BANGLADESH

Government support helped the RMG industry make turnaround: BGMEA

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Faruque Hassan recently applauded the inclusion of garment workers under the COVID-19 vaccination programme on a priority basis. He appreciated the government for its crucial support to the readymade garments (RMG) industry during the pandemic that helped the sector 'survive and make a turnaround',

BGMEA urges buyers to nominate more shipping lines, private docks

The Bangladesh Garment Manufacturers and Exporters Association president Faruque Hassan urged global buyers to nominate more shipping lines and private docks to help ensure timely shipment of export containers. The meeting discussed ways to address a container backlog and vessel shortage that are affecting garment exports. Hassan said many export containers loaded with garment items sit idle for as many as 10 to 15 days at their respective inland container depots before being sent to the Chattogram port.

This is to select shipping lines, freight forwarders, and off-docks being nominated for the job by international buyers, he said. Many global retailers and brands that import billions of dollars' worth apparel products from Bangladesh nominate only one or two shipping lines and freight forwarders to transport their cargo, he concluded.

The container backlogs also occur since most international buyers chose just four or five off-docks to handle their cargo before shipping. This causes delays in shipment and exporters are forced to bear additional charges for the delay. There are 19 inland container depots in and around Chattogram, where the country's premier seaport is located. At the beginning of last month, most inland container depots were overwhelmed with export containers staying longer than usual.

During a meeting between Chittagong Port Authority (CPA) and various stakeholders on July 12, held for solving the container crisis, it was decided that the BGMEA should convince global buyers to refrain from nominating select shipping liners, freight forwarders, and off-docks.

BRAZIL

Low supply increases cotton prices

Influenced by the lower domestic supply, the cotton prices resumed an upward trend in Brazil in the first fortnight of August.

The CEPEA/ESALQ Index for cotton increased by 4.6 percent, closing at 5.1915 BRL/pound on August 13 (Between July 30 and August 13). This is the highest price level registered since May 18, 2021.

During the fortnight, Brazilian cotton farmers became focused on the harvesting and processing of cotton and on the accomplishment of contracts. Many sellers took advantage of the price levels in that period to close new deals for further delivery – to both the domestic and the international markets – for the cotton from the 2021-22 and the 2022-23 seasons, Sao Paulo-based Center for Advanced Studies on Applied Economics (CEPEA) said in its latest fortnightly report on the Brazilian cotton market.

Meanwhile, cotton harvesting was complete in nearly 50 per cent of the total cotton area in Brazil, by August 13, according to data from Abrapa (Brazilian

Cotton Producers Association). Cotton processing was at 10 percent of the expected for the season. In July, Brazil exported 61,400 tons of cotton, about 39% less than the volume shipped in June and 20.6 per cent below that from July 2020.

A report released by Conab (Brazil's National Company for Food Supply) on August 10 showed a decrease of 0.11 per cent in the estimates for the Brazilian cotton area in the 2020-21 season compared to that reported in July, now forecast at 1.36 million hectares, 18 per cent smaller than that in the previous season.

Productivity estimates were revised up by a slight 0.04 per cent compared to that reported in July, to 1,714 kilograms/hectare, but 4.9 percent down from that in the 2019-20 crop. The Brazilian output is currently estimated at 2.341 million tons, stable compared to that previously reported, but 22% lower than that in the previous season.

Domestic consumption is estimated at 715,000 tons, and the exports in 2021 are now forecast at 2.1 million tons, 1.2 percent down from that estimated for the 2019-20 seasons. Thus, ending stocks in the current season are estimated at 1.29 million tons, 6.9 per cent lower than that reported in July and 26.8 per cent below that last season. If this is confirmed, the inventory/consumption ratio will be the lowest in the last three seasons, Conab concluded.

CHINA

Seeks to replace the weakening global cotton industry body BCI

Chinese cotton industry is moving ahead with plans to form a fairer and more transparent international industry standard-setting platform to replace the Better Cotton Initiative (BCI), a Switzerland-based non-governmental organization, as the latter failed to facilitate the positive and sound development of the global cotton supply chain, as stated by Chinese industry experts recently.

The BCI, which had been the leader in the global cotton industry, has been under heavy fire both in China and abroad for its baseless "forced labor" claims against cotton from Northwest China's Xinjiang Uygur Autonomous Region and is losing membership and leadership in the global industry.

In the latest development, US brand Levi Strauss was standing down from the BCI's leadership amid debate over the group's response to "alleged human rights abuses" in Xinjiang's cotton industry, the Wall Street Journal reported, citing people familiar with the matter.

The US firm's reported move came after the BCI and H&M sparked widespread anger in China over their baseless claims against Xinjiang cotton. Meanwhile, several other large international fashion brands, including FILA and MUJI, expressed their strong support for Xinjiang cotton in defiance of BCI's claim. Chinese industry experts said Levi's move is in line with expectations since the BCI's illusion over Xinjiang cotton not only damaged its industry

reputation but also brought about risks of uncertainty to the global textile supply chain, in which Xinjiang cotton holds a significant share.

The weakened BCI has created an opportunity for the Chinese industry to establish a new coalition for quality evaluation, according to experts.Wang Wenkui, an executive at the China Cotton Industry Alliance (CCIA), an organization under the Institute of Cotton Research of Chinese Academy of Agricultural Sciences, told the media that the domestic industry has already been doing the groundwork for a new coalition and that some of CCIA's experts have also been invited to formulate Chinese cotton standards.

"The standards of BCI are too general and may not be suitable for cotton growth in China," said Wang, noting that the Chinese cotton standards will offer detailed cotton growing practices, including growing temperature and regulation of pesticides.

China is now the world's largest cotton consumer and the second-largest cotton producer, with total demand of about 8 million tons per year, accounting for about one-third of the global total consumption, data shows. Supported by world-leading technologies and management, China also supplies more than 80 percent of high-grade yarns and grey fabrics for the global textile supply chain.

INDIA

Leather exports to touch about $6 bn in FY22

India's leather and footwear exports are expected to touch about $6 billion in this fiscal on account of healthy demand in key global markets, according to the

Council for Leather Exports (CLE), which recently urged the government to release pending refunds under the Merchandise Export From India Scheme (MEIS) as liquidity crunch is a major concern for exporters now.

Similarly, this year's all industry rates of drawback should be immediately revised to compensate for the duties imposed on the wet blue, crust, and finished leather as well as embellishments used in production, CLE chairman Sanjay Leekha.

"The Ministry of Commerce and industry has set up a reasonable target of $5.88 billion for the leather and footwear export sector and CLE is confident to achieve the target comfortably by the end of 2021-22," he said.

He informed that the industry is labour intensive, employing 45 lakh (100 thousand) people. The sector has a total turnover of $17.09 billion, which includes exports of $5.09 billion and domestic industry turnover of $12 billion during 2019-20.

"The sector has the potential to reach a total turnover of $30 billion in next five years, which includes the domestic turnover of $20 billion and export turnover of $10 billion and generate additional employment for 15 lakh more people," he added.

He also requested the government to extend the production-linked incentive scheme (PLI) to the sector.

India's growth in exports shows resilience: FIEO

President A Sakthivel, Federation of Indian Export Organisations (FIEO) while reacting to the trade data for July 2021-22, highlighted that the sustained export growth of around 50% with a figure of $35.43 billion over fiscal 2020-21 and by 35 per cent over fiscal 2019-20 has demonstrated the strength and resilience of the country's exports sector.

This is the highest-ever exports recorded at least in the last nine years as per the data readily available with FIEO, the federation said in a press release.

It also is a sign that global trade is recovering fast, said Sakthivel. He urged the government to soon notify the rates of Remission of Duties and Taxes on Exported Products (RoDTEP) to remove uncertainty in the industry.

ITALY

Italian exports to China jump in first four months of 2021: Italy-China Foundation

The exports to the Chinese market in January-April of 2021 grew by some 55 percent from the same period of 2020, according to data from the Italy-China Foundation.

The new data came with the 296-page report "China 2021" unveiled by the foundation's Business Studies Center (CeSIF) in a virtual conference. It showed that the spike in "Made in Italy" sales there came with the rapid growth of foreign investment to China in 2020 and the first months of 2021. "China will remain in the next years, one of the great protagonists of post-COVID recovery," Italy-China Foundation president Mario Boselli said.

Despite the corona virus emergency and related restrictions at the domestic level and on global trade, China remained the ninth foreign market of reference for Italy in 2020 and Italian exports to China grew by an overall 3 percent on the annual basis.

"Comparing 2011 and 2020 - in the framework of the European exports to China - it emerges that Italy has grown more than some other (EU) member countries in textile and in leather and leather goods, which are the two sectors where Italy represents China's main partner in the EU with over a third of all trade," the report explained.

Italy's imports of Chinese goods and services were worth 32.1 billion euros (37.7 billion U.S. dollars) in 2020, said the report on the base of data from the National Institute of Statistics (ISTAT). "Italy's trade deficit (with China) further decreased to 10.7 billion U.S. dollars in 2020 from 11.9 billion in 2019," it added. At the same time, the CeSIF researchers noted China overall boosted its sales abroad last year despite the pandemic crisis. "The growth of Chinese exports in 2020 seems to be in contrast with the exports of other commercial macro-areas such as the European Union (-9.2 percent) and United States (-0.4 percent)," they said. The Sino-Italian trade was benefitting from this context, according to the report.

PHILIPPINES

Garment exporters may miss US $1.4 billion sales target

Garment exports in the Philippines are expected to fall below the $1.4-billion projection for the year due to disruptions from the pandemic-induced lockdowns and shipping space constraints, according to the Foreign Buyers Association of the Philippines (FOBAP), which recently said exporters are facing order cancellations. Curfew, lack of transport, and other restrictions have added to the problem.

Bataan, where many garments exporters operate, is among the areas that have been placed under enhanced community quarantine (ECQ) or the most stringent quarantine classification from August 8 to 22. FOBAP President Robert Young said all manufacturing activities by exporters located in the Freeport Area of Bataan have been ordered to halt operations during the ECQ given the surge in coronavirus cases.

"The shipping space crisis, which caused previous order cancellations too, is still on our shoulders and seems to have no solution yet," he was quoted.

UNITED KINGDOM

Sustainable supply chain optimization

The UK Fashion and Textile Association (UKFT) is working with IBM, Tech Data, and the Future Fashion Factory to design, prototype, and pilot a new technology platform based on IBM technologies to help the UK fashion and textile industry to drive sustainability and profitability through increased transparency within the supply chain. Retailers Next, H&M's COS brand, N Brown Group, New Look, and yarn manufacturer Laxtons will be part of the initial pilot.

The Sustainable Supply Chain Optimisation project has been awarded GBP 1.4 million in funding by Innovate UK, part of UK Research and Innovation, on behalf of the Industrial Strategy Challenge Fund (ISCF) Manufacturing

Made Smarter Challenge.The global fashion industry is one of the biggest global polluters and one of the greatest producers of waste, while issues around unsafe workplaces, labour abuses, and low wages continue. One of the major obstacles preventing organisations from implementing more sustainable, responsible practices and preventing consumers from shopping more sustainably is a fundamental lack of transparency and visibility across the different stages of the supply chain. Data is siloed, systems tend to operate in isolation and parties have had little to no incentive to share data with the rest of the ecosystem due to the significant manual effort.

The new technology platform will combine several emerging technologies like blockchain, AI, and sensors to digitise the key processes in the supply chain, creating a shared system of data that the different parties can trust and easily act upon.

VIETNAM

Garment firms want standard anti-pandemic regulations

Vietnamese firms recently sought standard pandemic-related regulations for specific cases for better production and an uninterrupted supply chain. Vietnam Textile and Apparel Association (VITAS) chairman Vu Duc Giang said social distancing norms in many localities have put pressure on businesses and stifled production activities in 19 southern provinces.

Some localities have not been flexible while implementing the directive and some enterprises with no COVID cases had to close. According to Giang, 97 percent of textile and garment makers in the southern localities had to suspend operations due to the resurgence of the coronavirus. The textile and garment industry is running at just 10-15 percent of its capacity. Vietnamese enterprises have been urged by foreign partners to deliver products like garments as no one wants to receive products when the sale season is over. Some garment enterprises based in the south are thinking of outsourcing production to companies in the northern region. However, it is difficult to transport materials from the south to the north and go through checkpoints on the way, according to a report in a Vietnamese newspaper."Some foreign partners thought of placing orders with other countries instead of Vietnam to ensure uninterrupted supply chains. Many companies have been put on tenterhooks," Giang added.

COVID-19 restrictions imposed in Vietnam by the local authorities are heavily impacting manufacturing as factory shutdowns and labour shortages are on the rise as new COVID cases are reported. Several factories which produce goods for some of the largest international brands have reportedly shut operations to prevent further increase in COVID-19 infections.

UNITED STATES

Carter's April-July net income rises to $71 million

Carter's, a US-based marketer of apparel for babies and young children has posted 45 per cent sales increase to US $746.4 million in its second-quarter (Q2) of FY21 ended on July 3, 2021, which also exceeded pre-pandemic performance due to strong growth in all business segments.

The company's net income for Q2 rose to $71.6 million (Q2 FY20: $8.1 million). "Our performance meaningfully exceeded our expectations and was driven, we believe, by the strength of our product offerings, more effective marketing, leaner inventories, and improved price realisation," Michael Casey, chairman, and chief executive officer at Carter's said in a press release.

The company's gross profit for Q2 FY21 was $368.7 million ($235.5 million), and operating income expanded to $107.6 million ($20.9 million). US retail segment's sales surged to $423.6 million contributing 56.8 per cent to the net sales, whereas US wholesale sales were $231.6 million contributing 31.0 per cent to the net sales. Carter's international sales during Q2 FY21 climbed to $91.1 million which was 12.2 per cent of the net sales.

According to the company, factors expected to benefit the company's performance in the second half of FY21 include its market-leading product assortments, structural changes made during the pandemic, such as improved assortment productivity, inventory management, and marketing effectiveness, and the benefit of government stimulus. Carter's expects its FY21 sales to grow approximately 15 per cent."In the second half, we are also planning increased investments in e-commerce capabilities, technology, brand marketing, and employee compensation. We believe these investments, together with structural improvements we've made in our business over the past year, will enable us to further strengthen our market leadership position and continue to provide the best value and experience in young children's apparel," Casey concluded.◆