

# Around the World



## AUSTRALIA

### Wool industry hit by another mulesing boycott

Australian sheep farmers have been snubbed by a well-connected company, which is joining a global boycott of Australian wool. The Kukdong Corporation is based in South Korea and distributes clothing brands like Pierre Cardin and NAF. The company's Chief Executive has announced he is committed to eliminating Australian wool from the manufacturing chain. The decision is another blow for the shrinking \$3 billion Australian wool industry. The Kukdong Corporation once bought about 20,000 kilograms from a national clip of 370 million.

Chief Executive SK Byun says the company is opposed to the controversial practice in Australia of mulesing. Mulesing is the slicing a piece of skin from the sheep's behind to stop it being infected by maggots. The company joins retail giants like Nike, Hugo Boss, Abercrombie and Fitch and H and M in its boycott. The international organisation People for the Ethical Treatment of Animals

(PETA), SK Byun said the company would be looking to other countries where mulesing is not practised. Four years ago the wool industry as a whole pledged to phase out mulesing by 2010. Australian Wool Innovation is the organisation charged with finding alternatives to mulesing in order to honour that commitment.



## BANGLADESH

### Yarn sales slump on demand drop

Yarn sales in the Bangladesh dropped significantly mainly due to depreciation of the Indian currency against the US dollar and a slump in demand for apparel items on international market, said spinning millers.

The spinning mill owners in Dhaka said they stockpiled yarn for four months up to January 2009 as the buyers have now the alternative cheaper Indian market for purchasing yarn. Nowadays most of the local fabrics and knitwear manufacturers import yarn from India as recently India depreciated the value of its currency against the US dollar by around 20%, said MA Matin

Chowdhury, Managing Director of Rahim Textile Mills Ltd.

According to BTMA statistics, a total of 43 new spinning mills were set up in 2008 (January-December, 2008) with 944,744 spindles and in 2007 a total of 28 mills were installed with 442,848 spindles. At present the country has a total of 341 spinning mills with an annual production capacity of 1600 million kg of yarn and the total investment in this sector is 4.0 billion euros.

As per BKMEA data, Bangladesh consumed 789.6 million kg yarn in 2007-08 fiscal years against 658.5 million kg in FY2006-07, while the average consumption growth of yarn in the country is more than 21% per year. The country consumed 582.69 million kg yarn in 2005-06 fiscal against 424.18 million kg in 2004-05. Such consumption in 2003-04 fiscal was 323.44 million, while in 2002-03 fiscal it was 244.27 million kg. The advantage in yarn business for India is that it (India) is one of the major cotton producing countries, whereas Bangladesh is a net importer of cotton mainly from Uzbekistan and other CIS (Commonwealth Independent States) countries. As a result, India can easily dump yarn on Bangladesh market.

## Bangladesh Ready-made Garment sector performs well in 2008

Bangladesh's ready-made garment (RMG) business was well in 2008, although some national and international anti-business issues marked the year as a turbulent one. However, on the onset of the year, the country was faced with a severe competition in the global RMG market when the safeguard measures imposed by EU on Chinese market lapsed on January 1, 2008.

Earlier, the EU and US imposed a safeguard measure on the Chinese products on the first day of 2005 when the multi-fibre arrangement came to an end and the real global competition started. And the embargo on Chinese exports to the USA market expired on January 1, 2009.

Meanwhile, the local garment manufacturers and exporters faced a severe labour unrest from January 10 of the same year. A number of factories in the city's Mirpur area came under attack by the infuriated workers at that time. Soon after the labour unrest subsided, the hardship that faced by the RMG workers in the wake of soaring prices of basic commodities came to the fore. To cope with the situation, garment owners started selling rice and few other essentials to their workers at a subsidised rate.

High yarn price also turned a burning issue for RMG makers in the immediate past year. Since March 2008, the price of this raw material for RMG products started climbing and it reached US\$3.0 per kg from its previous rate of \$2.30. When the local manufacturers were doing very well despite some hurdles in the local and international markets, the government was creating pressure on them for gas rationing in their respective factories, but later it backtracked from implementing such a plan in April. The manufacturers also opted for a lean manufacturing system

from mid-2008 to offset their overall expenditure because of the cost of production increased by more than 16% on higher transport and petroleum costs, frequent outage of power, implementation of minimum wages for workers and the exorbitant prices of foods. And, in a bid to disseminate knowledge on compliance issues, many garment factory owners staged motivational dramas on their factory premises during June-August period.

A good opportunity came for the Bangladeshi manufacturers when the Indian government allowed them to export 8 million pieces of RMG products to the neighbouring country under the SAFTA (South Asian Free Trade Area) agreement. But, the Bangladeshi exporters could not exploit the full potentiality for the year although the Export Promotion Bureau (EPB) started approving certificates from May 21 in this connection. Bangladesh succeeded in exploring some new markets like Japan, Romania, Poland, South Africa and Russia. These new export destinations helped a lot to minimise the possible bad impact stemmed from the global financial recession.

Bangladesh government fixed cotton waste price at US\$1.60 per kg to discourage the smuggling of this important by-product of fabrics by a section of unscrupulous traders. The local textile manufacturers imported Tk 450 crore textile machinery during 2007-08. In Budget 2008-09 a record textile machinery imported in July-August when the government cut duty on capital machinery. According to RMG makers, Bangladesh awaits a real test as the US restriction from China. The US is one of the main markets for Bangladesh.

Abdul Hai Sarker, President of Bangladesh Textile Mills Association (BTMA), said they can sell yarn at \$2.55 per kg produced in their factories, but the same kind of Indian yarn sells at \$2.15 per kg. It takes at least three months for Bangladesh to enjoy any benefit from price decline, as the country is a net importer of cotton and recently the prices of raw cotton declined significantly on international market. Bangladesh imports 4 million bales of cotton a year at a cost of over \$1 billion. Local yarn manufacturers now supply up to 90% raw materials to the knitwear sub-sector and 40% to woven.

### Handloom sector cries out for attention

Narsingdi town was once called the Manchester of the East due to its burgeoning textile industry, more in particular the handloom industry. But decades of government apathy has now led to most of the handlooms shutting down permanently. The handloom industry has the capacity to create a lot more jobs, directly and indirectly that too at a very low cost compared to the mechanized sector. But the mechanization of the textile industry, has led to handloom cloth being woven on these mechanized power looms, leading to mass unemployment in the handloom industry.

In the country, over 10 million people are connected with the handloom industry and the sector manufacturers nearly 50% of the country's fabric requirement. The fabrics produced by the handlooms are more so meant for the common man like saris, lungis bed sheets, etc.

The sector is looking towards the government to help it come out of the decay that has set in to the industry in the last few years. Since the sector has the capability to generate a very high level of employment for men and women alike, the government should step in with measures to uplift the industry. Among the measures suggested by experts is providing loans at concessional rates and also ensuring that the weavers are able to source their raw material requirements.



**BOLIVIA**

### Export duty-free textile to Venezuela

Bolivia will export with zero duty the first batch of textile to Venezuela before January 15 2009, said President Evo Morales. Venezuela granted a zero-duty treatment to Bolivia after the United States suspended the Andean Trade Promotion

and Drug Eradication Act (ATPDEA) with the west South American country.

The U.S. Congress approved the ATPDEA that was to last for one year for Peru, Colombia and Ecuador and six months for Bolivia on October, 2008. However, the White House suspended the agreement for Bolivia on December, 2008, citing inadequate control over drugs, a pre-requisite for taking the ATPDEA benefits.

Morales had said that there are other markets for Bolivia, and that Bolivia could sell its products to Russia, China, Iran, Japan and India. Morales and Venezuelan President Hugo Chavez signed the Bolivarian Alternative of the People of the Americas (Alba) on October 2008 which enables the Bolivian products to enter Venezuela free of duty.



**CHINA**

### Textile machinery and parts import in Jiangu port reduced

According to Nanjing Customs, the import of textile machinery and parts in Jiangu Port in the first 11 months reached US \$40 million, down 31% on the same period of last year. The peak in this year was in March, while the import was US \$45.88 million and then it went down to US \$16.05 million in November, down 19.1% to October, as the lowest point in the first 11 months.

The major suppliers were the EU and Japan. In the first 11 months, the import from the EU was US \$170 million, down 31.2% but still accounting for 50.2% of the total import.

The import from Japan was US \$110 million, down 40.4% and accounting for 31.4% of the total. The main reason for this upward trend is the recession of textile industry which leads to the cautious investment, then demand for machinery declines.

### Textile firms see first profit fall in 10 years

Profits at Chinese textile firms fell in part of 2008 for the first time in 10 years due to a drop in overseas demand amid the global financial crisis. Textile companies made an overall 104.2 billion yuan (\$15 billion) in profits in the first 11 months of last year, a fall of 1.8% compared to the same period in 2007, the official Xinhua news agency quoted the National Bureau of Statistics.

China's textile industry suffered last year -- even before the financial crisis hit, due to a strengthening of the yuan against the dollar and rising costs of labour and raw materials. In the first quarter of 2008, exports of textiles and clothes fell 11% to \$81.86 billion. Profits decline at Chinese textile firms for the first time in 10 years

The NBS also said losses for textile firms added up to 22.75 billion yuan from January to November last year. That is almost double the figure for the same period in 2007. He expected textile exports to fall 30% in the first quarter of 2009.

Meanwhile, China's policy makers worry that the global economic crisis, which has triggered bankruptcies or closures at U.S. retailers including Linens 'n' Things, could sharply reduce business for China's labour-intensive textile exporters.



**GHANA**

### Cotton industry receives GH¢2.6 million support

The government of Ghana has released GH¢2.6 million loan contract from the Agricultural Development Bank to the Ghana Cotton Company Limited (GCCL) to enhance its purchasing power.

The loan is to support the GCCL to purchase cotton from local farmers in the three Northern Regions and also settle debts of service providers. It is also to position the company to support farmers for the 2009-2010 crop seasons, said Mr. Mumuni Alhassan, North-Central Division General Manager of GCCL.

The cotton industry, since its inception in the 60s has not received any meaningful attention from successive governments, which has thus consistently not motivated farmers in the business over the years. There have been several instances where cotton farmers across the three Northern Regions have threatened to leave the industry as a result of lack of support and policy directions.

The farmers were particular about lack of ready market which was decreasing their investments, especially in the 2007-2008 and 2008-2009 crop seasons, the farmers were apprehensive and wondered about their ability to survive the seasons in the face of the rising costs of farm inputs and land preparation, coupled with the low world market price.

In saving the farmers from these difficult moments, the Ghana Cotton Company, which is the leading cotton buying company in the country, in collab-

oration with the government in 2008-2009, released twenty (20) brand new tractors to supplement the existing number of tractors of the company to support the farmers.

In addition, the GCCL also subsidized the prices of inputs like NPK/Compound, seed cotton and land preparation between 12% and 26% to relief the farmers in that same year. With the injection of the GH¢2.6 million by the government, the North-Central Division General Manager of GCCL, Mr. Mumuni Alhassan believes the company is now properly positioned to support the farmers for the 2009-2010 crop season.



### Cotton production likely to fall short of target

Cotton production is expected to dip to 28.5 million bales to 29.5 million bales in 2008-09 as against the target of 32.3 million bales, due to pest attacks and unfavourable weather conditions in some parts of Maharashtra and Gujarat, said a top official of the Cotton Association of India.

The preliminary estimates of Cotton Advisory Board placed cotton production at 32.3 million bales, although the area planted under cotton in 2008-09 was estimated lower by 5% to about 9.2 million hectares, Cotton Association of India President P D Patodia said while addressing the 86th annual general meeting of CAI in Mumbai.

With production falling short of consumption, world-ending stocks of cotton depleted further to 11.92 MT from 12.25 MT. World cotton prices continued to decline further due to lack of demand. The steep rise in minimum support prices of cotton due to highly depressed international prices in the global markets due to the economic meltdown have also seriously impacted the cotton sales.

### Textile ministry targets \$8-billion foreign investment in five years

The textile ministry has set a target to attract more than \$8 billion (Rs 40,000 crore) foreign direct investment (FDI) in textile and garment sectors over the next five years. The Ministry is in the process of firming up a mission to identify potential investors in Europe, the US and China. It is also working on an incentive package to woo potential investors to set up manufacturing units in India.

The Ministry will also invite leading private equity funds and foreign banks to invest in the domestic textile sector. It will also attract foreign designer houses and garment manufacturers and targeting about \$20 billion (approximately Rs 100,000 crore) domestic investments in the sector.

### Textile investment will generate 17.37 million jobs by 2012

Shri Shankersinh Vaghela, Union Minister of Textiles said that the biggest achievement of the UPA Government was to turnaround the Indian Textiles from Sunset to Sunrise sector.

He said this while interaction with the media. The rationalization of fiscal duties undertaken during the last four years has also provided a level playing field in all segments of the industry, resulting in the holistic growth of the industry.

The Minister said that the textiles sector has witnessed a spurt in investment during the last four years and the investments between 2004-08 were Rs. 1,08,531 crore and they are expected to touch Rs. 1,50,600 crore by 2012. This enhanced investment will generate 17.37 million jobs by 2012.

The UPA government recognised technological obsolescence as the main impediment to the growth of the textiles industry. The government gave a new impetus to the implementation of the Technology Up-gradation Fund Scheme (TUFS), which ensures the availability of bank finances, at rates comparable to global rates, to modernise production facilities. All segments of the textiles industry are getting benefits under the scheme.

The scheme achieved momentum as a result of tremendous efforts put in by both the UPA government and the industry, said Vaghela. The popularity of the scheme can be assessed from the fact that it was to come to an end in March 2007, but the industry was persistent with its demand that the scheme be extended till 2012.

The Minister informed that Indian Textiles Industry is at a cross-road. The merchandise export, particularly textiles, witnessed only a gradual growth during a major part of 2007-08.

Besides historical factors, the main contributory factors were the appreciation of the Indian rupee against the dollar and the slowdown of the US economy. The government took steps in the short, medium, and long terms to provide a fillip to the textiles industry, including exports.

The current year has seen a sharp improvement in Indian merchandise exports, and growth has surged much faster than expected. The depreciation of the rupee is one of the reasons why exports have picked up. However, we are aware of the adverse impact of economic down turn in USA, EU and other developed countries. This is very challenging situation, and export targets appears to be under pressure.

The International market conditions are beyond the control of the government, and the government has initiated measures to mitigate the problems being faced by the Industry.

Technical textiles are an emerging industry, with a huge potential to attract investment and the global market size of technical textiles is expected to jump to US \$ 127 billion by 2010. The Indian market size of technical textiles is expected to jump to US\$ 12.46 billion by 2010.

### Cotton industry plagued by inefficient marketing

Cotton holds an important position as non-food agricultural crop and also as an important raw material for India's textile industry that accounts for nearly 20% of national industrial production.

It also brings foreign exchange via the output from the textile industry, however, the industry is often beset with problems even whether the farmer gets a remunerative price or not.

With high regulation of prices through announcement of minimum support price (MSP) for the crop and subsequent procurement by Cotton Corporation of India, the futures market has no major role either for price discovery and even hedging with the result volumes in these contracts are not worth talking about.

The government had announced a 40% hike in MSP in spite of the fact that signs of a global slowdown were visible and CCI had procured large quantities at Rs 2800 per quintal as against the previous MSP of Rs 2025 per quintal.

With economic slowdown, market prices began to fall but CCI was stuck up with cotton it procured at higher prices which it now refuses to sell to mills. It may be recalled that textile industry was crying foul a few months back because despite a good crop, traders were exporting cotton rather than selling to mills even as farmers committed suicide not able to get remunerative prices for their crop.

### Textile players strengthen domestic foothold

In the wake of the losses in the export market, textile and garment exporters are stepping up their presence in the domestic market. This comes after the recession in the US and European markets, which has had an impact on the Indian garment business. As a result, textile and garment manufacturers are looking to quickly establish a foothold in local markets. Retailers are strengthening their brand presence by launching exclusive retail outlets not just in the metros, but also in tier-II and tier-III cities. Consumers in smaller cities, according to Dun & Bradstreet India, are less prone to the fear of economic recession.

The growth is significant since the organised garment business accounts for 10-15% of the total retail business. In value terms, this translates to a net business of nearly Rs 20,000 crore, making it the second-largest category in the organised retail business. Most garment suppliers are focusing on smaller towns and cities where the purchasing power of consumers has remained upbeat. Besides, it has been witnessed that consumers in these cities have been less affected by the global meltdown. In the near term, the Indian garment industry expects reasonable growth in the domestic market even as multiple challenges confront them in the export market.

### Textile Industry wants more sops

A Rs 1,400-crore package has not helped in boosting sagging exports and demanded that the government should do more to help it come out of the woods, said Mr V S Velayutham, Chairman, Cotton Textile Promotion Council of India. He said package is expected to bring some relief to exporters, but more concrete measures need to be taken to maintain the growth momentum in the sector. The actual fluctuation in the rupee is so wild, that it is difficult to pinpoint what rate to cost a product at. The stability required is not there, said Clothing Manufacturers Association of India Chairman Mr Rahul Mehta.

He said substantial slowdown in demand for textile goods from developed countries such as USA and EU, high input cost, liquidity crunch in the domestic market has nullified all the advantages arising out of a weaker currency. The Centre, in an economic stimulus package last month, provided an interest subvention of 2% up to March 2009 for pre and post-shipment export credit for exports textiles and SME sector.

### Textile and clothing exports targeted to \$26.55 billion in 2008-09

Textile and clothing exports were targeted to reach \$26.55 billion in 2008-09. An official of the Union Ministry of Textile said if the current trend were to persist, exports might be the same as last fiscal (\$22.13 billion).

For the last one year, there had been issues such as appreciation of the rupee against the dollar, spiralling cotton prices, power shortage and hardening of interest rates, but, the main problem is that the market had not grown in proportion to the capacity additions.

With the slowdown, investments happening in the sector now are mainly for replacements and maintenance, while about 30% of the capacity is lying idle. In such a scenario, the industry has to offer goods at competitive prices to overseas buyers. Main problems such as high domestic price of cotton and interest rate for working capital loan need to be addressed.

### Ministry set to regulate 'cotton-hoarding'

The government had announced a 40% hike in MSP earlier this year from Rs 2,025 to Rs 2,800 per quintal for the Shanker 6 variety, but the downturn in exports and domestic demand for textiles has led to a fall in cotton prices.

The higher MSP has kept the farmers happy, but it has posed problems for the textile industry and CCI. The Ministry of Textiles is set to regulate the functioning of the government's nodal agency for cotton procurement Cotton Corporation of India (CCI) amidst allegations of the latter hoarding the commodity.

The industry said CCI is "hoarding" cotton to restrict its losses, while the differential between market rates and MSP for cotton is as high as 20% to 25%, CCI is selling the cotton only at marginally lower rates than the MSP making it impossible for the cash-starved industry to buy it.



### Unable to compete in African textile market despite AGOA

The global textile and garment market is valued at around US \$400 billion, which is an impressive figure that attracts entrepreneurs from around the world to ven-

ture into the sphere. Unfortunately for the African sub-continent and for Nigeria in particular, the trade has not been very profitable. The situation in the Nigerian textile industry is alarming. Unless urgent steps are taken by the government, a total collapse is imminent. Stakeholders in the sector had consistently lamented the unabated influx of counterfeit textiles from China, which they observed as the most serious problem afflicting the industry.

There has been a sharp increase in the volume of textiles being smuggled in through the Nigerian land borders, particularly via Niger Republic. The markets in Kano, Ibadan, Onitsha and Lagos are flooded with smuggled textiles which occupy over 80% market share. At a recent forum on the textile industry, experts pointed out that the market share of Africa in the global trade in textile and textile-related businesses, as in June 2008, stands at a mere \$200 million, which is indeed a very small fraction of the world trade.

If the situation continues in the present way and if measures are not taken to improve the market conditions, experts believe that in 2009, the entire chain of textile factories in the country would meet a disastrous fate. On the global front, analyst say textile production is expected to grow to 25 % by 2020 in which the Asian region is likely to be a major contributor. Abolition of quota regime since the start of 2005 has made the continent a hub for textile trade.

This is also because of most of the Asian countries instead of resorting to imports for their raw material supplies, opted for investing heavily in backward integration projects just like their counterparts in developed countries.

This gradually strengthened the textile base in countries like China, India and Bangladesh. As a result, most of the textile trade is concentrated in Asia and is being monopolised by countries like China, India, Bangladesh, Vietnam and even Cambodia who are rapidly capturing the value added textile market deserted by the developed nations due to high cost of production.

The sector in the past was the largest employer of labour after government as it employed over one million Nigerians and secured a captive market of 250,000 tonnes of raw cotton for growers and generates over N1 billion revenue to the Federal government of Nigeria. It was also a major consumer of a high percentage of local raw materials such as cotton and polyester.



### Textiles and garments to slowdown

The Office of Industrial Economics (OIE) forecasts that the textile and garment industry will grow at least 3% during the current year despite the global economic slowdown. After discussion with manufacturers, OIE Director-General Arthit Wuthikaro noted that they had shifted focus to producing premium products to serve higher demand in Japan and other developed countries.

We have become very competitive since we gained tax benefits under the Japan-Thailand Economic Partnership Agreement, and so we expect to boost our textile and garment exports to Japan by 20% current year. He said that although the global recession would dampen overall market demand, the world's top brands would still use Thailand as their production base. However, the industry's main obstacle is a shortage of labour.

The Thai garment Manufacturers Association says 11 companies in the Northeast are looking for approximately 13,000 workers. The companies are in Nakorn Ratchasima, Khon Kaen, Roi Et, Buriram, Surin, Ubon Ratchathani and Chaiyaphum provinces. The textile and garment industry needs a similar level of skill to the electronics industry; therefore it would be the best solution for now to move those laid off from electronics work to the textile and garment industry by training them in sewing.



### Import limits on some Chinese textiles about to end

As the head of one of the largest yarn manufacturers in the world, Anderson Warlick says competing with Chinese products feels like taking on an entire foreign government. The Chief Executive of Parkdale Mills in Gastonia, N.C., is worried that competition from China will get far worse when remaining U.S. limits on imports of certain textile products expire. At issue are limits on the numbers of cotton trousers, golf shirts, babies socks and more than 30 other textile products that China can export to the U.S. Under a World Trade Organization agreement, the U.S. government can't re-impose restrictions on Chinese textiles.

The industry is worried that what happened in 2005, when similar safeguards were lifted temporarily, will happen again. China flooded the U.S. market in 2005, while that drove down prices for American consumers, U.S. textile companies lost about 55,000 jobs that year, more than 8% of the industry's work force.

### USTR disputes Chinese export subsidies

The office of the U.S. Trade Representative has requested consultations under the World Trade Organization dispute settlement process to try to force Chinese officials to end their government's "Famous Brands" export subsidy programs.

The "Famous Brands" programs cover textile manufacturing as well as appliances, medical equipment, chemicals and agricultural products. Such programs appear to be prohibited export subsidies and are protectionist industrial policies, according to U.S. farm and manufacturing groups. Organizations such as the National Cotton Council, National Council of Textile Organizations and the American Manufacturing Trade Action Coalition expressed their gratitude for the USTR action.

### What will be the effect of more Chinese textile imports?

The U.S. textile industry has seen jobs evaporate in the face of global trade. A flood of Chinese products that don't use U.S. fibers would be an additional blow to what's left of the American industry, the manufacturers say.

Nationally, there was a 33% decrease in textile and apparel jobs from 2002 to 2008, with 475,000 jobs left in the industry. In textiles alone, Alabama dropped 45% to 13,000 jobs and Georgia fell 22% to 58,500 jobs from 2002 to 2006, according to the National Council of Textile Organizations.

South Carolina had 27,000 textile and apparel jobs in 2008, compared with 48,600 in 2004, Federal Labor data showed. North Carolina had 58,600 textile and apparel jobs this year, compared with 100,000 in 2004. U.S. manufacturers say they've learned to compete against China's lower wages.

What they can't compete with are government subsidies that enable China to sell some finished products for less than the fiber alone costs in the United States.

In an effort to mitigate the possibility of the Chinese dumping textiles, several members of Congress have called for the International Trade Commission to monitor Chinese textiles more closely now that the quotas are expiring. U.S.

Trade Representative Susan Schwab has backed up industry concerns by announcing that China appeared to be granting a range of subsidies such as cash rewards and preferential loans to its exporters to give an advantage to several industries, including textiles.

She initiated a case with the WTO to get China to stop its allegedly unfair trade practices, but it will be up to the incoming Obama administration to decide whether to file a formal case. China would face sanctions, such as penalty tariffs, if it didn't agree to stop violating trade rules.



### Falling demand may affect textile exports

The textile and garment industry would have to make great efforts to meet the 2009 export target of US \$9.2 – US \$9.5 billion, said Deputy Director General of Vietnam National Textile and Garment Group (VINATEX) Le Tien Truong. This was because the world apparel demand was forecast to fall 15%.

The ongoing global economic slowdown would cause negative impacts on Vietnam apparel products, especially high-end ones. To realise targets, producers would raise added value on their products via remodelling technologies, improve management capacity and diversify markets.

However, Truong said Vietnam planned to become the fifth biggest textile and garment exporter in the world by 2011. In the past, it has been listed in the top ten. In the context of global financial crunch, the industry earned US \$9.1 billion in 2008, some US \$400 million lower than earlier expectations due to orders from US importers dropped 20% in the fourth quarter over the same period of the previous year.

However, Vietnam's apparel exports to the US – the country's biggest market accounting for over half of the total export pie – still retained an 18% growth rate, while exports from Mexico and China decreased last year. Out of last year's US \$9.1 billion total export figure, VINATEX contributed around US \$1.7 billion, up 21% from a year earlier. ♦