learn a lesson and ensure it doesn't hurt anyone is more important. Suppose I know for optimisation I should go for automation, but at the same time it will hurt a particular set of people, my learning should not be self-centred. Rather, I would want to learn more so that it adds prosperity to the lives of others.

Source: tribuneindia.com- Apr 28, 2020

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Here is a fabric that can help fight off Covid-19

Now, comes a fabric that can repel viruses and shield the wearer from infections. Launched by Grado, a company known for synthetics, cottons and worsteds textiles, the anti-viral and anti-bacterial fabric comes at a time when the Covid-19 pandemic has gripped the world.

The company is using neo-tech technology developed by Donear Industries, which has a protective shield against viruses and bacterium. The new fabric, which is also worsted, prevents growth and retention of micro-organisms, making it safe and hygienic, Grado claimed.

This fabric can retain its properties up to even 50 washes and is suited for everyday wear. It can tailored into garments such as suits, jackets and trousers as required by the customers.

"We had launched this fabric earlier, but now we have increased the resistance to the bacteria and viruses much more. Given the current world situation, we wanted to be in a position to offer a more hygienic product choice to the market post this lockdown; and what could be better than anti-viral clothing that can be worn by anyone and everyone," Rajendra Agarwal, Managing Director of Donear Industries, said.

"We were the pioneers in introducing products STREEZA (4-way stretch fabric), ICE-touch (5-degree cooler fabric) and Uncrushable (wrinkle resistance) amongst others, which are faring extremely well," Agarwal, who is also a mentor to Grado, said.

In 2017, a promoter of Donear Industries had acquired GBTL (formerly Grasim Suiting) and OCM. Grasim Suiting manufactured TR fabric, while OCM was into worsted fabric production; following the acquisition, the companies started marketing all their products under Grado.

Grado had also earlier roped Amitabh Bachchan as its brand ambassador.

The anti-viral and anti-bacterial fabric has already received orders from various government bodies, hospitals, hospitality firms, aviation and uniform providers (schools, universities and factories) among others. It also bagged a large order from the Karnataka Police Department recently.

Source: thehindubusinessline.com- Apr 27, 2020

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