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## INTERNATIONAL NEWS

### **USA: Stop the Synthetics: Consumers Want Technical, Natural Fiber Activewear**

The U.S. adult activewear industry generated \$50.3 billion in sales for 2019, according to The NPD Group, with men's accounting for 51 percent of the market share versus women's 49 percent. The men's market had grown 2 percent, the third consecutive year it grew faster than women's. Sales of women's activewear were flat over 2018.

“The women's athletic apparel market remains the sports industry's greatest failure, yet its biggest opportunity,” said The NPD Group's Matt Powell, senior vice president and sports industry advisor, earlier this year.

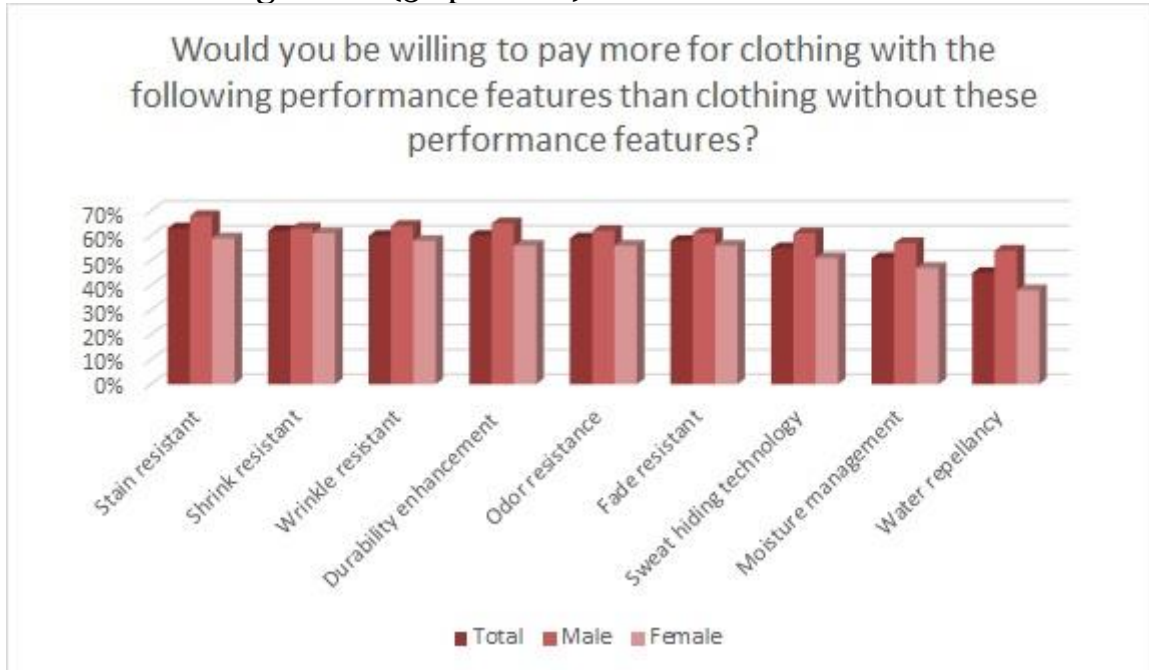
“Traditional athletic brands continue to struggle at the expense of vertical brands. To be successful, brands and retailers of all sizes must put a lot of resources behind women's product. Making a sincere connection and understanding where she shops are also essential. It's time to blow up the activewear retail model, which is not in sync with today's woman.”

Powell made the statement in early March, before COVID-19 pretty much blew up all kinds of retail models. Nationwide shutdowns saw April retail sales decrease -21 percent year-over-year, according to the U.S. Commerce Department. Clothing and clothing accessories stores were down -89 percent from April 2019, while non-store (ecommerce) retailers were up 22 percent from last year.

Such losses are devastating, making appealing to consumer preferences all the more urgent. Brands and manufacturers should know that 65 percent of consumers say performance features are important in their clothing purchase decisions, according to the 2020 Cotton Incorporated Lifestyle Monitor™ Survey.

Some of the top features consumers seek out in activewear are shrink resistance (67 percent), odor resistance (66 percent), and durability enhancement (61 percent). That's followed by sweat-hiding features (60 percent), moisture management (58 percent), stain resistance (56 percent), and water repellency (51 percent).

Not only do consumers seek out these features, but the Monitor™ survey shows the majority are willing to pay more for activewear that’s stain resistant (63 percent), shrink resistant (62 percent), wrinkle resistant (60 percent), and has durability enhancement (60 percent). They would also pay a premium for workout clothes that are odor resistant (59 percent), fade resistant (58 percent), have sweat-hiding technology (55 percent), and moisture management (51 percent).



Consumers are also looking for clothes that will not only help them get healthier, but are healthier for the planet. Consider that nearly one-third of consumers (30 percent, up from 17 percent in 2018) say they’re aware of concerns that microfibers from synthetic clothes are polluting the earth’s oceans and waters, according to Monitor™ research.

And because of micro particle pollution, nearly two-thirds say they (62 percent) are bothered by brands and retailers using synthetic fibers in their clothes. Rather than reach for the man-made fabrics, brands should consider that nearly 8 in 10 shoppers (78 percent) say cotton is their favorite fabric to wear. And the majority of shoppers (51 percent) would pay more to keep their fitness apparel cotton-rich.

Working with consumers’ favorite fiber can only be helpful, as brands are looking to counter Q1 2020 activewear declines that began before the coronavirus took hold, according to The NPD Group. The firm said men’s and women’s activewear sales dropped in the mid-teens, and kids’ decreased by more than 20 percent.

Significant decreases were seen by category leaders Adidas (-25 percent), Under Armour (-20 percent), and Nike, whose activewear decreased “down in the mid-teens,” according to Powell.

Two brands that bucked the downward trend are Champion, which grew in the high single digits, according to The NPD Group, and Hanes, which posted a mid-single digit increase. Both Champion and Hanes list a significant amount of cotton and cotton-rich items as “best sellers” on their websites.

Technologies for cotton fabrics mean brands can give consumers the performance activewear they’re seeking with the cotton comfort they prefer. For instance, Cotton Incorporated’s TOUGH COTTON™ Technology brings increased durability, and superior abrasion- and wrinkle-resistance to a garment throughout its life. Odor and antimicrobial technologies can be found in PurThread, XT2®, Polygiene®, and Agion Active™ performance solutions. TransDRY® Technology from Cotton Incorporated is a patented, high-performing, moisture-management technology.

Further cotton technologies include woven and knit fabrics that can be engineered to protect the wearer, whether he or she is exploring outdoors or working from home. PUREPRESS™ Technology is a durable finish that keeps clothes wrinkle free. EarthColors® is an innovation from Cotton Incorporated and Archroma that brings a responsible solution to dyeing textiles: it uses nearly 100 percent of the cotton plant to create a biosynthetic dye without harmful chemical waste during processing — a true “farm to fashion” technology.

As for options that wick sweat and keep the wearer dry, Cotton Incorporated collaborated with Nanotex® to create DRY INSIDE technology, a moisture management system that moves moisture away from the body and spreads it across the fabric surface. It’s a process that outperforms competition from synthetics like 100 percent polyester or untreated cotton. Finally, NATURAL STRETCH Technology from Cotton Incorporated gives cotton apparel pieces a comfortable stretch without the use spandex.

The NPD Group’s Powell says a mature activewear market like that here in the U.S. means growth needs to come from fresh approaches.

Stated Powell, “With the women’s market failing to perform to its full potential, while holding almost the same market share as men, herein lies a renaissance opportunity to grow the entire market.”

Source: sourcingjournal.com– May 28, 2020

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## **China lost position in its denim apparel exports to the US**

According to OTEXA, China slipped from 2nd to 4th in its denim apparel exports to the US in Q1 of 2020 due to the effects of COVID-19. Chinese shipments of blue denim apparel plummeted dramatically from \$183.75 million in Q1 of 2019 by 63.11% to \$67.79 million.

This drastic fall has lowered China's share of denim apparel exports to the US from 22.67% in the corresponding span of the previous year to 9.71% in this year. Mexico, Bangladesh and Vietnam are now ahead of China in terms of denim demand exports to the US.

Mexico too fell by 28.85% to ship \$138.89 million worth of denim apparels to USA and allowed Bangladesh to narrow the massive gap which both had in the first quarter of 2019.

In the first quarter of 2020, USA decelerated by 13.95% in its import value which stood at \$ 697.51 million. The major fall was recorded from China and Mexico, which allowed other countries to boost their export.

Until March this year, Bangladesh upped its denim apparel exports to USA by 30% and clocked US \$ 123.41 million revenue; Vietnam took benefit of fall of the Chinese shipment and grew by 35.09% to ship \$86.37 million worth of denim apparels to USA.

Even Pakistan saw a boost in its denim apparel exports to the United States of America of around 16.64%, valued at \$62.83 million in Q1 of 2020.

Cambodia, too, noted a solid growth of 88.40% over the period to increase its denim apparel export value from \$20.91 million in Q1 2019 to \$39.39 million.

Source: textilefocus.com– May 27, 2020

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## **An economic Cold War was long coming**

*The US has always felt threatened by China's rise. The Covid crisis has sharpened the conflict of economic interests*

Among the likely transformative changes due to the Covid-19 pandemic around the world, it is certain that it acted as a catalyst on the economic front. It has accelerated the economic Cold War between the world's two largest economies. The US and China are almost on an irreversible war path on every economic front.

From tariff to chip wars, high-tech telecommunications to currency wars, and virus to manufacturing of vaccines for the Covid-19, and from capital markets to security-related restrictions, there is no area that remains untouched by Washington and Beijing.

The Donald Trump administration and the US Congress are now acting in tandem to escalate the war against China to secure their domestic political priorities. It is a "lose-lose" situation, says Graham Allison, Harvard University's political science guru.

"The endgame will probably be lose-lose," he said in an interview with CNBC on May 26. "I think this will be worsening across the board and I hope they don't do any permanent damage," Allison opined.

China has also signalled its intention to square-up with the global hegemon on a measure-for-measure on every front. Beijing's latest security bill on Hong Kong, that led to large-scale protests, has become an example for US Secretary of State Mike Pompeo, who notified the Congress that Hong Kong can no longer be considered autonomous from China. In effect, the US could deny the possible loss of Hong Kong's special trade benefits.

### **US on the offensive**

The US has already unveiled a new "Strategic Approach to the People's Republic of China", which is based on what Washington calls "principled realism". It emphasises the threat posed by China to US national security and economic interests.

Allison deserves kudos for prophesying that the US and China will eventually slip into what he had called a 'Thucydides trap'. The term refers

to that ancient Greek historian whose magnum opus on the Peloponnesian War in 5th Century BC provided valuable insight as to what would happen between a rising power like China and a ruling but declining power like the US.

In his book *Destined for War*, Allison offers an illuminating account of the tensions that will rise inexorably between a ruling power like the US and a rising power like China. Significantly, the US has exerted its hegemony largely on account of trade and economic interests under the banner of “open door” policy since 1898.

But, at home, Washington continued to dismantle the open door policy for immigrants, starting with the China Bill, that closed doors for the entry of Chinese immigrants in the first quarter of 20th century.

And now, Washington continues to threaten nations by constantly imposing sanctions on poor and vulnerable countries. It has abandoned the leadership role at several multilateral institutions, including the World Trade Organisation and now the World Health Organisation. Trump continues to attack these organisations on grounds that they assisted China in climbing up the global ladder while ruining his country.

### **China’s rise**

Nevertheless, it is an undeniable fact that China made dramatic advances since 1978. “China has soared from 10 per cent the size of the US to 60 per cent in 2007, 100 per cent in 2014, and 115 per cent today,” said Allison. “If the current trend continues,” he says, “China’s economy will be full 50 per cent larger than that of the US by 2023... By 2040 it could be nearly three times as large. That would mean a China with triple the America’s resources to use in influencing outcomes in international relations,” he pointed.

China has also resorted to some questionable policies for providing market access to foreign companies. It helped its domestic companies to grow in size, scale, and effectiveness globally. The Chinese government offered the red carpet to foreign investors, particularly from the US.

But Beijing has allegedly placed barriers for American exporters, because they can be substituted. “This fracturing will accelerate as Covid-19 has laid bare supply chains’ monolithic dependence on China,” argues Robert Armstrong of the Financial Times.



The UK and the US, global hegemony in the 19th and 20th Centuries, respectively adopted extreme nationalist economic policies and stole technologies from other countries, including China and India. The destructive role played by Britain in India's cotton textile industry is well documented.

Thus, the economic Cold War between the ruling but declining US and rising China will continue to persist for years to come in one form or the other. As Thucydides rightly said, the Peloponnesian War resulted from "the rise of Athens (China now) and the fear that this instilled in Sparta (the US)," it is also fair to conclude that in an economic Cold War, "the strong do what they can, and the weak suffer what they must".

Source: thehindubusinessline.com– May 29, 2020

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### **USA: Examining COVID-19's Impact on Cotton**

In the classic 1951 Looney Tunes cartoon "Ballot Box Bunny," Bugs Bunny and Yosemite Sam are running against each other for political office. As Sam resorts to handing out cigars to prospective voters, Bugs offers Sam a cigar of his own. "Corony, Corony!" yells Sam. "My favorite!" Bugs lights the cigar for Sam, and it promptly explodes in his face.

Not to say that Bugs Bunny predicted the explosion of the COVID-19 coronavirus 69 years ago. But you could make an argument that it's a pretty accurate metaphor for the way life in general has changed for everyone over the last three months.

Despite the cautionary changes and social distancing mandates put in place to protect human health and flatten the curve of the virus, farming's status as an essential business mostly meant minor adjustments for growers and has kept tractors and farm equipment rolling through the early stages of the 2020 planting season. In most cases, it's been business as usual...in a most unusual way.

### **New Processes and Changes for Conducting Business**

In the early weeks of the quarantine mandates, Dr. Calvin Trostle, Texas A&M AgriLife agronomist, led an information campaign to get the ag community on board with the necessary adjustments.

“It’s part of a farmer’s normal social interaction to get together with their neighbors and other farmers over coffee or lunch,” said Trostle, in an April 27 Cotton Companion podcast interview. “Right now, we encourage folks to just keep their distance.

“Our more urban cousins may look at farmers and say, ‘You’re lucky...you’re on a farm and there’s natural isolation in what you do’,” he added. “And that does work to our advantage. But like in weed control, we always say ‘start clean.’ In terms of COVID-19, I guess the message would be ‘stay clean.’ We need healthy farmers in the U.S., and that extends to their employees as well. The more we can keep the agricultural economy rolling, it will help diminish some of the downturn in our overall economy.”

Farm retailers also adjusted to the social mandates while still providing needed services to their customers. A quick snapshot of several retail groups in April showed that many organizations had quickly adopted preventative measures to protect customers and employees, including adopting social distancing recommendations, extra cleaning and sanitizing at their facilities, and limiting customer access. Others also increased digital options to link customers with their local branches for agronomic consultation, ordering crop inputs and scheduling pick-ups and/or deliveries.

Seed and chemical companies made keeping the supply chain open and operating efficiently a primary goal, even while making necessary business adjustments in terms of interfacing with retailers and growers while observing social distancing. In most cases, all paperwork and signatures have been handled electronically, and sales reps are following up with email and phone calls to provide information and answer questions.

“We’re maintaining proper social distancing while still servicing our growers at the farm gate,” said Chiree Fields, Americot Chief Operations Officer. “That’s a tough adjustment for a seed sales force that’s used to personal contact. But we’re making it work.”

University and Extension researchers who are still dealing with sheltering and travel constraints are also making adjustments for in-field studies this year.

“In my particular case, I will need to scale back on some of the on-farm work that I anticipated for this summer,” said Trostle. “I have two projects that I will have to prioritize, and I may have to set some others aside. There will

be some cutback, but we'll try to minimize any impact it may have on producers.”

### **Economic Recovery Will Take Time**

The most painful aspect of COVID-19 in cotton to date, however, remains the economic impact on prices, demand and grower livelihood.

A level of financial relief at the farm level came through passage of the Coronavirus Aid, Relief & Economic Security Act (CARES Act) on March 27 and the Coronavirus Food Assistance Program (CFAP) announced April 17, with additional details coming on May 19. Both programs provided funding to help offset actual losses where prices and market supply chains have been impacted, as well as additional adjustment and marketing costs resulting from lost demand caused by COVID-19 for the 2020 marketing year. But in no way were the programs designed to make growers economically whole.

Cotton Incorporated's May 2020 Monthly Economic Letter added some context to cotton's current economic situation:

“We had a long price slide to the first of April when the ICE Futures got down to 48 cents,” explained Dr. John Robinson, professor and Extension cotton economist with Texas A&M University, in the May 13 Cotton Companion podcast. “Then began a recovery in April with a 9-cent rally back up to 57 cents. In the last few weeks, we've settled into a range between 55 and 58 cents. We appear to have stabilized.”

Robinson noted that recent weekly sales to the China Government State Reserve was a positive for the market, but also cautioned that fundamentals could still push prices back down.

“There's not much hedge selling happening,” he said. “And from a speculative standpoint, if you're a hedge fund manager, you'd be braver than I am to bet the market is going to go lower when the Federal Reserve and other central banks are injecting trillions of dollars into the market. There's a lot of inflationary pressure on that.”

As far as what's ahead for cotton as the 2020 crop begins, the short term prognosis is not especially rosy. “Growers have to go into this year with their eyes wide open and realize that the new crop price outlook is pretty tough,” said Robinson. “Fundamentally, I don't see how prices are going to climb

out of the upper 50s or low 60s. Thankfully we have a safety net with the loan's price support and PLC's cotton payment.

“I think it's going to take well into 2021 before demand for retail apparel and home furnishings begins to get back to normal,” he added. “It will take a long time for consumers to feel confident that it's safe to go out and spend money on non-essentials. It's going to take many, many months beyond the assurance that the medical problem is solved.

“This is an extreme situation. It's unprecedented.”

Source: cottongrower.com– May 28, 2020

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## **Sri Lankan apparel exporters to appeal for a National Policy Framework**

Apparel manufacturers within the 14 investment promotion zones including Katunayake, Biyagama, Meerigama, Pallekelle, etc, in Sri Lanka will request President Gotabaya Rajapaksa soon to declare a National Policy Framework for the apparel industry in the backdrop of the COVID-19 which has affected their operations.

However, as a prelude to the meeting, these manufacturers met Minister of Industrial Exports, Investment Promotion, Tourism and Aviation Prasanna Ranatunga to deliberate matters related to exemption of the EPF and the ETF for a period of three months in the light of the cancellation of export orders by their buyers and the insurmountable losses that these employers have gone through in the last few months on account of COVID 19.

The minister had requested all 14 zonal directors to bring with them written submissions on all respective zones on how many factories within the individual zones were closed, if any have been closed at all, and how many of them have been reopened, how many factories have adopted their prescribed health precautions.

These 14 zones have 286 factories within them which employ 187,000 employees. These factories have closed on March 19 and reopened on May 11. Around 50 per cent of these factories manufacture apparel for export.

Source: fashionatingworld.com– May 28, 2020

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## **US consumer confidence stabilizes in May**

According to a recent Bloomberg survey, the US consumer confidence stabilised in May, indicating Americans are optimistic that the economic drubbing from the coronavirus pandemic will be short-lived.

The Conference Board's index rose by 0.9 point to 86.6. The median estimate in a Bloomberg survey of economists had called for a reading of 87. The group's subindex of expectations, based on consumers' short-term outlook for income, business and labor market conditions, rose for a second month to 96.9.

Attitudes about the present situation dropped by 1.9 points to 71.1, the lowest since 2013, as the proportion rating business conditions as bad rose to the highest since 1983.

The data add to signs that the worst of the fallout from the coronavirus is over, though there is still some way to go until the economy is back on track. While states are letting businesses reopen, confidence will be highly dependent on how well the coronavirus is contained and whether there's a second wave of infections.

Economists expect a significant pick-up in activity in the third quarter, but a return to normal is still nowhere in sight as tens of millions of Americans are out of work, schools remain closed and with no vaccine or significant treatment yet available for Covid-19.

The consumer confidence survey is one of the latest signs that while the US may be recovering from the initial shock of the pandemic, the pain is far from over. Americans are still losing jobs by the millions and reopenings have gone more slowly in some areas of the country.

Source: fashionatingworld.com– May 28, 2020

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## **Norway expects substantial progress in FTA talks with China**

Though the COVID-19 outbreak has led to delays in bilateral negotiations, major progress on the China-Norway free trade agreement is expected to be made this year, a senior Norwegian official said.

Norway is prepared to work with China both at the global level and bilaterally to strengthen international economic and trade cooperation, said Iselin Nybo, Norway's minister of trade and industry, adding her government has given high priority to the negotiations on a bilateral free trade agreement between the two nations.

According to Nybo, the world is facing a deep economic crisis and to face the challenges ahead, it is important to resist protectionist pressures, keep markets open and work to stimulate renewed growth in world trade.

"There has been good growth in bilateral trade between Norway and China over the last two years. We have been particularly pleased by the strong growth in Norwegian seafood exports to China," she said.

Though there was a decline in bilateral trade in the short term, Nybo hopes for a return to past growth levels in the long run.

The two sides completed the 16th round of negotiations on the China-Norway FTA in November last year. They held consultations on related issues such as trade in goods, trade in services and investment, rules of origin, trade remedy, environment, legal issues, dispute resolution, competition policy, government procurement, e-commerce and institutional terms. China's Ministry of Commerce said both sides had made positive progress in negotiations.

Norway is one of China's important trading partners in Northern Europe as well as one of China's main suppliers of fertilizer, aquatic products and oil in Europe. China exports mainly raw materials, computers, transport equipment, plastic and rubber products, textiles, garments and household appliances to Norway, data from the General Administration of Customs show.

Boosted by surging Norwegian goods imports between January and March, the bilateral trade volume amounted to 20.06 billion yuan (\$2.82 billion) in

the first quarter of this year, up 88.3 percent on a yearly basis, according to Customs data.

"In the future, we might see a further diversification in trade and an expansion in areas such as technologies for renewable energy, green growth and digitalization," said the Norwegian minister.

Bai Ming, deputy director of the international market research institute under the China Academy of International Trade and Economic Cooperation, said the two countries have carried out increasingly intensive cooperation and exchanges in fields like trade, investment and technology imports to enrich their commercial relations in recent years.

"China will continue to export consumer goods in exchange for Norway's high-tech products such as electronic and chemical products, shipbuilding, offshore engineering machinery and aquatic products, as well as environmental protection solutions," he said. "Most of their imports are complementary. Therefore, it is not direct competition."

CIMC Raffles, a subsidiary of Shenzhen-headquartered China International Marine Containers (Group) Ltd, delivered the world's largest and most advanced deep-water aquaculture workboat built for Nordlaks Oppdrett AS, a Norwegian aquaculture group, in late March. The ship will be deployed in Hadsel, Norway, for deep and open sea salmon farming operations.

The workboat is 385 meters long and 59.5 meters wide, with a total area of about four standard football fields. It includes six intelligent deep-water cages, and the farming scale can reach 10,000 metric tons, or about 2 million salmon. The workboat is the world's first farming equipment using a single point mooring system, said Ni Tao, CIMC Raffles' executive vice-president.

"Norway's advanced marine engineering design capabilities and China's high-end equipment construction capabilities led to the creation of this vessel," he said. "With the full cooperation of ship owner, design company, classification society and suppliers, we have enriched our experience and capability in the field of deep and open sea aquaculture cages."

Source: [global.chinadaily.com.cn](http://global.chinadaily.com.cn)– May 28, 2020

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## **Bangladesh Threatens To Ban These UK Brands, Escalating Battle To Get Factories Paid**

After a months-long battle to get factories paid for canceled orders, Bangladesh's apparel export associations are threatening an embargo against a major Western clothing conglomerate that they say owes them millions for clothing made prior to the coronavirus pandemic.

Last Thursday, officials representing the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), sent a letter to Philip Day, the billionaire owner of Edinburgh Woollen Mill Group, which owns Peacocks, Jaeger, Bonmarché, Austin Reed, and numerous other UK brands, demanding that he settle all outstanding debts with suppliers or negotiate fair deals by Friday, May 29.

EWM Group allegedly owes between \$2 to \$3 million to Bangladeshi factories, according to the most recent BGMEA data released in The Daily Star. An embargo would block the company from placing future orders in the country, a region once under British rule and the world's second-largest apparel manufacturer after China.

"It has unfortunately come to our attention that certain buyers are taking undue advantage of the Covid-19 situation and demanding unreasonable discounts, despite pre-Covid-19 contracts and continued business activity, which are not only impossible to grant by our members, but also in violation of local laws and international acceptable standards," the letter from BGMEA reads.

Although Day keeps a low profile (he was once described as a "quiet" billionaire who rarely gives interviews), his company has a large footprint, with 25,000 employees and more than 1,300 stores and an ever-expanding stable of retailers and brands. Prior to the pandemic, EWM Group was in good financial standing, ending 2019 debt free and with a significant cash balance.

On Saturday, the EWM Group responded to the associations' letter in [inews.co.uk](https://www.inews.co.uk), calling it "unproductive and uncollaborative," and claimed to be working "hand-in-hand with all of its suppliers to find solutions." Both Bangladeshi factory owners and labor rights activists dispute the company's statement.



## Who should bear the brunt of apparel's financial pain?

The saga demonstrates increasing tensions in the apparel industry, which suffered record sales declines in March and April. At the center of the battle is the question over who should bear the financial brunt of the fashion industry's lost season: The retailers that design and market the clothes and reap much of the profits or the factories that sew them together, often on razor-thin margins.

In March, retailers reflexively pushed the burden down the supply chain, canceling clothing orders (clothing companies generally place orders months in advance and pay factories back for the finished product only when it is delivered). The cancellations implied non-payment for completed work, which left factories in huge amounts of debt and, in many cases, with no way to meet payroll.

After a public outcry, many brands have agreed to pay for some or all of their goods. (I've joined the calls demanding brands pay for finished goods). Although EWM Group has paid back over half of the initial \$8.2 million in canceled orders it initially owed, according to some media reports, it acted irresponsibly in a number of other ways, sources say.

"The idea that they've been working with their suppliers diligently is absolutely nonsense," says Scott Nova, the Executive Director of the Worker Rights Consortium, which is tracking brand cancellations. "And hopefully this will send a message to other buyers that taking grossly unfair advantage of your suppliers is something that can't be done with impunity."

In late April, according to suppliers and media reports, EWM circled back and demanded discounts of 70% on completed goods, which would force factories to operate at a massive loss. Bangladeshi manufacturers already offer impossibly low prices (the average export price per unit of clothing was a meager \$2.79 in 2018) and taking steep discounts could be financially ruinous. "Some of these are smaller suppliers that could go under," says Nova of the factories that are owed money by EWM Group.

Other suppliers dispute that EWM Group has worked with them in any way to find solutions to the unused stock. Mostafiz Uddin, owner of Denim Expert Ltd, is among them. Uddin says he's owed more than \$211,000 for 43,600 pairs of jeans his factory sewed for Peacocks, an Edinburgh Woollen Mills Group brand, and the company has stopped responding to his emails. "Can we not find solutions to solve this problem?" says Uddin in a text via

WhatsApp. “They are not even replying to a factory who they say is their partner.”

Still others claim that EWM Group brands, including Peacocks, sent out general sourcing emails to new suppliers in May, in an attempt to switch factories without paying outstanding debts. “They are absolutely an unethical company. Pls don’t respond to them,” a well-known textile mogul texted to a Viber group chat of local factory owners (screenshots of the group chat were shared with me; suppliers wish to remain anonymous).

“Time to say BIG NO to all the buyers who are doing unethical purchasing practice,” a knitwear manufacturer responded.

Industry watchdogs say the search for new suppliers is what finally prompted the BGMEA to intervene and call for an embargo. “They are not only taking undue advantage of the situation but also violating the principles of ethical sourcing and procurement,” says Sifat I. Ishty, a development economist at Dhaka’s Brac University.

### **Asian garment manufacturers flex their power**

Garment-makers remain at the mercy of large global brands, but they’ve also quietly gained power in recent years. The cancellation crisis is pushing them to flex it. As Ashok Kumar, a lecturer in international political economy, explains in his new book, *Monopsony Capitalism: Power and Production in the Twilight of the Sweatshop Age*, intense market pressure has led manufacturers to consolidate and upgrade over the years, leaving a more sophisticated factory base increasingly able to call the shots. Bangladesh, for example, now claims to have the world’s largest-number of LEED-certified factories and, before the pandemic, was strategizing to move away from competing on low price alone.

There are reasons to believe that factories will remain in the driver's seat coming out of the coronavirus crisis, if they can survive. As the cost of labor climbs in China, mass-market and fast fashion brands have few alternatives to Bangladesh. This could help bring companies to the negotiation table. The outcry over cancellations and unethical sourcing could also lead to tighter regulations and new rules around purchasing orders that favor suppliers, says Ishty, the Brac University economist. “It will potentially result in more stringent terms and conditions being applied to all future business deals.”

What's more, early research indicates that coronavirus may have deepened consumer loyalty to sustainable and ethical brands. A special coronavirus update to McKinsey's and Business of Fashion's 2020 The State of Fashion report notes that "the pandemic will bring values around sustainability into sharp focus, intensifying discussions and further polarising views around materialism, over-consumption and irresponsible business practices." Those conscious consumers might ultimately decide the fate of brands that don't treat their suppliers with respect.

Source: forbesindia.com– May 27, 2020

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## **Indian clothing manufactures demand tax on Bangladeshi RMG imports**

Clothing manufacturers in India have asked the government to impose more duty on import of clothing items, especially from Bangladesh, to save their domestic industry.

Rakesh Biyani, president of the Clothing Manufacturers Association of India (CMAI), said in a letter to Indian Textile Minister Smriti Zubin Irani on May 22 that the country's domestic clothing industry is under threat because of duty-free import from different countries including Bangladesh. Due to the duty-free trade benefit, Bangladeshi garments now account for 34 percent of the total imported garments despite having 12.50 percent countervailing and provincial duty.

Between the fiscal years 2016-17 and 2019-2020, garment import from Bangladesh to India registered 192 percent growth, Biyani mentioned in the CMAI letter. The Daily Star has obtained a copy of the letter.

Bangladesh has been enjoying duty-free trade benefit to Indian markets from 2011 under the South Asian Free Trade Area (SAFTA) on export of all goods including apparel products, except 25 alcoholic and beverage items.

### **THE RISE IN BANGLADESHI EXPORTS**

Bangladesh's share of the imported garments market in India rose 34 percent in the fiscal 2019-20 from 26 percent in the fiscal 2017-18, the letter said.

It was 33 percent last year.

Recently, garment exports from Bangladesh began increasing due to the stimulus packages, higher demand of Bangladeshi garments and for operations of foreign retailers and brands in Indian markets, according to industry insiders.

Global retail giants like H&M and Walmart have opened outlets in India and started sourcing from Bangladesh, causing a spike in exports.

Moreover, the demand for Bangladeshi apparel items has been rising among the Indian middle-income consumers because of competitive prices.

The shuttering of a horde of small and medium factories all over India for their failure to maintain strict compliance requirements and pay higher wages over the last two years also played a part in the surge in shipments from Bangladesh, insiders said.

Furthermore, the Bangladesh government has been paying four percent cash incentive to garment exporters since 2009 for increasing garment export to non- traditional markets including India.

As a result, garment exports to such markets has since risen to nearly \$6 billion from few hundred million dollars in 2008. Bangladesh considers all countries as non-traditional ones except the EU, the US and Canada.

"You are aware that CMAI has for long been drawing the government's attention to the dangers posed by the duty-free imports of garments from Bangladesh, and with it the back-door entry of Chinese fabrics into India -- and its consequent impact on the micro small and medium enterprises...", Biyani said in the letter.

"The significant rate of growth of these imports is well documented, and needs no repetition, except to state that the surge continues unabated..." he also said.

## **DRAMATIC CIRCUMSTANCES**

The CMAI president also said the government has in several times pointed out the various treaties signed with Bangladesh and other SAFTA countries, and that it would be difficult, if not impossible, to dilute the agreements.

"However, we would like to urge you to consider the dramatically changed circumstances prevailing today, in the aftermath of the Covid-19 disaster," Biyani said.

Based on a recent study done by CMAI, it is estimated that the Indian textile industry will see more than 40 percent drop in domestic demand of apparel due to the lockdown as a result of Covid-19, leading to possible downsizing of operations, closure of units and job losses.

In this crisis, it is important to think of innovative ideas and policies to support the industry, the letter said.

Some media reports have appeared suggesting that the Indian government is considering levying an additional Covid-19 Import Duty on certain products.

"We believe that this is an excellent move by the Government, and we urge textiles ministry to extend such an Import Duty on imports of garments and fabrics from all countries, including those with whom we have free trade agreement or zero duty agreements," Biyani added.

This will enable the government to collect approximately \$100 – \$150 million for its fight against Covid-19 (depending on the quantum of Duty imposed), the CMAI president said in the letter.

"CMAI suggests that such a measure may be undertaken only for a limited period of time of 12 months, after which we can go back to our current agreements in force," Biyani added.

Source: [thedailystar.net](http://thedailystar.net)– May 28, 2020

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## **Bangladesh textile company opening factory in Detroit switches gears to manufacture masks**

A conglomerate company from Bangladesh sets their eyes on the Motor City. The textile business was making plans to open a clothing factory in Detroit but with the pandemic, they're shifting their focus to make masks and gowns.

"We felt it is a suitable place. We are getting a lot of support," BEXIMCO CEO Syed Naved Husain said.

Bangladesh Export Import Company known as BEXIMCO is a large textile and pharmaceutical business. They make clothes for many well-known brands and designers.

In the past couple of years, they have been working with a Chicago-based company in hopes of making clothes in the U.S. with a factory in Detroit. "I think there is a real opportunity to make clothes in America again," Detroit Mayor Mike Duggan explained. However, because of the pandemic, Husain tells us they changed plans.

"The fashion industry came down," he explained. "All the retail shops closed worldwide, so we decided to leverage our textiles." Instead of clothes, they are making protective hospital gear like face masks. The company is making a \$20 million investment in Detroit.

BEXIMCO is looking at several locations to build a factory with a goal to be up and running in less than a year. So why did they pick the Motor City? The CEO says Detroit is affordable, diverse and local officials are supportive.

Mayor Duggan says Detroiters are hardworking and willing to learn new skills. "Who are ready to go to work and I think this is the right place. If you're going to make things, Detroit is where you got to come," Duggan added.

The first phase of the factory will create about 50 jobs. BEXIMCO is hoping to grow from there. The CEO says they are loyal to their staff in Bangladesh and committed to protecting the environment. "Not just look at profit but look at profit, people, planet and do things right," Husain said. "We want to come to Detroit with that value system."

Once they begin production, the personal protection equipment will be sold locally first before being shipped out to other areas.

Source: wxyz.com– May 28, 2020

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## **Bangladesh holds the 3rd position as garment supplier to the US**

According to the U.S. Department of Commerce affiliated Office of Textiles and Apparel (Otexa), Bangladesh 's exports of apparel to the U.S. grew by 6.73 percent year-on-year in the first quarter of 2020, reinforcing the country 's position as the third-largest supplier to the American market, after Vietnam and China.

In the January-March period in 2020, Bangladesh earned around \$1.67 billion from exports of apparel to the US, compared with \$1.56 billion in earnings over the same period in 2019. The country's apparel export earnings, however, witnessed an 85 per cent fall in April 2020 to \$375 million, which was \$2.54 billion in the same timeframe last year.

Experts and exporters opined that the growth happened since Bangladesh had not been affected by the novel coronavirus till March. At that time, Chinese factories faced closures and supply chains had been disrupted due to the Covid-19 outbreak. The US also witnessed a tough phase of the outbreak, resulting in retail store closures. As a result, their imports fell by 12.07 per cent to \$17.84 billion in the first quarter of 2020.

Exporters believe that Bangladesh's apparel exports will observe the effect the outbreak of coronavirus for the next two to three months as most factories were closed for the last one month – March 26 to April 26.

Bangladesh shipped 602,98 metres, between January and March 2020. Sq. Mt. of US clothing products. But Cambodia and Pakistan 's apparel exports have seen growth of 14.4% and 13.8% respectively. Cotton goods, according to the BGMEA, constitute a share of 74.14 per cent of exports of Bangladeshi apparel. In the last few years, importation of the item from the US has increased against increased demand for cotton.

Source: textilefocus.com– May 27, 2020

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## NATIONAL NEWS

### **India and EU hold talks on pandemic, upcoming Summit**

*Jaishankar, Borrell agree to ensure flow of crucial medical supplies, keep global trade open*

Minister of External Affairs S Jaishankar and EU's High Representative for Foreign Affairs and Security Policy Josep Borrell discussed the need to ensure flow of medical supplies and keep trade open in the context of the Covid-19 outbreak.

#### **Summit postponed**

The two leaders also talked about preparations for the fifteenth EU-India Summit, which was postponed in March due to the pandemic, foreign policy matters including Iran, Afghanistan and China, in a video conference on Thursday.

“High Representative Borrell thanked Minister Jaishankar for the Indian government’s assistance in facilitating the repatriation of over 11,000 EU tourists from India. They agreed on the need to ensure the flow of crucial medical supplies, and on keeping global trade and value chains open,” according to an official release of the Delegation of the EU to India.

Borrell and Jaishankar confirmed the commitment of both the EU and India to work together to overcome the global pandemic and stressed the importance of an effective global socio-economic recovery. They also agreed that the current pandemic made the EU-India Strategic Partnership even more relevant.

“This was true in terms of joining efforts to strengthen the multilateral system, as well as in further developing the bilateral relationship, including trade and investment and security cooperation,” the release said.

Following earlier calls between the Presidents of the European Council and European Commission with the Indian Prime Minister, Borrell and Jaishankar discussed preparations for the EU-India Summit, which will be held as soon as possible, the release added.



The leaders looked forward to the Summit as an important opportunity to advance on all aspects of the EU-India relationship. They also discussed relevant foreign policy topics, including Afghanistan, China, and Iran, it said.

Source: thehindubusinessline.com– May 28, 2020

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## **India's trade with South Asia less than 4% of global trade; China's up by 546%**

India's trade with countries in South Asia has remained less than 4% of its global trade since the late 1980s while China has increased its exports to the region by 546%, from \$8 billion in 2005 to \$52 billion in 2018, according to a new study.

The study by Brookings India, released on Tuesday, noted that South Asia remains one of the least economically integrated regions in the world. Intra-regional trade remains well below its potential, at only 5% of the region's global trade, because of "protectionist policies, high logistics cost, lack of political will and a broader trust deficit".

India's regional trade growth from 1991 until 1999 was minimal, according to the study titled "India's limited trade connectivity with South Asia". In 2008, India's trade with South Asian neighbours reached a decadal high of \$13.45 billion. Following a dip in 2009 due to the global financial crisis, India's trade with its neighbours doubled in the next five years, touching \$24.69 billion in 2014.

The slowdown in India's exports to South Asia in 2015 and 2016 coincided with the 13% decline in India's global trade, from \$19 trillion in 2014 to \$16.5 trillion in 2015. Intra-regional trade revived in 2017, reaching a peak at \$24.75 billion, and picking up further in 2018 when it rose to \$36 billion, according to the study.

India's largest export market in the region is Bangladesh, followed by Sri Lanka and Nepal, whereas the largest imports by value come from Myanmar, Sri Lanka and Bangladesh.

All countries in the neighbourhood have a trade deficit with India, the highest in 2018 being Bangladesh (\$7.6 billion), followed by Nepal (\$6.8 billion).

The study says that despite the growing trade volume, India's trade with its neighbourhood has remained roughly between 1.7% and 3.8% of its global trade.

This has happened despite trade agreements such as the SAARC Preferential Trading Arrangement (SAPTA), followed by the South Asian Free Trade Area (SAFTA) agreement, as well as the Indo-Myanmar Border Trade Agreement, the ASEAN-India Trade in Goods Agreement and the Indo-Sri Lanka Free Trade Agreement.

In contrast, China has consistently increased its trade with South Asia, barring a slight dip after the global financial crisis of 2008. In 2014, China's trade reached a high of \$60.41 billion, whereas India traded approximately one-third that amount at \$24.70 billion.

Though China's trade volume with South Asia is consistently larger, excluding Pakistan reduces the gap to almost half. This gap is attributed to the China-Pakistan Free Trade Agreement signed in 2006, which increased trade significantly between both countries.

The study's analysis of India and China's shares in the global trade of the South Asian countries revealed only the landlocked countries (Afghanistan, Bhutan, and Nepal) had a higher trade share with India when compared to China. While exports to China from the region have been minimal, imports from China have been growing since 2012 in Myanmar, and since 2014 in the Maldives, Bangladesh, and Pakistan.

In the case of Sri Lanka, there was heavy reliance on imports from India till 2013, owing to the Indo-Sri Lanka Free Trade Agreement. However, post-2013, both India and China export at par to Sri Lanka.

“In the last two decades, China has established itself as a major trade partner of South Asia. Beyond Pakistan, China has made inroads into South Asia by becoming Bangladesh's top trading partner in 2015, and bolstering trade and investment with Nepal, Afghanistan, Maldives and Sri Lanka. This mainly reflects the region's strategic importance for China's Belt and Road Initiative (BRI), particularly the smaller South Asian countries,” the study said.

The study recommended several steps to help improve India's regional trade, including revisiting and redoubling the focus on free trade agreements, eliminating barriers and other protectionist policies, and enhancing cross-border infrastructure such as integrated check posts.

Data from World Bank's World Integrated Trade Solution (WITS) database and the International Monetary Fund's (IMF) Direction of Trade Statistics (DOTS) database on trade by India and China with Afghanistan, Bangladesh, Bhutan, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka was analysed for the study.

The study focused on India's import and export with South Asian states from 1988 to 2018 and China's trade with South Asia, excluding India, from 1992 to 2018.

Source: hindustantimes.com – May 29, 2020

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### **Exports looking up: Piyush Goyal expects better performance in May despite contraction**

The performance of the country's exports is expected to be better in May as compared to April, when the shipments contracted to an all-time high of 60.28 per cent, Commerce and Industry Minister Piyush Goyal said on Thursday.

He also hoped that the contraction in the growth rate of exports in June would be around 10 per cent only. There was a huge decline in exports in April but "my sense is that in May, it will improve significantly", he said while speaking at CII's Export Summit through video conference.

The minister expects that the exports will be down by about 30-35 per cent in May. Goyal said three main things – reviving manufacturing, diversifying export basket, focusing on newer and accepting markets – will drive the economy going forward.

Further, he said Indian industries, entrepreneurs and start-ups should see what new markets have opened up domestically for them and work on those.

“Our agriculture export potential is huge. Rice, including Basmati, animal husbandry products and organic products, among many others, we have an opportunity to work together as partners and expand India’s footprint,” he said adding that diversification along with consolidation will help grow product basket and expand India’s presence horizontally across the world.

He said building upon the domestic demands, with surplus going to export, will push India to newer heights. The ministry, he said, is working on identifying several sectors that holds potential for the domestic industry.

He added that the sectors include auto components, furniture, air conditioners (ACs), set-top boxes, pharma, organic products, agri-chemicals, textiles, toys and lithium-ion batteries. “Why we should be importing auto components. That needs to be changed. Why we should import USD 2 billion worth of furniture. Why we are importing ACs and components like compressors... We are looking at promoting APIs (active pharmaceutical ingredients) in India,” Goyal said.

The ministry has asked Nasscom to look at strategy for USD 500-billion IT services exports in the next five years, he said.

Contracting for the second straight month, India’s exports shrank by a record 60.28 per cent in April to USD 10.36 billion, mainly on account of the coronavirus lockdown. Imports also plunged by 58.65 per cent to USD 17.12 billion in April, leaving a trade deficit of USD 6.76 billion as against USD 15.33 billion in April 2019.

Source: [financialexpress.com](http://financialexpress.com)– May 28, 2020

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## **FDI in India jumps 13% to record \$49.98 billion in 2019-20**

Foreign direct investment (FDI) in India grew by 13 per cent to a record of USD 49.97 billion in the 2019-20 financial year, according to official data.

The country had received FDI of USD 44.36 billion during April-March 2018-19. Sectors which attracted maximum foreign inflows during 2019-20 include services (USD 7.85 billion), computer software and hardware (USD 7.67 billion), telecommunications (USD 4.44 billion), trading (USD 4.57 billion), automobile (USD 2.82 billion), construction (USD 2 billion), and

chemicals (USD one billion), the the Department for Promotion of Industry and Internal Trade (DPIIT) data showed.

Singapore emerged as the largest source of FDI in India during the last fiscal with USD 14.67 billion investments.

It was followed by Mauritius (USD 8.24 billion), the Netherlands (USD 6.5 billion), the US (USD 4.22 billion), Caymen Islands (USD 3.7 billion), Japan (USD 3.22 billion), and France (USD 1.89 billion).

FDI is important as the country requires major investments to overhaul its infrastructure sector to boost growth.

Source: [financialexpress.com](http://financialexpress.com)– May 28, 2020

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## **How the ₹10,000-crore PPE industry popped up in two months**

Thanks to the Covid-19 pandemic, a new market, estimated to be worth at least ₹10,000 crore, has popped up from nowhere.

Starting from practically nothing only two months ago, India has now become the world's second-largest supplier of medical personal protective equipment (PPE). These are products like goggles, face-shields, masks, gloves, coveralls and gowns, head and shoe covers.

In 60-odd days, the industry has grown 56 times, according to a recent report by Invest India, a company set up by the government to facilitate investments. Over 600 companies in India are certified to produce PPE. These include textile biggies such as Arvind, JCT Mills, The Trident Group, Welspun and Shahi Exports. India today manufactures 4.5 lakh pieces of PPE a day, and now the country is well-positioned to seize a share of the global market, which will be \$60 billion by 2025.

### **Prompt action**

*How did the industry gather itself so quickly? Many give credit to the swiftness with which the government acted.*

Harish Ahuja, Chairman and Managing Director of Shahi Exports, recalls getting a call from the Textiles Secretary in early April. Noting that Shahi Exports' 58 plants in the country have been lying shut due to the Covid-19 pandemic, the Secretary asked Ahuja if he could take up the manufacture of coveralls — protective gowns, made of special, non-woven fabric.

Shahi Exports swung into action. Though only five of its 58 plants needed to be pressed into service and only 750 of its 1.2 lakh employees were used for the purpose, the company now makes 20,000 coveralls a day. It has so far supplied close to nine lakh pieces to HLL Lifecare of Kerala, the Central government's agency for medical procurement.

The story is the same across the industry. A nudge from the government, an appeal for helping the country in the time of crisis and a new business opportunity when none else existed, seem to have done the trick. "The textile industry working closely with the Government of India created an entire industry from scratch," Kulin Lalbhai, Executive Director, Arvind Ltd, told BusinessLine. Arvind makes 15,000 coveralls a day from its plants in Bengaluru, Ahmedabad and Ranchi.

### **Making the shift**

As is always the case, there were challenges. Since before Covid-19 came, the PPE industry in India was very small, and all the raw material used to be imported from China. But when the pandemic broke out and imports were not possible, the industry had to quickly develop a domestic supply chain. "We have been able to work with our suppliers to shift a large part of the supply chain to India," Lalbhai said.

Ahuja notes that today all the raw materials, with the sole exception of sealing tapes, are available in India, which puts the country at an advantage over the principle competitors, Vietnam and Cambodia.

Of course, it helped that the industry already had the equipment. "Fortunately, we had all the machines needed to produce the coveralls," Ahuja told BusinessLine. Shahi Exports, which is among the top textiles and garments exporters in the country, was also making rain-proof clothing. Likewise, Arvind was also into technical textiles — for which there was a big push in the recent Budget. The company used to make protective clothing for oil and gas, medical and automotive industries. Thus, to ramp up medical PPE was but one step.

## Growing market

The Defence Research and Development Organization lists over 275 companies certified to make medical coveralls (the DRDO has been in the forefront for developing counter-Covid-19 products and been licensing them for free to the industry). Ninety-five manufacturers are supplying coveralls to HLL Lifecare. Most of them are not as big as Arvind or Shahi. Many such as Grassroot Markmen of Delhi started fresh into this business. Grassroot, which has just begun production, says it will soon manufacture 3,000 coveralls a day.

Today, India has an inventory of 15.96 lakh PPE kits (of all kinds) and another 2.22 crore kits are being manufactured against firm orders by the industry, according to the Invest India report. Bengaluru has become a major PPE hub, where half the production happens. The rest of it is spread across the country — Tiruppur, Coimbatore, Chennai, Ahmedabad, Vadodara, Ludhiana, Bhiwandi, Kolkata, Noida and Gurugram.

What happens after the market is saturated? All the manufacturers that Business Line spoke to are confident of exporting. “Once we have enough for ourselves,” says Lalbhai, “there will be ample opportunities to export.” Likewise, Ashok Naik of Grassroot Markmen sees “huge potential in exports.”

The \$60-billion market, in which there are just a handful of players, is a veritable blue ocean.

Source: thehindubusinessline.com– May 28, 2020

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## **Goyal exudes optimism, says exports may emerge from April's steep fall in 2 months**

*Stress has to be on reviving manufacturing, diversifying export basket and focussing on new markets*

Exports are likely to emerge from the steep fall experienced last month and the decline is set to reduce rapidly over the next two months, Commerce and Industry Minister Piyush Goyal said on Thursday.

“In exports of goods, while April was quite a washout with 60 per cent fall compared to (the same month) last year, my sense is that in May it will grow significantly and the reduction will be around 30-35 per cent. We have to wait for the numbers,” Goyal said while addressing an export summit organised by industry body CII through video conferencing.

In June, there is likely to be a further improvement and exports will either be at par with June 2019 or at most 10 per cent down, the Minister added with optimism.

Goyal said that the improvement in exports was due to the fantastic work done by exporters and export promotion councils over the past few days and their willingness and success in working in collaboration with the government. “I am sure there are better things waiting for us,” the Minister said.

Going forward, the three factors that would drive the economy would be revival of manufacturing, diversification of export basket and focussing on newer and “more accepting” markets, Goyal pointed out. There are areas such as pharmaceuticals where India has existing strength and there are newer areas like furniture where the country was hopeful of being an important player. Both should be in focus.

The Ministry of External Affairs (MEA) has sounded out all its Missions in other countries to analyse opportunities for Indian exports arising due to the Covid-19 pandemic and work on export strategies, mainly for agriculture products and pharmaceuticals, pointed out P Harish, Additional Secretary, MEA. The MEA is also working closely with State governments to help them understand the export opportunities and get them in touch with potential buyers, Harish said.

India’s exports in April 2020 fell 60.28 per cent to \$10.36 billion (year-on-year), the steepest fall in over two-and-a-half decades, with almost all major sectors such as gems & jewellery, garments and textiles, carpets, leather, engineering goods and petroleum products, posting sharp falls.

This was mainly due to most manufacturing activities in the country coming to a halt due to the lockdown and shipments and payments getting stuck.

Source: thehindubusinessline.com– May 28, 2020

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## **Allow personal protection gear exports immediately'**

*They can replace China products, says Loyal Textiles' chief technology officer*

In the last two months, the textile and clothing industry has proven its capabilities in medical textiles with domestic production of personal protection equipment and masks taking off in a big way. The industry is all set to venture into the global market, as a significant player in this segment and wants to be seen as a supplier of high quality products, says Devadas Dhamodharaswamy, chief technology officer of Loyal Textile Mills, which has come out with branded masks and PPEs, Excerpts:

### **What is behind the sudden surge in local production of masks and coveralls?**

In February this year, recognising the threat of COVID-19 and the possibility of a severe spread, the Ministry of Textiles called upon textile units industries to step in and manufacture PPE kits and masks in India.

It estimated that the country may need millions of units to fight the virus. This was the first initiative which helped the Indian industry realise the domestic need and the manufacturers saw an opportunity. When the lockdown was announced, commercial and industrial activities came to a stand-still and the regular local orders dried up for textile units. So, they decided to get into masks and PPEs. The Centre set the ball rolling by floating a tender for 20 million PPE sets, through the aggregator HLL Lifecare Limited. The garment units were qualified to take part in the tender if they met just one parameter - Synthetic Blood Penetration Resistance (SBPR) test - for the coveralls. The rates offered were also attractive.

### **Does India have standards for these products ?**

India has adopted BIS Standards for both masks and PPEs. However, except for the bacterial filtration efficiency for masks and SBPR for the PPE fabrics and seam sealing, which have been tested during the past two months, all other parameters for masks and PPEs under the BIS Standards are not being tested, implemented or regulated now. That is mainly because of the immediate need for these products in huge quantities. But some of the manufacturers, such as Loyal Textile Mills, are serious about meeting the global standards for all parameters.

## **Can they sustain output?**

Most of the small-scale textile units that started producing PPEs and masks just to survive a tough situation are likely to go back to production of regular products when the lockdown is lifted. Now, masks and PPEs are included under Medical Devices Rules and in the coming days, all the manufacturers will be necessitated to go through stringent standards checks. This may reduce the number of manufacturers in this segment. Only those with expertise and commitment to technical garments will sustain.

## **What is the market potential for masks and PPEs?**

There is a huge demand in domestic and export markets. World over, there is awareness on the need for these products to stay safe from the spread of COVID-19. Several countries do not want to buy Chinese products as they fear poor quality.

The government has brought in Medical Devices Rules to ensure that Indian manufacturers achieve global standards and maintain consistency in quality. Based on WHO modelling, an estimated 89 million medical masks are needed every month globally.

The WHO has estimated that manufacturers of masks and PPEs have to ramp up capacities 40% to 50%, which India has achieved already. The global demand for non-medical masks is expected to cross almost three billion a month, excluding China. China can make 14.8 million masks a day, and half of that will be used for local needs. Recognising this potential, the Centre opened up exports of non-medical masks.

Over 12 million PPE kits were made in India in the last two to three months and another 15 million are in the pipeline. But, WHO has been able to deliver less than a million of PPE kits to 47 affected countries so far and the supplies are rapidly depleting. It is estimated that to treat one COVID-19 patient, an average of 80 PPE kits are needed.

Globally, 5.5 million patients in 213 countries are to be treated and the numbers are growing every day. So, the demand is for over five billion sets. China can meet about 60% of the demand. Thus, the market is huge for Indian manufacturers to tap.

**Will the Indian products meet international standards? If yes, what percentage?**

Currently, it is estimated that only about 15 % of the Indian products will be able to meet the international standards. The PPE sets made by Loyal Textile Mills have been bench-marked against top MNC products and top Indian products by Tata Motors and have been rated among the top 10-15 % of the Global Brands.

**Is the industry talking to the government on ways to meet global standards?**

Yes. The ICMED 9000 and ISO 13485 Standards ensure that the products meet Indian and global demands. The government has given 18 months time to manufacturers to apply for these standards. voluntarily.

The textile and garment industry associations are talking to the Ministry of Textiles and the Centre about enhancing the testing parameters and fabric specifications so that Indian products meet the global standards.

The Government is also talking to the industry to handhold the manufacturers and help them meet international standards to export in the future. It should regulate manufacturing of PPEs in India so that only high quality products are allowed to be marketed.

The government should also allow export of PPEs with immediate effect. Indian PPE products are poised to take the world stage and replace Chinese products as global importers are knocking on India's doors.

Source: thehindu.com– May 28, 2020

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## **Goyal urges exporters to provide quality products, diversify**

Union Minister for Commerce & Industry Piyush Goyal on Thursday, through Video Conference, participated in the Digital Summit on Exports organized by the Confederation of Indian Industry (CII). EXIM Bank of India was the Institutional Partner for the Summit.

Addressing the Summit, Goyal said that the future of growth lay with industry and the private sector, with the government having a lesser role to play.

The minister identified three important ways to increase India's exports: reviving manufacturing, diversifying the exports basket, and finding newer and more accepting markets.

He emphasised that the diversification of exports, in addition to consolidating current areas of strength, is necessary for our economy to grow. He stated that India has a huge opportunity to promote indigenous production in auto component sector, furniture, air conditioners, and others.

He said that MeitY is promoting electronics production, in pharma we are encouraging API manufacturing, and in the agri export sector the opportunity is huge.

He said that in the IT related service, the world recognizes the Indian expertise and prowess, and hence we have asked the NASSCOM to target for \$500 billion export in the sector in next five years.

AatmaNirbhar Bharat, he said, is not just about greater self-reliance, but also engaging with the world from a position of strength. He said that India should be seen as a dependable partner and reliable friend in the world market, particularly when the global supply chains are undergoing rejig.

Talking about the Prime Minister's vision to make India self-reliant, Shri Goyal said that we should talk from the position of strength, be competitive, and provide quality products to the world. There should be killer instinct in us to succeed. No crisis can stop our march, if there is willingness to take on the challenges head-on.

Goyal congratulated CII on completing 125 years and the launch of the Taskforce on Enhancing Exports through integration into the Global Value Chains (GVCs).

He committed to working closely with the Taskforce and take action where necessary for the benefit of industry, and the country. He assured the exporting community that the Government, whether the union or states, are there to provide full support and are willing to work in partnership.

He said that the country has skilled workforce, and world class institutions like Universities and research labs, and let us work for the well-being of 130 crore people of India.

Chandrajit Banerjee, Director General, CII, said that we must carry out all reforms necessary to overhaul our exports and this is the right time to roll them out. Trade logistics, compliance with quality standards, seamless functioning of GVCs, and a robust strategy to leverage FTAs would be key, he said.

Source: smetimes.in– May 28, 2020

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## **Record cotton procurement by government agency in lockdown year**

The public sector Cotton Corporation of India (CCI) has made a record procurement of 94.5 lakh bales of cotton across the country despite the disruption caused by the lockdown. This is much more than last year's procurement of 10.7 lakh bales and the previous high of 90 lakh bales in 2008.

The bulk of the purchase or 86 lakh bales was made before the lockdown began. "The procurement this year is an all-time high. We have procured 31% of the arrivals of 303 lakh bales worth over Rs 25,000 crores," said CCI chairperson P Alli Rani.

After the lockdown, progress has been slow since few ginning factories which serve as procurement centres, could function owing to labour shortages.

While government purchase for cotton is a lifeline, the majority of farmers depend on the private market, where prices have plunged. A stock of 57 lakh bales remains unsold with cotton farmers in the country, according to government estimates. CCI purchases will continue till September but only half the stock is expected to be of high quality.

The pandemic shrank both domestic and international demand for India's cotton. Market prices plummeted, pushing farmers to sell to the government. Currently, the government's minimum support price (MSP) for cotton is Rs 5,500 per quintal but market prices range from Rs 2,800 to Rs 4,000 per quintal.

"There has been hardly any market demand for cotton. This has been a Minimum Support Price (MSP) year for cotton since market prices are much lower. We last saw this 2014-15," says the CCI's Rani. The Cotton Association of India (CAI), which represents industry has estimated that domestic demand will drop by 51 lakh bales this year owing to lockdown related disruptions.

While January to March is the peak season for cotton sales, market prices had already fallen owing to the impact of the pandemic. As a result, many farmers chose to wait for a better price, only to confront the lockdown. "Farmers who did not sell by February hoping for a better market price, have been left with large stocks and a low price from private traders. In such a scenario, the CCI should buy more," says Vidarbha-based activist Vijay Jawandhia.

Amravati farmer Sridhar Khandeshwar has 50 quintals of cotton to sell and is getting worried. "I was waiting for better prices and then we had the lockdown. My cotton stock has deteriorated and now I can only sell it to private traders at Rs 4,000 per quintal," he says. He was hoping to make Rs 3 lakh from the cotton crop this year but now will only earn around Rs 80,000.

However, the CAI says demand has started picking up in the domestic and export market since early May. "The consumption loss was 20 lakh bales in April, 13 lakh bales in May and we expect it to reach 7 lakh bales in June," says CAI president Atul Ganatra. Exports too are picking up especially to Bangladesh, Vietnam and China. "We have revised the export estimate from 42 lakh bales to 47 lakh bales this year," said Ganatra.

Source: timesofindia.indiatimes.com– May 28, 2020

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## **Banks free to do due diligence on guaranteed MSME loans**

While the government has pledged full guarantee for up to 20% additional, collateral-free working capital loans under the Rs 3-lakh-crore Emergency Credit Line Guarantee Scheme (ECLGS) for MSMEs, banks and shadow lenders have been given the flexibility to do their own due diligence and restrict advances below the stipulated limit on sound business principles.

This leaves the scope for some lenders to exploit the situation, unless the implementation of the scheme is monitored well by the government, according to a senior MSME industry executive.

No new MSME borrower will be eligible for the guaranteed loan under this scheme, which is part of the Rs 21-lakh-crore package recently announced by the government to tide over the Covid-19 impact.

A set of frequently asked questions (FAQ) released by state-run National Credit Guarantee Trustee Company, which will provide guarantee, says: “Under ECLGS, banks/ NBFCs are to offer loans up to 20%. Actual loan extended can, therefore, be less than 20%.”

While the bank/ NBFC is expected to be liberal in sanctioning such loans, it is also expected to evaluate credit proposals by using prudent banking judgement and use business discretion/due diligence in selecting commercially-viable proposals and conduct the account(s) of the borrowers with normal banking prudence,” said the FAQ.

The government has earmarked a corpus of Rs 41,600 crore over the current and the next three financial years to implement this scheme.

Borrowers with up to Rs 25-crore outstanding as of February 29 and Rs 100-crore annual turnover will be eligible. Such loans will have four-year tenure with a moratorium of 12 months on repayment of the principal amount. The interest rate will be capped at 9.25% a year for banks and financial institutions and 14% for non-financial banking companies.

The scheme can be tapped until October 31, or until the Rs 3-lakh-crore limit is exhausted, whichever is earlier. As many as 45 lakh units can resume business activity and safeguard jobs, the government recently announced.

The scheme also aims at supporting stressed MSME borrowers who are not in default. So, borrowers with standard accounts (with timely repayment), SMA-0 (with overdue of up to 30 days) and SMA-1 (with overdues of up to 60 days) can also take advantage of this scheme.

Interested borrowers under the Mudra scheme, which supports budding entrepreneurs from vulnerable sections of the society, will also be covered under the guaranteed emergency credit line.

The reliefs come at a critical juncture for MSMEs. In a recent report (before the announcement of the Rs 21-lakh-crore package), Kotak Institutional Equities said only 7% of SMEs surveyed thought they would be able to survive for more than three months if their business remained closed.

While about 97% of the firms surveyed have paid their employees salary for March, as many as 34% of the SMEs say they won't be able to pay April and May salaries (in the absence of government intervention).

Source: [financialexpress.com](http://financialexpress.com)– May 29, 2020

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### **Export body asks Mamata's intervention for early resumption of border trade**

The letter said that if there is no improvement on the ground immediately, many exporters will have to shut their offices and become bankrupt

The Federation of Indian Export Organisations (FIEO) has written to West Bengal Chief Minister Mamata Banerjee, seeking her intervention for an early resumption of India-Bangladesh trade through land ports.

Despite the West Bengal government's order on May 11 for the resumption of all border trade, this has not restarted, and thousands of trucks laden with essential and perishable items are still stranded at land ports, the organisation's eastern regional chairman Sushil Patwari said in the letter.



The FIEO said this is hurting "the export-import community to a large extent, a sizeable chunk of which belongs to the MSME sector".

Exporters have been witnessing cancellation of orders due to non-delivery of goods, and importers are also seeking compensation for incurring losses at their end.

The letter said that if there is no improvement on the ground immediately, many exporters will have to shut their offices and become bankrupt.

"The exporters are also made to pay higher interest rates to the banks for not being able to pay the loan instalments and meet foreign exchange obligations," Patwari said.

The India-Bangladesh trade through the Petrapole land port in North 24 Parganas district was stopped on May 2 after two days of operations following protests by local people.

Villagers were afraid that truck drivers and labourers might spread coronavirus infection when they return from Benapole, located on the other side of the border.

Source: business-standard.com– May 28, 2020

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### **Micro and small-scale industrial units feel orphaned; seek urgent government intervention**

The micro and small industrial units in the district say that the relief measures announced by the Centre would benefit only the MSME sector, leaving tens of thousands of micro units in a calamitous state.

Seeking separate relief allocation for the micro and small-scale sector, representatives of 19 industry associations (representing the micro and small-scale sector), came under one umbrella – Coimbatore Industrial Associations Forum – to voice their grievances and seek support from both the Centre and the State.

They said that a major chunk of the ₹3-lakh crore stimulus package should be allocated for the micro and small-scale sector at 6 per cent.

“As most of the micro and small units are neck-deep in trouble, unable to weather the storm, the government should consider waiver of interest for the lockdown period, apart from extending a one-year moratorium for all existing loans.

“The ball is now in the banks’ court. While the government has announced the package, branch heads here contend that they are yet to receive any guidelines regarding the support to be extended from their (respective) head offices. Time is ticking; we feel orphaned,” an industry source told BusinessLine.

Anxiety about their existence loomed large among the entrepreneurs, as on the one hand their customers were deferring orders, while on the other their suppliers were demanding payments.

The Forum sought to keep in abeyance the new MSME definition till the industry recovered from the Covid-19 pandemic. The government should consider the views of the micro and small-scale sector, the representatives said.

Meanwhile, it is learnt that many of these tiny units were operational only on paper. “We do not have a single order in hand to run the unit. Most of the jobs are in a standstill mode. We are having sleepless nights; have invested in men and machinery, been operational for more than a decade and suddenly find ourselves on the street,” the owner of a small scale unit said, preferring anonymity.

Source: thehindubusinessline.com– May 28, 2020

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## **Export blocks: On India’s trade amid the pandemic**

*India mustn’t miss out on the rise in world trade on the back of stimulus packages*

Official trade data for April, released at the mid-point of the Finance Ministry’s five-tranche package to salvage the economy in the throes of a pandemic-induced lockdown, was the grimmest in over two decades. Merchandise exports had collapsed by over 60% and imports contracted only slightly less.

Only two of India's 30 biggest export products clocked positive growth — iron ore and pharmaceuticals, the latter by just a quarter of a percent. Thanks to the sharp dip in global oil prices, higher volumes of petroleum exports didn't help much in value terms.

The trade collapse was not surprising as the spate of national lockdowns around the world have not only dented demand and investment, but also severely disrupted global supply chains and shipping routes. India's exports, however, were already in a free fall.

The government's economic stimulus package in totality offered several reform commitments, improvements in the ease of doing business along with some forbearance and a few sops for micro, small and medium enterprises (many of which are also export-oriented units).

However, there was no explicit respite offered for exporters. The Reserve Bank of India, on May 22, did unveil a few measures, including a special ₹15,000 crore liquidity facility for the Exim Bank of India and a six-month extension for importers to complete outward remittances.

For exporters, the maximum permissible credit period from banks was extended from 12 months to 15 months, for disbursements made up to July 31, 2020.

The three-month credit extension for exporters was, in fact, not a new measure and had already been announced by the central bank on March 23. So its repackaging two months later as a fresh move suggests policy makers are running short of ideas to prop up a key employment-generating bulwark of the country's economy post-liberalisation.

In an employment-intensive sector such as textiles, garment exports, which fell 16% between January and March, fell 91% in April. The outcome for May is unlikely to be any better and the World Trade Organization expects trade flows to slip by between 13% and 32% over 2020.

The prognosis gets even murkier when one adds to this the new barriers on trade in medical and food supplies imposed by over 90 countries, and an increasing tendency to look inward for essential supplies (as India is doing too with its emphasis on self-reliance). The country is again pitching to become an alternative investment destination for big global businesses in the hope that the COVID-19 pandemic would prompt them to hedge their China-dependent supply chains.

But investment moves are a longer-term play. Meanwhile, Indian exporters shouldn't be caught on the back foot as bigger stimulus packages, announced by other countries, kick in to revive demand and give a minor fillip to international trade.

Source: thehindu.com– May 29, 2020

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## **MSMEs in Pune region face supply chain and cash flow issues**

Supply chain and cash flow are the two major issues MSMEs in Pune region are facing revealed the survey conducted by the Maharashtra Chamber of Commerce, Industries and Agriculture (MCCIA).

About 155 companies participated in the survey of which 69 per cent (108) MSMEs said that supply chain issues were a major concern while the same number of companies listed cash flow as the concern. Interestingly only 39 per cent, MSMEs said that labour issues like migrant labourers going back and local manpower refusing to come back to work was a major concern.

The survey found that 46 per cent MSMEs surveyed are operating at less than 20 per cent capacity while 41 per cent are operating at 20-50 per cent capacity. Only 13 per cent are operating at more than 50 per cent capacity. The weighted average of the pending receivables of the MSMEs surveyed was between ₹2 crore and ₹3 crore. This includes receivables from the private and the public sector.

“Since the reopening, economic activities have gone up but industry, especially MSMEs, still face multiple challenges. The government needs to closely monitor to ensure that banks transmit credit to MSMEs and also it needs to further strengthen the ‘Employment Bureau’ to help industries meet the labour demand-supply gaps,” MCCIA Director-General Prashant Girbane told BusinessLine.

He added that the government and PSUs need to publish periodic reports on delayed dues paid “ We hope that starting first week of June, there is further increase in economic activities with of course due care for health and safety,” he added.

Source: thehindubusinessline.com– May 28, 2020

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## **Surat textile industry seeks govt help to stop migrant exodus**

The Surat textile industry, which relies a lot on migrant workforce, has requested the state government to set up a committee to convince the labourers not to return to their home state. They also requested the government to waive their electricity bills for six months starting from the lockdown.

At least 60 per cent of the workforce is estimated to have left Surat since the Shramik Special trains started. According to Surat railway officials, over 6.80 lakh labourers have left Surat in 431 trains.

The textile industry leaders made a representation to the District Collector of Surat, Dhaval Patel, to make arrangements so that the migrants who are still in the city do not leave Surat, and return to the factories and work.

In Surat, there are around 6 lakh powerloom machines, 360 dyeing and printing houses, and 65,000 textile trading shops.

Pandesara Weavers' Association president Ashish Gujarati said, "There are around 15 lakh labourers associated with the textile industry. Out of them, over 60 per cent have left Surat. Only 10 per cent of powerloom factories are running with 10 to 20 per cent staff.

The factories are running only during the day time. We have requested the district collector to make arrangements so that the labourers who are still here can be convinced to come back to work. Even the police should not stop the workers from reaching the factories."

The Federation of Indian Art Silk Weavers' Association has also sent a memorandum to Chief Minister Vijay Rupani and state energy minister Saurabh Patel requesting them to waive the electricity charges for six months starting from the lockdown period.

The association chairman Bharat Gandhi said, "The electricity cost is a huge burden on the industry running with lower capacity. Majority of the

powerloom factory owners are from middle class and they have to pay loan installments to banks for their machineries and other day to day expenses. With the lockdown still on, these industry players are facing financial crunch. So if such relaxations in power bills are given, it will help the industry.”

Source: indianexpress.com– May 29, 2020

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## **India ITME 2020 postponed to December 2021**

India ITME Society, the organiser of India International Textile Machinery Exhibition (ITME) 2020, has postponed the fair to December 08, 2021 at IEML, Greater Noida.

The new pre-event dates would be December 3-7, 2021, and dismantling dates would be December 14-15, 2021.

The venue of the event is being shifted to IEML, Greater Noida as no large events and container movements are permitted by municipal authorities and traffic police department until the completion of the massive metro construction work in Mumbai.

However, the organisers would be making special arrangements for shuttle buses from Delhi airport, railway station and metro station to the venue. All details shall be available nearer to the event on the website.

Source: fashionatingworld.com– May 28, 2020

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