Around the World

AUSTRALIA

Merino Company launches new wool brand

In response to customer demand, the world's first certified and traceable non-mulesed merino (n.m.m.) wool brand platform has been launched by The Merino Company (TMC), purveyor of natural fibre, textile and apparel solutions for retailers and brands globally. TMC's n.m.m wool brand platform is a guarantee that the merino wool is sourced from growers who have a commitment to animal welfare – they must have either never used the practice of mulesing, or have changed their practices and ceased mulesing.

William Lempriere, CEO of TMC said "TMC understands our customers' requirements for merino products that are of the right quality, while also satisfying core values of animal welfare, environmental and social responsibility. We work directly with dedicated wool growers around the world enabling us to source exactly the right quality and quantity of certified and traceable n.m.m. products from greasy wool, yarn, and fabric right through to finished garments".

To provide certainty to customers and unique to the industry, all wool entering the n.m.m brand must have legal declarations from the relevant body or wool grower and supporting verifications from a third party. TMC verifies that n.m.m wool is processed separately and the integrity of the batches is maintained throughout processing.

"We don't accept any forms of mulesing under the n.m.m. brand, including clips, tail stripping, or surgical mulesing. Our n.m.m. wool brand customers are committing to an animal welfare standard, indicating to consumers that they will be receiving a product that is animal friendly" remarked William.

Taking it one step further, TMC can also provide customers with customized web based traceability programs, tracing n.m.m. products from Source to Shop.

BANGLADESH

Lower market prices of apparels worries exporters

The decline in unit prices being offered for apparels from international buyers has become a concern for Bangladesh exporters, on the back of ongoing global financial meltdown and higher costs of doing business. The exporters lament they are offered a price that is 10% lower than they were offered before the recession, for which they could hardly make any profit.

Reazuddin Al-Mamoon, Managing Director of Epyllion Group, a leading exporter, pointed out that every year buyers are slashing the prices of readymade garment (RMG) products from Bangladesh, even though raw material prices are on the rise. Fazlul Hoque, President of the Bangladesh Knitwear Manufacturers and Exporters Association pointed to the recent lending rate cut and said only 1% cut is very insignificant to tackle the situation stemming from global crisis.

Import of Indian yarn through Benapole port

There are about 300 yarn spinning factories in Bangladesh, with an annual yarn production of 9,000 kt. Local spinners were confronted with losses and cumulating stocks two months ago due to an influx of India-origin yarn, which was 20% cheaper than domestic product. However, the situation changed in the past 6 weeks as Bangladesh government has limited the import of yarn through Benapole port. Maksons Group is planning to establish an export-oriented comprehensive textile enterprise. The company is expected to start commercial operation in September 2010 and it will use yarn to produce 8.7 million yards of finished fabric.

CAMBODIA

Labour unions demand drastic increase in wages

Four labour unions, together, have demanded from the government and the garment factories an increase in wages by more than 80%. The current average monthly wage is around US $50 per month and they have demanded $93 per month. The unions demanded that garment workers will start migrating to other means of employment, as a decent salary will encourage them to stay on in their current jobs.

They allege that the workers are paid just $1.93 per day, far lower than the $3 per day recommended by the National Institute of Statistics to ensure an adequate standard of living for the workers. Therefore, due to the recession, the workers are not able to avail of overtime due to the slowdown in orders and this has led to them receiving just the normal salaries, which is too low for survival. The factory owners on the other hand are saying that the timing of the demand is wrong and at a time most of the factories are operating at low capacities due to a slowdown in orders, the workers should have refrained from raising these demands.

CHINA

Measures to boast textile trade

The Chinese government is expected to allocate 2.9 billion US dollars in 2009 to help Chinese firms upgrade technology to boost domestic demand and encourage economic restructuring. The money will distributed through rebates on loan interest payments for key industries including the steel, non-ferrous metals, petrochemical and textile sectors.

The interest subsidies for supporting technology upgrades may stimulate an additional 460 billion yuan in investment from companies and local governments, according to the State Council statement. Furthermore, China will sell more than half its government stockpiles of the fiber in a bid to ease tight domestic supplies. The government will sell 1.523 million metric tons, the China National Cotton Reserves Corp. and the China National Cotton Exchange said today in a statement.

The total includes 1 million tons of recently harvested fiber at a minimum price of 12,900 yuan ($1,890) a ton, or 85.74 cents a pound, and 523,000 tons from earlier crops at a minimum of 12,500 yuan a ton, or 83.08 cents a pound, the organizations said.

INDIA

Rs.11 billion per year subsidies to textile mills

India will spend Rs.11 billion annually till 2012 to provide subsidies to textile mills upgrading their technology, said Dayanidhi Maran, Textiles Minister. The Technology Up gradation Fund Scheme, which provides a 5% interest subsidy to firms, has been extended till March 31, 2012. The government granted Rs 13.5 billion between April and December 2008 under the scheme and Rs 43.7 billion in 2007-08. India's overseas textile sales, about 13% of all exports, have been hit by declining demand from key markets like the United States and Europe, as well as a firming rupee. Growth in textile exports was flat in the year to March 2009 from a year ago, where it stood at $22 billion.

According to Dayanidhi Maran the Textile Minister, Indian textile sector will require more fiscal stimulus from the government and Rs 300 billion of investment annually to maintain growth momentum.

He said there are many challenges before the textile sector. The government will impart momentum to this $52 billion industry by striving to achieve a growth rate of 8%-10% per annum.

India's textile exports have been hit after recession at developed nations. India seen losing out to Asian competitors in textile exports and competition from Bangladesh, China and Vietnam is threatening the Indian textile industry.

Mr Atul Ujagar, Country Director, Nike India, Sri Lanka and Pakistan, said textiles and clothing exports for 2007-08 were worth $22 billion. Readymade garments' exports were around $9.5 billion. Compare this with China, whose apparel exports alone were $120 billion.

For 2007-08 (July-June), Bangladesh's readymade exports were $10.7 billion. Even Vietnam is catching up with apparel exports worth $9.05 billion. It is projected to reach $11.5 billion this year. Indian textile and clothing exports during April-December were $15.27 billion against $15.25 billion in the previous period - a mere 0.12% increase. The US imports of textile and clothing in calendar 2008 declined of 3.34% from around the world. Imports from India declined 0.55%. But even in these tough times, Bangladesh, China and Vietnam managed some growth in the US markets. The impediments to the country's growth, according to Mr Sukesh Kumar, Managing Director, South-East Asia, Kufner Textiles India, were lack of infrastructure, government red tape and lack of adequate awareness about concepts such as Special Economic Zones.

China fakes Indian textile labels in Africa markets

Textile exports from India to Nigeria fell 50% in 2007-08, but Indian textile brands continue to sell in Africa thanks to Chinese exporters. Textile exports from India to Africa and elsewhere have been on the decline amidst the global economic slump, but Indian textile labels still have a huge market in Africa due to Chinese exporters.

India's textile exports to Nigeria have fallen to around Rs. 119 crore in 2007-08, from Rs. 224 crore in 2006-07, but reports point to huge import of India-made textiles into the African country. It has been found that Chinese textile and clothing manufacturers are selling products with fake 'Made in India' labels in Nigeria. This revelation has come back to back on news of Chinese pharmaceutical manufacturers selling fake 'Made in India' medicines. The Textile Ministry in India has requested the Commerce Ministry to take up the issue with relevant authorities in Nigeria and China through diplomatic channels and stop this influx of fake textile products in to Nigeria.

Textile industry expects a rise in duty drawback rates

The government of India is likely to come up with export reforms for the domestic textiles industry in the upcoming Budget, including a rise in duty drawback rates. The textiles and clothing amounts to $55-billion industry is one of the three largest foreign exchange earners, among IT and gems and jewellery, is not keeping pace with the government's projections for the current five-year Plan and has witnessed decline in exports since August last year on a monthly basis.

A senior official in the Ministry of Textiles said that export-related sops were likely in the upcoming Budget in July. Though the industry has put forward several suggestions, accepting all of these may not be possible, however, on the exports front, a couple of changes, including a rise in duty drawback rates, are expected. Duty drawback is the duty rebate on any excisable imported material used in manufacture or processing of goods which are made in the country and exported. It is equal to the customs duty paid on imported inputs, including special additional duty and excise duty paid on indigenous inputs.

RK Dalmia, President, Confederation of Indian Textile Industry, said, "We have asked for an increase of at least 5%in duty drawback rates. In case of garments, the rate should be raised from 10% to 15%, whereas on other textile products, it should be increased from 5% to 10%.

He further said that once duty drawback rates were increased, the industry would regain its competitiveness and would have a level-playing field with global peers. The textile and clothing industry had embarked on a vision of capturing markets worth $110 billion by 2011-12.

He promised to initiate measures to formulate a comprehensive National Fibre Policy and create about 10 million jobs in the sector. India aims to attract investments to the tune of $30 billion over the next five years in the textile sector.

Trevira files for bankruptcy

Trevira GmbH, the German textiles company, which Reliance Industries bought five years ago, has filed for bankruptcy as the steep slowdown in the European markets takes its toll on a landmark acquisition of India's biggest conglomerate. RIL (Reliance Industries Limited) informed the stock exchanges that Trevira had applied in a German court to start insolvency proceedings.

Trevira has filed an application in Augsburg Court in the state of Bavaria, Germany for the commencement of insolvency proceedings with a restructuring plan.

The development follows efforts by the company to overcome the impact of the industrial slowdown in Europe, particularly of the automotive and textile sectors to whom it is an important supplier. RIL had acquired Trevira in 2004 for Rs 440 crore in order to strengthen its position as a speciality polyester products maker. The European textile manufacturers are currently facing a severe drop in demand for their products, while the cost of production and employment is increasing and competition from Asian and eastern European industries are stronger than ever.

After the acquisition by Reliance Netherlands BV, a wholly-owned subsidiary, Trevira improved its operations and gained in reputation before being severely impacted by the recent global financial crisis resulting in considerable demand contraction in its principal market segments. Trevira, the 53-year old brand, has been supplying high-value branded polyester fibres and filament yarns to the automotive industries and home textiles. It has production units in Germany, Denmark, Poland and Belgium. It reported a turnover of Euro 323 million ($459 million) in 2008. It has 1800 employees. RIL acquired a Malaysian polyester maker, Haulon Corp, for an undisclosed amount last year.

Home textiles industry foresees growth

Textile items such as bed linen, bedspreads, curtains and table linen were bought only during major festivals by majority of the households in India. An increase in the purchasing power of Indian people has fuelled exceptional growth in Indian retailing thereby changing the lifestyle of Indian middle class.

Global home textiles market (consumption) was estimated at around US$105 billion in 2006 and is expected to grow at 15% per annum. This has led to increased investment in Indian textile industry. India is also one of the big players in supply of home textiles after China.

Growing demand for fashion apparels or home textiles is a part of this transformation. Young working couples of urban India take pride in giving a trendy look to their homes by picking up the best home textile items from large retail stores, and multi-brand outlets. At present, home textiles market in India is estimated at Rs 150 billion and the market is set to get bigger.

EGYPT

Egyptian Cotton and US Pima Cotton Exports

The collapse of the major Asian spinners demand for Egyptian and US Pima cotton has greatly affected their exports in 2008/2009 season which has not exceeded 50K Tons.

The imports of China, India and Pakistan of Egyptian and US Pima cotton have not exceeded 13.9K Tons compared to last season 197.3K Tons, which has represented 68% of Egyptian cotton exports and 57% of US Pima cotton exports.

According to Egytex.com Industry Report, the Egyptian cotton exports are greatly dependent on Indian and Pakistan spinners as it exceeded 83K Tons last season, which merely collapsed to 1.5K imports only from India. Egypt's efforts of creating a fund for competitive payments given to Egyptian spinners has not generated demand for Egyptian cotton domestically.

INDONESIA

Garment exports decline by 0.8%

Indonesian garment exports have dropped around 0.8% due to the impact of the financial crisis in the US, said Retmo, Executive Director of Textile Indonesia. She said textile production has declined to 5% as a result of a drop in exports. However, that in the first quarter this year the domestic market was up around 25%. Right now the Chinese market is shrinking and therefore exports to the US, Europe and Japan also declining.

Indonesian garments` major markets are the US, Europe and Japan. Retmo said exports from China, Mexico and India to the US had also dropped almost to 3%. She said however that exports from several countries such as Vietnam and Bangladesh to the US showed an increase.

Retmo said compared with the hike in the domestic market the drop in the garment exports was low because out of total textile production is 65% to 70% for exports while the rest for domestic consumption.

She was optimistic that situation would turn back in the second quarter like in China, South Korea and Taiwan. The recovery in Japan and the US might probably be longer at the end of this year and therefore exports to those countries are expected to start recovering in the fourth quarter.

MAURITIUS

Textile firms show promise and future despite recession

Textile firms in Mauritius that supply some of Europe's biggest high-streets stores say a steady depreciation of the local currency has shielded the sector from falling demand this year. The island's clothing firms which six months ago were absorbing the costs of high oil prices, a strong Mauritius rupee and the vicious slowdown abroad - say the industry has emerged from the first half of 2009 in better shape than expected.

"We have steadied our sales and expect to breakeven this year which given the difficult trading circumstances is a good performance", said Harold Mayer, Chief Executive Officer of CIEL Textiles. Textiles contribute 6.5% of gross domestic product and provide 11% of jobs, according to official data, but a slowdown in developed economies has been worrying officials who fear it will hurt key export markets for textiles.

The government has cut its growth forecast to 2.5% to 2.2% and has approached the International Monetary Fund (IMF) and African Development Bank (AfDB) for precautionary loans. Mayer said most of our customers are trading at 5%-10% less than previously but we have held our market share, perhaps even increased it slightly, with no huge drop in turnover.

Manufacturers say an over-valued rupee came close to ruining the sector, a traditional cornerstone of the $9 billion economy. Against the British pound, the rupee traded at 52.08 rupees, 14% depreciation against last year's high of 45.47 rupees in May. The Mauritius Exporters Association (MEXA) said the shift in the exchange rate had already shored up orders in time for the key British market's peak buying period of March-June. Despite the slowdown, the UK market has not showed weakness. Indeed it has been surprisingly stable and strong.

USA

Cotton prices expected to decline in 2009-10

Based on a price forecast of 60 cents per pound for 2008-09 and an expectation of rising stocks in 2009-10, the ICAC Price Model 2007 forecasts a season-average Cotlook A Index of 54 cents per pound in 2009-10 (the 95% confidence interval is between 41 cents and 58 cents per pound). However, major uncertainties regarding projected cotton trade in 2009-10 pose substantial risks to this forecast. World cotton trade is expected to partially recover in 2009-10, to 6.5 million tonnes (+8%). Chinese imports are projected to rise only slightly to 1.45 million tons. Beginning at the end of May 2009, the government of China (Mainland) started selling cotton from the national reserve to domestic textile mills.

The quantities sold will affect 2009-10 Chinese imports. India is expected to account for most of the expected rise in world exports, with shipments forecast to almost triple to 1.1 million tons. However, US exports are expected to decline by 11% in 2009-10 to 2.3 million tons. In 2009-10, world cotton production is expected to decline for the third consecutive season to 23.4 million tons (-1%). Production is expected to decline in China (Mainland), Brazil, Uzbekistan, the CFA zone and Turkey. However, production is forecast to increase significantly in India and slightly in the United States.

World cotton mill use is expected to increase by 2% to 23.3 million tons in 2009-10. This projection is based on a modest recovery in world economic growth in 2010. Cotton mill use is expected to increase in China (Mainland), India, Pakistan, Bangladesh, Indonesia and Vietnam, but to continue to decline in the United States and many smaller consuming countries in Asia, North America and Europe.

Design Weave to offer Temperature-Regulating Sheets using Outlast® Technology

Outlast Technologies Inc. - developer of temperature-regulating technology for apparel, footwear, bedding, packaging and labels, and accessories - has announced that its Outlast® technology will be available for the first time in sheet sets. Outlast has licensed the technology to China-based home textile manufacturer Design Weave Inc., which will manufacture the new product line at its 200,000-square-foot factory.

Initially created for NASA astronauts, Outlast temperature-regulating technology features microencapsulated Thermocules™ that absorb excess body heat, store it and then release it when the body is cold, thereby balancing a sleeper's skin temperature, according to Outlast. The new bedding products offering the technology include sheet sets, blankets and comforters.

"We're excited to be able to offer these products through our new licensee Design Weave Inc.," said Guy Eckert, executive vice president, Outlast Technologies. "These new developments complement our core bedding business and enable us to now offer retailers a complete Outlast sleep system."

The products will be labeled according to Outlast's Bronze, Silver or Gold tier-based comfort rating system that designates the amount of heat storage capacity in a product. The new line of bedding will be introduced at the New York Home Furnishings Market Week, to be held September 15-19 in New York City.

VIETNAM

Battling textile industries optimistic

Vietnam's garment and textile companies are encouraged by forward export orders after export turnover reached its lowest growth rate, 2%, in May and reduced by 11% last month. In previous years, domestic garment and textile companies received most export orders for the following Northern Hemisphere fall in the first two months of the year. But by the end of January and February, most companies had only received orders for March. Despite the sluggish growth and economic recession, companies remain optimistic.

The Ha Noi-based Garment 10 Joint Stock Company has orders for August and September and plans to deliver 1.5 million items monthly to European partners. In the first four months, our company's export turnover reached $25 million, up 15% from the same period last year, said Managing Director Hoang Minh Khang.

To help achieve the results, the company sent representatives to the European Union to find partners. Its biggest, a Danish company, ordered 800,000 items this year. The company also has a contract to send 7,000 suits a month to a Japanese firm.

The US and EU, which have taken 70% of the nation's garment and textile exports, were the industry's main markets. However, in the first four months of this year, exports to the two markets fell sharply as sales to other Asian markets, such as Japan, increased. Khang said in previous years, half of Garment 10's exports went to the US. The rest went to the EU and Japan.

Now, 35% goes to the US, 40% to the EU and the rest to Japan. The US remains the biggest importer of Vietnamese garments, but Japan is the new target market for companies as the free trade agreement eliminates tariffs between the two countries. Exports to other Asian markets have risen 20% recently.

ZIMBABWE

Cotton output to decline in 2008-09

According to the U.S. Department of Agriculture seed cotton production in Zimbabwe decreased by 6.25% from 224,000 tonnes in 2008 to an estimated 210,000 tonnes in 2009. Lint production in MY 2009-10 is expected to reach 98,400 tonnes of which lint exports are expected to reach about 78,500 tonnes.

The Zimbabwe government has changed the biotechnology policy and now allows Bt cotton trials under the supervision of the Biotechnology Authority of Zimbabwe. Currently there is no commercial cultivation of Bt cotton in Zimbabwe.◆

Made in Germany at ITM 2009

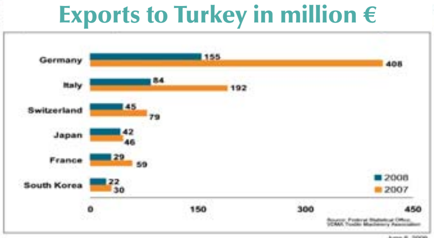
On occasion of the ITM 2009 in Istanbul, well known German textile machinery companies presented their products and services. Since many years, Turkey ranks among the most important export markets for German textile machinery. Therefore, the VDMA Textile Machinery Association initiated an official German participation at ITM, supported by the Federal Ministry for Economics and Technology. ITM 2009 is taking place in a difficult market environment: The German textile machinery exports to Turkey – a market that is traditionally subject to fluctuations – decreased by 60% in 2008 compared to 2007 and reached a volume of about 155 million Euros.

This drop was mainly caused by the sharp decrease in the demand for spinning machinery. The German exports to Turkey in this sector declined by 80% to some 55 million Euros. In 2008 the exports of weaving machinery reached about 17 million Euros (minus 12%), those of knitting and hosiery machinery about 48 million Euros (minus 26%), those of finishing machinery about 35 million Euros (minus 13%).

In Turkey the production of nonwovens and other industrial fabrics enjoys more attention since some years. Germany is the largest manufacturer of technical textiles and nonwovens machinery. Apart from machines or processes for the production, the German companies offer know-how for product engineering and their own textile research centres for tailored machine design. Taking advantage of this offer will help Turkish textile industry to cope in a flexible and creative way with the requirements of the market.

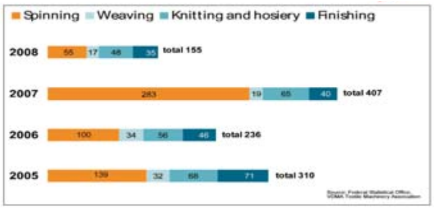
According to VDMA, "the German exhibitors at ITM showed that they are reliable partners for the Turkish textile industry even in difficult times. Turkish textile manufacturers already relying on German technology are aware of the long-term advantages "Made in Germany" offers: Due to low maintenance charges and reliability in production, the initial investment for a German textile machine pays off after a few years."

International Textile Machinery 2008 Exports to Turkey in million €



German Textile Machinery Exports to Turkey in million €

German Textile Machinery 2005-08 Exports to Turkey in million €



German Textile Machinery Exports 2008 in million €