

Textile Briefs International

- ❖ 21 quotas covering 34 categories of textiles and clothing from China were lifted by the US on 31st December 2008. The textile products China can now export to the US in larger quantities include cotton trousers, golf shirts, and more than 30 other items.
- ❖ China's textile and apparel exports continued surprisingly rising during the second week of December by contrast with a decline in total China's exports for the first time in seven years. Although confronted with US and EU economic recessions and a fall in the euro and the sterling, Chinese exporters may now take advantage of higher rebate rates and the removal of US textile quotas as of January 1, 2009.
- ❖ EU imports of cotton T-shirts continued to rise significantly from China in the first part of the year. Chinese prices were further slashed after quotas were removed at European borders, offering some decisive support on a weakening EU market. The economic recession and a lower euro should result in a fall in imports in 2009.
- ❖ China is increasingly dependent on US and EU clothing markets which still account for 64% of the global apparel trade, according to data from the WTO China's share of the global market surged since 2000 while exports sharply increased from Vietnam, Turkey and Bangladesh. EU's clothing exports are far from negligible, by contrast with U.S. apparel exports.
- ❖ Cotton yarn prices in India did not follow the surge in cotton prices in the first part of the year before resisting the sharp cotton price decrease experienced in the fall. By contrast, Pakistani spinners easily preserved their margins thanks to a less dramatic jump in cotton prices in Pakistan. Markets remained very stable in China in the meantime before cotton prices suddenly fell without a similar decline in yarn prices.
- ❖ Bangladesh's knitwear sector secured at least 12% higher export orders in December this year over the corresponding period in 2007. This was revealed by an analysis conducted by the research unit of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). The unit analysed the UD (utilisation declaration) issued by the BKMEA to reach the conclusion. Bangladesh's knitwear factories exported US\$ 5.532 billion in fiscal year 2007-08 against the target of \$ 5.47 billion.
- ❖ Despite the global recession, which threatens to lower demand for textiles and garments, the Thailand Textile Institute (THTI) foresees foreign buyers shifting their orders from China and Bangladesh to Thailand, said Executive Director Virat Tandaechanurat.
- ❖ Indian Federation of Indian Chambers of Commerce and Industry (FICCI) have sought a 'Special Textile Package' for the textile industry to face the current economic crisis. FICCI has pointed out that profitability of Indian textile industry fell by over 80% in June 2008 quarter and investment in the current year (for April-July) has been less than one third of last year for the same period. Under 'Special Textiles Package' FICCI has demanded, among other things, moratorium for one year on term loans for textile industry. The industry body has also demanded increased drawback rates along with export credit at international rates.
- ❖ Hit by a bevy of setbacks, including sluggish exports and a sharp hike in minimum support price (MSP) for cotton, the Indian cotton textile sector registered a 9.6% drop in output in December 2008. The wool, silk and man-made fibre textiles category saw a dip of 4.8%, while the textile products (including apparel) category registered a 4.6% drop during December, according to the latest IIP (index of industrial production) data.
- ❖ Chinese apparel prices dramatically fell in the past seven years in the US import market. The limits re-imposed in 2005 however resulted in a rebound in prices in most important categories, forcing Chinese exporters in shifting to quality products. Chinese prices continued falling to lower levels in 2005-08, which may now threaten China's competitiveness on the US market.
- ❖ Polyester staple fiber prices stopped falling in the last two weeks in China while filament prices continued however declining. The stabilization in PTA and MEG prices may explain that PSF prices were similarly unchanged. Lower demand from the textile industry continues affecting the polyester market.
- ❖ The European Union clothing market would fall 2.5% in the next year after already declining 1% in 2008, according to the Paris-based IFM, the French Fashion Institute. The German and Spanish markets would be hardly hit while UK would more resist. Sourcing trends may also be modified by the economic recession to the detriment of the Mediterranean rim. Price pressure is now being felt which could boost clothing chains of hard discounters on EU's market.
- ❖ Cotton prices may have reached a temporary bottom in New York, somewhere below 40 cents per pound, after the dramatic fall experienced in the last two months. Attention is now focusing on domestic markets in China and India where governments started officially supporting cotton prices. New Delhi would also be on the brink of subsidizing its textile industry by offering access to low-priced cotton and developing export rebates.
- ❖ Wool prices again rose during second week of December on major markets, mostly due to strong demand from China ahead of year-end deadline for tariff quotas. A low level in offer also helped, along with a decline in currencies. Although new sales of superfine wool will be next week held in Australia, the current wave may rapidly end with prices returning to their long-term downward trend.◆