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INTERNATIONAL NEWS

2020: North America: USMCA & production shift from China

The three major players in garment and textiles in the North American continent are the United States, Canada and Mexico, supplemented by Panama, El Salvador, Guatemala and Caribbean neighbours like Haiti. Most of the smaller players export products to the United States, but Mexico has assumed higher significance for the US market after USMCA signing.

The United States-Mexico-Canada Agreement (USMCA) went into effect from July 1. It replaced the North American Free Trade Agreement (NAFTA). Reached after more than two years of talks, the USMCA sought to change Mexico's labour rules so that workers could enjoy the freedom to form unions and bargain for better wages, writes assistant editor Dipesh Satapathy in the January 2021 edition of Fibre2Fashion as he looks back at the year that was.

The textile and apparel rules of origin in USMCA are generally based on the 'yarn forward' rule, which warrants the yarn formation (spinning or extruding) and all processes following that to occur in the USMCA territory. Yarn too is generally subject to a similar 'fibre-forward' rule. However, exceptions have been provided to allow use of foreign-origin fabric or yarns for specific products or when those are in short supply in the territory.

After certain specific transition periods, designated narrow elastic fabric, sewing thread and pocket bag fabric must meet the specified rules of origin requirements for each component and certain foreign-origin rayon fibre and rayon filaments may be used in textile and apparel goods, provided those meet all other applicable requirements. Apart from normal verification procedures, USMCA has incorporated the concept of 'jump visits', which allows strengthening customs enforcement and preventing fraud.

Meanwhile, garment factories close to the United States aiming to steal a share from Chinese manufacturers must address fabric production infrastructure and expand into more categories if they hope to convince brands to relocate, according to data analytics company GlobalData, which said few such firms have managed to successfully shift production out of China at scale.

Source: fibre2fashion.com– Dec 29, 2020

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Global trade of knitted dresses grows marginally

The global export of knitted dresses has increased 3.38 per cent to $8,820.67 million in 2019 from $8,532.32 million in 2017. Total exports raised 2.07 per cent in 2019 over the previous year. However, the export is expected to drop to $8,458.40 million in 2022 with a rate of 4.11 per cent from 2019, according to Fibre2Fashion's market analysis tool TexPro.

The global import value of knitted dresses was $8,705.52 million in 2017, which improved 6.69 per cent to $9,287.52 million in 2019. Total imports were up 2.01 per cent in 2019 over the previous year and is expected to plunge to $8,906.08 million in 2022 with a rate of 4.11 per cent from 2019.

China ($2,934.57 million), Germany ($766.95 million), Turkey ($650.05 million) and Italy ($462.74 million) were the key exporters of knitted dresses across the globe in 2019, together comprising 54.58 per cent of total export. These were followed by Spain ($432.99 million), Hong Kong ($408.82 million) and UK ($372.43 million).

From 2015 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by Germany (118.38 per cent), Turkey (20.65 per cent) and Italy (17.38 per cent).

US ($1,963.92 million), Germany ($948.31 million), UK ($703.38 million), Japan ($552.68 million) and Spain ($517.21 million) were the key importers of knitted dresses in the globe in 2019, together comprising 50.45 per cent of total import. These were followed by Netherlands ($496.50 million), France ($468.12 million), and Hong Kong ($341.59 million).

From 2015 to 2019, the most notable rate of growth in terms of import value, amongst the main importing countries, was attained by Germany (46.63 per cent), Spain (41.91 per cent) and UK (8.73 per cent).

Source: fibre2fashion.com– Dec 29, 2020

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China Tariffs Cost Americans $72 Billion. RILA and NRF Warn Vietnam Levies Could Bring More Pain.

The retail industry is concerned the Trump administration will impose punitive tariffs on Vietnam as one of its last actions before its influence expires on Jan. 20.

Blake Harden, vice president of international trade at the Retail Industry Leaders Association (RILA), was set to testifying Monday and Tuesday before the Office of the U.S. Trade Representative (USTR) as part of the agency's investigations into Vietnam's acts, policies and practices related to the illegal import and use of timber, and currency valuation, and whether they violate Section 301 of the Trade Act of 1974.

The Trump administration and USTR have used Section 301 violations as the premise for imposing tariffs against China for a wide range of products and has threatened to do the same against Vietnam, currently the No. 2 supplier of apparel to the U.S.

Harden's testimony outlines the concerns that RILA and member retailers such as Walmart and Target harbor about the potential for tariffs being imposed on products from Vietnam.

"American businesses and families have been assessed more than $72 billion in additional tariffs on products since the China 301 tariffs were put into place," Harden said in prepared testimony. "These tariffs have resulted in less money in the pockets of American families, a slowdown in U.S. manufacturing, and decreased competitiveness for American businesses vis-à-vis their European and Asian counterparts. The evidence is clear– tariffs on imports have failed to increase domestic sourcing."

Harden said in addition, tariffs on goods from Vietnam will harm the ability of U.S. retailers to compete globally. He said as the outgoing administration considers whether to impose tariffs, "our competitors in countries such as the European Union and Canada have lowered their tariffs and removed trade barriers with Vietnam through free trade agreements and trade preference programs."

"It is imperative that USTR conduct this investigation in a fair, thorough, and transparent manner that carefully considers the novel issue before it and all potential implications of any actions taken, including the collateral damage that could be caused to U.S. retailers and American families if tariffs are imposed," Harden said. "This process must not be rushed. To do so risks the credibility of the investigation and its findings and more broadly USTR's Section 301 authority."

RILA members include more than 200 retailers, product manufacturers and service suppliers that combine to account for more than $1.5 trillion in annual sales, millions of American jobs and more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad.

Meanwhile, National Retail Federation senior vice president of government relations David French also urged the USTR not to place tariffs on Vietnamese imports at the illegal timber and currency practices hearings this week.

"Vietnam has become an increasingly important political ally and economic partner to the United States to counter the influence of China in the region," French said. "It is important that this relationship not only continue but expand as the global economy continues to recover from the coronavirus pandemic."

French cited a report commissioned by NRF and prepared by the Trade Partnership Worldwide on the potential impact of tariffs on Vietnam. It estimated tariffs on imports of apparel, footwear and other goods from Vietnam would result in American consumers paying $4 billion to $9 billion more in higher prices.

"As companies continue to face economic hardship caused by the coronavirus pandemic, new tariffs on imports from Vietnam will further harm U.S. companies and will result in higher costs for consumers," French continued.

Furthermore, he noted that many companies shifted their supply chains from China to Vietnam due to the China 301 tariffs. Placing tariffs on imports from Vietnam, he said, would punish these companies and may result in sourcing shifting back to China.

Earlier this month, RILA joined with a coalition that included the American Apparel & Footwear Association (AAFA) and National Retail Federation to extend the comment period following the U.S. Department of Treasury's Dec. 16 report on Vietnam's timber imports and currency valuation. It said the country allegedly took actions in the first half of the year to devalue its currency against the dollar.

Those actions gave Vietnam an "unfair competitive advantage" in international markets by making its product cheaper abroad by devaluing its currency, the dong.

In October, the Trump administration began a probe of Vietnam's trade practices, levying tariffs against Vietnamese tires last month after the Commerce and Treasury Departments concluded that currency manipulation took place.

At the time, the AAFA urged the administration to "refrain from sowing further supply chain disruption" during the Covid-19 pandemic.

Following the currency manipulation designation, AAFA Trade Policy Committee members said they were "concerned that the [USTR] will use this report and act quickly to impose preliminary tariffs as high as 25 percent on imports from Vietnam."

Source: sourcingjournal.com– Dec 29, 2020

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US' PPE imports surge by 311.60%

As per OTEXA, PPE imports by the US surged by 311.60 per cent during January-October '20 period in value terms.

Total PPE imports by the country valued $16.58 billion in January-October '20 as against $ 4.03 billion in the same period of 2019, reports Apparel Resources.

The rise in PPE imports is attributed to ongoing pandemic, which has caused massive disruption not just in the country's healthcare sector but also across industries.

Of total import values, nonwoven disposable apparels – designed for use in hospitals, clinics, labs or contaminated areas – contributed $3.88 billion under 6210105000, noting 484 per cent yearly growth.

The import value of nonwoven disposable apparels remains the highest standalone value amongst total 23 HS Codes under which USA imported PPE products this year.

The import of face masks, which clubs 5 HS Codes 6307909845, 6307909850, 6307909870, 6307909875, 6307909891, valued US $ 7.41 billion in the said period. OTEXA shows no data for corresponding period of 2019 for face mask imports.

As far as import of plastic/rubber gloves (a combination of 7 HS Codes – 3926201010, 3926201020, 4015110110, 4015110150, 4015190510, 4015190550, 4015191010) is concerned, it valued US $ 4.47 billion and upped by 70.61 per cent.

Source: fashionatingworld.com– Dec 29, 2020

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UKVFTA to open European market for Vietnam enterprises

Expected to be legalized in 2021, the UK-Vietnam Free Trade Agreement (UKVFTA), promises export opportunities to the European market for Vietnamese garment-textile and footwear enterprises.

According to the Ministry of Industry and Trade, Vietnam’s goods currently accounts for just 1 per cent of the UK's annual import turnover of nearly $700 billion. UKVFTA will offer Vietnamese enterprises more advantages to bring goods to the market, especially when the EU-Vietnam Free Trade Agreement (EVFTA) will no longer be applicable to the UK after the Brexit.

The UKVFTA is expected to fuel the growth of Vietnam’s textile and garment industries by 6 and 14 per cent by 2030. It will create a firmer foundation for the garment-textile sector, says Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (VITAS).

The industry will be able to diversify raw material supplies via importing from Japan and the Republic of Korea for export to the UK and the EU with preferential tax rates, he elaborated, adding that it is a strength that many ASEAN member countries do not have.

Nguyen Khanh Ngoc, Deputy Head-European - American Market Department, Ministry of Industry and Trade, said, UKVFTA will help Vietnam gain better competitiveness compared to competitors from China, India, and ASEAN.

Tran Tuan Anh, Minister of Industry and Trade and Liz Truss, UK Secretary of State for International Trade signed the agreed minutes on the conclusion of negotiations over the UKVFTA on December 11. Ninety-nine per cent tariffs on goods traded between Vietnam and the UK will be cut at the end of the tariff elimination enabling Vietnam to save about £114 million on exports to the UK, while UK will save around £36 million.

Source: fashionatingworld.com– Dec 29, 2020

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Trump or No Trump, Battle for Special and Differential Treatment at WTO Isn't Going Away

On December 14, 2020, members of the World Trade Organisation (WTO) were not able to complete negotiations over an agreement on fisheries subsidies.

The draft text provides for 'special and differential treatment' (SDT) provisions for developing countries and least developed countries. During the meeting that was held on December 2, 2020, India had proposed exempting certain developing countries from subsidy bans which met certain volume and gross national income (GNI) thresholds.

In particular, the Indian government had submitted a proposal wherein exemption should not be granted from subsidy cuts to "those developing countries whose GNI per capita is above $5,000 for three consecutive years, have above 2% share in global marine capture, and the share of agriculture, forestry and fishing sectors is less than 10% of its GDP".

While a seemingly mundane issue, the broader issue of SDT is an immensely politicised debate where different nations have taken divergent views. At the Eleventh Conference of the WTO, the US trade representative questioned India's status as a beneficiary of the SDT.

It was argued that the WTO reconsider granting SDT to larger developing economies such as India and Brazil. As a counter, the Indian commerce minister averred that though India has a high GDP, the persistent problem of widespread poverty cannot be ignored.

While there are many prisms through which this issue can be looked at, the current operational definition used by WTO is problematic. There is little doubt that there are many factors that ought to be considered while classifying a country as “developing”. Finally, India is certainly eligible to be a SDT recipient, particularly in some specific sectors.

The problem of defining ‘developing’ countries

SDT is an indispensable component of the framework of the World Trade Organisation. It refers to the special provisions that are based on the concept of non-reciprocal preferential treatment. The underlying objective is to help developing countries catch up with the developed countries. Such measures were laid down in the GATT post-Tokyo Rounds through the enactment of the “Enabling Clause” which grants preferential market access to developing countries. It also reduces the burden of reciprocity from developing states in negotiation rounds. They include provisions such as longer periods of implantation of agreements; measures to increase trading opportunities; and mandating all WTO members to protect the interests of developing states. This mechanism is justified on the grounds of differential economic capabilities of members of WTO. Theoretically, the principle underlying SDT is not problematic but its implementation has been flawed on the ground of criteria and the definition of ‘developing’.

Interestingly, the WTO proclaims that a large part of its membership consists of developing countries but does not lay down a definition of developing countries. The members are given the discretion to decide whether they are “developing” or “developed”. It is also left to the other members of the WTO to contest such a declaration of any country. However, WTO has defined the Least Developed Countries (“LDC”) based on UN criteria.

Some of the member countries have been arguing for laying down a definition of developing countries but even so, no such definition exists. Several reasons make it difficult to lay down such a definition. For instance, the vast differences among developing countries that cannot be accounted for in a single definition. For instance, South Korea has a GDP per capita of $31,846, China has a GDP per capita of $10,261, Indonesia has a GDP per capita of $4,135 as of 2019. Relatively speaking, India's GDP per capita is just $2,099 as of 2019. Some countries are growing exponentially, whereas some countries are experiencing marginal growth rates. The territorial expanse of these countries is also vastly different.

The absence of such a definition has received increased attention recently. The Trump administration had demanded a definition from the WTO that does not allow countries like India, Brazil and China avail the benefits of this status. Giving the same flexibilities to these countries and Sub-Saharan Africa and South Asian non-LDCs even though the latter have a significant global impact, creates an absurd situation.

There is a plethora of literature that suggests different ways of formulating a definition of "developing countries". The currently followed method of self-designation is one among them. It refers to a system wherein members are allowed to decide whether they are "developed" or "developing". This declaration can be challenged by other members. The decision of benefitting from the preferential treatment given to developing states lies completely upon the individual members.

The inefficiency and inconsistencies that crop up while following the self-designation method become evident through the disputes that have taken place regarding the status of "developing country". Self-designation also has some limitations. In a recent Ministerial Conference of WTO, US criticised countries such as India and Brazil for by-passing rules under the garb of self-designated development status.

The US Trade Representative argued that the meaning of "developing country" needs urgent revision since 5 out of 6 of the richest countries in the world is claiming developing status. As a rebuttal, Indian delegation argued that India has significantly benefited from the long period of derogation from GATT rules in areas of agriculture and textiles. The development discourse has largely been dictated by aggregate GDP figures while ignoring the fact that a majority of the Indian population is poor.

Evolving the criteria

If the scope of the term "developing country" was demarcated, making a list of all such countries would not pose any difficulties. But as there is no operative definition, a listing can be a method to identify such states. For instance, there is a list of LDCs which is reviewed triennially by a committee constituted by the United Nations Economic and Social Council. The criteria followed by the committee includes human assets, low income, population and economic vulnerability. Similarly, there could be another committee set up for deciding the list of developing countries. Although it is desirable to have fixed criteria to categorise countries as “developing”, there are certain caveats that the WTO should be mindful of while using objective standards to determine these criteria.

The most common objective criteria that are promoted to be used as one that defines developing countries is national income. It has been used as a yardstick of development by the World Bank. Recently, the US administration questioned the concessions availed by emerging economies India and Brazil based on GDP growth.

Not only is this criterion inaccurate, but it is problematic and misleading as well. For instance, in the Indian context, macroeconomic estimations of IMF and World Bank a few years ago unequivocally suggested that India was experiencing growth at a breakneck pace, unlike any other country in the world. These projections were made based on India’s GDP which was at 7% for two years. GDP as a metric to judge development is flawed because it ignores the well-being of people in the country. India ranks 94h out of 107 countries on the Global Hunger Index 2020. Countries with lower GDPs have fared better than India in this aspect. China and other South-east Asian countries have also performed better than India on social indices such as health, education and poverty.

These indices prove that GDP is not alone sufficient to measure a country’s economic development, and thus inadequate to determine a country’s status as a “developing country” under WTO. The Social Progress Index of 2020 has ranked India at the 117th place out of 163 countries. The study was done by relying on indicators such as “Basic Human Needs”, “Foundation of Well Being” and “Opportunity”. Even countries smaller in size have performed better than India on these rankings. Therefore, indices like the Human Development Index and Social Progress Index should be given due attention while deciding upon a country’s “developing” status.

The commonly held notion that high GDP of a country translates into the overall development and market competitiveness is erroneous. India is one of the most prominent examples that can be used to prove this theory wrong. Development in India is still an incomplete project. It should create employment opportunities in the formal sector. But India has performed poorly by this standard as well. The manufacturing sector contributes less than 20% of the output and employment. More than half of the working population is engaged in low-productivity agriculture and 95 per cent is involved in the informal sector.

Therefore, one should be sceptical of the “growth” of a country reflected by its GDP. Although GDP is one of the most convenient and objective yardsticks to compare countries in terms of their development, it portrays an incomplete picture of the reality, especially while considering a country’s eligibility for preferential treatment. The next section of this paper argues that India’s claim for SDT provisions should be sector-specific.

India deserves SDT: A sector-specific approach for WTO

In the Agreement on Subsidies and Countervailing Measures, India is one among the 20 countries that are entitled to SDT. However, India met the threshold requirements to graduate from this category in 2010 and the eight-year phase-out period post attaining export competitiveness is also coming to an end. Even India has conceded that it has to phase-out, the dispute now is on when the phase-out period began. In 2010, the estimates of WTO secretariat showed that India’s textile export share had reached 3.25% of the world trade and maintained it for two consecutive years. As per Article 27 of the Agreement on Subsidies and Countervailing Measures, once the country crosses this limit and stays above it for two consecutive years, it would have to phase-out the subsidies within eight years.

While India has been performing well in the textiles sector, it is imperative to scrutinise sectors such as agriculture, non-agricultural products and intellectual property among others to gauge the need to extend preferential treatment in those sectors. There is a pressing concern that needs to be addressed at the world fora; there has been a trend of developing countries moving away from being net exporters of agricultural goods to becoming importers of the same. This trend is visible even in India’s balance of trade as well. The exports have declined from $43 billion to $33 billion and imports have increased from $15 billion to $25 billion from 2013 to 2017 respectively. These statistics make a case for India as deserving of SDT to gain market competitiveness.

India is one of the leading producers of textiles with a share of 5.8% in the world trade, making it the third-largest exporter. This is in sharp contrast to India’s competitiveness in the agricultural sector. Preferential treatment should be focussed in sectors in which India is not performing well. For instance, the fisheries market, where the subsidy is given to protect the livelihood of the poor fishers. The objective of limiting subsidies for fishing could be to make it more sustainable, however, the need for subsidy arises for countries like India due to the dependence of "small and marginal fishermen who depend on the sector for sustenance".

It is suggested that the WTO indulge in a sector-specific study of an economy instead of using a "one size fits all" approach to determine the need for providing the benefit of SDT provisions and to evolve a definition which is inclusive and practical to realise the objective of such SDT provisions.

Source: thewire.in– Dec 29, 2020

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Under Joe Biden, status quo on trade policy?

In 2016, Donald Trump's campaign for the presidential polls focussed on reorienting US trade policy—which prioritized American goods and workers, promising to end years of disastrous trade agreements, resulting from negotiations by 'weak' and 'foolish' establishment in Washington. The message resonated with industrial voters, who delivered Trump a resounding victory in the US's industrial northern states.

Predictably, Trump disengaged from multilateral trade initiatives and withdrew from certain landmark treaties, including the Paris Climate Change Agreement and the Trans-Pacific Partnership (TPP). Blunt trade mechanisms such as unilateral tariffs, import quotas, boycotts, flurry of Section 301 actions, etc., decorated Trump's trade policy.

In contrast, president-elect Joe Biden's campaign focussed less on the US trade policy. Even his public remarks do not disclose much about his approach to addressing global trade challenges, other than focusing on specific domestic trade issues. Not only must Biden re-engage with the world trade order, he must also attempt to build a strong US domestic trade consensus, especially to diffuse Trump's centre-left ideology celebrating trade/economic isolation.

Given the rather brief mention of 'trade policy' both under the Biden campaign and his economic plan, what can we expect to be Biden's trade policy? Will it be different from Trump's, and where will it be similar?

President Trump's trade policy is simple and transactional. His administration preferred transactional approaches that selectively addressed certain trade and tariff issues as opposed to more durable and carefully negotiated multi-party agreements.

Has this policy succeeded? To his credit, the Trump administration renegotiated the NAFTA and brought into force the new US-Mexico-Canada Agreement (USMCA) in July 2020. The USMCA provides relatively stronger provisions on labour and environment when compared to the NAFTA. It also removes the investor-state dispute settlement measures and includes special provisions for the automotive and digital sectors. Biden will most likely follow Trump's lead and not rejoin the TPP as it was signed. He has campaigned to renegotiate deal to improve labour and environmental standards and counter-balance China.

Tariff protections and grey area measures surged during Trump's administration. Biden might drop tariffs against allies like the European Union, but to what extent Biden will push forward an EU trade deal is hard to predict. Given the Biden campaign's protectionist rhetoric around 'Buy American', one might safely conclude that his administration will not be as pro-free trade as the EU would prefer. Additionally, the two powers would have a major disagreement on how best to deal with China or to address some of the emerging trade issues such as e-commerce and trade facilitation, where the EU and China are part of the plurilateral group.

The US trade policy under Biden will continue to be increasingly influenced by China. The US was able to stem, albeit temporarily, the increasing trade deficit with China. Yet, the Phase-one trade deal between China and the US, signed in the midst of the pandemic, remains a piece of paper without real implementation. In his recent interview with the Times, Biden said he would not immediately scupper the trade agreement Trump reached with China in January.

Further, Biden seems comfortable with decisions of the Trump administration, with experts predicting that Biden will not lift the tariffs against China. Another area where Biden's USTR will benefit from Trump's policy will be reforms in the areas of subsidies, forced technology transfer, notification requirements, and judicial overreach in trade adjudication.

President Trump's trade policy has had the severest impact on the WTO, with the Appellate Body (AB) virtually shutting down. Trump refused to fill new positions at the Appellate Body of the WTO, and thereby paralysed a central part of the WTO dispute settlement mechanism. The Biden administration would most likely not rush to fill the WTO Appellate Body. Biden's 'Buy American' provisions for public procurement could violate WTO rules, and his administration has no incentive to return quickly to business as usual at the WTO.

Biden wants to 'lead the democratic world', and trade policy is not a priority for him. Where the world leaders are convalescing in building the global trade architecture, Biden's team is conspicuously absent from such negotiations. Will Biden double-down on protectionism, or package his aggressive liberal foreign policy with openness to trade and attempt to redirect the future of the international economy by combining good global trade policy and domestic US politics? We will have to wait and watch.

Source: financialexpress.com– Dec 29, 2020

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Cambodia: Subsidies for garment, textile and tourism sectors

The government will continue to offer subsidies to the garment and textile industry as it is a powerhouse for the Cambodian economy with the Kingdom being one of the top exporters of clothing in the world.

Prime Minister Hun Sen said the government has allocated more than $20.168 million as a subsidy for the garment and textile industry and the tourism sector which has more than 330,000 workers.

He said the government will extend the financial support for the next three months to uplift the economy which has been badly hit by the COVID-19 pandemic.

Addressing the nation on a TVK live broadcast yesterday, Mr Hun Sen said: "The garment and textile industry saw 44 enterprises suspending its operation that affected 14,578 workers while the tourism sector suspended 118 enterprises with 9,403 employees jobless."

Far Saly, president of the National Trade Union Confederation praised the government for continuing to provide subsidies to the textile and garment sector.

He said that the industry is opening up now with more job offers while the tourism industry has practically come to a standstill.

At present, Saly said, some garment and textile factories are opening their businesses but fear the subsidies may come late and workers not paid their allowances.

Saly said that the subsidy may not be much but it will help the workers with their monthly income.

Pao Sina, president of Collective Union of Movement Workers commended the government’s move to provide subsidies for suspended workers and extend the tax exemption to enterprises related to the garment and textile industry and tourism sectors.

Since the COVID-19 crisis, he said, the workers and enterprises have received subsidies from the government, but employees who work for casinos and other private companies have not received subsidies.

Sina said the garment and textile industry and tourism sectors have already received government subsidies.

“I urged the government to expand the subsidy to casinos and private companies,” he added.

Sina said that although the subsidy is not much it can resolve the financial problems of many employees.

Chhay Sivlin, President of the Cambodian Association of Travel Agents, said she is happy that the government is looking into helping the tourism sector which had been badly impacted by the pandemic.

She said although Cambodia has effectively contained the spread of the COVID-19 virus, many countries are still battling with it and this is affecting the tourism business.

Source: khmertimeskh.com– Dec 29, 2020

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Pakistan: Articulating a new textile vision to boost exports

The demand for textile apparel in the world reached $860 billion at the end of FY19 and it is projected to increase at a CAGR of 4.4% during the next 4 years, but Pakistan's textile industry has not captured a sufficient level of this demand, given its potential.

The textile industry is faced with countless opportunities to capture greater market share, but reforms in energy, technological upgradation, diversification and value addition will be necessary in order to enhance the potential of the sector and facilitate economic growth at unprecedented levels. Meanwhile, regional competitors such as Vietnam have been recording textile growth rates of over 15% per annum for the past several years, and continue to grow.

Despite having been acknowledged as the backbone of the economy since early on, the textile sector has suffered through a period of weak policy support over the years. Past issues such as high manufacturing expenses, frequent power shortages, flawed strategies and lacking government support led to an overall textile contraction of 10% from the year 2011-2017. The progress of the textile sector had remained static at $12.3 billion for the fiscal year 2019. Now that we are on the brink of 2021, we must take this fresh start as an opportunity to amend the missteps of the past and strategize for a more effective textile vision in the coming decade.

It is important to note that the textile sector had its order books full for much of 2020, despite the countless setbacks of the year due to external challenges - lockdowns and COVID-19. By identifying key setbacks and garnering policy support and facilitation from the government at unprecedented levels, the sector emerged successful in meeting a majority of the demand, increasing its output and improving its logistics network. These results have been tangible and had a great bearing on the economic growth projection for the coming year.

The ready-made garments industry has emerged as one of the most important small-scale industries in Pakistan, with a sizeable demand both at home and abroad. For rapid expansion of this sector, we have planned to set up 100 new textile garment units in the next few years, and are actively supporting this initiative.

In terms of quality, Pakistan's products can greatly benefit from technological upgradation. Advancements in equipment and e-manufacturing can exponentially improve our exports and facilitate an entry into high performance apparel and MMF. This will also allow the sector to meet its needs in terms of value addition and diversification of the export bundle. The categories (cotton, synthetics, wool) within Pakistan's textile exports and their relative proportions are pictured below.

Pakistan is the 4th largest producer and 3rd largest consumer of cotton worldwide. This fact necessitates the need to provide greater support to the cotton sector by ensuring direct support to farmers to reduce their input cost.

Cotton sector reforms must cater to the vertical and horizontal growth of cotton, with the acquisition of high yield cotton technology and seeds. Furthermore, there needs to be broad-basing of sustainable cotton production (BCI & CF cotton).

Other South Asian economies have diversified their export baskets to not only capture an abundance of untapped markets, but to increasingly tap into high-tech, high-value-added products. The demand for MMF-based apparel has grown exponentially, owing to the convenience it affords. Furthermore, cotton and textiles in Pakistan suffer from a lack of quality research and application.

Pakistan must reduce its focus on primary commodities, and make the much overdue shift towards secondary and tertiary sectors - manufactured, non-traditional goods and value-added services.

With that said, the textile sector is highly sensitive to energy outages, so given Pakistan's troubled energy sector, these matters ballooned into a large-scale hindrance in its growth and made it difficult to meet costs, let alone achieve much needed revenue targets that could allow for modernization and expansion.

A long-term Energy Tariff Policy (i.e. USD 6.5/mmBTU and 7.5 cents/kWh for power) with a clear billing mechanism is an essential component to be ensured moving forward, so that the performance of textile sector can be rid of the problems created by an unstable and uncompetitive energy supply.

More specific issues to be addressed include the issues of grid connected electricity; quality, transmission and availability issues, system inefficiencies, increasing circular debt, and an expensive energy mix. The exporting industry cannot pass on incidentals of taxation & institutional inefficiencies to international buyers. 5-7% of incidences of various local, provincials & federal taxes are not zero-rated on exports. On the topic of competitiveness, the table below provides a detailed comparison of energy and other costs/factors that impact textile production at home, alongside our neighboring countries/competitors.

Sustainability is a crucial aspect of economic growth through enhanced exports. To achieve a sustainable growth rate while remaining cognizant of environmental concerns, the measures that we seek to implement include the setting up of CETPs in major textile industry clusters, establishment of integrated Textile Parks, and policy support to meet international compliances.

This brings us to a critical paradigm for the expansion and modernization of the textile industry - marketing, for which the Textile Policy for 2020-2025 proposes important strategies that go hand-in-hand with changing consumer behavior and technological upgradation. The goal is to target leading brands and retail chains of the world, via fashion shows and meetings with their Presidents/CEOs in order to exhibit the potential of our textile sector. The plan also suggests holding the dedicated textile exhibition 'TEXPO' every year rather than alternate years, and expanding it to other countries. Efforts to upscale value addition and secondary manufacturing will cater to the end goal of bolstering our world ranking in exports of fashion wear.

Digital marketing has already played a vital role in showcasing textile products and attracting new business. The Textile Wing, Ministry of Commerce has created a one stop E-Portal for this purpose. Furthermore, the Ministry of Commerce is also in negotiation with developed and developing economies for market access. Competing textile economies have opened up their markets, thereby securing major market shares. Following this strategy, Pakistan must formulate its trade policies with a view to increasing market access, on a reciprocal basis whereby Pakistan's market openness would also have to increase.

With our first-ever e-commerce policy under implementation, the objective of giving open access to textile manufacturers/exporters worldwide will allow us to tap into countless new business opportunities. By 2030, we hope to have made great strides in climbing up the value chain into original brand manufacturing (OBM) and original design manufacturing (ODM). Furthermore, the industry must streamline its collection of relevant and updated data. Hiring skilled youth with expertise in trade and textiles, e.g. NCA and IVS graduates, would allow the industry to effectively gauge emerging trends and adapt to new technologies.

There must be a dedicated effort to promote private investment in the industry, which is naturally contingent upon interest rate support, as well as a reputation for never compromising on quality. Export-oriented industries in Pakistan are 25 percent more productive than non-export oriented businesses, and their productivity increases with an increase in economic activity.

However, systemic inefficiencies cannot be exported, so these must be mitigated from all inputs before results can be seen. Since exports in Pakistan are labour-intensive, expansion in this industry is a surefire way to ensure large-scale job-creation, as well as an increase in foreign currency to pay for required imports.

The problem has not been a lack of policy development, but rather the implementation of policies to mitigate the disadvantages that have persisted over the years. With a greater focus on implementation of reforms, there can be a tangible impact in terms of sustainable development and economic growth, greatly enhancing the position of the textile industry and Pakistan's exports by 2025.

Source: brecorder.com– Dec 30, 2020

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Bangladesh suppliers lose $3.7 billion orders due to COVID-19

The pandemic has hit Bangladeshi clothing suppliers hard as British fashion retailers cancelled orders worth $3.7 billion. BGMEA figures suggest, around 1,931 global fashion brands cancelled their orders during the period as non-essential stores were forced to close in March. The value of the canceled orders from fashion retailers totaled about $984 million, says the BGMEA report. Many of these retailers had just then taken their spring and summer collection deliveries.

Data from Traidcraft Exchange shows, prominent UK suppliers like Primark, Mothercare and Debenhams, canceled $1 billion orders by June. In comparison, US retailers canceled orders worth $500 million while German, Swedish, Dutch, French and Spanish retailers canceled $100 million orders each.

As per a Times report, brands like Marks & Spencer, Tesco, Inditex and H&M have committed to pay in full for orders completed and in production. Primark, meanwhile has committed to pay for all outstanding orders. Traidcraft said retailers had demanded suppliers delay their shipments until the next season. That would make the companies incur extra warehouse costs, says the report.

The pandemic forced many businesses to shift toward a B2C or a direct-to-consumer (D2C) model. According to Steve Dentorn, CEO, Ware2Go, the shutting down of stores during the initial part of the pandemic made it necessary for clients using distribution channels to find new ways to get their materials out.

Source: fashionatingworld.com– Dec 29, 2020

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Pakistan: Proposed zero-rating for textile sector: MoC to be eyeball to eyeball with FBR today

Ministry of Commerce (MoC) will be eyeball to eyeball with Federal Board of Revenue (FBR) at an Economic Coordination Committee (ECC) meeting on Wednesday (today) on zero-rating for the entire textile sector proposed in Rs 900 billion incentives-based Textile Policy 2020-25.

Finance Minister, Dr. Abdul Hafeez Shaikh, who is dealing with the International Monetary Fund (IMF), will preside over the ECC meeting.

Recently, Prime Minister Imran Khan as Minister in-charge, Ministry of Commerce approved Textile Policy for onward submission to the ECC. The textile sector has already held meetings with the concerned government stakeholders including Finance Minister, Commerce Advisor and SAPM on Revenue, Dr. Waqar Masood, for smooth sailing of the textile policy.

Commerce Ministry, sources said was supporting zero rating for all the textile sectors so that small industry should also grow and contribute to the national exchequer, as without zero rating, small units cannot survive. The key players of textile sector get their refunds from FBR but refunds of small units remain stuck for years, due to which they face serious liquidity issues.

According to the draft policy, the government will provide consistent, long-term policies for the foreseeable future, while undertaking following measures: (i) electricity will be provided at cents 9/kWh; (ii) RLNG at $6.5/MMBtu; (iii) system gas at Rs. 786/MMBtu during the policy period; (iv) Long Term Financing Facility (LTFF) and Export Financing Scheme (EFS) rates will not be changed; (iv) review of LTFF and refinance scheme for SMEs, and indirect exporters and building cost will be included; and (v) brand development fund will be launched.

The government will extend fiscal incentives of around Rs 900 billion for five years. Of this, the impact of electricity at Cents 9/ kWh- all-inclusive is estimated at Rs 123 billion, RLNG- Rs 111 billion, DLTL for textiles and apparel products (garments/technical textile at 4 per cent and made-ups at 3 per cent) - Rs 420 billion, LTFF to continue at 5 per cent - Rs 75 billion and EFS to continue at 3 per cent- Rs 109 billion.

Realizing the potential of value-addition in each segment of textiles and apparel supply-chain and inherited know-how of products and markets by private sector, the Commerce Ministry has decided to set the target of value-added and textiles at $20.865 billion, of which $ 16.294 billion will be value-added sector and $4.571 billion for textile sector by 2020-25.

Commerce Ministry, in the draft policy, has claimed that targets set were ambitious and financial commitments of Rs. 188 billion and Rs. 65 billion respectively for first (2009-14) and second (2014-19) Textile Policies were made by the then Governments to achieve them. However, commitments were not fulfilled and timely payments were not doled out in financial support schemes. Further, funds were not allocated for public sector development under infrastructure, vocational training, productivity and compliance-related programme.

The Textile Policy 2020-25 is aimed at addressing shortcomings in previous policies and multipronged strategy will be devised as follows: (i) having a strong resolve to fulfill the commitments, it is imperative to mention that present government disbursed Rs. 97 billion in pending liabilities of previous governments for last two years, while the previous two governments only disbursed Rs. 68 billion; (ii) market-driven exchange rate is a great boost to increase exports and reduce imports; (iii) National Tariff Policy (NTP), working now under the domain of the Ministry of Commerce, is determined to rationalize the Textiles and Apparel value-chain; (iv) Pakistan has abundant labour force, including women, temporary importation schemes and re-export would help increase value-added exports with (a) simplification and proposed bond to bond transfer to diversify product base; (b) availability of raw materials at a competitive price to value-added exporters; (c) product diversification and; (d) improvement in fiber mix as cotton currently accounts for only 27% of the total fiber consumption in the world.

According to the draft Textile Policy, customs duty drawback rates will be revised. The government is committed to revitalizing Pakistan Textile City Limited and Karachi Garment City Limited. A mass-level training programme will be launched specially on industrial stitching and mostly for women. Marketing strategy will be reviewed.

First-ever E-Commerce policy is under implementation phase, and this will provide an open access to textile and apparel manufacturers/exporters to tap available business opportunities across the globe. Amazon has already started registering Pakistan manufacturers and exporters, including textiles.

The draft policy states that due to high tariffs on value-added products, domestic manufacturers end up importing more MMF rather than fabric, while countries such as Vietnam and Cambodia import MMF fabric and export high value- added products. Tariff Rationalization is imperative to ensure equal distribution of profits and encourage industry for investment to improve productivity.

Furthermore, Pakistan is a major supplier of greige/semi-processed raw materials; there is therefore, a need to make a shift towards value-added products, i.e., garments, made-ups and functional/technical textile products. Due to a lack of state-of-the-art infrastructure facilities, the industry has to invest in infrastructure-related components, Captive Power Generation and effluent treatment plants. This needs to be covered through development of state-of-the- art Textiles and Garments Parks having the status of Special Economic Zones (SEZ) to avail the benefits. This would also facilitate in defragmentation of textiles and apparel value-chain.

The draft Textile Policy also states that foreign direct investment could not be attracted to the Textiles and Apparel sector due to inconsistent policies, including exchange rate, a lack of infrastructure facilities and availability of energy at competitive rates. The challenge would be to restore confidence of international investors by implementation of Textiles Policy in letter and spirit. Pakistan has recently been able to clinch a favourable deal in the Pak-China Free Trade Agreement phase-II. Development of Gwadar Port and projects under the China-Pakistan Economic Corridor (CPEC) will also provide a launching pad to help textiles and apparel value-chain to attract investment.

The major issues of textiles and apparel value-chain relate to other ministries/organizations and a few subjects have also been devolved to the provinces. The better collaboration among various stakeholders (government ministries, organizations and provinces) is needed for proper implementation of the Textiles Policy 2020-25. Moreover, provinces are required to either offer additional benefits to manufacturers for investment in their respective provinces or at least provide them a conducive environment.

A looming challenge is textiles and apparel sector demand for the restoration of zero-rating regime, and release of delayed refund payments by the government. This is crucial if exporters are to enhance capacities and production. A timely refund mechanism is essential to address liquidity crunch of exporters, otherwise, the government must restore the zero-rating regime.

One of the important reasons for not fully utilizing export potential in textiles and apparel value-chain is inconsistent policies, especially in availability/pricing of energy and raw materials, taxation, refunds and regulatory regimes therefore (a) during Policy period, the Ministry of Commerce will ensure that energy pricing remain, consistent, regionally competitive and rationalized among provinces; (b) deliberations would be made with provinces that additional facilitation may be given from their own resources to attract investment in their respective provinces and; (c) the government will automate refund mechanism, and continuously simplify the procedure to the satisfaction of SMEs.

Tariffs have been kept high to encourage investment in the upstream value-chain. Nevertheless, high tariffs encourage domestic sales and inefficiencies are induced in pricing. To encourage exports of value-added products and product diversification, the Ministry of Commerce will take the following measures on priority: (i) tariff structure of entire textiles and apparel chain including MMF and cotton based value-chains will be rationalized on priority followed by accessories and dyes and chemicals;(ii) Customs Duty Drawback rates of textiles and apparel products will be reviewed taking into account additional customs duty and regulatory duties and; (iii) simplification of temporary importation schemes in perspective of SMEs - the Ministry of Commerce will ensure common warehousing and include indirect exporters in temporary importation schemes.

Ministry of Commerce in consultation with SMEs and large-scale industry will review federal, provincial and other organization-based taxes/cess and provide recommendations to the government to rationalize them to reduce the cost of manufacturing. Textiles and apparel machinery will be zero-rated. Import tariffs of accessories, dyes and chemicals utilized by the textiles and apparel value-chain will be rationalized.

As Pakistan has been a net cotton importer for a long period, suppliers, therefore, do not feel the need to improve the quality of cotton. The cotton trade is between a buyer and a supplier; however, provinces will be encouraged to implement Cotton Control Act. Moreover, cotton is a basic raw material, however, export of cotton will be encouraged to improve quality and avoid any chance of depressed Cotton prices by the user industry.

Ministry of Commerce in consultation with stakeholders will introduce a quality/grading-based Cotton marketing mechanism. Ministry of Commerce will coordinate with the MNFSR to support farmers to reduce their cost of production and both Ministries will jointly endeavour to ensure quality inputs for cotton farmers. Ministry of Commerce will join hands with the MNFSR to increase cotton area, production and, importantly, yield. Further, scope of better cotton initiative will be increased to ensure bulk availability of BCI certified cotton to textiles and apparel value-chain.

Ginning needs immediate technology up-gradation and provincial departments of industries issuing the ginning licenses will be approached to link technology up-gradation of ginning sector with licenses. Provinces will be approached to implement the Cotton Control Act in true spirit. Further, the matter will be debated to convert ginning sector into a service industry and policy solution will be identified. This would help the farmers get fair price. Introduction of hedge trading will also facilitate in achieving this objective.

Ministry of Commerce will enact the Trade Resolution Act and strengthen Directorate General of Trade Resolution Organization (DGTRO) to address trade disputes between suppliers and buyers. Moreover, an online portal will be established to register the trade complaints. Textile associations will also be involved to settle trade disputes.

Source: brecorder.com– Dec 30, 2020

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Pakistan: Trade activity remains low on cotton market

The local cotton market remained stable on Saturday. Market sources told that trading activity was low. Cotton Analyst Naseem Usman told that cotton farmers are yet another group badly affected.

Pakistan witnessed lowest national production which never happened in the last few decades, all because of non-performing seed varieties, outdated seed technologies and unfavourable climatic conditions for cotton plants. Again, the government could not come up with a solid plan to resolve these long-standing issues, especially the seed varieties and seed technology, he regretted.

He also told the government may need 2-3 billion of dollars on the import of cotton, wheat and sugar this year due to shortage in local production but the bill may further rise in the years to come if the government continues to ignore this sector.

Meanwhile, Pakistan's top economic decision-making body, the Economic Coordination Committee (ECC), is expected to approve a new five-year textile policy this week, with incentives worth more than Rs900 billion ($5.6 billion) for the industry and an aim to increase exports to $21 billion in five years, officials have said.

Textiles make up more than half of Pakistan's exports, but have lost ground to South Asian neighbours in recent years, hurt by chronic energy shortages and underinvestment in machinery. Naseem also told that Pakistan's textile sector has helped the country pass through a difficult phase, especially during 2020, which is still a threat to the entire world.

Covid-19 was the biggest challenge for the outgoing 2020, which disrupted global economies and their supply chains. Pakistan too felt the heat of the deadly virus, starting late February, but surprisingly within a couple of months, the country's textile industry was back on track.

Textile sector is called the backbone of Pakistan's economy as it enjoys around 60% share in total exports. Its contribution to the national gross domestic product (GDP) is 8.5% and it employs around 15 million people, directly and indirectly.

Stakeholders, however, are worried over Pakistan's minuscule share in global textile exports. Pakistan's share was calculated at 1.7% in 2019 out of the $941 billion world textile market and it may have remained stagnant in 2020 since very few textile houses were working on real value-added products.

Earlier, the Cotton Vision 2015, launched in 2011 during the tenure of Pakistan Peoples Party (PPP) government, had envisaged that cotton production would jump from 10.6 million bales to 20 million bales in 2015 - or even earlier. That did not happen. In fact, the cotton production in 2015 tanked to 10 million bales or just half the targeted volume. This speaks volumes about the quality of "visions" that policymakers continue to present to please the government of the day.

Naseem told that 1200 bales of Yazman Mandi were sold at Rs 9750 per maund. He told that rate of cotton in Sindh was in between Rs 8800 to Rs 10,000 per maund. The rate of cotton in Punjab is in between Rs 9500 to Rs 10,300 per maund. He also told that Phutti of Sindh was sold in between Rs 4000 to Rs 4700 per 40 kg. The rate of Phutti in Punjab is in between Rs 4000 to Rs 5200 per 40 Kg.

The rate of Banola in Sindh was in between Rs 1500 to Rs 1825 while the price of Banola in Punjab was in between Rs 1600 to Rs 2200. The rate of cotton in Balochistan is Rs 9200 per maund.

The Spot Rate remained unchanged at RS 9950 per maund. The price of Polyester Fiber was increased by Rs 5 per kg and was available at Rs 178 per Kg.

Source: brecorder.com– Dec 29, 2020

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NATIONAL NEWS

TEXPROCIL urges government to pursue FTA with UK

The Cotton Textiles Export Promotion Council (TEXPROCIL) has urged the Indian government to take immediate steps in formulating a free trade agreement (FTA) with the UK. The forthcoming visit of UK Prime Minister Boris Johnson presents just the opportune moment to formulate a comprehensive framework for commencing FTA negotiations, it said.

Prime Minister Johnson will visit India as the Chief Guest at the Republic Day Parade on January 26, 2021.

UK is one of India's largest trading partners amongst the European countries in the textiles and clothing (T&C) sector, accounting for almost 24 per cent of the T&C products exported from India to the EU region.

"The UK has already signed trade agreements with 62 countries ahead of the end of the Brexit transition period on January 1, 2021, including countries like Turkey, Canada, Singapore, Mexico etc. It therefore becomes all the more imperative for India to commence the process of negotiations without any delay as India may lose the first mover advantage and consequent market share," Texprocil Chairman Manoj Patodia said in a press release.

Patodia also requested the government to simultaneously revive and expedite the FTA negotiation with the EU, as it is one the leading markets for India's exports of T&C products where competing countries like Bangladesh, Pakistan, Vietnam have an edge over India due to a zero tariff arrangement.

India's exports to the EU have been stagnating over the last six years, while countries like Bangladesh, Vietnam and Pakistan have shown positive export growth to EU during the same period.

"Any further delay will only serve to hamper India's T&C exports as the competing countries will surge ahead," Patodia added.

Source: fibre2fashion.com– Dec 29, 2020

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Trade seeks export sops for cotton, yarn to lower purchase burden

Expects shipments at last year's levels of 50 lakh bales for 2020-21 crop year
Amid slowing global demand and falling prices in the domestic markets, the Cotton Association of India (CAI) has sought export incentive for cotton fibre and yarn so as to prevent additional procurement burden on the government.

Speaking to BusinessLine, Atul Ganatra, President, CAI, informed that the exports have been badly hit due to economic slowdown in key markets such as Bangladesh and Indonesia. "Even though our cotton is the cheapest in the international market, exports are not taking off as expected. We believe the government should offer export incentive for cotton and yarn to encourage exports from India," Ganatra said.

He further informed that in the current circumstances, India's cotton exports are not likely to exceed 50 lakh bales, which is nearly same as last year.

The CAI held its 98th Annual General Meeting (AGM) through online mode, where trade members discussed the cotton scenario. At the AGM, Ganatra was re-elected as the President of CAI for the fourth time in a row.

Cheapest in the world

In his address to the members, Ganatra stated that the Minimum Support Price (MSP) is important to provide price support to farmers to prevent them from distress sales in the event of severely low prices.

"However, the burden on the government exchequer can be minimised by incentivising exports of cotton from India, which will eventually enable farmers to realise competitive prices for their produce like their counterparts in other countries in the US, Australia, Brazil, etc."

"Indian cotton is the cheapest cotton in the world and hence, there is a tremendous scope of improving export performance of the country," he added.

Ganatra also underlined the Covid-19 impact on business which saw demand destruction due to lockdown and subsequent economic impact.

MSP & procurement

"Although production of cotton during the 2019-20 crop year was higher by over 15 per cent to 360 lakh bales from 312 lakh bales in the previous year, demand was drastically down by about 19.75 per cent to 250 lakh bales in 2019-20," he said adding that the Cotton Corporation of India (CCI) will intervene with procurements through a massive support price operation.

Ganatra also stated that the government has constantly increased the Minimum Support Price (MSP) for cotton over the past three years.

"During the last three years, the government has increased the MSP of GUJ ICS 105 29mm (Shanker-6 variety) by over 33 per cent cumulatively," he added.

Last year, CCI had purchased 115 lakh bales, whereas this year Ganatra said the indications are that the Centre has set a target to procure about 125 lakh bales, of which about 60 per cent or 70 lakh bales is believed to have already been procured till December 27.

Ganatra added that the far-reaching impacts of novel coronavirus have severely impacted cotton business and has had a disastrous effect on every link in the cotton and textile value chain.

Source: thehindubusinessline.com– Dec 29, 2020

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Organic cotton, food, toys high on India-Korea trade to cut dependence on China

Korean companies are looking at India to buy organic cotton, leather goods and handcrafts while Indian companies have shown interest in Korean toys and cosmetics as the two sides look at alternatives to replace buying from China.

Jeonbuk Business Centre, a B2B trade promotion agency launched early this year to promote India-Korea trade, said it is getting above 20 inquiries daily from Korean companies which want to buy industrial items and organic products from India amid the Covid-19 pandemic.

“Korea was buying organic fabric from China but now it is looking at India. Handicrafts and leather are the other categories of goods,” said Seo Youngdoo, official spokesperson Jeonbuk Business Centre.

On the other hand, India companies are inquiring about cosmetics, interior items and toys from Korea as it seeks to find alternatives for China from where it imports majority of its toys.

India imported goods worth $15.65 billion in FY20 from Korea while its exports were $4.84 billion. The major items of India’s exports to Korea are mineral fuels, cereals, iron and steel while imports are automobile parts, telecommunication equipment, hot rolled iron products, petroleum refined products, base lubricating oils, mechanical appliances, electrical machinery, and iron and steel products.

The two countries have a Comprehensive economic partnership agreement (CEPA) which is in the process of being reviewed as part of which India plans to seek concessions for its rice, grapes, pomegranates and eggplant exports to Seoul.

“Food, cosmetics and photonics are the other areas of interest of Indian companies,” Youngdoo said, adding that Korean firms have expressed interest in India’s industrial parks and industrial items such as machines.

“We respect Make in India and are buying materials from here,” he said.

On the impact of the Covid-19 pandemic on bilateral trade, he said a few sectors like education, food, automobiles and telecom are among the least impacted but others have been hit especially sectors comprising small and medium-sized companies.

Source: economictimes.com– Dec 30, 2020

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NMPT handles 25.53 mt cargo till December 29

New Mangalore Port Trust (NMPT) handled 25.53 million tonnes (mt) of cargo till December 29 of 2020-21 as against 27.23 mt in the corresponding period of the previous fiscal, recording a decline of 6.2 per cent.

Addressing the media in Mangaluru on Tuesday, AV Ramana, Chairman, NMPT, said that Covid affected the major captive cargoes of NMPT – crude oil and POL (petroleum, oil and lubricants) – during the financial year. The coal cargo handling was also affected as most of the industries in the hinterland were closed for a long time.

Expressing hopes for better cargo handling during the next three months of 2020-21, he said NMPT may handle 36 mt of traffic during the current fiscal.

Thanking the Centre for its plans to construct a tunnel at Shiradi ghat stretch connecting Mangaluru with Bengaluru, he said the proposed project is good for the industries and the port in the coastal Karnataka region.

This project will ensure the definite availability of an all-weather road between the port and its hinterland. The proposed project would reduce the business risk and costs for industries, and would transform the trade and economy in the region, he said.

The proposed tunnel project and other major road projects in the region would help the port to handle 45 mt of cargo by 2025, and 77 mt by 2030, he added.

Source: thehindubusinessline.com– Dec 29, 2020

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Aditya Birla Fashion rated as Asia's most sustainable in textile segment by S&P Global

Aditya Birla Fashion and Retail Ltd. (ABFRL), has been named Asia's most sustainable company and globally ranked eight in the textiles, apparel and luxury goods industry for its Environmental, Social and Governance (ESG) performance in the 2020 edition of S&P Global Corporate Sustainability Assessment.

The CSA methodology is used, among others, to select the companies for the Dow Jones Sustainability Indices (DJSI).

Ashish Dikshit, managing director, ABFRL said, "These rankings reflect our commitment towards enhancing economic, governance, social, and environmental initiatives at ABFRL. Over the past decade, ABFRL has been a pioneer in driving sustainability to the forefront of the Fashion and Retail Industry. As a responsible Organisation, we aim to provide thought leadership and accelerate the sustainability drive in the industry."

Edoardo Gai, MD, SAM a part of S&P Global said, "This is a reflection of being a sustainability leader in your industry. With a record number of companies participating in the 2020 Corporate Sustainability Assessment, this sets your company apart and rewards your continued commitment to people and planet."

Source: thehindu.com– Dec 28, 2020

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Apparel sector on a V-shaped recovery path: AEPC

A Sakthivel, Chairman, AEPC, believes, after the continuous fall in export for five months, the Indian apparel sector is on a path to V-shaped recovery. The sector witnessed a positive shift in September-October; exports rose 10.22 per cent in September this year to $1,190 million, from $1,079 million a year ago.

Similarly, it rose by 6.3 per cent in October 2020 to $1,177 million from $1,107 million a year ago. The recovery from the huge fall of April this year to a 10 per cent rise in September corroborates the industry's belief in the sector positive future growth, said Sakthivel.

COVID-19 led to a 20 per cent decline in national apparel exports while exports from Noida declined by 32 per cent. As per Lalit Thukral, President, Noida Apparel Export Cluster (NAEC), apparel exports between January and November this year declined by Rs 8,000 crore from the corresponding period last year.

There was severe impact on the order position of exporters, global apparel consumption, working capital, raw material and pending refunds. Apparel exports from Noida declined to Rs 17,000 crore between January and November this year, as compared to Rs 25,000 crore last year for the same span of time, he added.

Thukral further says overseas buyers and buying houses either canceled or postponed confirmed orders indefinitely right from the first day of lockdown in India. Though the situation improved to a large extent after the union textile minister's appeal to do "commerce with compassion", the fresh lockdown in the UK and other European countries once again worsened the situation for exporters, he added.

Source: fashionatingworld.com– Dec 29, 2020

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