



BANGLADESH

Japan firm seeks to buy \$600 million RMG

One of the largest Japanese retail chains, Uniqlo, sought to purchase ready-made garment (RMG) products worth more than \$600 million from Bangladesh in 2009. Uniqlo purchases RMG products worth \$3 billion from different countries a year, said Akhteruzzaman, Managing Director of Pacific Quality Control Centre Bangladesh Limited.

He said Bangladeshi products will take up 20% of \$3 billion in the company's total purchases from different countries in 2009. Uniqlo purchases trousers, shirts, cargo pants and knitwear products from Bangladesh and other countries of the world. Uniqlo has a network of over 750 stores in Japan and is currently looking to boost the brand's appeal through the development of more large-format stores.

Meanwhile, Bangladesh exported woven items worth \$20.801 million and knitwear items worth \$7.234 million to Japan in fiscal 2007-08, the Export Promotion Bureau data said. Bangladesh exported RMG products worth \$10.70 billion in fiscal 2007-08 and now aims to export RMG (woven and knitwear) worth \$12.267 billion in fiscal 2008-09..

German investor to set up \$200 million RMG unit

German Ambassador to Bangladesh Frank Meyke said an investor of his country is eager to set up a mega-RMG unit in Bangladesh spending \$200 million. During a meeting with Foreign Minister Dr Dipu Moni, the German envoy said the RMG unit would be able to generate employment for about 10,000 Bangladeshis.

Meyke also handed over a felicitation message from German Foreign Minister Frank Walter Steinmeier to the Foreign Minister. The envoy assured the Foreign Minister of continued German support to Bangladesh's trade, investment and development.

Dipu Moni expressed satisfaction at the current level of trade with Germany, (an export of more than US\$ 2 billion in 2007-2008) and requested for more foreign investment from Germany, sought continued support for Bangladesh's development efforts and German scholarship and study opportunities for Bangladeshi students.

BTMA points to 'crisis' in primary textile sector

Spinning mills, apparently affected by the global financial crisis, have reported Tk 30,000 crore worth of yarn in unsold stocks. Leaders of Bangladesh Textile Mills Association (BTMA), led by its President Abdul Hai Sarker briefed Finance Minister AMA Muhith on the primary textile sector and sought a stimulus package from the government to overcome the situation.

Most spinning mills are facing a serious liquidity crisis, as a huge amount of yarn remains unsold. If the situation goes unchecked, a large number of workers will lose their jobs at the mills and the number of loan defaulters would increase, said BTMA leaders.

Under BTMA, there are 1,150 mills, including spinning, dyeing and finishing factories, which have an investment of Tk 40,000 crore. Organisations directly linked to the textile sector, such as bank, insurance, transport, energy and industries, will face a disaster.

BTMA made a series of demands, including a hike in cash subsidy to 15% from 5%, deferring term loan repayment and freezing of interest for two years, formation of research and development fund and devaluation of the taka against the dollar

Yarn firms seek help against Indian rivals

Bangladeshi textile manufacturers need protection from rivals in India, with whom they cannot compete on price due to the relative weakness of India's currency. Bangladeshi ready-made garment exporters who used to buy raw materials from local manufacturers now prefer to import them from India for cheaper prices, said Mr Matin Chowdhury, a former President of the Bangladesh Textile Mills' Association. He said ready-made garment exporters now prefer to import yarns from India, where a much devalued currency favours the Indian exporters.

The present 5% cash incentives for using local yarns, provided by a government fund, should be raised to 15%. He called for exporters, as a temporary measure, to receive a bonus of 6% of the value of exports, to be paid out of a research and development fund. More than 100,000 tonnes of yarns worth about \$290 million were stockpiled at spinning units, which had been forced to cut production by 30% on average.

The country has 341 spinning mills with an annual production capacity of 1.6 billion kg of yarn and total investment in the sector is 4.0 billion euros (\$5.30 billion), according to BTMA statistics.

Government to fast-track textile solutions

The government will move fast to address the problems of the textile and RMG manufacturers as it has got a specific proposal consisting of their demands, said Textiles and Jute Minister Abdul Latif Siddiqui at Dhaka International Textile and Garment Machinery Exhibition.

He assured the textile and RMG makers of solving their problems very soon as the sector people submitted a package of proposal to the minister. In the package proposal, the business people demanded depreciation of the local currency against the dollar, a moratorium on loan payment for two years and taking effective measures to slap a ban on yarn import through illegal channels.

The assurance from the Minister came at the inaugural ceremony of the four-day 6th Dhaka International Textile and Garment Machinery Exhibition-2009 at Bangladesh-China Friendship Conference Centre in Dhaka. More than 600 companies from over 30 countries are displaying their machinery and other textile accessories in 800 booths at the show.



CHINA

Textiles and garments export growth slowing

The growth in China's exports of textiles and garments fell to 8.2% last year from 18.9% the year before, according to the Department of Foreign Trade of the Ministry of Commerce. Total textiles and garments exports amounted to US \$185.17 billion in 2008, according to the General Administration of Customs. The Department of Foreign Trade said export growth would slow further this year, but it gave no estimates.

Exports would be hit by sagging demand in major markets, rising labour costs, and appreciation of the yuan, China's currency, which has gone up 27.4% against the U.S. dollar in the past three and half years. The Department of Foreign Trade said China's imports of garments in 2008 totalled US \$2.09 billion in value, up 16.6% over the same period the previous year.

Around the World

Government warns against textile quotas as exports struggle

China opposes any return to the quotas that capped its textile exports to the United States and Europe and will seek steady growth in those exports despite dim prospects in 2009, said a Senior Chinese official. Washington and Brussels set the quotas to restrict Chinese-made textiles and garments in 2005, claiming the lapse of previous global restrictions was giving way to a surge of cheap products from China that threatened their own manufacturers. Those schemes agreed with China lapsed at the end of 2008 and squeezed by the global economic slowdown, some US and EU industry groups have called for fresh limits.

Senior Chinese Ministry of Commerce official said that his country's textile firms were in enough trouble already but would exercise voluntary discipline to avoid any export surge. The new Obama administration in Washington has said that China's trade surplus is unacceptable and it wants Beijing to help balance flows. Brussels also faces pressure from recession-hit manufacturers, but the Chinese commerce official said his country's textile firms were also struggling and their exports were likely to slow in 2009, following a fall in growth in 2008.

Growth in 2009 looks worse, the official said, blaming rising labour costs, the rising value of China's yuan currency, and weakened export demand but with some 20 million jobs in the textile sector, China wants 'table growth' in exports this year.



Land problem stalls Cotti Textiles Park for 2 years

Even as the West Bengal government has drafted an ambitious textiles policy with the vision to create one million jobs by 2012, the proposed textiles park by the Chamber of Textile Trade and Industry (Cotti) has been stalled for more almost two years in the wake of land related issues. While the state government has identified 100 acre land for the park in Howrah district, it is yet to be allotted to Cotti, as it is stuck due to litigation.

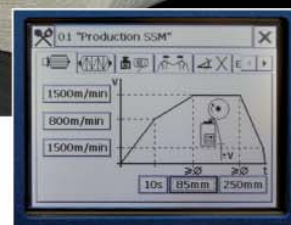
Cotti will not get Scheme for Integrated Textile Parks (SITP) grant from the Union government, unless it has the land in its possession. If approved, the park will get a maximum of 40% infrastructure cost, or Rs. 400 million, whichever is lower, as grant.

The land identified for the park, which will bring in an investment of Rs 5 billion, has been stuck due to litigation. The policy also aims to create a "robust textile infrastructure in the state by setting up 20 integrated textile/apparel/hosiery parks, three jute parks, 50 additional handloom clusters, silk parks together with one Integrated Silk Processing and Printing Complex (SPPC) and an ultra-modern integrated textile township in the state, the first of its kind in the country, during the next five years.

The infrastructure will be developed in public-private partnership. The policy also aims to double the existing handloom output and attain an export level of 10% of fabric turnover, enhance the number of active power looms in West Bengal to 20,000, thereby increasing the power loom output by at least 300% to reach 180 million meters by the year 2012. The policy also aims to increase the existing readymade garments output of 400 million pieces of woven wear and 90 million pieces of knitted garments in the state by 300%, and to double the ready-made garments export from West Bengal.

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Slowdown hits exports of synthetic textiles

The slowdown in global economic growth has begun to hamper Indian exports of synthetic & rayon textiles, according to Mr. Ganesh Kumar Gupta, Chairman, Synthetic & Rayon Textiles Export Promotion Council (SRTEPC).

Exports of Synthetic textiles have been growing till August as compared to the same period in the last year. However, the export performance dropped sharply by 12.08% in September 2008 and by 11% in December 2008.

Going by this trend there is strong possibility of Synthetic textiles exports falling short of the target fixed by the government for the year 2008-09 by about 15%.

However, with financial turmoil gaining ground in India, most of the exporters have reported huge losses in the quarter ended December 2008 due to sharp exchange rate fluctuations and wrong hedging calls.

The volatility in the exchange rates particularly the INR vis-à-vis the US\$ in the last few months has created serious financial problems for the exporters since majority of them had booked their export bills receivables in US\$ under Forward covers when the rupee was appreciating steadily against the US\$ a few months back.

Later on, when the rupee started depreciating against US\$, such exporters had to incur losses as they were forced to cancel the forward contracts at un-remunerative levels. Since the exchange rate fluctuation has been too steep. Mr. Gupta suggested that suitable mechanism be devised under which banks may be advised to share such losses with the exporters.

The SRTEPC Chairman added that over 90% of exports from India involve some form of credit, insurance or guarantee. There is still a huge gap between the interest rates paid by the Indian exporters on export finances and the interest rates paid by our competitors.

The Indian exporters are facing severe constraints in obtaining trade finance. and the insurance firms have hiked premium rates by 25 to 30% for export credit insurance covers.

To improve the liquidity and credit flows to the exporters, Mr. Gupta suggested that the interest rate subvention on export finances be increased from 2% to 4% for Synthetic textiles sector with retro-

spective effect from October 1, 2008. Also, the maximum cap of 7% should be removed for this sector.

Plan to absorb jobless diamond workers in textiles units

The Textile Commissioner, government of India, and industry entrepreneurs have joined hands to attract jobless workers from Surat's diamond industry to garment, embroidery and power loom manufacturing units.

The decision to tap the skilled artisans laid off from the diamond industry was taken by the office of Textile Commissioner following a report in TOI about 20 jobless diamond workers undergoing training to operate power loom and embroidery machines at power loom service centre (PSC) in Katargam.

As per industry estimates, the garment industry at Apparel Park in Sachin needs over 6,000 skilled workers for garment manufacturing and about 15,000 employees for weaving and fabric processing. Industry sources said the government is ready to provide transportation facilities to workers residing in Varachha, Katargam and Puna Kumbharia areas by arranging bus and issuing free train passes to Sachin, some 20 kms from the city.

Textile makers seek loan repayment moratorium

Indian textile manufacturers have sought a two-year moratorium on repayment of term loans, withdrawal of excise duties on man-made fibres and waiver of service taxes on exports as well as taxes on textile machinery. The embattled textile industry, reeling under a slowdown in demand and high input costs, also seek to bring domestic cotton prices.

Textile firms such as Arvind Ltd (ARVN.BO: Quote, Profile, Research), Bombay Dyeing & Manufacturing Co (BDYN.BO: Quote, Profile, Research) and Gokaldas Exports (GOKL.BO: Quote, Profile, Research) posted losses in the October-December quarter.

The Confederation of Indian Textile Industries (CITI) has sought a two year moratorium on repayment of principal amounts against term loans to avoid defaults and loans turning into non performing assets.

The government can make nationalised banks provide a moratorium, but is tough to say if private banks would follow suit. CITI is also seeking exemptions in

service tax, import duties on man-made fibres and restoration of 4% interest rate subsidy on bank loans of exporters.

Rs 26 billion package to be announced for weavers

The government will soon announce a Rs 26 billion rehabilitation package for the benefit of over 6.5 million handloom weavers across the country, said Textile Minister Shankarsinh Vaghela. Under the package, weavers will be abolished and they will be provided new loans at 7% interest enabling them to carry out their business.

He said we are aware of the adverse impact of economic down turn in the USA, the EU and other developed countries. This is a very challenging situation, and export targets appear to be under pressure and international market conditions are beyond the control of the government.

Vaghela said setting up of seven textile parks in Surat (5) Kutch(1) and Kiara(1) attracting a total investment of Rs 30.35 billion that will generate one hundred thousand jobs in the state in next four months.

Textiles parks being set up under SITP in Punjab

Mr. Shankersinh Vaghela, Union Minister of Textiles, said that the biggest achievement of the government was to turnaround the Indian textiles from the Sunset to Sunrise sector. The rationalization of fiscal duties undertaken during the last four and a half years has provided a level playing field in all segments of the textiles 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 and a half years, which were Rs. 1,08,531 crore between 2004-08 and are expected to touch Rs. 1,50,600 crore by 2012. This enhanced investment will generate 17.37 million jobs by 2012.

He further said that the revival of textiles sector has come after years of low growth. Post Independence, restrictions such as the reservation of knitted and woven products to the small scale units, prevented growth, as the SSI units did not have the financial capacity for investment in expansion. Even the economic liberalization of 1991 and the dismantling of the quota system in 2005 failed to spur the industry into the growth mode. The real impetus to the sector came with the dereservation of small scale sector, and rationalization of duties, implementation

of the Scheme for Integrated Textile Park (SITP) and a renewed focus on Technology Upgradation Fund Scheme (TUFS) to help modernize production.

All segments of the textiles industry are getting benefits under the Technology Upgradation Fund Scheme (TUFS), which ensures the availability of bank finances, at rates comparable to global rates, to modernise production facilities. In Punjab, under the TUFS the government had sanctioned Rs. 10,655 crore against 1,904 applications for modernization and technology upgradation, which constitutes 17.4% and 9% of All India share.

He said that the textiles and clothing exports were US\$ 22.13 billion (Rs. 89,098 crore) in last fiscal compared to US\$ 13.50 billion in 2003-04. The current year has seen a sharp improvement in Indian merchandise exports, and growth has surged much faster than expected, putting an end to the pessimism that reigned in the first half of the last fiscal. The depreciation of the rupee is one of the reasons why exports have picked up.

He said that the adverse impact of economic down turn in USA, EU and other developed countries is a very challenging situation, and export targets appear to be under pressure. The International market conditions are beyond the control of the government. To help the industry to tide over the crisis, the Minister said that he personally took up the matter with the Ministry of Finance and PMO and the government had announced two stimulus packages to help the textiles industry, particularly export oriented sectors.

Technical textile industry needs platform to capture defence business

As the importance of technical textile is rising day by day, market opportunities are increasing and thus the usage of the same is growing rapidly. Currently, approximately US \$120 billion worth of technical textiles is consumed world over and in India it is just \$6 billion.

New Delhi (PTI): The domestic technical textile industry needs to create a platform for stronger industry-defence exchanges and partnership to capture a major part in the country's outlay of about Rs 2,000 crore on clothing and fabric needs of its armed forces and security personnel. According to a study by industry association FICCI, India spends a large amount of money on purchasing uniforms for the 1.5-million-strong armed forces and an equal number of paramilitary and security forces, but the US\$ 8 billion Indian

technical textile industry is losing the business as most of the security-related orders are being carted away by foreign companies, the study said.

A large number of the armed forces and security personnel are required to be equipped with protective and special clothing that are called 'technical textiles'. This requirement is functional in nature and offers a large market for Indian technical textiles manufacturers.



Textile makers ponder new markets as crisis hits

Several textile and garment makers in Bandung have been forced to cut prices and lay off workers as international orders dry up amid a world sweeping financial crisis. Some are looking for new markets outside of Europe and the United States, which have posted reduced orders, said Ade R Sudrajat, Secretary of the Bonded Zone Entrepreneurs Association. He said some 25% of its members had slashed production due to reduced orders. The association groups 100 exporting firms in Bandung, Bekasi, Cikarang, Merak and East Java.

Liem Jo Ping of CV Ceika Pauli Industry said he would wait to see what course the financial crisis would take before he resorted to radical measures, adding that the present crisis differed from the 1998 Asian financial crisis. Currently, buyers in Europe and the US are experiencing a shortage of orders while in 1998, exporting firms reaped huge profits because American and European buyers were not affected by the Asian crisis.



Textile exporters eye US market in recession

The falling retail demand for US produced apparel will give an advantage to Kenyan manufactured goods. Kenyan textile exporters are preparing to take advantage of a crumbling US textile sector which has recorded closures of 13 firms and 10,000 job losses in the last six months alone. Apparel producers in Kenya say the US economic slump has offered local garment manufacturers an opportunity to fill the gap left by the collapsed textile firms.

The cut-down on production in the US is good for Kenyan apparel manufacturers, it will create several opportunities, said

Jonathan Chifalu, the Public Relations Officer at the Export Processing Zones Authority (EPZA), which promotes Industrial and Economic Development through investments in economic zones.

Most textile firms, which manufacture and export apparel duty-free, are set up under the EPZ.

According to the EPZA, last year, 68% of the apparel manufactured in the industrial parks was sold in the US markets. Kenya exports clothes to the US under the African Growth Opportunities Act (AGOA), which gives sub-Saharan African countries the right to export to the US market duty and quota-free.



Wool price crash prompts hoarding

Hundreds of bales of wool are being stockpiled by southern farmers refusing to sell at rock-bottom prices. The international commodity price for New Zealand wool has fallen from NZ\$4.15 a kilo in January 2009 to about \$3 the lowest for 14 years. Federated Farmers national President Don Nicolson, who farms near Invercargill, has sold none of his wool clip for the past four years in protest of the falling prices.

In 1990 farmers were getting \$5.15kg, worth about \$8 today, Mr Nicolson said, while the export receipt had plummeted from \$1.8 billion 20 years ago to a forecast \$500 million this season. Although farmers were stockpiling it was at a critical point.

Wool competition intensifies

Competition in the New Zealand wool industry has intensified, with the announcement of a new marketing venture for carpet wool. Rural servicing company Elders has launched a Wool Marketing Enterprises venture with the aim of increasing demand and profitability for New Zealand strong wool in the US carpet market. Elders have signed an agreement with the world's largest carpet retailer, CCA Global Partners. It will provide an integrated supply pipeline from 800 wool growers to retail stores.

Elders Rural Holdings Managing Director Stuart Chapman says the aim is to reverse a decline in demand for strong wool and increase the return that growers get for their clip. The move will involve one of the biggest New Zealand wool exporters.

IVORY COAST

Export of cotton exports decreased in 2008

Exports of cotton from Ivory Coast totalled 202,836 tonnes during 2008, down about 3% on the same period last year. Ivory Coast's annual cotton output was around 400,000 tonnes before the civil war, but fell to about 150,000 tonnes last season.

Ivory Coast's main port of Abidjan also exports cotton from neighbouring Burkina Faso and Mali. Rail shipments of cotton from Burkina Faso to Abidjan resumed in December 2006 for the first time since a 2002-2003 civil war split in Ivory Coast. Road deliveries restarted in March 2007.



TANZANIA

Cotton yield up by 82% during 2008-09 crop seasons

Tanzania's cotton yield in the 2008-09 crop seasons has risen by 82% to 365,731 tonnes, but sales are being hampered by the global economic slump. In the 2007-08 (November-August) season, Tanzania produced 200,665 tonnes of cotton, earning the country \$47.1 million, said Member of Tanzania Cotton Board.

Cotton harvested has already surpassed the Board's projection, made mid-last year, of a 40% to 50% jump in production for the 2008-09 season. The Board has yet to tally how much cotton has earned so far in the current season, but said the global financial turmoil was hurting the sector.

The global slowdown -- which has led Tanzania to lower this year's economic growth forecast to 7.3% from an earlier 8% has hurt prices of commodities such as cotton and depressed markets in Europe, the United States and Asia.

The Board said it was difficult to quantify the direct loss from the slowdown, but due to it, 26,803 tonnes, or just over 148,000 bales of cotton, had yet to find buyers.

The Board further said that 98% of the crop grows in seven regions in western Tanzania known as the Western cotton growing areas, where the planting season starts in November. Most of these areas are semi-arid and cotton is the main cash crop. Most farmers grow cotton on pieces of land that average 1-2 hectares each season.

Tanzania's cotton sector has long complained of unfair competition from farmers in the United States who receive subsidies for growing their crops. Other challenges the sector faces include low quality of cotton due to rampant contamination of seed cotton and lint, and poor infrastructure for the distribution of farm inputs and collection of cotton. Major buyers of Tanzanian cotton include India, Indonesia, China, Thailand, Pakistan, Vietnam, Portugal, Bangladesh, Kenya, Malaysia, Mauritius and Turkey.



TURKMENISTAN

1 million tonnes of cotton harvested

Turkmenistan's President Gurbanguly Berdimuhamedov signed a decree to provide cotton sowing in 545,000 hectares of sown areas and cotton collection in the amount of 1.0 million tonnes in 2009. In 2008 cotton-growers succeeded in gathering the same volume slightly exceeding 2007. The document stipulates to allocate sowing seeds in the country given natural-soil terms of territories and upon the plan approved by the Turkmenistan's Ministry of Agriculture.

The document was signed to realize decisions made on basic reformation of agriculture, to increase volumes of cotton owing to rational use of land, water resources, agricultural equipment and mineral fertilizers and high quality agro technical service.



USA

Denim jeans market fraying at the edges

Sales of jeans in the US have been driven by the popularity of premium denim in the last few years, including the extension of premium denim brands onto kids' racks, but sales are expected to slide over the next few years a recent report says. Denim jeans make up one of the most fragmented, but also one of the most lucrative sectors of the apparel industry, with products aimed at men, women, teens and infants.

Denim jeans accounted for US\$5.2 billion of the US\$15 billion bottoms market in 2007, according to Report author Konzept Analytics, but a decline in the market in 2008 is seen as the start of a downward trend that is likely to continue in coming years.

Sales of women's jeans among 25 to 34 year-olds fell a sizeable 15.3% to US\$1.09 billion in the 12 months through March 2008, says the 'US Denim Jeans Market Report: 2008 Edition'. The most significant growth is coming in the 55 to 64 year-old age group, with sales rising 15.2% to US\$592.5 million.

In recent years market growth has also been driven by demand for premium denim - jeans priced at more than US\$100. The worldwide premium denim market is estimated at US\$4 billion, with the women's segment growing at 37% in 2008 and men's up 34% in the same period.

The extension of premium denim brands onto kids' racks is part of the wider trend of luxury marketing pervading nearly every corner of the consumer marketplace. The top end of the children's market has seen the biggest sales gains over the past two years, the report says.

By age, sale of jeans wear have increased significantly in the age groups of 13-17 years and 25-34 years. By volume, it is the men's/boy's jeans shipment market which is almost double when compared with that of the women's/girl's jeans shipments in US.

Demand for nylon filament and staple fibre is likely to increased

The US\$1,000 million nylon industry -- the first synthetic fibre produced ever, has been performing in a very sluggish manner in recent times. Nylon production has been hovering between 3.8 million tonnes to 3.9 million tonnes since the past 5-6 years. Investments are severed in this industry which is facing serious competition from cheaper material of polyester and polypropylene.

Research and development is limited to further improvement in the nylon performance with little effort to explore new usages. However, engineering nylons have been showing great potential for its usage in automobiles, aircrafts and engineering goods.

Injection moulding is another area explored recently. Many top companies in the past have been developing nylons of higher grade for exclusive application on a standalone basis. This trend is seen diminishing and companies are attempting to homogenize nylon products to endeavour application on mass basis. Future demand for nylon will largely come from industrial and home textile (basically floor covering) rather than from textiles. ♦