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

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INTERNATIONAL NEWS

Indonesia: Textile traders want more exports to Turkey

The Indonesian government, as well as textile producers and exporters, said on Wednesday that they hope to export more of their products to Turkey.

Turkey has great potential as an export destination due to its strategic geography despite many tariff and non-tariff export barriers that Indonesian textile products face.

"Turkey is an important hub to enter the markets in the Middle East, Europe and northern Africa," said Didi Sumedi, the Trade Ministry's director-general of foreign trade.

Turkey also is one of the largest textiles and clothing producing countries in the world. Therefore, Indonesia has the opportunity to boost the supply of raw materials like synthetic staple fiber, which was the country's largest export to Ankara in 2019, worth $366 million.

"To boost exports of textiles, the country is working on the Indonesia-Turkey Comprehensive Economic Partnership Agreement [IT-CEPA] to avoid additional tariffs," he continued.

Didi noted that Turkey is the sixth largest export destination for Indonesian textile products.

Based on Trade Ministry data, the total textile exports to Turkey reached $168.9 million from January to August this year.

Indonesia's textiles exports to Turkey still face many barriers, despite it being one of the mainstays of the country's trade with Turkey.

Its value dropped 49.79% compared to the same period last year, which had been $333.6 million.

According to Didi, the export value of Indonesian textile products to Turkey has decreased over the years.

In 2018, the total textile exports reached $489.8 million, while in 2017, their value reached $537.1 million.

He said the decline in the export value was due to tariffs that Turkey had put in place to protect its domestic market.

Meanwhile, Chairman of the Indonesian Textile Association (API) Jemmy Sastraatmaja said Turkey is one of the biggest export destinations for Indonesian spun yarn and would continue to be an important market.

Indonesian Trade Attache to Turkey Eric Nababan said Turkey continues to protect its domestic market by applying trade remedies.

Nababan said Indonesia's export to Turkey dropped in 2020 with total exports in January-August at $671 million compared to $795.4 million in the same period last year.

Meanwhile, total trade between the two countries also fell to $856.9 million in January-August compared to last year's $1.02 billion.

Source: aa.com.tr– Oct 29, 2020

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UK urged to finish clothing-textiles EPR review by 2022

The UK Textile Recycling Association (TRA) has urged the government to ensure that the review on extended producer responsibility (EPR) on clothing and textiles that they committed to in the Waste Strategy for England 2018 is completed by 2022. In a recent paper, TRA highlighted the huge environmental and social impacts associated with the clothing supply chain that makes the case for completing this review at the earliest compelling and necessary.

The paper also cited eight key issues necessary to address to deliver a robust and comprehensive EPR framework, that would deliver substantial sustainable improvements across the clothing supply chain and a truly circular economy for the sector.

“After the review has taken place, should a decision be made to instigate an EPR scheme, we propose that a robust framework should be applied that addresses key principles, thus ensuring that a comprehensive and world leading system is implemented,” the TRA paper said.

This includes setting clear aims and objectives to reduce consumption and increase re-use; ensuring businesses that are responsible for putting clothing and other 'in-scope' products onto the market should bear the full cost of managing the impact of their product on human health and the environment; delivering better, more sustainable textile products that consume less resources and are easier to recycle; engaging the consumer in the EPR scheme; ensuring that all businesses that are responsible putting 'in-scope' clothing and other products onto the market contribute; and requiring all collection, sorting and recycling businesses to be audited in order to qualify as approved recipients of fees.

It is estimated that the fashion industry has the fourth biggest environmental impact across all business sectors (in terms of carbon, water and waste) in the United Kingdom next to housing, transport and food.

The current export markets for used clothing are under sustained pressure particularly as competition for exports from other countries like China are set to expand massively.

The future of the African markets remains uncertain and it seems unlikely that the continent can accept the ever-increasing amount of used clothing that will arise as consumption of new clothing continues to increase globally.

The UK government, in its publication 'Our Waste, Our Resources, A Strategy for England 2018', has committed to invoking the 'polluter pay' principle and harness the potential of EPR. It has identified five priority material streams for consideration under this commitment including textiles.

As part of this, the government has stated that "by the end of 2025 we will have reviewed and consulted on measures such as Extended Producer Responsibility and product standards for five new waste streams, two of which we plan to complete by 2022."

Source: fibre2fashion.com– Oct 29, 2020

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Denim Premiere Vision Replaces Next Show with Digital Event

Denim Première Vision is going digital this fall with a new week-long online event. With parts of Europe experiencing a spike in Covid cases, the digital show will fully replace the physical show that was scheduled to take place in Berlin Nov. 24-25.

From Nov. 30-Dec. 4, the online platform will showcase exhibitors' Spring/Summer 2022 collections of materials, trims and other product developments. The event will also dive into key fabric and style trends to watch as well as shifts in the market, led by talks with experts and key industry players and masterclasses.

The program includes a trend presentation by Première Vision's fashion team and a second presentation curated by Lucia Rosin, founder of Meidea design studio, that will analyze new trends in cuts and silhouettes. Giusy Bettoni, a sustainable development consultant for Première Vision, will host two conversations on the industry's challenges in terms of sustainable development. And Alessio Berto, founder of The Tailor Pattern Support, will present two workshops to assist brands in creating their future collections.

Trade show organizers have turned to online events to help fill the void left by the cancelation of in-person events. When the May edition of Denim Première Vision in Milan was canceled due to the pandemic, Première Vision Paris welcomed denim exhibitors to its digital event in September.

Denimandjeans launched a virtual format with online panels and conversations. Kingpins introduced Kingpins24 earlier this year—a telethon of sorts centered around new denim innovations—as well as Kingpins Exchange, a digital material showroom.

Denim Première Vision is supporting its online event with Première Vision Marketplace, which denim exhibitors began joining in May 2019. Through the marketplace, exhibitors can upload their collections online with no limit on the quantity of products presented, nor any constraints in terms of commitment or duration.

The trade show is also creating "a more interactive and functional digital catalog" that will integrate companies' multimedia content like videos and images.

Denim Première Vision is optimistic about in-person events returning in 2021. The show plans to return to Milan May 25-26, and Berlin Nov. 16-17, 2021.

Source: sourcingjournal.com– Oct 28, 2020

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PRC unofficially boycotts Australian cotton, imports halt

All cotton exports by Australia to China have reportedly stopped following Beijing's ‘unofficial’ rebuff to the former’s cotton producers recently. Australia’s cotton industry is now preparing for a leaner situation ahead after officials confirmed Chinese mills had been ordered to halt Australian lint purchases due to ‘apparent changes to export conditions’.

Lint values in Australia, however, have strengthened, according to domestic media reports.

As over three-fifths of Australian cotton crop is normally exported to China every year on an average, efforts are under way now to boost export ties with other Asian countries, where demand has risen steadily in recent years.

China, the world's largest importer of cotton, buys increasing volumes of US cotton as part of its Phase I trade commitment on agricultural imports with the United States.

Until recently, Chinese textile activity and demand for Australia's high grade lint was gaining momentum after the coronavirus lockdowns as China returned to near-normal economic conditions.

Beijing has reportedly told spinning mills they must pay a 40 per cent tariff if they keep buying Australian cotton though Cotton Australia chief executive officer Adam Kay said there had been no comment from the Chinese government about Australian cotton being excluded from its 890,000 tonne a year tariff-free import quota.

Cotton exporters would have to work much harder to market the national crop, Kay noted.

Beijing's move coincided with Chinese steel makers also being advised to 'defer' orders of Australian thermal and metallurgical coal.

Source: fibre2fashion.com– Oct 28, 2020

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Asia to dominate global surgical apparel market

As per a report by Persistent Market Research, Asia is expected to register high growth in the next five years in the global surgical apparel market. China and India will be the fastest growing surgical apparel markets in Asia-Pacific region. Some key driving forces for surgical apparel market in these emerging countries include expanding healthcare sector, large pool of patients and increasing healthcare spending.

In recent times there is increased use of surgical apparel due to increasing stringent regulations for healthcare professionals and patient safety. Increasing prevalence of infections and increasing number of surgical procedures are some of the key factors driving the growth for the global surgical apparel market. In addition, increasing incidence of hospital acquired infection is also fuelling the growth of the global surgical apparel market. However, strict regulatory requirements and unstable raw material cost are some of the major factors restraining the growth for the global surgical apparel market.

Advanced composite technology, emergence of biofunctional textile and non-conventional types of gloves would develop opportunities for the global surgical apparel market. However, maintaining a balance between quality and cost would pose a challenge for the global surgical apparel market.

Source: fashionatingworld.com– Oct 28, 2020

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South African apparel retailers opt for local sourcing move away from China

As COVID-19 has reemphasized the need to reduce dependence of Asian imports, South African clothing retailers are planning to boost local apparel production. As reported by the Kohan Textile Journal, one of South Africa's biggest dedicated clothing retailers, The Foschini Group (TFG), has decided to reduce its reliance on single-source suppliers like China. The company now sources 35 per cent of its clothing requirements from South Africa itself. It has been investing in "quick-response" local manufacturing capacity for the last seven years which has enabled it to reduce its lead times to just 42 days.

TFG now plans to expand its facilities over the next five years. However, Anthony Thunstrom, CEO, believes, the advantage of local manufacturing cannot be applied to all products and depends on the availability of the required raw materials and manpower.

Increasing local textile purchases to 50 per cent

Another clothing retailer Truworths favors local manufacturing as it enables quick response and fast fashion. The retailers' percentage of local textile to total textile purchase has reached 45 per cent and is expected to further increase to 50 per cent over the next few years.

Truworths recently purchased the Barrie Cline Clothing design house that has exclusively supplied to the group for more than 20 years. The retailer has pivoted its local supply chain model around this design house and a few select design houses like Barrie Cline.

However, Michael Mark, CEO, believes, local manufacturing also faces certain challenges such as an ageing skills base, an unstable power supply and rising electricity costs.

A price-sensitive retailer which caters to lower-income consumers, Mr Price is also increasing its local content. The retailer has increased its sourcing of local merchandise from 31 per cent in 2015 to 35 per cent. While China still remains the dominant supplier for Mr Price, the group is diverting its focus to other African countries, which alongwith South Africa account for about 45.7 per cent of its merchandise inputs.

The group is also committed to sourcing 1,357 tons of cotton from local producers via its membership of the South Africa Cotton Cluster (SACC). It is working closely with the government through the CTFL Master Plan 2030, which aims to boost locally-produced goods to 65 per cent of overall apparel items by 2030.

Other retailers join the movement

Retailers Game, Woolworths and Pep have also committed to local sourcing. Not typically associated with apparel, Game re-entered the affordable clothing market by launching its new clothing line Stylessentials in August this year. Nearly 90 per cent of this range has been sourced from local suppliers, while 25 per cent has been locally manufactured, says Andrew Stein, Vice President. The retailer aims to increase the percentage of locally-manufactured items to support local businesses.

Similarly, Woolworths also plans to source more apparel locally with over 50 per cent of its purchases coming from the SADC region. Pick n Pay Clothing has collaborated with South African fashion designers such as Gavin Rajah, Julia Buchanan and Katekani Moreku to make locally produced styles more accessible. Pep Clothing (PepClo), a division of Pepkor, manufactures basic school clothing, knitted underwear and flip flops at its four local factory divisions.

Source: fashionatingworld.com– Oct 28, 2020

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Indonesia's sees sharp decline in garment sector utilization

Utilization in Indonesia's garment sector declined to 80 percent from a normal utilization of 90 per cent. Lower demand in the textile and garment sector as a result of COVID-19 is having an outsized impact on Indonesia's economy. The industry accounts for 3.1 per cent of the total workforce population of 121.02 million.

As Indonesia and its key export markets implemented social distancing policies, the dramatic decrease in overseas demand was compounded by declining domestic demand as retailers from high-end shopping malls to local traditional markets were forced to close as a result of PSBB guidelines.

Although growth in online demand has helped to cushion the blow for some overseas outlets, Indonesian consumers have not adjusted to shopping for clothing online.

The Indonesian Chamber of Commerce recently reported that the total newly unemployed population reached 6.4 million, of which an astounding 2.1 million or 33 percent were from the textile and garment sector. While many of the newly unemployed expected to return to work, the numbers reveal the depths of the shock to the industry as it attempts to navigate supply and demand during the global pandemic.

Source: fashionatingworld.com– Oct 28, 2020

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Iran's Cotton Output Expected to Rise 15% This Year

Iran's cotton production is estimated to reach 81,000 tons in the current fiscal year (started March 20), to register a 15.71% increase compared with last year, an Agriculture Ministry official said.

"As a result, Iran will be able to meet 68% of its domestic demand this year while the figure stood at around 58% last year," Ebrahim Hezarjaribi was also quoted as saying by IRNA.

"Some 98,000 hectares have so far gone under cotton cultivation this year. A total of 280,000 tons of cotton bolls are estimated to be produced this year."

The official noted that Khorasan Razavi with 23,000 hectares tops the list of provinces with the highest area of land under cotton cultivation.

Other main provinces in cotton production in recent years have been Golestan in the north, North and South Khorasan in the northeast, Fars in the southwest and Ardebil in the northwest of the country.

Land under cotton cultivation, Hezarjaribi added, will increase to 150,000 tons next year to register a 50% rise.

According to the official, the Agriculture Ministry plans to achieve self-sufficiency in cotton production by 2025.

Hossein Kaviyani, the CEO of Iran Cotton Fund, told Young Journalists Club that a total of 97,000 tons of cotton were imported into Iran in the last fiscal year (March 2019-20).

Cotton, threads and textiles are mainly imported from Uzbekistan, which has high-quality cotton, as well as India and China, he told Mizan Online.

Source: financialtribune.com– Oct 28, 2020

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Uzbek trade body, Indonesian textile firm mull cooperation

Representatives of the Uzbekistan Textile and Garment Industry Association recently held a videoconference with Indonesia's PT. Pan Brothers Tbk and discussed trade and investment potential of the Uzbek textile sector and establishing cooperation between Uzbek companies and the Southeast Asian firm in trade, investment and technology transfer.

The Indonesian company was offered to organise joint production, create a textile cluster and conclude a franchise agreement with Uzbekistan manufacturers for production of goods of well-known brands with subsequent export of finished products to the countries in the region, a news agency reported.
Both sides agreed to create a working group for implementation of joint projects on trade-investment cooperation in the textile industry.

Source: fibre2fashion.com– Oct 29, 2020

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Pakistan: Cotton market: Trading volume falls due to cautious buying by mills

The local cotton market remained stable on Wednesday. Market sources told that mills were involved in cautious buying due to which the trading volume remained low.

Cotton Analyst Naseem Usman told that according to the estimates released by the Cotton Crop Assessment Committee meeting held in Islamabad, the cotton production during the current season will be at 8.597 million bales against the fixed target of 10.89 million bales. However, according to the estimates of private sector the cotton production will below 7 million bales of 157 kg weight.

Punjab assessed production at 5.30 million bales, Sindh gave target of 3.0 million bales, KPK 0.0065 million bales and Balochistan gave target of 0.291 million bales. The major reason behind this was non availability of good quality of seeds, absence of new seed technology, heatwave, climate change and pest attack.

Meanwhile, textile value-added sector has urged the government to allow duty-free cotton yarn to reduce cost of production and increase the country's exports.

Muhammad Jawed Bilwani, Chairman, Pakistan Apparel Forum, said that the government's lack of priority and attention to increase cotton yield to support the entire value-added textile chain was highly shocking and deplorable.

He further said that Pakistan was an agriculture country but no concrete steps and measures along with productive policy had been witnessed from successive governments during the last several decades to uplift per hectare yield of the agriculture produce particularly of cotton.

Cotton Analyst Naseem Usman told that it is expected that this year cotton production will be 35% less as compared to last year. He said that after the decrease in cotton production we have to import cotton of worth millions of dollar like we are importing edible oil of worth millions of dollars.

he government has almost finalised the Textile Policy 2020-25 with textile products' export target of $20.8 billion and eight objectives starting from encouraging value addition, ensuring profitability of cotton growers to strengthen Pakistan's expertise in manmade fiber, putting small medium enterprises (SMEs) on priority for infrastructure, compliance, energy efficiency, quality assurance and productivity projects.

Naseem also told that The Brand Development Fund (BDF) will be launched to help boost export of textile products. Textiles and apparel machinery will be zero rated.

Under the proposed textile policy, electricity tariff will be at 7.5 cent per unit and RLNG tariff at 6.5 cent per MMBTU, while the system gas will be provided to textile sector at Rs786 per MMBTU. However, the current electricity tariff for export industry stands at 9 cent per unit that will be decreased to 7.5 cent per unit for three years (till 2025), once the policy is approved and gets enforced.

Electricity tariff of 7.5 cent per unit and gas price of $6.5 per MMBTU till 2025 will help attract investment in textiles and apparel value-chain and textile.

The Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) regional chairman Adeeb Iqbal has appealed the State Bank of Pakistan to stop sending show cause notices to the exporters for not realizing their exports' proceeds due to global outbreak of Covid-19.

In a statement issued here on Monday, he said that the show cause notices by the SBP have created a lot of resentment and unrest among the value-added textile exporters, who are already facing severe liquidity crunch owing to non-payment by the international buyers for indefinite period amidst post-corona worldwide economic slowdown.

The central bank has to make amendments in Foreign Exchange Regulations in the wake of the emerging circumstances due to global outbreak of COVID-19, allowing extension in the realization period beyond six months from the date of exports shipment, he demanded. "We request the SBP governor to formalize new policies in consultations with the exporters, including PRGMEA, making new policies in this regard in view of the post-corona economic crunch when the foreign buyers have either held their payments or making partial payments," he added.

Chairman Pakistan Cotton Ginners Association Dr Jassumal said that during the meeting of the Federal Committee on Agriculture the support price of Kharif crops were determined but the support price of cotton was not discussed.

Naseem told that 400 bales of Tando Adam were sold at Rs 9550 per maund, 2400 bales of Khairpur were sold at Rs 9400 to Rs 9700 per maund, 1800 bales of Haroonabad were sold at Rs 10,350 to Rs 10,400 per maund, 1200 bales of Donga Bonga were sold at Rs 10,400 per maund, 3600 bales of Rahim Yar Khan, 3200 bales of Khanpur, 2200 bales of Sadiqabad, 400 bales of Liaquatpur, 200 bales of Shuja Abad, 600 bales of Yazman Mandi were sold at Rs 10,300 per maund, 800 bales of Fort Abbas, 400 bales of Faqeerwali were sold at Rs 10,350 per maund, 400 bales of Rajanpur were sold at Rs 10,100 per maund and 600 bales of Layyah were sold at Rs 9700 per maund.

He told that rate of cotton in Sindh was in between Rs 8600 to Rs 10,000. The rate of cotton in Punjab is in between Rs 9800 to Rs 10,400. He also told that Phutti of Sindh was sold in between Rs 4000 to Rs 5100 per 40 kg. The rate of Phutti in Punjab is in between Rs 4400 to Rs 5300 per 40 kg.

The rate of Banola in Sindh was in between Rs 1650 to Rs 2100 while the price of Banola in Punjab was in between Rs 1850 to Rs 2150. The rate of cotton in Balochistan is in between Rs 9400 to Rs 9800 while the rate of Phutti is in between Rs 5000 to Rs 5400.

The Spot Rate Committee of the Karachi Cotton Association stabled the spot rate at Rs 10,100 per maund. The Polyster Fiber was available at Rs 158 per kg.

Source: brecorder.com– Oct 28, 2020

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Bangladesh growth and Pakistan’s prospects

According to the IMF’s latest estimation, the growth of India’s gross domestic product (GDP) will witness a contraction of over 10% this year. A striking development in contrast to this is that the per capita income of an average Bangladeshi citizen will become resultantly higher than the per capita income of an average Indian citizen. With a per capita income at $1877, Bangladesh is economically at the highest position across South Asia. Compared to Pakistan, this is nearly 36% higher in terms of estimated per capita income, with Pakistan currently at $1377 and expected to decline (World Bank). Pakistan, Nepal and Afghanistan are now the poorest nations in South Asia.

All these developments have taken place within the last two decades, highlighting a difference in long term planning that paved the way for Bangladesh to claim its high growth rate despite the fallout from COVID-19. Meanwhile, Pakistan unfortunately remains the only economy dependent on the IMF to avoid default, leading to substantial uncertainty and a risk of remaining stagnant in medium term. India and Sri Lanka are also expected to race ahead in the post-COVID era, largely owing to pre-existing structures that have strengthened their GDP over the long haul and insulated them from the external shocks of this year.

The figure below shows GDP per capita for India, Pakistan, Bangladesh and China in 2010, where Pakistan was still ahead of Bangladesh and appeared to have a higher growth rate.

Bangladesh's current track record is particularly impressive given its status at the time of the then East Pakistan's secession from Pakistan in 1971. Back then it was much poorer, with a per capita income of $133.5 – one-third lower than Pakistan's $178.5. By 2019, it was a third higher at $1795.5 as against $1359.5 of Pakistan. For the first time in 2019, its nominal GDP exceeded that of Pakistan by 9 percent at USD 302.7 billion. Bangladesh's growth trajectory has its impetus in an export-led growth strategy – one that Pakistan would do well to recreate given its similar preconditions and performance in textiles.

How did this happen?

For a country that was once short of cloth, Bangladesh now exports more ready-made garments to the world market than India and Pakistan combined. The garmenting sector that was formed in the 1970s has evolved into a $40 billion industry. Of the country's $45 billion in total annual exports, textiles account for nearly 85% and employ roughly 4 million workers, mostly women from rural areas.

At the same time, the Bangladesh economy is diversifying. The services sector now accounts for 53% of the GDP. The success of its IT industry is central to the digital transformation and ongoing economic growth of Bangladesh. It exports nearly $1 billion of technology products every year – a figure that the government is prepared to increase to $5 billion by 2021. The country also has 600,000 IT freelancers.

Bangladesh has experienced a period of growth fueled by strong consumer demand at home, and an improvement in capacity and technology to meet international demand via exports. The country adapted well to changing market conditions, an essential quality for survival in the global arena. The establishment of world class factories has played a key role and become a norm for the country's textile industry.

The manufacturing sector which is heavily reliant on the export of ready-made garments has also remained adaptive and incorporated sustainable growth, although further product diversification is needed. Given that the textile sector of Bangladesh branched out into high value-added products in the wake of COVID-19, the sector faced losses due to shrinking demand for these goods. The exports of Bangladesh therefore suffered more relative to other textile economies such as Pakistan's which is more focused on traditional and low value-added goods. However, the sector is expected to pick up again, given the unwavering government support, competitive energy and exemplary DLTL system which strengthens the textile industry as the mainstay of the economy.

The need of the hour for Bangladesh is to counteract the troubling impacts of the pandemic on trade – a task which they are diligently focused on. Bangladesh's imports went down 30% due to COVID-19, the effects of which continue to hamper its exporting sector. However, Bangladesh still retains its spot as "second in global apparel trade." The textile industry of Bangladesh encountered difficulty as global brands including Wal-Mart, H&M and Marks & Spencer canceled orders because of the pandemic.

Exporters attributed the sluggish global demand for last couple of years to the decline in apparel exports to non-traditional markets, while COVID-19 worsened the situation further. They also blamed high duties in certain emerging countries such as Brazil for the decline. The country was able to mitigate its own anti-export bias in non-RMG sectors, improving competitiveness and product diversification. But further market diversification remains essential for the sector to ensure sustainable growth, since over-saturation in a few products and markets increases sensitivity to economic shocks and other external factors. Efforts for higher energy supply are also needed in the long run, as well as more sustainable power to determine how efficiently the industry moves forward.

The leather sector in Bangladesh is the second largest export earner for the country at present. The sector earns US$1.21 billion and produces high value-added products, for which a considerable amount of raw material is available locally. Bangladesh ranks 20th in footwear exports and has the potential to scale up its export volume, particularly with the opportunities arising from the US-China trade dispute. The sector has the potential to become a multi-billion-dollar industry, provided the environmental issues pertaining to the shifting of the tanneries to the allocated area are addressed and rectified for the long term. This sector has significant employment prospects as it is highly labour-intensive, and provides an opportunity for image building for the country as the products are of high value.

Bangladesh is the only least developed country (LDC) in the world to meet 97 per cent of its local demand for pharmaceutical products. With a market size of Tk 200 billion, Bangladeshi pharmaceutical/medicinal products are exported to 144 countries, and generated over $103.46 million in 2016-2017. Fueled by strong investments in new technology, development of state-of-the art factories and a skilled management workforce, the industry is poised to become a hub of high quality and low-cost generic medicine manufacturing. The ICT (information and communications technology) sector has generated three hundred thousand jobs so far and given the nature of this sector, job creation will continue, strengthening the economy further.

To sum up, the economic trajectory of Bangladesh has been all-encompassing: poverty has declined, provision of health, education, and infrastructure has improved and financial inclusion has thrived. Bangladesh is a frontrunner in improving the socio-economic conditions of its population, especially for women. A much higher proportion of workers such as school teachers, family planning workers, health workers, immunization workers, and even garment factory workers are women. However, those employed in export-oriented sectors are at risk of being laid off if orders don’t pick up again.

How the country revives its exports post COVID-19, improves its long-term energy supply and fosters energy conservation will determine whether it can maintain its impressive growth trajectory. To paraphrase what has been said of Bangladeshi sentiments lately, exports are so central to their economy and employment that for the last 10 days, collective prayers are being offered for the revival of demand and orders.

Pakistan’s growth prospects

Pakistan cannot dream of higher economic growth without raising competitiveness in high-potential sectors such as textiles and apparel, capital goods, pharmaceuticals and medical devices etc. This includes introducing sector specific policies that benefit large and small firms alike, introducing a stable and declining tariff regime, creating efficient manufacturing clusters and reducing the cost disadvantage compared to other regional players. Both Pakistan and India need to increase ease of doing business by removing obstacles such as delayed payments and slow processes for obtaining permits through improvements like e-governance at local levels.

By acknowledging the human factor at every stage of the process, in terms of worker welfare, skill development, investment in youth and retention of top graduates, Pakistan will be able to improve its economic standing. It is vital to rectify the dependency on traditional goods, and to diversify into value-added and service sectors. In order to protect itself from market volatility as well as high risk exposure associated with single-product dependency, it is important for the country to nurture and develop other industrial sectors which have high growth potential.

A case in point is the high-potential textile industry of Pakistan, which is the only sector of the country with an exportable surplus, and thus requires special attention and facilitation to double its exports in the next four years. Textiles are posting higher export volumes as of recently, and are also poised to capture additional market share. However, despite its potential, the sector remains burdened with the relatively higher energy tariffs of the region.

While India has focused on further lowering these prices from current levels which are already well below Pakistan's, they paradoxically continue to rise in Pakistan. This has left Pakistani goods highly uncompetitive in the market. Furthermore, the government's reliance on taxing imports has been detrimental to the export-oriented industries which rely on internationally-sourced inputs, and yet are unable to acquire them at world prices. These hindrances, along with a plethora of others, have been highlighted at length in the Textile Policy of Pakistan, along with detailed strategies to address them.

India's economy is 10-times larger than Pakistan's. It encompasses a range of sectors and industries, from traditional village farming and modern agriculture to a multitude of digital and IT services. Like Bangladesh, India also draws a major chunk of its economic growth from its services sector, accounting for nearly two-thirds of India's output but employing less than one-third of its labor force.

A recent report by the McKinsey Global Institute highlights the opportunity for India amidst the given circumstances. If used to spur reforms, the pandemic could actually put the country back on a high-growth track.

It is no surprise that Pakistan ranks low in the ease of doing business and competitiveness indices, as many potential startups are burdened by overregulation that hinders them from taking off. Meanwhile, the textile sector remains under immense pressure to maintain a heavy chunk of Pakistan's exports, and therefore must be considered critical for Pakistan's economic prosperity.

Earnings through exports serve as a valuable inflow to the economy, and paired with remittances, these will be the forces that can enable Pakistan's economy to grow. To reiterate, the most essential measures to enable export-led growth are product and market diversification, improvements in quality, and integration into global value chains. Policy support is an absolute requirement that ties into each of these paradigms, but the measures taken by the government are often insufficient.

It is essential to put our faith and resources towards our local business community as well as our entrepreneurs. We must also lobby for improvements in education, training and job opportunities for the youth. Considering the export-led economic prosperity that is taking Bangladesh to new heights, Pakistan must mitigate its reliance on primary and traditional commodities and fast-track the shift towards manufactured, value added services and nontraditional goods for export. Only then can we claim to have a functional export-led growth strategy that will have results as evident as those of Bangladesh's economy in recent times.

Source: brecorder.com– Oct 29, 2020

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Bangladesh RMG: Time to look beyond the comparative advantage of cheap labour

The world has been hit by a "black swan" event, a term used to describe an unpredictable incident that has large-scale economic and social implications. Time and again, economists have reiterated the suggestion: Don't put all your eggs in one basket. The increasing volatility of markets around the world necessitates diversification strategies that help reduce risks and improve the capacity needed to cope with such black swan events.

One of the key drivers of Bangladesh's economic growth, the RMG industry, suffers from a lack of diversification: 70 percent of RMG exports consist of only five products which are primarily cotton-based, and around 83 percent of these exports are shipped to the European and North American markets. In a recent webinar jointly conducted by Serai and HSBC, the president of BGMEA, Dr Rubana Huq, identified several products including non-cotton knitted t-shirts, MMF woven anoraks and wind-cheaters, MMF woven blouses and shirts for which Bangladesh's export share is a trifling 5.3 percent. She further stressed that Bangladesh has not been able to fully utilise its potential in terms of expanding production to goods such as PPE, plush toys, hair accessories, automotive upholstery, travel and campaign products.

Over the last four years, Bangladeshi apparel has suffered a 1.6 percent drop in prices globally, indicating increasingly intense global competition. In the first five months of the current fiscal year, Bangladesh lost its position as the world's second-largest apparel exporter to Vietnam, a country with an RMG industry five years younger than that of Bangladesh. Experts delineated several possible factors behind Vietnam's success: the country's aggressive response to the pandemic, a better-skilled workforce, diversified and higher value-added products, Foreign Direct Investment, and multiple trade agreements with regional and international markets.

However, the increasing competition from Vietnam was not a direct consequence of the Covid-19 pandemic. In fact, before the pandemic, Vietnam's exports to the US rose by 34.8 percent in the first nine months of 2019. The ongoing US-China trade war and rising wages in China escalated the need for many global businesses to diversify outsourcing outside China, popularly known as the "China Plus One" strategy. The economically and politically stable environment in Vietnam and pro-foreign investment government policies made it a lucrative destination for foreign investors and businesses that were looking to relocate their factories. According to the World Investment Report, the ratio of inward FDI stock to GDP was 52 percent higher in Vietnam compared to Bangladesh in 2017.

Another major reason behind the success of the Vietnamese garments industry has been its highly educated and skilled workforce which offers excellent workmanship, high-quality and value-added products. This has been made possible by Vietnam's long-term commitment towards investing in human resource development: compared to Bangladesh's mere 2 percent, Vietnam's public expenditure on education is around 5.5 percent of its GDP.

To retain its dominance in the global market, it is essential for the RMG industry in Bangladesh to look beyond its comparative advantage in providing low-cost labour. Instead, it is time to focus on diversification and the production of higher value-added products that have stronger and more stable demand worldwide.

An essential prerequisite for this is the introduction of new technologies that can improve efficiency. Many Bangladeshi factories are starting to adopt high-end technologies; for instance, Dekko Group, Epyllion Group and a few other manufacturers reportedly optimised fabric usage and lowered wastage by implementing ThreadSol's AI-based fabric planning system called "IntelloCut".

Although long-term returns from technological advancement are high, low initial profits and high costs deter companies from investing in research and development. Pioneering firms that invest in new technology generate social benefits such as transmission of knowledge which positively impacts all other firms in the industry. However, most of these pioneering companies are not adequately compensated for the initial costs they incur and their contributions to the entire industry, which ultimately deters such investment.

The fashion industry, in particular, has always been turbulent and rapidly evolving. The nature of the industry demands that its players always remain vigilant and continually embrace shifting business models and innovation. The recent pandemic has amplified the turbulence further by bringing about huge changes in consumer preferences and behaviour, creating new challenges for both retailers and manufacturers. Mass production and mass solutions are now being supplanted by personalised products with greater value and sustainability. There is a need to cater to smaller and highly specialised orders by engaging with smaller buyers.

A phenomenon called "slow fashion" is rapidly transforming standards in the world of "fast fashion". This phenomenon prioritises brands with higher product quality, thoughtful design and positive social and environmental impacts. This has created the need for manufacturers and retailers to use artificial intelligence and data science to serve the dual purposes of predicting future demands and trends as well as developing efficient and environment-friendly production processes. At present, Bangladesh has the highest number of LEED-certified green garment factories in the world, which can be used as an advantage in creating a distinctive brand image globally.

As opposed to Vietnam, Bangladesh has not been very fortunate in attracting foreign investors. Instead, the success in the Bangladeshi RMG industry has been historically driven by local entrepreneurs, and the key to achieving greater dominance lies in designing policies that encourage participation and investment by local enterprises.

Nonetheless, there is also an urgent need to recognise the importance of regional trade agreements and foreign investment that will not only facilitate knowledge spillovers, but also allow the industry to embrace more advanced technology, product development and diversification.

Source: thedailystar.net– Oct 29, 2020

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NATIONAL NEWS

Indian cotton exports pick up but lack of containers proving to be a hurdle

With Indian exporters offering cotton to overseas buyers at a competitive price, demand for the natural fibre has gathered pace. At least six lakh bales—one bale is 170kg—of cotton have been exported since the start of the new season in October but exporters are facing problems due to a lack of containers or vessels to export.

The cotton season in India runs from October to September.

“We have heard from our trade circles that six lakh bales have been exported. Maybe, some 25,000 to 50,000 bales are held up at the ports for shipment,” said Anand Popat, a trader of raw cotton, yarn and spinning waste.

Cotton Association of India (CAI) President Atul Ganatra confirmed that six lakh bales had been exported, so far. “It is possible to export eight lakh bales of cotton this month (October),” he said.

However, the lack of containers or ships is slowing things down. "Shipments are slow as containers are not available. Cotton shipments between 25,000 and 50,000 bales are pending,” Popat said.

Ganatra said they met commerce ministry officials on October 26 and they promised to do the needful.

Cotton shipments, particularly from Gujarat, have got held up as consignments such as groundnut oil and castor are getting priority. “There is good demand for groundnut oil from China and they seem to be getting priority,” Popat said.

Solvent Extractors Association of India Executive Director BV Mehta said one or two shipments could have faced problems and the issue should not be generalised.

China has developed a sudden appetite for various commodities, including from India, and exporting them from Gujarat ports is cheap, sometimes even cheaper than moving goods within the country.

Exporting cotton to China works out cheaper than transporting it to textile mills in southern India. This is because ships from China that come laden with consignments such as machinery prefer to take shipments at a discount than returning empty.

The drop in availability of containers could also be due to a decline in imports from China this year, particularly after the fierce face-off between the Indian Army and Chinese troops in Ladakh's Galwan valley.

India's imports from China dropped about 27.5 percent during April-August this year. This was despite Indian exports to China rising 26.3 percent during April-September this year.

Indian cotton is in demand in the global market for its competitiveness. Traders are eyeing higher exports of over 60 lakh bales this time against 50 lakh bales in the previous seasosn.

China, Vietnam, Indonesia and Bangladesh are looking to buy cotton from India. The country's Shankar-6 variety, which is on par with global standards, is being offered at around Rs 40,000 a candy (356 kg). Countries such as the US and Brazil are asking more than Rs 42,000.

The Cotton Corporation of India (CCI), which has nearly 60-lakh bale carryover stock from the last season, is offering cotton to various destinations abroad ranging from 73.45 US cents a pound (Quingdao, China) to 78.15 cents (Chittagong, Bangladesh).

These are being offered on cost and freight basis, which means it includes freight cost. This is against 73-74 cents a pound that cotton from the US or Brazil costs at the port of loading.

Besides, traders are also buying from CCI and exporting, sources said.

Indian cotton also enjoys the advantage of freight being nearer to the port of delivery. "This time, cotton arrivals are of good quality in addition to our competitiveness," said Popat.

Daily arrivals of raw cotton (kapas) had topped one lakh bales, CAI's Ganatra said.

An exact estimate of the cotton crop is yet to be made, though Popat said it could be higher than last year's 350 lakh bales.

CAI's will come out with its estimates on November 6 after its crop committee meeting.

The Cotton Advisory Board (CAB), a body which has farmers, traders, exporters and industry representative, is also expected to meet shortly to make its estimate.

The Ministry of Agriculture data, however, showing a two percent drop in the area under cotton this year to 129.50 lakh hectares against 133.73 lakh hectares last year.

This year, the sector will also face an additional burden carrying a record 107.5 lakh bales opening stocks.

On October 28, December cotton contracts on the Multi Commodity Exchange ruled lower at Rs 19,930 a bale against the previous day's close of Rs 20,010.

Source: moneycontrol.com– Oct 28, 2020

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DGFT asks certain exporters to submit data for fixation of RoDTEP rates

The Directorate General of Foreign Trade (DGFT), the commerce ministry''s foreign trade arm, on Wednesday asked certain exporters to submit relevant data as it is required for a committee to work out refund rates under the RoDTEP scheme.

The government has constituted a three-member committee under former secretary G K Pillai for determination of ceiling rates under the RoDTEP scheme for reimbursement of taxes and duties to exporters.

The reimbursement of taxes under the Remission of Duties and Taxes on Export Products (RoDTEP) such as duty on power charges, VAT on fuel in transportation, farm sector, captive power generation, mandi tax, stamp duty and central excise duty on fuel used in transportation would make Indian products competitive in global markets.

In a trade notice, the Directorate General of Foreign Trade (DGFT) said the committee has been tasked by the government to determine the rates of refund for items covered under the scheme.

"The committee has started collection of data and is having stakeholders consultations to fulfil its mandate.

"In this regard, members of trade, export promotion councils and industry associations which are involved in export of items falling under chapters 86, 88, and 89 are requested to urgently submit data for their respective export items in the required formats so that the committee is able to work out suitable rates for export items," it said.

Items falling under chapter 86 are those related to railways, 88 (aircraft, spacecraft, and parts), and 89 (ships, boats and floating structures).

In absence of such data, rates for items in these chapters may not be notified, it added.

In a separate notice, the DGFT said various revamped services are planned to be introduced into the new DGFT IT platform.

"The objective of introducing these revamped systems is to provide paperless, digital, efficient and transparent services to the exporters and importers, and to further the overall goal of Trade Facilitation and Digital India," it added.

It said export promotion councils and commodity boards are also requested to take necessary steps to inform their registered exporters about the new platform and revamped service delivery mechanisms of the directorate, through their newsletters and e-mail communication.

Source: outlookindia.com– Oct 28, 2020

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Govt looks to scale up MSME exports

Boosting the share of small businesses in the economy is a priority and scaling up exports and lowering costs are essential to help them recover quickly, Union minister Nitin Gadkari said on Tuesday.

He said the Centre has set a target of adding 50 million jobs for micro, small and medium enterprises (MSMEs). The sector currently accounts for about 110 million jobs and 30% of India's gross domestic product (GDP).

It is extremely important to raise MSMEs' share in exports, the minister for MSMEs and transport said during a webinar hosted by Walmart on a roadmap to train small firms to participate in the global supply chain. Gadkari said the goal was to scale up the contribution of MSMEs from 30% of GDP to 50% of GDP.

"For the quick revival of the MSME sector, we now need special focus on boosting exports and reducing overall costs. MSMEs need to adopt necessary practices, too, and reduce power and logistics costs," he said.

Gadkari urged the Walmart management to guide and train the handicraft, khadi and village industries. It will give the online retailing platform more business opportunities, while creating more jobs in India, he said.

The retail giant has rolled out a scheme, Walmart Vriddhi supplier development programme, to train and mentor small businesses. It offers small firms the tools to adopt new technologies for expanding business, the company said.

The programme seeks to "empower 50,000 MSMEs to Make in India for domestic and global supply chains", it said.

"Walmart Vriddhi opens up opportunities for MSMEs to sell into Walmart's supply chains or the open marketplace," Walmart said, quoting Judith McKenna, president and chief executive officer, Walmart International.

Walmart Vriddhi's first all-digital e-institute will be open to MSMEs located in Panipat, Sonipat and Kundli, an area that is a hub of textile, steel and kitchenware production with a strong entrepreneurial heritage and a skilled workforce, the company said. Eligible companies can access digital training through a mobile application in English and Hindi, it added.

“Our mission is to encourage exports from MSMEs. Indian MSMEs must become part of global supply chain," Gadkari said, adding that the liquidity shortage faced by small businesses has been resolved to a great extent.

Source: livemint.com– Oct 28, 2020

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Government to prepare a list of ‘risky’ companies created to evade GST

The government will use artificial intelligence (AI) and Aadhaar registration to segregate dubious firms purposely created for Goods and Services Tax (GST) evasion and put them under the “risky” category to closely monitor their activities, two finance ministry officials said.

The customs department has already created a database of “risky” exporters who fraudulently availed input tax credit (ITC) and nabbed several firms, including star exporters. Now the same mechanism could be used for fake firms claiming GST refunds without actually conducting business, they said requesting anonymity.

“It is surprising that many fake firms and shell companies have been created that generate fake invoices to claim GST refunds. It has become an independent business, which needs to be dealt with an iron hand. Recently we caught the owner of one such fake firm in Pune that made over Rs 50 crore illegally,” one of the officials said.

The owner of the firm, which traded in fake invoices on commission basis through some fake companies, was arrested by the Pune zone unit of the Directorate General of GST Intelligence (DGGI). The official said the person was arrested on October 21, 2020 from a remote village in Osmanabad district of Maharashtra. He was produced before the magistrate who rejected his bail application and remanded him to judicial custody till November 2.

Data analytics helped to catch unscrupulous activities of the person, he said. “Now the government is considering the use of Aadhaar in GST registration to check this menace of bogus/fake firms and thereby put a curb on fraudulent availment and passing on of ITC,” he said.

"Also, serious deliberations are on in the Department of Revenue [DoR] of putting such dubious firms under the 'risky' category and to block their refunds, besides other appropriate legal actions, as necessary," he added. DoR is an arm of the finance ministry that is responsible for the administration of matters related to direct and indirect taxes.

Commenting on the Pune arrest, the second official said, "There is a lobby of businessmen, which gains from such fraudulent activities, and they oppose the arrest of the person despite a recorded confession. If left unchecked, such dubious companies would mushroom all over the country."

"We have also identified 115 fake firms across nine GST commissionerates with the help of data analytics. The crime was committed by a prospective chartered accountant based in Ahmedabad, who registered fake firms and wrongfully usurped ITC worth Rs 50.24 crore," he said.

"DGGI is keeping non-intrusive but a close watch through rigorous data-mining and data analytics on such dubious and unscrupulous elements who in the garb of professionals take up illegal availment of ITC and evasion of GST," he said. The officials said the aspiring chartered accountant, a third-year student, was involved in the registration of 115 non-existent firms.

Source: hindustantimes.com– Oct 28, 2020

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India Post, US Postal Service Sign Agreement To facilitate Ease Of Exports

In a bid to ease exports, the Department of Posts and the United States Postal Service on Tuesday, October 27, signed an agreement for the electronic exchange of customs data related to postal shipments between India and the US. The agreement was signed by the Department of Posts Deputy Director-General Prannoy Sharma (international relations and global business) and US Postal Service's Global Business Managing Director Robert H Raines Jr. an official statement said.

Agreement to ease exports

The main aim behind the agreement is to facilitate 'ease of exports' for small and large exporters through postal channels from different parts of the country, the statement said while adding that it will contribute towards making India an export hub for the world. According to the agreement, the Exchange of Electronic Advance Data (EAD) will be the key driver towards promoting mutual trade with emphasis on exports from different parts of the country to the US through the postal channel.

US top export destination for India

The United States is the top export destination for India, With around 17 percent share, which is also reflected in the exchange of goods through postal channels, the statement said. Adding further it said that in 2019 around 20 percent of outbound EMS (Express Mail Service) and 30 percent of letters and small packets transmitted by India Post were destined to the USA. Whereas 60 percent of the parcels received by India Post originated from the USA. The agreement further stated that the US is a major destination of MSME products, jewellery and gems, pharmaceuticals and other local products from India.

Source: republicworld.com– Oct 28, 2020

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India hosts meeting of SCO Ministers handling economy and foreign trade

India today hosted the 19th Meeting of the Shanghai Cooperation Organisation (SCO) Ministers responsible for Foreign Economy and Foreign Trade Activities.

In his opening remarks, Minister of Commerce and Industry Shri Piyush Goyal said that the current crisis due to Covid-19 is a clarion call to the SCO countries to leverage the economic strength and explore partnerships that enhance trade and investment in the region.

He said that cooperation should be continued to enhance intra-SCO trade and investment which would be critical in ensuring the speedy recovery from the aftermath of the pandemic. Shri Goyal said that every nation's world view is shaped by its civilization and philosophical tradition. India's ancient wisdom sees the world as one family - Vasudeva Kutumbakam, he aadded.

Minister of State for Commerce and Industry Shri Hardeep Singh Puri also spoke on the occasion. The virtual meeting was attended by the Secretary General of SCO and Ministers from, Kyrgyz Republic, Kazakhstan, Pakistan, Russia, Tajikistan and Uzbekistan.

In the meeting four documents were adopted. These were:-

- Statement on the response to Covid-19. It reinforces the need for greater cooperation for access to medicines and facilitation of trade.
- Statement on the Multilateral Trading System of Ministers of SCO Countries who are WTO Members. This statement highlights the importance of the rules based multilateral negotiations.
- Statement on SCO Cooperation on Intellectual Property Rights (IPR). It relates to cooperation of intellectual property and include sharing information/experience on legislation and enforcement, cooperation in international organisations and other areas.
- Action Plan for Implementation of MOU to stimulate cooperation within the framework of SCO in the field of MSMEs. It looks at number of areas of cooperation among MSMEs, including exchange of information, organisation of events and collaboration on research and capacity building.

In his concluding remarks, Shri Goyal emphasised that all these outcomes of the meeting are very important milestones for the SCO solidarity.
Source: pib.gov.in– Oct 28, 2020

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Centuries-old Netherlands-India textile tradition revived with cotton printing studio De Katoendrukkerij's opening

The opening of a cotton printing studio in the city of Amersfoort in the Netherlands has revived the centuries-old textile tradition with India, according to an official statement on Tuesday. India's Ambassador to the Netherlands Venu Rajamony opened De Katoendrukkerij cotton printing studio with Amersfoort's Deputy Mayor Willem-Jan Stegeman in De Volmolen on Saturday, it said.

"De Katoendrukkerij will now continue this rich tradition by starting a centre of expertise in contemporary block printing. Besides reviving and innovating old print techniques from India, the centre will also promote the centuries-old shared textile tradition between India and the Netherlands," the statement issued by Indian Embassy here said.

The centre plans to organise workshops, lectures and small exhibitions, and also invite European and Indian master craftsmen to share their knowledge and skills, it said. "Their guestrooms will also be used for the artist-in-residence programme.

The local council and municipality of Amersfoort is very proud to be the cradle of this mutual historical heritage and to keep this 400-year-old shared heritage alive," the statement said. Cotton printing techniques came to the Netherlands in the 17th century from India, it said. "Opening of this studio is an effort to revive knowledge and centuries-old shared textile tradition between India and The Netherlands," the statement said.

India and The Netherlands have been connected through trade for centuries, but not many know that Indian textiles have had a big impact on the Dutch culture, it said. De Katoendrukkerij took to their Instagram and shared, "What a great opening weekend! The official opening of the Katoendrukkerij in De Volmolen in Amersfoort (NL) on 24th of October 2020 went smooth and pleasant.

In the context of the shared cultural heritage between India and the Netherlands, his Excellency ambassador of India, Venu Rajamony, together with deputy major of Amersfoort Willem-Jan Stegeman performed the opening ceremony by handprinting three memorial cloths with the Ashoka chakra from the Indian flag as well as the city weapon of Amersfoort.

In the 17th century the first blockprint workshop of Europe settled in the city of Amersfoort. This old printing technique with wooden blockprints came from India and was brought here through the Dutch East India Company. The current Katoendrukkerij is the first and only specialized blockprint workshop of the Netherlands where both the craft as well as this shared cultural heritage is carried forward."

The Dutch East India Company (VOC) brought the famous Chintz fabric to the Netherlands in the 17th century. The first Chintz workshop was opened in the city of Amersfoort in 1678. Apart from cotton and a new design, the techniques of working with natural dyes was also introduced from India, the statement said. "India and the Netherlands have a long history of friendly bilateral relations going back to more than 400 years, encompassing many areas of shared interest," it said.

The Netherlands is one of the first three countries that established diplomatic relations with independent India in 1947. The Netherlands is the third-largest foreign investor in India with investments amounting to USD 6.5 billion in 2019-20, the statement said. In his book 'India and The Netherlands – Past, Present and Future', Ambassador Rajamony describes the Fashion of the Golden Age – Chintz – a multi-coloured cotton fabric, with a glaze finish and intricate flower motifs introduced to the Netherlands by the VOC and how the Chintz soon defined the way the Dutch elite dressed and decorated their houses.

Source: hindustantimes.com– Oct 28, 2020

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Demand for textile goods rising

Festival demand for apparel and home furnishing items is witnessing a rising trend in the past couple of months. While traders and manufacturers in the Pink City said sales are unlikely to hit last year's levels, the pace of demand recovery is encouraging.

"We are not out of the woods as yet but demand revival is underway. While online sales have picked up fast, people have started visiting standalone showrooms. What we expect is an increase in footfall in malls which is the missing piece," said Vimal Shah, president of Garments Exports Association of Rajasthan.

During the weeklong Diwali festival, women buy multiple pieces of dresses to use on different occasions. Gaurav Gupta, director of an apparel company, said that may be some will sacrifice a little keeping in mind erosion in purchase power due to the pandemic.

"The demand has come back to about 70% of the previous levels. Though premium items are yet to see high demand, offtake of medium range items have been good. As we closer to the Diwali days, the sentiment will further improve," said Gupta.

Shah said that fabrics prices have been cheaper by 10%. Even though the customers will not get direct benefit of the reduction in prices, it would provide some bit of comfort to the manufacturers.

"Manufacturers are in a spot of bother now. Raw material suppliers are not extending credit. In this situation, the reduction in prices provides some comfort. It will slightly increase the margins," said Shah.

Shah said that the unorganized sector demand is increasing even though branded products still face the impact of Covid.

"The negative sentiment is less now. People have started feeling positive and confidence is coming back. This is the pattern we have to go through before we reach the pre-Covid levels. The reorganized sector demand is encouraging even as the performance of branded products remains patchy," added Shah.

Gupta said if Covid cases keep falling as has been witnessed in the past few days, the industry would be in a better position to build on the gains made during the festive season.

"We would like to see the pickup in demand during the festive season getting extended in December and January. Most likely this will happen if the new Covid cases keep falling. The sentiment is changing for the better and we expect the momentum will continue even after the Diwali," added Gupta.

Source: timesofindia.com – Oct 28, 2020

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