Around the World

AUSTRALIA

Wool prices rising in US$ and Euro terms

Wool prices significantly increased in US dollar terms in second week of July in Australia, reflecting very good demand despite the sharp decrease in the American currency. The strength in the euro stimulated demand from Europe which is expected to continue with sales of excellent qualities at Newcastle.

It is also interesting to note that wool prices significantly rose in Australia in all currency terms. A rebound in the Australian dollar compared with the U.S. dollar did not depress demand. As a consequence, the Eastern Market Indicator (EMI) gained 3.2% in US dollar terms or 24 cents at 769 cents. Nevertheless, US dollar prices are still below their level two months ago. Euro prices were slightly up with the Australian dollar declining against the European currency. In Australian dollar terms, the Western indicator rose 1.3% or 12 cents at 916 cents per kilo clean.

Demand was not depressed by prospect of larger offer in the next week when sales of fine and super fine wool will be held in Newcastle, again attracting very good demand from Italy.

BANGLADESH

Exports of jute bag rise due eco-friendly shopping

Jute goods makers export around 100,000 shopping bags a month on average to different countries. They hope scope for more shipments will widen next year, as some European countries are set to ban polythene bags in 2010.

Eco-concerns drive demand for biodegradable bags on the global market, giving rise to the exports of shopping jute bags from Bangladesh.

"In our products line, shopping jute bags are the most popular among importers as European and American consumers are opting for environment-friendly bags which can be used repeatedly," said Milton Suranjit Ratna, a senior officer of Corr-The Jute Works.

Corr-The Jute Works exported over 600,000 jute bags in 2008 mainly to Germany, The Netherlands, Sweden, UK, USA, Canada, Japan, Switzerland, South Korea, and France.

Creation Private Limited, a jute goods maker, exports around 50,000 shopping bags to those destinations a month. Two years ago, the number of jute bags exported by Bangladesh would not exceed 100,000 annually, said the sector people.

A global initiative for banning environment-unfriendly shopping bags and declaring the year 2009 by the United Nations as International Year of Natural Fibres has fuelled demand for jute bags. Achim Steiner, executive director of the UN Environment Programme, has recently called for a ban on polythene bags and said: "Single-use plastic bags which choke marine life should be banned or phased out rapidly everywhere. There is simply zero justification for manufacturing them anymore, anywhere."

According to reports, France and Germany will ban the use of non-biodegradable polythene bags next year. Furthermore, US is looking for a viable alternative to polythene bags.

San Francisco has completely banned plastic bags. Los Angeles will do so in 2010. Also, Washington, D.C.'s city council is set to vote on a five-cent-a-bag tax later this month. Now the United States uses an estimated 90 billion thin bags a year, with most used to handle produce and groceries. The global context has made a multi-billion dollar global shopping bag market, opening up a huge opportunity for the country's golden fibre.

On the potential of jute bag exports from Bangladesh, the sector people viewed that non-perishable polythene bags will go out of market in the years to come, driving demand for Bangladeshi jute bags. On the other hand, more and more chain shops around the world are phasing out the use of polythene bags in their shops and using bio-friendly natural fibre bags instead.

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Jute bag exports rise as demand for eco-friendly products increase.

CHINA

Over 7.5 million textile workers stand to lose their jobs due to financial crisis

The China Textile Industry Association released its "Annual report of social responsibility of China's textile and garment industry from 2008 to 2009", the report says that large scale textile enterprises in China have been hardly hit by this round of financial crisis, widespread losses of the enterprises have caused more than 7.50 million textile workers in the state of job insecurity. This is the third annual report on corporate social responsibility released by the China Textile Industry Association.

China's textile enterprises create more than 20 million direct jobs, which are indirectly relating to the livelihood of 100 million people. Business environment of China's textile enterprises has been deteriorating since 2008, industry profits rapidly decline.

The industry for the first time saw a negative growth since 2003, in January to February 2009 alone, the number of loss-making textile enterprises (above-scale) reached 12,644, an increase of a 13.54% year-on-year, loss coverage was as high as 25.17%.

According to the report, as of November 2008, shrinking situation of the industry employment became quite obvious, employment of large-scale enterprises fell by 1.24% year-on-year, loss-making enterprises (above scale) involved employment of more than 7.5 million people, this figure does not include small and medium-sized textile enterprises that have been even more seriously hit, thus, leading to a great employment pressure on practitioners within the textile industry.

According to the latest data, China's textile industry showed improvement over the first quarter, but the industry still stays at the bottom.

From January to May this year, exports of textile products declined 1.42% year-on-year, while the drop in the first two months was as high as 17.18%, employees in large-scale enterprises decreased by 225,000 people compared with the end of November 2008.

But the financial crisis also promotes the upgrading of the textile industry, pushes the adjustment of its industrial chain, enhances product value for the industry to gain more profits.

ETHIOPIA

Textile exports to USA have grown under AGOA

The African Growth and Opportunity Act (AGOA), the free trade pact with the US provides preferential access to Sub-Saharan countries in to US markets till 2015 and also has special provisions for exports of textiles and apparels. This act was enacted to help these African countries open their economies and build free markets in the region.

The main idea behind the act was to help these countries grow their economies, by opening up the biggest market in the world, said Mr Endalkachew Sime, Secretary General of the Ethiopian Textile and Garment Manufacturers' Association (ETGAMA).

Exports eligible under the newly-added AGOA product categories amounted to only US $0.2 million in 2001, the first full year of operation of AGOA.

This increased to $1.3 million in 2002, which exclusively consisted of textiles, apparel and agricultural products. AGOA/GSP exports have gone up steadily, but slowly, year after year since 2005, representing an increase by $4.8 million through 2007.

Total AGOA/GSP exports were $5.1 million in 2005 and reached $7.2 million by the end of 2006. AGOA/GSP exports for 2007 reached $8.9 million, the highest ever since Ethiopia started exporting under AGOA.

The growth in export value has continued showing remarkable increase in the year 2008. The year-to-date total AGOA/GSP exports from Ethiopia to the U.S grew from $5.423 million in 2007 to $18.087 million in 2008, indicating more than a two fold increase.

Ethiopia has continued to increase exports and from January-June 2008, Ethiopia's AGOA exports reached $9.7 million, surpassing $8.9 million achieved during the entire 2007 calendar year.

The latest data available for almost every product exported under AGOA/GSP show large increases, including textiles and apparel (up 162%), foliage/bouquet filler (up 115%), live plants (up 122%), fruits and nuts (up 1,495%) and also this achievement has come on back of a reputation carried by the Sub-Saharan countries of exporting commodities, which used to account for a majority of exports to the markets of the US in the last few years.

INDIA

Budget 2009 expected to meet the demands of textile industry

The recently-launched 100-day agenda of the Textile Ministry has heightened the expectations. Expanding beyond conventional markets of the US and the UK and looking for opportunities in other prospective markets such as Japan and the eastern countries, increasing the scope of the popular Technology Upgradation Fund Scheme (TUFS), and establishing integrated textile parks (ITP) in order to provide world-class infrastructure to the industry for setting up textile units – all these would need a supportive Budget.

The industry, being a net foreign exchange earner for the country, looks for some special incentives for exports. A 100% tax exemption on the export earnings for a temporary period of time, a reduction in interest rates on pre- and post-shipment credit, a robust export incentive scheme, which should be capable of providing encouragement to neutralise every form of tax costs embedded in the export products, and also reducing the procedural hassles in obtaining these incentives will make the export industry competent to face the competition from countries such as China.

As a short-term step, the industry expects rationalisation of fiscal structure, exemption from the levy of service tax, rationalisation of the inverted duty structure on raw materials/ intermediates of synthetic fibres and yarns, exemption from the levy of Special Additional Customs duty under Section 3 (5) of Customs Tariff Act on raw materials, and exemption/ concessional rate of excise/ customs duty on importation of textile machineries and equipments.

The industry requires mechanisms to recoup accumulated CENVAT credit (because of inverted duty structure). Another key area that requires attention is exemption from levy of Special Additional duty of 4% due to the inability of the units which opt for zero-duty regime.

The industry also expects rationalisation of the excise duty rates for instance excise duty rates of the man-made fibre manufacturers to be aligned with that of cotton manufacturers. These can provide the much-needed impetus to the industry serving both the domestic and the international markets.

On a medium-term, the industry expects an increase in the momentum of the implementation of TUFS, Scheme for Integrated Textile Parks (SITP), and the Technology Mission on Cotton (TMC) in the Eleventh Five-Year Plan period.

In the long-term policy, the industry expects macro initiatives such as improvement in the infrastructure, labour law reforms, and the creation of new business orientation in line with the global trends.

The industry expects special incentives for exploring newer markets such as Gulf Cooperation Countries (GCC), namely Bahrain, Kuwait, Oman, Saudi Arabia, Qatar, the UAE, and Africa, Latin America, Russia and Oceania.

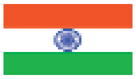
Expansion of Focus Market Scheme to all countries where export performance is 5% or less of total volume of exports, and expansion of Focus Product Scheme to the export of silk/woollen garments would help the industry in exploring newer opportunities. The industry is eagerly awaiting the implementation of a comprehensive Goods and Service Tax (GST), which is expected to eliminate the multiple taxes, and rationalize transaction taxes with simpler procedures for recouping input taxes on exports.

Package worth $627 million for textiles industry

The government has offered a helping hand to the country's ailing textile sector by announcing a Rs.3,000-crore ($627 million) financial package to waive loan overdues of handloom cooperatives and make available loans at concessional rates for the industry. The government has formulated a financial package of Rs.3,000 crore for waiver of the overdues of loans of the handloom cooperatives of the country and also, to provide loans at concessional rates of 7% per annum, said Minister of State for Textiles Ms. Panabaka Lakshmi.

According to the Kolkata-based Directorate General of Commercial Intelligence and Statistics, India's textiles and clothing exports have reported a growth of over 7% year-on-year in rupee terms between April 2008 and February 2009. However, in dollar terms, it recorded a decline of 5.31%,' Lakshmi said.

According to her, the government will implement five new schemes during the 11th Five-Year plan period (2007-12) for the development of the handloom sector and the welfare of weavers. Integrated Handloom Development scheme, Handloom Weavers' Comprehensive Welfare scheme, Marketing and Export Promotion scheme, Mill Gate Price scheme and Diversified Handloom Development scheme are the five schemes.



INDIA

Textile exports to United States decline by 14%

India's textile and clothing exports to the US have declined by over 14% at $1.7 billion in the first four months (January-April) of 2009 compared to the same period in 2008 due to slump in demand. India's textile and clothing exports to the US declined by 14.09% at $1.78 billion in January-April 2009 compared to $2.07 billion in the same period last year.

Minister of State for Textiles Panabaaka Lakshmi said the government announced two stimulus packages to boost India's exports, including textiles. The measures announced under these packages include additional allocation of Rs 1,400 crore to clear the entire backlog of Technology Upgradation Fund Scheme (TUFS). Meanwhile, in the Budget 2009, the government extended interest subvention scheme up to March 2010, besides allocating funds worth Rs 3,140 crore under TUFS and Rs 397 crore for the Scheme for Integrated Textile Park (SITP).

Having grown by over 11% in the first six months of 2008-09, the textile exports started falling in October ending the fiscal with overall decline of 10% at $20 billion.

Lectra offers IT route to garment industry

The demand for cost-cutting information technology (IT) solutions in the Indian textile industry has increased and the large garment companies have been replacing their workforce with IT-backed automated machines to increase production to compete in the global market.

The global cutting machine-cum-software solution providers including France-based Lectra and the US-based Gerber Technology have established their footprint utilizing larger companies' interest in cutting cost.

Currently, India has more than 10,000 textile units, spanning from cotton knitwear, hosiery and synthetic readymade garments. But on an average, only 20%-25% operations in these units have been automated, said L.J Prasanth, Managing Director of Lectra Technologies India (Pvt) Ltd, a subsidiary of Lectra.

He said the company was present in India through its partner for the last ten years. Following growing demand for its CAD/CAM products in India, the company has set up its direct office in Bangalore last year to offer across the table technical assistance to customers.

More than 800 textile units in India are currently using Lectra's software and machine products. He claims that textile units could save around 15% cost by using the company's software solutions.

Economic Survey of India

High interest rates, lack of credit, high raw material prices and recession in the US and Europe have hurt the country's cotton textile industry, according to the Economic Survey of India. All these factors, the Survey noted, led to a decline in textile fabric production by 1.9% to 54,966 million square metres in 2008-09. The powerloom and handloom sector saw a decline in production by 3.1% and 3.9%, respectively, in 2008-09 over the year-ago period. Factors such as higher price of cotton, high interest rates, problems in credit availability and demand slowdown in major importing countries led to the decline in cotton textiles.

However, the hosiery industry saw a modest increase of 2.3% and the mill sector registered a marginal growth rate of 0.8% in the last fiscal compared to the previous year.

Textile Minister Dayanidhi Maran earlier said the country's textile exports declined by about 10% in 2008-09 to about US$ 20 billion compared to the previous fiscal due to slump in demand in economies like the US and Europe. The textile industry also suffered because of the high cost of raw cotton. The government had increased the minimum support price by 40% in 2008-09.

India's apparel exports fell 10% in June, reflecting the sharp decline triggered by the global economic recession. Indian clothing exports are also negatively affected by the removal of US quotas on Chinese products. Indian exporters lowered their prices this year but are still in direct competition with China.

The US dollar heavily fell in June against the Bangladeshi taka and the Vietnamese dong, threatening efforts to lower retail prices and boost apparel consumption. The Sterling's rebound over the first half should help UK importers in cutting prices on a very depressed market. The euro is more stable and could decline later this year.

EU clothing import prices jumped in euro terms over the first quarter this year, in most HS 4-digit categories. This is mostly due to a weaker euro while US$ prices were relatively stable. Bangladesh resisted competition from China on specific product segments, as reflected by comparison of EU imports from 11 major origins for a large number of product categories.

Declining raw cotton exports from India

Among the major countries that import cotton from India are China, Bangladesh, Pakistan and Indonesia. China emerged the largest importer last year.

In June 2009, cotton exports plunged 64% to 92,071 bales (of 170 kg) against 2.56 lakh bales exported in May 2009, as per information released by Textile Commissioner's Office in Mumbai, India. The total exports between August 2008 and June 2009 stood at 22.86 lakh bales compared with 85 lakh bales in 2007-08.

Exporters registered with the Textile Commissioner's office to ship 3.64 lakh bales of this, 92,071 bales were exported. Therefore, government has made it compulsory for all exporters to register with the Textile Commissioner's Office before actual exports are made.

The industry body Cotton Association of India had estimated exports to touch 40 lakh bales, about 10 lakh bales lower than the Cotton Advisory Board's outlook in February 2009.

Trade sources believe that the country may not even achieve the revised export target. Indian cotton has very few takers in the international market as the prices quoted by the exporters are very high. As it is, the demand for cotton has fallen substantially due to the economic slowdown.

Specific duties on textile be revised to match ad-valorem rate

The Indian Economic Survey suggested that specific customs duties on textiles be revised in such a way that they match ad-valorem tax rates. Ad-valorem tax rates are a proportion of the value of product, hence it increases automatically once the value of product rises, unlike specific duty. It suggested that these duties be reduced gradually, so that they do not exceed 30% ad valorem and convert them to ad-valorem rate once WTO negotiations are concluded.

Industry seeks incentives and export package

The textile industry has intensified its efforts to get duty on man-made fibres removed in the Budget itself, even when the Textile Ministry is in the process of setting up an expert group to examine the issue. In its pre-Budget memorandum to Finance Minister, Mr Pranab Mukherjee, the Confederation of Indian Textile Industry (CITI) said, "Excise and customs duties on all man-made fibre may be removed. Countervailing duties imposed on import of all fibres may be removed, since access to cheaper global fibres will improve cost-competitiveness.

The textile sector is also seeking removal of customs and excise duty on on the liquid fuels used as feedstock for their captive power plants

The textile industry was one of the drastic hit industries on the back of Global economic melt down. As a result, the labour intensive industry has observed many layoffs of the skilled work pool in FY09. Although the problems relating to liquidity in the industry was addressed in Interim Budget 2009-10, by releasing the entire pending TUFS amount till FY 09, and extending interest subvention etc; these measures didn't meet the needs of the industry.

Textile industry has decided to explore new export markets like Bahrain Kuwait, Oman, Saudi Arabia, Qatar and UAE, Latin America, Russia and Oceania; implementing National Fiber policy; inducting momentum to the implementation of Technology Up gradation Fund Scheme, Scheme for Integrated Textile Parks and Technology Mission etc. Diversifying export's portfolio of textile industry to various other countries will reduce risk of dependence on US and EU nations and improve the foreign earnings.

The exemption of excise and customs duty on liquid fuels, abolition of service charge, Rescheduling of loans for all Textile and Clothing units will reduce pressure on the industry and will help to improve liquidity in the Industry.

Textile Minister, Mr Dayanidhi Maran said the new policy should be in place within a year. While there is no customs duty on cotton, the import of synthetic fibre entails 5% duty putting the user of the man-made fibre at a disadvantage.

INDONESIA

Free trade with China

The Indonesian Industry Ministry has agreed to reassess the costs and benefits of the China-ASEAN free trade agreement, and may even propose a postponement. Textile producers from Indonesia argue that full implementation of the agreement next January, which is expected to end to all import tariffs, would amplify the already unbearable pressure from the influx of Chinese goods.

The Indonesian Textile Producers Association (API) explained that local producers are not ready to compete against their Chinese counterparts, should the FTA's implementation goes ahead as scheduled. Chinese producers are leveraged by government subsidies, creating unfair global business competition. Recognizing the reality, the Industry Ministry is planning joint study with corresponding bodies in other ASEAN countries on the impact of the FTA specifically on the domestic textile industry, said Ansari Bukhari, the Industry Ministry's Director General for metal, textile, machinery and miscellaneous industries. ASEAN comprises of Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Burma, Cambodia, Laos and Vietnam.

API Deputy Chairman Ade Sudrajat suggested that prior to opening up its markets to China; ASEAN countries should try to improve trade within the region. Textile and garment trade between ASEAN members is still small, accounting for only 7% of the US$29.6 billion recorded in 2008 for total textile and garment exports from the region and we need to boost this to at least 20% before moving forward with an FTA.

KENYA

Thousands of textile jobs at stake

Textile companies say the decision by Finance minister Uhuru Kenyatta to reduce import duty on yarn and second hand clothes puts at risk some 6,200 jobs. The Kenya Association of Manufacturers (KAM) say the tax directives by the minister would have a negative impact on the textile industry. The letter, by KAM chief executive Betty Maina says that the new tariff scenario does not encourage the local spinning industry and is not conducive in development of the textile value chain "which is so crucial for the survival of this industry."

Betty Maina says that the industry took a compromise position in the East African Community common external tariff negotiation by accepting a three-band tariff structure. The structure agreed is zero for fibre (raw materials), 10% for yarn (intermediate), 25% for fabric (finished product) as well as apparel (finished product). This structure allowed the degree of processing to be adequately sheltered against imports and dumping, she said.

During his 2009-2010 Budget, the Minister said that the tax measures would help make local industries continue in business. Minister has reduced import duty on all synthetic yarns, acrylic yarn, polyester yarn and high velocity yarn from the current rate of 10% to 0%. On second hand clothes the minister said that the current global economic recession had made it difficult for ordinary Kenyan to make ends meet, and thus this measure is important in the context of local economy.

MALAWI

Malawi Cotton Company to generate employment opportunities

The President of Commissioned Malawi Cotton Company, Mr. Bingu wa Mutharika said the company had the potential to provide employment to over 1,000 people and also increase economic activity in the township.

The investment by the Malawi-Mainland China bilateral partnership is worth US$25 million and the company will possibly help in setting up new small and medium businesses as entrepreneurs exploit job opportunities generated from the Chinese investment.

The project includes an up-to-date cotton ginnery, cooking oil extraction and textile manufacturing plants with residue processed into cotton seed cake all under one roof.

The Malawi government expects large benefits from the investment as besides a reliable market for by products like cheap cooking oil, cotton seedcake, textiles, all of these are expected to generate also a lot of taxes as well provide employment.

This business venture would provide an alternative market to the cotton growers, which would ensure remunerative prices for the cotton growers. At present, more than 300 people have been employed on the wages of K300 an 8 hour day while the minimum wage approved by the government is K167 an 8 hour day.

The company occupies 28 hectares of land is planning to employ about 1000 people after starting full operations and will organize research on the cotton varieties suitable for the local environment. It also made plans to distribute 45,000 sacks to the farmers for packaging of cotton. Recently, Malawi President Bingu wa Mutharika has challenged International Monetary Fund (IMF) that he will not devalue the currency.

PORTUGAL

European Commission offers €832,800 for textile workers

The European Commission has approved an application from Portugal for assistance from the European Globalisation adjustment Fund (EGF). The application will now be sent to the European Parliament and Council for decision. If approved, the €832,800 requested will help 1,504 redundant workers in the textile sector back into employment as quickly as possible.

According to EU Employment Commissioner Vladimír Špidla, in the Portuguese textile sector, 97.8% of unemployment is concentrated in the Norte and Centro regions. Therefore, Portuguese authorities have chosen to apply for EGF funding, which will help to get these workers back onto the labour market as quickly as possible. The Portuguese application concerns workers made redundant in 49 small- and medium-sized enterprises in the two neighboring regions of Norte and Centro. The northern region of Portugal is the most specialized in the EU in the textile and clothing sector. In terms of employment in this region, the sector represents over 14% of the total labour force. In the Centro region, the textile and clothing industries represent 15% of industrial employment.

Following the end of the World Trade Organization Multi-Fibre Arrangement at the end of 2004, imports of textile and clothing articles into the EU from lower-cost countries almost doubled. EU producers, including those in Portugal, were faced with a very competitive market. In addition, much production has relocated from the EU to low-cost countries (China and India in particular).

The total estimated cost of the package of EGF assistance, which will include career guidance, vocational training, support for entrepreneurship and skills recognition and certification for the redundant workers is €1.6 million, of which the European Globalisation adjustment Fund has been asked to fund €832,800.

SOUTH AFRICA

Second hand textile equipment sold to Asian Countries as factories close down

More than R100 million worth of South African textile industry equipment has benefited the industries of countries such as India, Bangladesh and Indonesia, which have been buying the equipment through online auctions for the past four years.

In recent years Textile Horizons, responsible for plant disposals and individual machinery sales, has entered into a joint venture with GoIndustry DoveBid, one of the world's largest online auctioneering firms, to handle all textile-related projects in sub-Saharan Africa.

Textile Horizons partner Reg Taylor said "we have carried out the disposal of seven major textile mills ranging from spinning (to) weaving, knitting, dyeing, printing and finishing plants." Closed-down mills included Valley Textiles, David Whiteheads, Table Bay Spinners, Team Puma and Court Fabrics. Da Gama Textiles, one of South Africa's leading textile producers, had been downsized.

Textile Horizons has more recently been mandated to dispose of the South African Nylon Spinners plant in the Western Cape, which closed last year. The company is assessing the value of the equipment.

TURKEY

Turkish collaboration for medical and hygiene products plant

The first textile production facility to produce medical and cosmetic cotton was opened on June 29 in the Ashgabat Textile Complex, the construction and erection of which, was done by a Turkish enterprise.

A modern plant has been built for the processing of cotton, which will employ around 140 people. The plant has a capacity to produce 4,200 tonnes of medical cotton and 12.4 million packages of cosmetic cotton products per year.

The raw material needed for manufacturing medical cotton is available in adequate quantities, since Turkmenistan is a major producer of cotton. The processing plant was inaugurated by the President of Turkmenistan.

The Ashgabat textile complex located in the southeast of Ashgabat vividly exemplifies an effective approach to organization of production requiring advanced technologies and marketing decisions.

The complex supplied with up-to-date equipment includes several factories with the complete manufacturing cycle. Ginned cotton is delivered to the textile complex, which manufactures knitwear of high demand all over the world.

USA

Textile and apparel trade with Philippines

Rep. Jim McDermott (D-WA), a Member of the House Ways and Means Subcommittee on Trade said that Industries Act of 2009 increased textile and apparel trade between the United States and the Philippines.

The legislation, HR 3039, would provide for duty-free treatment of apparel products generally not produced in the United States, but links this benefit for the Philippines to a requirement that they use American-produced yarn and fabric.

McDermott said legislation will protect and sustain thousands of existing jobs in the United States and in the Philippines, and its provisions will promote the creation of new apparel industry jobs in both countries.

While the United States and the Philippines have mutually benefited from strong economic and cultural ties that date back decades, recent years have brought significant challenges to the American textile industry and the Philippine apparel industry in particular, and McDermott's legislation will strengthen these industries.

Annual apparel imports from the Philippines have declined by almost a billion dollars since 2000, and U.S. textile exports to the Philippines are quite small at only about $20 million in 2008. This bill will provide a direct path for American textile producers to gain a foothold in the Asian market and, at the same time, enables Philippine garment producers a chance to compete against much larger East Asian countries.

The United States and the Philippines share a long and rich history," said American Apparel & Footwear Association President and CEO Kevin M. Burke. He said efforts to tear down barriers to trade will strengthen the relationship we share with our 30th largest trading partner while working to benefit our textile and apparel industries.

ICAC report: Cotton production expected to increase

Cotton production is expected to increase in three largest producing countries, after China, that is, India, United States and Pakistan. However, significant production declines are expected in Turkey, Brazil and the CFA zone, says an International Cotton Advisory Committee (ICAC) report.

ICAC forecasts cotton mills use outside of China higher by 1%, at 14.2 million tonnes, in 2009-10. Both cotton imports and exports from the world excluding China are expected to recover slightly in 2009-10, to 5.1 million tonnes and 6.5 million tonnes, respectively.

Due to a faster increase in supply than in use, cotton stocks, outside of China, are forecast to continue to grow by 4%, to a record 9.5 million tonnes, by the end of July 2010, accounting for two-thirds of cotton mills use in that region.

In China, cotton production is expected to decline by 7% , to 7.5 million tonnes, in 2009-10. Cotton mills use is expected to increase by 3%, to 9.3 million tonnes, slightly recovering from a sharp drop in 2008-09. Chinese imports are expected to increase only slightly, to 1.5 million tonnes, in 2009-10. Chinese stocks are expected to decline by 10%, to 3.4 million tonnes. Based on the price forecast of the 60 cents per lb for 2008-09 and it expected increase 56 cents/lb in 2009-10.

Decline in demand for acrylic staple fibre

The US$550 million acrylic fiber industry has been reporting poor performance over the past few years. Sixty-one producers spread across 56 countries with a little less than 3 million tonnes capacity is facing a severe demand crunch and sharp rise in input cost. In 2007, consumption declined 6% over 2006 while production fell by over 9%.

The predicament was the doubling of prices of acrylonitrile – the major raw material, in the last four years. Product price during the same period was up by 50%-60% implying the inability of the ASF producers to pass-on the rising costs.

Furthermore, ASF producers were seeking alternative for acrylonitrile or diverting to other form of production – particularly - acrylic filament, a precursor to carbon fibre production.

In this scenario, investment is hard to come in the acrylic fibre business. According to YnFx demand for ASF would increase at an annual rate of growth of 2.3% between 2008 and 2013, with demand peaking in 2009. With no major capacity built-up and slow pace on demand would see capacity utilization rising and the reduction in oversupply gap.

VIETNAM

Cotton production to decline due to Crop substitution

Farmers' shift to more profitable crops such as corn, sweet potatoes and soybeans will result in 56% fall in cotton production this year in Vietnam.

As per the report, in the cotton year ending on July 31, cotton production is expected to decline by 2,570 tonnes from 5,880 tonnes a year earlier, since the area under cultivation decreased to 5,210 hectares from 12,500 hectares.

The report also said that the cotton output will rise to 2,960 tonnes in the next cotton year. The worldwide economic slowdown left its marks on the demand from the garment and textile industry, which will result in the fall of imports in current crop year probably by 8.1% to 230,000 tonnes from 250,150 tonnes in the previous year. The Vietnam National Textile and Garment Group (VINATEX) intend to invest VND3.5 trillion to expand the cotton planning area in three Central Highland provinces. ◆