## AUSTRALIA

### Signs of recovery due to revised wool production forecast

Australian wool production is forecasted to remain at 80 year lows this year, there are signs of recovery as higher sheep prices and better rainfall are positive signs for Merino ewe production. Australian Wool Production Forecasting Committee has revised its forecast for Australian shorn wool production in 2009/-0 to 330 mkg greasy, compared with forecast of 335 mkg greasy. The forecast for 2009-10 is around 30 mkg greasy lower than the 2008-09 seasons.

The Committee Chairman, Russell Pattinson, said the main driver for the lower wool production in 2009-10 is the lower number of sheep in Australia. The Australian sheep flock is being affected by the production of sheep for meat, with more lambs being produced and slaughtered and strong demand for live export, particularly from Western Australia.

The Australian Bureau of Statistics recently released its final estimate of the number of sheep in Australia as at 1st July 2008. At 76.9 million head, this is 2.3 million head less than ABS' preliminary estimate.

Based on this lower estimate, together with the latest statistics on sheep and lamb slaughtering and live sheep exports from the ABS, the Committee estimates that opening sheep numbers for the 2009-10 seasons will be around 70 million head, a fall of around 8%.

The Committee also estimates that shorn wool production in 2008/09 was at 359 mkg greasy, a fall of 10% compared with the 2007-08 season. This is higher than the March forecast as AWTA wool tests in April-June were higher than previously anticipated.

The national Committee drew on advice from the six state committees, each of which includes brokers, growers, private treaty merchants, representatives from state departments of agriculture, and the Australian Wool Testing Authority.

Wool production is forecast to fall in every state in 2009-10, with the smallest percentage declines compared with 2008-09 expected in Tasmania and South Australia, and the largest declines expected in the largest wool producing states of Western Australia, New South Wales and Victoria.

## BANGLADESH

### Growth in garments exports

Despite a sluggish export performance of several major products in Bangladesh, overall exports were recorded at moderate levels, mainly earnings from the woven and knitwear sectors. Woven garments take up over 80% of export, and posted 14.5% growth in the fiscal year, fetching $5.9 billion. Export figures also exceeded the $5.7 billion target by 4.13% in fiscal 2008-09. Earnings from the sector were $5.2 billion in fiscal 2007-08.

In fiscal 2008-09, knitwear sector fetched $6.4 billion, 16.21% rate of growth over the pervious year's earnings of $5.5 billion. But the sector's earnings dropped 2.35% short of the $6.6 billion export target. In fiscal 2008-09, terry towels and handicrafts, achieved export growth, exceeding targets. Meanwhile, footwear, home textiles, textile fabrics and agricultural products posted growth, but fell short of targets set by the government.

### Jute sector still facing crisis despite states support

Textiles and Jute Minister Abdul Latif Siddiqui said that two more state-owned jute mills had begun operating since the government assumed power, although the mills were still losing money due to rampant inefficiencies. The government is paying out Tk 7,000 crore to Tk 8,000 crore every year because state-owned mills do not run efficiently; whereas private mills are operating at a profit.

Siddiqui said few workers had been hired in the sector since 1980, which had led to chronic manpower shortages at state-owned jute, textile and cotton-yarn spinning mills. There were now 14 state-owned jute mills operating in the country, and Tk 100 crore of salary arrears owed to employees in state-owned concerns had now been paid, out of a total Tk 600 crore arrears. The remainder will be paid soon, and cases involving disabled and deceased workers will be treated as a priority.

World Bank country director Xian Zhu has suggested Bangladesh to consolidate jute production in the more efficient mills and create a market-responsive and cost-competitive industry. This measure should be complemented with good corporate governance within the BJMC mills to ensure that both public and private mills can compete on equal footing is the need of the times.

### BGMEA seeks stimulus to withstand crisis

Readymade garment (RMG) factory owners in Chittagong, hit hard by global recession coupled with severe power crisis and poor infrastructure, have demanded that the government immediately come up with a bailout package to help them make up for the losses they have been facing for the last six months.

Experiencing around 30% drop in orders from foreign buyers during the time, at least 47 out of 742 RMG units in the port city were forced to suspend their production. As the factories have been shut down since February 2009, around 10,000 people became jobless.

The leaders of Bangladesh Garment Manufacturers and Exporters Association feared that it would not be possible for the owners to keep the usual production pace if the situation does not improve with government intervention. They blamed the poor placing of buying orders for the absence of sufficient direct air links and a 5-star hotel in the commercial hub.

## CHINA

### China economic prosperity index report

China economic prosperity index report in textile industry shows that since the second quarter of 2009, part operation indexes in textile industry have changed towards active orientation, among which, the prosperity indexes in both textile enterprises and chemical fiber enterprises have recovered obviously, the prosperity index in garment manufacture enterprises has also rallied again; both the sales index and investment index in the above-mentioned three fields have presented the warm-up trend.

The related information released by China Textile Industry Association also shows that the industrial production growth has increased as compared with that in the first quarter and the operation quality has been improved; at the same time, among the 173 enterprises followed and surveyed by the association, 87% of which are expected to hold equal amounts or more product orders (including both domestic and overseas sales) compared with the early 2009.

Textile industry plays an active role in adjusting structure and promoting transformation and upgrade, which has also boost the development of the industry.

## Chinese survey reports shift in textile business

China is planning to further release its cotton stock from government reserves after disposing of 0.5 million tonnes of cotton out of total 1.5 million tonnes allocated reserves.

According to one Chinese survey in 17 provinces, 49.2% companies showed their intention to quit textile business and restart some other business. 27.3% companies said that the pressure of appreciation of Yuan is becoming unbearable. 44.4% have started selling export-oriented products. Investment in textile industries and related business has been cut by 15.5% while profit margins are also declined drastically. 2/3rd of the surveyed companies admitted that their profit margins have reduced to 0.62%.

It is worth mentioning that Chinese exports to US are completely free from all restrictions so its exports particularly of textile goods have increased since then while exports of other countries have shown negative growth.

## Anti-dumping duty on viscose yarn

The government of India has imposed anti- dumping duty of up to US$ 11.38 per kg on imports of viscose rayon filament yarn to counter cheap Chinese shipments. After concluding that imports from China and Vietnam are taking place at dumped prices which have caused material injury to the domestic industry, the Directorate General of Anti-Dumping and Allied Duties (DGAD) had recommended anti- dumping duty on the yarn.

The duty would be ranged between US$ 4.72 per kg and US$ 11.38 per kg, the Finance Ministry said in a notification. Earlier, the government had imposed duty on several other products, including yarns, fabrics, colour picture tubes, some aluminum products and chemicals.

# GHANA

## Cotton growers urge Government to save sector

The Cotton Growers Association of Ghana has appealed to government to take steps to save the cotton industry from collapse. According to the group, current happenings within the cotton industry if not immediately dealt with would cause the demise of the industry which is currently on a 'life support system'. The local cotton industry has however been identified as a crucial element in government's desire to save the local textile industry from extinction.

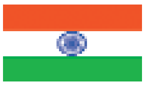
National Chairman of the association, Abdul Rahman Mohammed said the main problem facing cotton production is unreliable funding for farmers' activities. He also called on government to include cotton farmers in such programmes as the fertilizer subsidy so that they would also be able to produce more cotton for the textile industry. He was very critical about the cotton trading companies in the country who had huge unpaid loans or had either turned bankrupt and was also not paying the farmers on time, due to paucity of funds. He requested the government to bring in competition in to the cotton trading industry by luring foreign investors, which would make the local traders sit up and not to take undue advantage of the cotton farmers.

# INDIA

## Cotton exports to increase 2009-10

India's cotton exports are likely to rebound in 2009-10 with 1.4 million tonnes of the fibre projected to be sold in the overseas market, the International Cotton Advisory Committee (ICAC) said in a statement. The fibre export from India, the world's second largest cotton producer, declined substantially last year as Indian prices remained uncompetitive amid global economic slowdown that hit demand badly. The shipments are estimated to be below one million tonnes in 2008-09.

According to ICAC, the global cotton demand is expected to recover slightly this year depending on an improvement in the world economic growth. The demand is forecast to recover marginally to 23.5 million tonnes in 2009-10.



## INDIA

### Textile industry looks towards new markets

India's textile industry plans to tap newer markets to beat an economic slowdown in traditional markets: US and Europe. According to Executive Director Siddhartha Rajagopal of Texprocil, "We need to access new markets and already there is a big effort going in Japan and Australia, as textile exports in 2008-09 is estimated to have fallen to $21 billion from about $22 billion last year and attempts to reach out to new markets is still at a nascent stage. The share of these (new) markets is limited.

About 65% of exports is to the US and EU. Despite efforts to wrest orders from other exporting countries, the US-EU share is unlikely to come down significantly. Countries like Bangladesh benefit from zero duty under the LDC (least developed countries) programme with Australia, New Zealand, Norway, Canada and EU.

While others, like Turkey and Vietnam, also have lower infrastructure, labour and cost of capital. India at present has only one trade agreement for the textile sector with SAARC, a regional bloc that includes Pakistan and Bangladesh. China has more than 1,200 textile items which are duty free. India has got over a 100 of them, which have 6% duty and tariffs are coming in the way.

The problem was compounded by the global slowdown in the West, which hurt exports for much of 2008-09 and the decline accelerated in April-June 2009. Textile and clothing exports to US, India's largest partner, fell more than 14% in Jan-April, the sharpest among Asian peers.

Domestic demand cushioned some of the effects of the downturn. In 2008-09, the industry was estimated to be $55 billion, of which the domestic sector constitutes $34 billion.

### E-marketing initiatives to promote Indian handicrafts

The textiles ministry, in a bid to improve exports in the global slowdown and launched its e-marketing initiatives to promote and sell Indian handicrafts and handloom products. As there is global recession, less and less people are travelling to India, but now with our internet initiatives, customers can buy products online, said Dayanidhi Maran, Textiles Minister.

He said domestic textile industry was severely impacted as exports crashed due to global slowdown in the last fiscal. The ministry would monitor the online sales periodically and move away from the traditional 'brick-and-mortar" approach for deeper penetration in the US and European markets.

According to the ministry, the e-marketing market is worth Rs 37,000 crore annually and the portal will host more than 1,000 wide-ranging handicrafts and handlooms products with specifications, including origin and place of production with a single window gateway for procurement.

The ministry also reaffirmed that applications for subsidies under the Technology Up gradation Fund Scheme (TUFS) up to June 30 have been cleared and total amount Rs 2,546 crore would be allocated shortly.

### Excise duty on man-made fibre and yarn

The increase in the excise duty from 4% to 8% on man-made fibre and yarn, and on several other inputs for synthetic textiles in the Budget 2009-10 has contributed to the declining profitability of the synthetic fibre sector of India. Synthetic textiles make up around 65%-70% of global apparel trade, out which Indian exports of synthetic textiles is around 20% - 25% as cotton continues to be the dominant segment in the domestic textiles industry.

The tough competition, overcapacity and demand slowdown have put the companies in a dilemma over the price hike. The general feeling in the market is that customers may not be able to digest the additional burden, said Jaykishan Pathak, President, the Bombay Yarn Merchants Association.

He said since, spinners, particularly the mainline spinners have not passed on the benefits of the last excise cut, this time the situation is such that they will have to absorb the hike as production capacity of partially-oriented yarn is rising, whereas demand is subdued in the local market and if spinners hike prices it will be difficult to digest the hike.

R.L. Toshniwal, Managing Director, Banswara Syntex, said the nominal profits made in the blended yarn sector will be wiped out due to the excise hike as passing it on may not be easy. Reports suggest that spinners based in south India have hiked prices by Rs 2.50 a kg on polyester-blended cotton, which is a 1.5% hike as producers are taking no chances to pass on the burden before studying the market's cost absorption ability.

According to G K Gupta, Chairman of the Synthetic and Rayon textiles export promotion council, hike in excise is going to affect export oriented units as chances of enhancement of drawback rate seems to minimal, such a step will result in negative growth for exports.

O.P. Lohia, Managing Director, Indorama Synthetics said that it is hard to understand the logic behind the government's move to increase the excise duty on man-made fibre. Though it is difficult to pass on the prices to the end-consumers as market is resistant to a price rise. Reliance Industries, Indorama Synthetics, Bombay Rayon, Grasim Industries among others are the major textile firms operating in the synthetic textiles sector which are likely to be impacted by the government's recent move.

### Textile investment package for Southern states

Investment of Rs. 6,900 crore in textiles projects in the southern States of Kerala, Andhra Pradesh, Karnataka, Tamil Nadu and Puducherry is projected during the current year.

Tamil Nadu and Andhra Pradesh will account for 95% of the investments. The bulk of the projected investments will come in the private sector, said in a study of Confederation of India Industry (CII), which also predicted an early revival in growth for the textile industry in the country as a whole.

The CII review found that sales and profitability of the textile sector, especially mills and textile and clothing units, has improved and revival is expected to translate into higher demand for spun yarns, while spinners are reporting a slightly slack demand for cotton and polyester cotton yarns, polyester viscose yarn manufacturers continue to receive export orders.

The textile sector's financial performance was hit by the rupee appreciation since 2008, which made Indian exports uncompetitive.

There has also been a gradual slowdown in the growth of cotton consumption caused by declining export sales and shrinking profit margins. The CII study found a sharp increase in operating costs and subsequent decline in margins during 2009.

The industry expects about 8% decline in cotton production in India, which is the second largest producer of cotton in the world, accounting for close to 20% of the world production. There could be about 5% decline in domestic cotton consumption in 2009, but the CII study expects a marginal growth in consumption in 2010. In the wake of firm prices in 2009, there are indications that

India's cotton acreage may increase from 9.37 million hectares in the current year to 9.5 million hectares in 2010.

## Assocham study: Textile sector far from recovery

The textile sector, has not yet showed any sign of recovery, according to an Assocham Eco Pulse (AEP) study titled 'India Textile Scenario' shows that the textile sector, which provides employment to about 91 million people, contributing about 13% to export earnings and 4% to India's GDP, is still suffering from the global slowdown as indicated by declining exports and massive layoffs.

Assocham says that despite marked improvement in the financial position, the Indian textile sector continues to face serious issues involving transaction cost and raw material. The government should, therefore, focus on infrastructure facility related to the supply chain and provide low cost logistics service to the sector. The sector also requires higher technology up gradation and active involvement of new technology.

Assocham has asked the government to increase allocation under the Technology Up gradation Fund Scheme (TUFS) for textile firms from 3,140 crore to Rs 4,500 crore to help the sector come back on growth trajectory. The government had given Rs 2,632 crore under TUFS in 2008-09 and has earmarked Rs 2,606.62 crore for this fiscal.

Textile exports in 2008-09 registered a decline of 1.71% from $22.13 billion in the previous fiscal to $21.75 billion. The sector witnessed an increase of 50% in investment during 2008-09 to Rs 49,613 crore from Rs 31,161 crore in 2007-08. Assocham further said that the government should create an investment friendly environment by providing low interest loans to investors.

# JAPAN

## Statistics from Japan Textile Machinery Association

The Japan Textile Machinery Association reported that production of textile machinery dropped 68.3% year on year to 6,818 million yen in June 2009 compared to the previous month. Production rose by 3.3%, and thus appears to have finally hit bottom, but the main category of looms was only slightly over 10% of June 2008 production at 500 million yen, compared to the previous month, loom production remained at a low level, falling by 51%.

June production of other major categories were: knitting and braiding machines, 3,767 million yen (down 52.3% year on year); preparatory machinery, 1,038 million yen (down 71.1%); and fibber-making equipment, 985 million yen (down 69.2%). The order backlog rose by 12.7% from the previous month to 16,563 million yen, but dropped by 62.2% year on year.

# MALAYSIA

## ASEAN integrating textile and apparel industries

With combined exports over US$30 billion, Asean is undertaking vertical integration of the textiles and apparel sector within the region to expand the sector and protect the interest of 6 million workers involved in the industry. International Trade and Industry Minister Datuk Mustapa Mohamed said regional integration would offer opportunities for expanding intra-Asean trade as well as Asean's exports to the global market.

He said Malaysia, as the country coordinator for Asean in the textiles and apparel sector, agreed to facilitate the process towards the integration. We want to share expertise, boost market share and help the workers.

In Malaysia, the 662 licensed textiles and apparels companies that are in operation have invested a total of RM8.3 billion last year, domestic investments amounted to RM105.4 million while foreigners poured in RM302.95 million. The sector employs 57,000 workers.

Malaysia exported RM10.5 billion worth of textiles and apparels in 2008, an increase of 4.1% and 1.9% respectively, compared to 2007. In the first five months of 2009, the exports totalled RM3.5 billion, compared with RM4.1 billion in the corresponding period in 2008. The main export markets for Malaysia are the United States, Turkey, Japan, Singapore and Mexico.

Malaysia has undertaken progressive steps in liberalising the textiles and apparel products sectors. On August 29, 2008, import duty for 33 lines on textiles and accessories were reduced from a range of 20% to 30% to 10% to 20% while duties on 106 lines of textiles and apparel were abolished on November 14, 2008. These include man-made textile materials and fabrics and cotton yarn. Under the Common Effective Preferential Tariff, tariffs will be abolished by January 1, 2010.

# MOZAMBIQUE

## Government calls for tax exemptions to re-launch textile industry

Providing tax exemptions for a "long period" is the strategy drawn up by the Mozambican government to re-launch the country's textile industry, said António Fernando, Mozambican Minister for Industry and Trade.

While speaking to journalists after a visit to Texlom, he highlighted the importance of attracting investors to the sector, which used to be one of the country's most dynamic area in 1990s. Texlom, which was Mozambique's largest company in the textile sector before closing in the 1990s is now known as Moztex. This mill is expected to start operating again at the end of August, as a result of an investment of US$2 million carried out by the Aga Khan Foundation for Development.

In order to attract investment to the textile sector, the government is offering a package of tax incentives, including "tax exemption for long periods. The possibility of Mozambique textile products entering the United States' market, within the framework of the African Growth and Opportunity Act (AGOA), approved by the US administration in favour of some poor countries, was also an attractive aspect.

# NIGERIA

## Textile industry in crisis due to smuggling and imports

Over 104 textile companies in Nigeria have closed shop due to the combined factors of an unfriendly manufacturing environment and the high incidence of smuggling and imports, said Adesanmi Adeduro, Managing Director of Banquaires Facilities Intl Ltd. Out of the 140 textile companies, the 104 have stopped producing, with over 200,000 workers losing their jobs, and most of the retrenched workers are now commercial motorcycle riders.

Commenting on the state of the textile industry, Mr. Adeduro said that smuggling has been a major challenge to the local industry; over ₦4 trillion worth of textiles materials are smuggled into the country yearly.

Another challenge facing the industry is the pace of the government on implementing the bailout funds for reviving the textile industry. He therefore urged the government to establish a regulatory framework harmonize taxes to enable the industry grow. The government should patronize local manufacturers ensure that the relevant security agencies perform their duties, he concluded. In the 1980s, Nigeria had over 140 textile companies, but can hardly boost of 40 now. The few that are left are producing at less than 10% of their installed capacity utilization. The influx of textiles and fabrics into the country is a result of government's failure to implement its political will on banned textiles and monitor our porous borders. This will continue to impact negatively on the textile industry.

The Federal government promised a ₦70 billion fund to bail the out industry, but the fund has been enmeshed in controversies, and was not even included in the 2009 budget.

## SOUTH AFRICA

### Wool exports to China hit record

South Africa, the world's second-largest exporter of apparel wool, posted record wool exports to China during the 2008-09 seasons. Exports of unprocessed wool to the Asian nation grew 53% to 21.2 million kg from 14 million in the 2008-09 seasons, Cape Wools said in a statement.

The total value of the wool shipped to China amounted to 622.7 million rand, which is slightly down on the previous season due to lower wool price levels. Total export volumes of partly processed wool had dropped to 27.2 million kg from 29.4 million in 2007-08.

South Africa mainly exports unprocessed wool to China, and also smaller quantities of scoured wool and wool top. Exports to other countries including Italy, the Czech Republic, Germany and India had fallen due to the slowdown in retail demand for clothing caused by the global economic downturn.

### Africa textile industry calls for an extension of US trade deal

African countries which export textiles and clothing to the United States are calling for an extension to a U.S. law which gives them favourable market access, said Jaswinder Bedi, Chairman of the African Cotton and Textile Industries Federation (ACTIF), which represents 17 countries.

AGOA has accorded duty and quota-free access for many sub-Saharan African nations' products such as textiles since 2000, but it is scheduled to expire in 2015, a deadline which Bedi said caused uncertainty, keeping potential investors away. The problem with a time-bound agreement is that it creates a lot of uncertainty and a lot of predictability issues, so the buyers don't want to really put up a fully-fledged.

U.S. Trade Representative Ron Kirk, the first black person to hold the post, attended the annual AGOA Forum which opens in Kenya's capital had made attention to African trade concerns a feature of his first few months in office. He is expected to tell West African nations that the United States can only cut cotton subsidies as part of a larger pact where developing countries like India and China open their markets to more U.S. cotton exports.

## THAILAND

### Textile exports increase as buyers shift from China

Textile exports are expected to improve in the latter half of the year as international buyers shift from higher-cost Chinese producers to local firms, said Virat Tandejanurat, Director of the Thai Textile Institute.

He said foreign buyers have also shifted away from countries suspected of using child labour. The industry's peak sales season falls in the latter half of the year and orders for this period have increased as buyers move away from China.

Customers see Thai products as a better choice because the quality is higher while the prices are relatively indifferent. More orders shift away from Sri Lanka and Bangladesh who face child labour exploitation allegations.

Thai textile and garment shipments to the US, which consumes about 40% of the sector's exports, contracted by 28% in the first half of the year, due mainly to its slumping domestic economy and fierce competition from producers whose countries have free trade agreements with the US. The industry's total exports are expected to fall to $7.2 billion this year from US$7.4 billion in 2008.

Thai Textile Institute is also seeking co-operation from the Board of Investment to design special incentives to target foreign direct investment in the local technical textiles segment.

Thailand also has a strong position in producing synthetics, the raw material for technical textiles. Local demand for technical textiles is expected to reach 50 billion baht this year.

## VIETNAM

### Garment industry optimistic about exports in 2009

Vietnam could obtain the garment export turnover of $10 billion this year, $900 million more than in 2008. According to Business Monitor International (BMI), a market surveyor, though Vietnam remains a medium-size garment producer, it has obtained satisfactory growth rates recently and is now 36th in the world in the added value brought about by the industry. Meanwhile, Vietnam has seen positive signs from new export markets, especially from Japan.

Among the 17 categories of products worth over $10 million Vietnam exports to Japan, 11 of them have seen increases in turnover. T-shirts, for example, have witnessed the increase of 161%, while dresses by 58% and kimonos 43%.

It is expected that the turnover of garments exported to Japan in 2009 will increase by 20% over 2008. Moreover, Vietnam has new markets, including Egypt, Turkey and Eastern Europe. It has also got orders to export garment materials to China.

According to the Vietnam Textile and Apparel Association (VITAS), there has recently been an important event for Vietnam's garment and fashion industry: The Asian Fashion Association has accepted Vietnam as the 6th member of the association

Vietnam's membership in the most prestigious fashion association in Asia will help Vietnam's fashion industry get more advantages in promoting trade.

In addition, the announcement that ASEAN's three leading garment export countries, Vietnam, Indonesia and Thailand, may set up an alliance by the end of the year, means that Vietnam may be able to boost exports in the region and cut production costs.

Director General of the Vietnam National Textile and Garment Group (VINATEX) Vu Duc Giang said that garment export turnover was $4 billion in the first six months of the year, down by 4.7% from the same period of last year.

However, when the world's garment demand decreased by 15%, Vietnam's export decrease of 5% proves to be a satisfactory result.◆