

Around the World



BANGLADESH

RMG exports edge down in July-August

Knitwear and woven garment exports, which account for over 80% of total shipments, slipped in the July-August period, dimming prospects for Bangladesh's overseas sales. In the first two months of the current fiscal year, woven garment export declined 2.06 % to \$1,012 million from \$1,033 million in the same period a year ago, according to Export Promotion Bureau statistics. Knitwear exports marked a 0.48% fall from \$1,210 million in July-August 2008.

Both sectors failed to post growth or meet exports targets for the first two months of fiscal 2009-10. The August 2009 earnings show 0.71% growth, but total export earnings for July-August 2009 show a 3.29% decline.

Bangladesh logged \$1.4 billion in earnings from overseas shipments in August 2009. This is the first time that knitwear and woven garments both failed to post growth figures and meet targets. But exports will grow in the coming months as signs of economic recovery appeared in global markets.

However, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Fazlul Hoque said a downward curve might continue for the next five to six months, due to slumping global demand. He also criticized the government's procrastination in disbursing the bailout package, which was earlier announced to shield the export sector from the global financial crisis. President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Abdus Salam Murshedy said the country's export earnings were bound to drop, as it did not receive proper government support to thwart global recession, unlike many other countries in the world. Besides the RMG sector, home textiles, textile fabrics, raw jute and handicrafts also recorded negative growth than last year's performance.

New avenue for RMG exports

The increasing demand for Bangladesh's readymade garments (RMG) made of organic cotton fabrics in western countries has opened up new avenues for apparel makers and exporters.

Exports of such products are on the rise, as major buyers are ready to pay more

because the health-conscious customers in the west find the items environment-friendly, said Abdullah Al Mahmud Mahin, Managing Director of Mahin Group who uses organic cotton fabrics for export-oriented RMG products.

Meanwhile, cashing in on such high demand, local spinners now lean towards manufacturing organic cotton yarn, finds a survey, recently conducted by a giant international RMG brand working in Bangladesh.

In this context, an official of this international company pointed to the fact that the RMG makers are to import such fabrics from India, China and Pakistan as local organic cotton yarn makers cannot meet the entire demand. The main feature of organic cotton fabrics is a sustainable farming method that discourages use of heavy chemicals and maintenance of soil fertility.

Garment exports seen stable in 2009-10

Bangladeshi garment exporters hope business in 2009-10 will match last year's exports of \$12.35 billion but the global economic slowdown means previous rapid growth will be halted, said Abdus Salam Murshedy, President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Garment exports, including readymade garments, primary textiles and knitwear, account for more than 80% of national export income, and in the 12 months to June rose from \$10.7 billion in the previous financial year. Despite a decline in garment exports in the first quarter of this fiscal year, which Murshedy could not quantify, exporters are still trying to attract orders from traditional buyers in Europe, the United States and Japan. BGMEA represents 5,000 garment factories that employ about three million people, mostly women.

Move to improve RMG quality

Bangladesh Garments Manufacturers and Exporters Association (BGMEA) launched a programme, aiming to improve the quality of apparel items in its member factories. The programme, quality improvement programme (QIP), was launched in collaboration with GTZ (German Technical Cooperation). QIP will help 20 factories at two stages to improve production quality.

Although the apparel products of Bangladesh are well-known for maintaining high quality, there is ample scope to reduce

wastage by improving the quality, said BGMEA President Abdus Salam Murshedy.

He hoped that QIP will help attain better productivity and higher quality reducing overhead and operating costs, and brining dynamism into the operation process. Programme Coordinator of GTZ Deitrich Stotz hoped that improved Bangladeshi products would be able to grab more shares in the global market.

Chinese company to invest \$ 25.52 million in Comilla EPZ

Bangladesh Textile and Fiber Industry Limited, a Chinese company, will set up a fiber and non-woven fabric manufacturing industry in Comilla Export Processing Zone. This 100% foreign owned company will invest US\$ 25.52 million in setting up their unit and produce different types of fiber and non-woven fabric. The company will also create employment opportunity for 895 Bangladeshi workers including 21 foreign nationals.

An agreement to this effect was signed between Bangladesh Export Processing Zones Authority (BEPZA) and Bangladesh Textile and Fiber Industry Limited on BEPZA Complex, Dhaka.



CAMBODIA

20,000 garment workers lose jobs

The global economic downturn has forced at least 20,000 workers to lose their jobs in Cambodia's garment industry this year, said Oum Mean, Secretary of State at the Ministry of Labour.

Between January and September, 77 factories were closed across the country resulting in the loss of 30,617 jobs. Although 40 new factories opened in same the period and created more employment, more than 20,000 job losses remained. Another 53 factories also suspended operations during the period but about half have reopened.

In the face of shrinking demand from the US, the largest importer of Cambodian-made garments, the government is seeking new markets for textiles in Asia and Europe. Cambodia's garment industry is the impoverished country's largest source of income, providing 80% of its foreign exchange earnings and employing an estimated 350,000 people last year.



CHINA

Cotton output forecast to 6.7 million tonnes

China is expected to produce 6.7 million tonnes of cotton this year, the China Cotton Association said, cutting its estimate from a previous forecast of 7 million tonnes.

Production in the biggest cotton-growing region, Xinjiang Uighur Autonomous Region, will likely fall 14%-15% from last year's level, while countrywide output is projected to drop 10%-14%. The main reason for the decline in production is lower acreage, which is down 10%, while unfavorable climate conditions from late August to the end of September also contributed to the fall. China is the world's largest cotton producer, consumer and importer.

China's National Development and Reform Commission said earlier that next year's cotton import tariff quota had been set unchanged at 894,000 tonnes. Zhang Xiaoqiang, Deputy Director of the Commission, said last month that the country's cotton production in 2008 totaled 8 million tonnes, 500,000 tonnes more than the earlier estimate.

Positive signals of recovering momentum for China textile industry

Recovering momentum of China textile industry is getting more and more obvious against the worldwide economic downturn that has been enduring for almost two years, according to the statistics unveiled by China National Textile and Apparel Council.

Production output growth speeded up. From January to August, overall output value of the 52,203 above-scale textile companies in China totaled up to 2371 billion RMB, increased by 7.5% as contrast to the same period of 2008. Primary products production snapped back, in which yarns production increased by 9.75% which is faster than last year, fabrics and garments production respectively increased by 1.1% and 3.98%. Chemical fiber production saw the most significant increase to 13.31% which is 10.24% higher than last year.

Investment slightly increased. Overall 188.2 billion RMB was invested in textile industry during the first eight months of 2009 which is increased by

6.55% year-on-year. 5,194 programs were launched which is increased by 23.34% and 33.01% higher as contrast to last year.

Domestic demand steadily increased. Domestic marketing revenue of the first eight months reached up to 1845.8 billion RMB, increased by 11.67%. Domestic demand accounted for 79.91% of overall marketing sales, increased by 3.31% as contrast to last year.

Operating situation kept improving. Per capita productivity of above-scale companies reached up to 331,300 RMB, increased by 8.9% as contrast to 2008. Average profit was 3.73%, increased by 0.16% while gross profit margin was 11.30%, increased by 0.13%.

Industry benefit upturned. Overall profit revenue of textile industry totaled up to 84.47 billion RMB which is a 12.28% growth compared with last year. The downturn momentum from January to May was reversed (-0.14%) with a substantial 12.42% climb up.

Textile, garment exports to suffer largest drop in 30 years

China's textiles and garments exports are expected to slide by over 10% this year, the fastest drop in 30 years, said Sun Ruizhe, Vice President of the China National Textile and Apparel Council.

The value of the country's textiles and garment exports in the first nine months of 2009 amounted to \$121.64 billion, down 11% year-on-year. The export value of textiles and garments in the first eight months of 2009 amounted to \$104.89 billion, down 12%, compared with the same time period of 2008.

Sun said that it is difficult to tell whether the textile industry is really recovering, and suggested companies rely on both the overseas and the domestic markets as they look to get through the economic crisis.

Apparel exporters face tremendous pressures at Canton Fair

It is reported that recently the U.S. textile groups and major textile worker unions are in close communication to study and research the possibility of introducing 421 safeguard investiga-

tions on Chinese apparel imports. It makes Chinese apparel exporters who are preparing for the third stage of Canton Fair face tremendous pressures.

Vice President Zeng-yu of Guangdong Provincial Foreign Trade and Development Corporation said, the EU rapid alert system for non-food (RAPEX) announced 130 reports on Chinese textile and apparel products in the first half, representing an surge of 10.82 times. China's export to the largest export market of China's clothing products fell 8% in the first 7 months.

An expert says that market economy status is the key to reduce trade friction. It is learned that there are 79 countries currently have recognized China's market economy status, but main markets such as the United States, Europe, have not recognized China's market economy status.



EUROPEAN UNION

Fund to help sacked textile and car workers

Commission will release more than €17 million to people who have lost their jobs in Sweden and in Belgium. The European Commission will release more than €17 million of EU money to help people who have lost their jobs with car-maker Volvo in Sweden and Belgium's textile industry.

The money will come from the European Globalization Adjustment Fund (EGF). The fund was created in 2007 to support people who lost their jobs in the EU because of businesses moving to lower-cost economies, but was adapted earlier this year to help reduce the effects of the economic crisis. The money will take the total amount paid out from the fund in 2009 to €31.89 million. Applications to the fund have increased markedly since the start of the crisis.

Nine applications have so far been made in 2009, totalling €60.2 million – far more than the €20.6 million requested in 2008, and the €18.6m requested in 2007.

The Commission said in December last year that it would consider asking MEPs and EU member states to increase the EGF's budget if there were an increase in applications. But the Commission official said that there are no plans to make such a request at present.



Textile Ministry eyes European Investors

India's Textile Ministry will try to attract European investors to achieve the government's target of \$6 billion of Foreign Direct Investment (FDI) by 2015.

India's textiles industry is in need of an additional fund of \$24 billion by the year 2015 to continue a high growth rate of 8%. This may include domestic investment of \$ 18 billion and FDI of \$6 billion. Though India allows 100% FDI in the textiles sector, the inflows were meager at US\$ 200 million in 2008.

In line with the action to attract foreign capital to the ailing textile industry, the government has been recently exploring for various foreign locations like in Japan. Indian Textile Minister Dayanidhi Maran pointed out that India has motivation for foreign investors like low-cost labour and intellectual right protection. The government has permitted 100% FDI in the textiles sector.

The foreign investment is aimed towards establishment of green field units in textiles machinery, fabric and garment manufacturing and attracting investments in the field of technical textiles.

Textile industry likely to grow to \$115 billion by 2012

The textile industry in the country is estimated to reach \$115 billion by 2012 from the present \$50 billion, said Union Textile Commissioner A B Joshi.

He said Textile Ministry is also pursuing Foreign Trade Agreements with the US and Europe and almost 40% of total revenue is expected to come from these countries in the next three-years.

The government is also looking at markets across Russia, China, South-East Asia, Middle-East, Japan and Latin America to promote India's textile exports. It is expected that India's share of textile exports to the world would also increase from the current 4% to around 7% during this period.

According to estimates that country's textile exports have shot up from \$19.14 billion in 2006-07 to \$22.13 billion in 2007-08, registering a growth of over 15%.

The industry accounts for around 4% of the gross domestic product (GDP), 14% of industrial production and over 13% of the country's total export earnings.

Textile exporters use cheaper material, cost-effective design

As overseas buyers of textiles continue to insist on lower prices, large export firms have started using cheaper materials for international markets so they can stay profitable, said Jagdish Hinduja, Chairman, Gokaldas Images.

He has replaced acetate or viscose fabric with cheaper polyester to line the inner side of a garment. That way, it maintains quality and texture of its garments while saving 15%-20% on lining material, substantial when done in large volumes.

And with demand for premium wool suits drying up in foreign markets, Gokaldas is producing more polyester viscose suits at nearly half the price of woollen suits.

This using of cheaper material, lower thread counts, or a more cost-effective design, has allowed several textile exporters to fill up their order books ahead of the key holiday season in the West.

To reduce input costs, Orient Craft is switching to fabrics that cost Rs80 a meter, down by Rs20, and opting for cheaper machine embroidery of Rs35 a meter from Rs50 earlier. An analyst said the exporters are also removing non-profit clients that demand high-value products in small volumes.

The problem with mid-market demand internationally is that they want aspirational products at half the price, said Harinder Sahni, Managing Director, Wazir Advisors Pvt. Ltd. The conditions are tougher for Indian exporters because at least 70%-80% of the overseas demand is for basic, value fabrics, which are produced cheaper by Bangladesh and China.

Textiles to take on China in own turf

The nearly \$10-billion Indian textile and apparel industry buoyed by a growth in August after nine months of decline and by increased demand from Europe, said Apparel Export Promotion Council (AEPC) chairman Rakesh Vaid.

He said earlier, we were tied to traditional markets like the US and Europe, where 70% of our textiles and apparel are exported, but now we have taken on China, our biggest competitor, on its own turf.

China is known for exporting cheap textiles across the global and we are far ahead of China in terms of creativity, fashion, designs and the variety of textiles.

India's main competitors are Asian countries such as Sri Lanka, Bangladesh,

Vietnam and Cambodia, apart from China, but India has made inroads into these markets as well.

The move to enter new markets comes at a time when the country's textile sector is facing one of its worst crises with business orders from advanced economies like the US and Europe having fallen sharply due to the global slowdown.

After nine months of consecutive losses and slowdown (since December 2008), the industry logged growth in August, Exports to Europe have gathered pace, retail chains there are buffering up inventories for spring-summer. It is expect the market to pick up early next year.

In the \$373-billion global clothing industry, India's share has fallen over the years from 3.3% to 2.6%, amounting to \$9.69 billion. To maintain the current share of 2.6%, India needs to export \$18 billion worth of clothes annually, requiring 2.7 million additional manpower and investments of \$30 billion. The sector employs over 33 million people, and contributes about 4% to the country's gross domestic product (GDP) and 14% to its industrial production.

AEPC to woo FDIs into Indian apparel segment

Apparel Export Promotion Council (AEPC), which comes under Union Ministry of Textiles has taken up the task of attracting foreign direct investment into by raising the slogan of " come, invest, produce and sell in India", coined by Textiles Minister, Mr Dayanidhi Maran.

The AEPC General Secretary Vimal Kirti Singh said, the Textile Ministry is planning to attract FDI into the segment by promising conducive environment for manufacturing and highlighting the huge domestic market.

As a strategy to encourage FDIs into India, the Ministry has planned to take delegations headed by Maran to Switzerland, Italy and Istanbul in phase one from October 24 this year followed by visits to France, Germany and even US in the second phase.

The country's share in world apparel exports post quota regime has dropped from 3.2% in 2005 to 2.6% now and we need to increase the apparel exports from the current US \$10.14 billion to US \$18 billion by 2015 to maintain India's share of 3% in the global export market.

He said the country needs to increase the capacity along the entire chain of activities namely, spinning, weaving, processing and garmenting in order to grow in textile segment.

Falling dollar worries textile exporters

While most markets are on a high, with businessmen laughing all the way to the banks, its exporters who are facing torrid times as dollar continues to fall. Not only the payment valuation but also fresh orders are being affected and textile exporters in Bhilwara are unsure as to when will this dilemma end.

Ever since the beginning of this financial year, over Rs 2,000 crore annual export market of the textile city is being affected. Earlier, the valuation of dollar won't change beyond paisa 20-24 in a couple of months, but off late it's been fluctuating between extremes and in turn jeopardizing our strategies, said Sudeep Galundia, Managing Director, Galundia Textiles.

He said these rates also have a bearing on the orders we place with the overseas clients. With unstable dollar prices the exporters quote different prices for similar grade of material and this confuses the buyer who in most cases opt to buy from a different supplier.

All this has an adverse effect on the functioning of close to 69 spinning mills in the district, which comprise of spinning, weaving, dyeing, processing and printing units.

Majority of these industries are afflicted in the process of manufacturing synthetic blended yarn which accounts to 40% of the total yarn manufactured all over India. Europe, Poland, Turkey, Sri Lanka and Bangladesh constitute the major exporters of yarn, whereas bulk fabric is exported to Middle East, Latin America and Africa.

New Textile Park to entail Rs 500 crore investment

A new state-of-the-art textile park is likely to come up in Cuddalore in Tamil Nadu with an investment of Rs 500 crore. The new park is likely to generate employment opportunities for 5,000 people and this would be the first park of the total 40 parks which the Textile Ministry is planning across the country, said Union textiles minister Dayanidhi Maran.

He said that the new park would create employment for 20,000 people indirectly. The new park will up in 250 acre of land. The textile park will also have a 15 mega watt power plant.

The move to set up a new textile park comes at a time when the Indian textile market is facing severe pressure as global

retailers slash their sourcing to overcome the ongoing worldwide economic crisis.

The announcement of a textile park in Tamil Nadu has caught industry players by surprise as an apparel park at Doddaballapur near Bangalore is yet to take off completely.

Karnataka is major apparel – sourcing destination for the global market ranking as the second largest garments exporter in the country. Bangalore is the main hub of activity in garment manufacturing and exports and not many players are eager to set up their units at this apparel park.

Apparel exporters to get 2% interest subsidy

Following a rise in garment exports in September for the first time since April this year, the government has decided to give exporters 2% interest subsidy on shipments.

The government had earlier announced a 2% interest subsidy to certain labour-intensive sectors like handicraft, marine and textiles. However, garment exports were not included in the list for the fiscal benefit.

President of the Federation of Indian Export Organisations A Sakthivel said lowering of interest rate through subvention would give respite from recent appreciation of rupee against the dollar, which had lowered exporters' realisations.

Garments exports declined by an average of 9.5% in the first four months of 2009-10 due to a slump in demand from the US and European markets. The US and Europe collectively account for 70% of India's apparel exports, which are close to \$10 billion.

The \$63 billion Indian apparel and textiles industry is the second-largest employment generator after the agriculture sector, which employs about 35 million workers.

Textile industry looking forward to good cotton season

With the beginning of the cotton season (October 2009 – September 2010), the textile industry desires that the domestic cotton prices will remain lower than the international prices, giving the industry a competitive edge in the export market.

The country expects a huge production of cotton this year (305 lakh bales) and the carry over stock was also high at 71 lakh bales. The Central government

increased the Minimum Support Price (MSP) for cotton by almost 40% last year. It has maintained the MSP at the same level this year. Last year, the Cotton Corporation of India and the National Agricultural Cooperative Marketing Federation of India purchased about 127 lakh bales. Trade and industry sources said that the CCI was expected to be a major player in the market this year.

The textile mills were expected to start buying cotton from the third week of October 2009. The domestic prices should be lower than the international prices and should remain stable throughout the year.

According to K.N. Viswanathan, Secretary of the South India Cotton Association, cotton arrivals from Gujarat, Punjab, Haryana, Rajasthan and Karnataka had started with about 20,000 bales coming to the market every day. Currently, the domestic cotton prices were slightly lower than the international prices and export enquires were said to be good.

Rise in payment default adds to textile traders' woes

While the rising inflation and drought situation in the country have affected the synthetic textile market with the textile traders registering a 30% fall in the demand, they are in for another blow. During the month of October, 2009 at least eight textile traders have gone bust incurring losses of about Rs 40 crore.

The going is getting tough for the 50,000 textile traders operating from 140-odd textile markets in the city pre-Diwali. Reeling under huge losses due to the dwindling demand from the key markets in northern and southern India, the rise in the default cases has become a major cause for concern for the weavers as well as the traders.

The textile traders and the weavers' community are worried with the increasing default cases ahead of Diwali festival. There are many weavers, who have given huge stock of fabric to the merchants and traders, and they are still awaiting payments for the same, said Devkishan Menghani, Secretary, Federation of Surat Textile Traders Association (FOSTTA).

Market sources said the demand has gone down by almost 30% following the drought situation and the rising food prices. The main reason behind the rise in the default cases, according to Menghani, is over production of grey cloth by the weavers.



Denim has become more competitive

The denim sector in India witnessed a very depressing period in the last few quarters, but with news of a few European economies and Japan reporting an economic growth in the second quarter of 2009, this very important sub-sector has reason to be euphoric.

Denim, as a product is the single largest contributor by value from across all exports made from India and since the unfolding of the economic crisis, this very important category had reported a steep drop in shipments.

The biggest denim manufacturer in India, the Ahmedabad based Arvind Ltd, which has a capacity of 7.5 million meters per month is reporting of an increase in order book positions and have a good amount of orders in hand.

Mr Jayesh Shah, Chief Financial Officer and Director of Arvind Ltd who spoke to Fibre2fashion said that, "The denim demand globally has not increased in recent past, however, Indian companies, supported by depreciation of rupee, have become more competitive and are able get orders from customers who hitherto were buying from countries like Turkey, Mexico, China etc".

Karnataka urged Maran to help out its textile sector

Karnataka Textiles Minister, G.D.Sekhar called on the Union Textiles Minister, Dayanidhi Maran and sought an assistance of Rs. 364 crore from the Central government for the improvement of the textile sector in the State.

The package of demands included a grant of Rs. 50 crore for the creation of a silk city near Bangalore, a grant of Rs. 50 crore for restructuring the Karnataka State Handloom Cooperative Societies and an assistance of Rs. 15 crore to provide relief and rehabilitation to weavers affected by the recent floods in north Karnataka.

He urged the Union Minister to give early sanction for the Rs. 20 crore financial package for revival of handloom cooperative societies and approval for the proposed integrated textile park at Gulbarga.

Further, he sought an assistance of Rs. 24 crore every year for providing power at subsidised rate to the powerlooms and urged that the IHDS group approach and cluster approach schemes be extended to the powerloom sector too.

Textile Ministry to approach Cabinet for funds to CCI

The Textile Ministry will approach the Cabinet to provide Rs 1,473 crore to state-owned Cotton Corporation of India for meeting losses incurred on purchase of raw cotton from farmers.

The Corporation procures cotton on behalf of the government at benchmark prices and offloads it at market rates. Any losses incurred in this operation are fully compensated by the Centre.

The CCI procured a record 89.4 lakh bales (one bale equals to 170 kg) of cotton this season. Both CCI and Nafed — the two major procurement agencies had to buy on behalf of the government in huge quantities this year to provide remunerative prices to farmers and avoid distress sales by them as domestic traders reduced purchases following a substantial hike in the MSP.

The Centre has increased the MSP of standard cotton (long staple) to Rs 3,000 per quintal for 2008-09 from Rs 2,030 a quintal last year. The MSP of medium staple cotton has been raised to Rs 2,500 from Rs 1,800 per quintal last year.

Hike in entry tax opposed by Assam textile merchants

The Assam Textile Merchants' Association has urged the government of Assam to withdraw the increase in entry tax on textiles. Entry tax on textiles and all related items has been increased from 1% to 4% with effect from September 14, 2009.

The PRO, ATMA, Nirmal Samsukha, said that there is no entry tax on cloth and textiles in all the neighbouring states of the north eastern region and West Bengal. As such, if such a tax is imposed, the textile business in Assam will be adversely affected and will shift to neighbouring states, where there is no tax.

He said cloth business is in unorganized sector, it involves many small and petty shopkeepers, who are self employed. Lakhs of people are directly or indirectly dependent on the textile trade. Any increase in the entry tax will be detrimental to this job oriented trade and may prove harmful to the people engaged in it. This might aggravate the unemployment situation in the state.

He added that cloth is amongst the basic necessities of citizens. As the tax on textiles has been increased from one to 4%, it will directly hit the people of the state who are already reeling under the

damaging effects of inflation. The prices of all kinds of cloth will rise and the citizens will be compelled to pay more for their basic requirements.

Cotton exports decline by 55% in 2008-09

India's cotton exports in 2008-09 seasons are estimated to have plummeted by a whopping 55% to about 38 lakh bales due to higher prices in the domestic market.

According to data, cotton exports stand at about 38 lakh bales for 2008-09.

The country had exported 85 lakh bales in 2007-08 seasons, which runs from October to September.

The Cotton Advisory Board, headed by the Textile Commissioner, in October 2008 had estimated cotton export to be at 75 lakh bales during 2008-09. However, the estimate was later downsized to 50 lakh bales considering poor demand in the overseas market.

Trade experts blamed high domestic prices following a sharp increase in Minimum Support Price (MSP) the main reason for poor export. Recently government announced the export target for the current fiscal year at \$17.6 billion, which is 13% higher than that of the previous year.



Government to increase textile exports

Indonesia is planning to double textile exports to Japan. Increase in export values is expected to be achieved within five years, said Metal, Machinery, and Textile Director-General, Ansari Bukhari.

He said that in the first semester of 2009, Indonesian textile exports were valued at US\$ 260 million. The value decreased by 26% compared to the same period last year. He estimated that by the end of the year, textile exports would be US\$ 500 million.

At present, 60 % of the world textile market is controlled by China. Meanwhile, Indonesian textiles in Japan represent only 2% of its imports and we will only increase the export value first.

To achieve this aim, the government is cooperating with the Japanese government. Some members of the Industry Department together with 12 textile companies is now visiting Japan. The program is expected to result in improvements in the technique and quality of the textile industry in Indonesia.

Textile up-gradation helps increase employment

The Indonesian Government had recently announced a technology up-gradation package amounting to Rp 240 billion in the current budget. As many as 190 textile companies have registered themselves to avail benefits of the package.

The government will provide a subsidy benefit of 10 percent, for those who desire to upgrade their machinery. This scheme has been announced to help increase productivity, efficiency and quality of the textile sector.

The Director of the Department of Textiles, Mr Arryanto Sagala announced that the subsidy amount has been disbursed to 16 small and medium size textile units till date amounting to Rp 19.35 billion.

Most of the machinery in the industry is out of date, and at least 20 years old, including 64.4% of 7.8 million spinning machines, 82.1% of 248,957 weaving machines and 84.1% of 41,312 knitting machines.

In 2007, the government had allocated Rp 255 billion for the program, but only 60.1% of that amount was disbursed. In 2008, it increased the subsidy to Rp 330 billion, but the disbursal figure fell to just 55.06% of that figure. The government has reduced the subsidy to Rp 240 billion in the 2009 budget and hopes to disburse no less than Rp 200 billion to 173 textile companies, the same number, which had applied for the fund in 2008.

Mr Sagala feels that the machinery revitalization programme would have helped in increasing the production by 17% and employment by 25% and in the process pushing down inefficiency to between 6% and 18%.

NIGERIA

Government offers additional N30 billion to textile sector

President Mr. Umaru Musa Yar' Adua promised the textile sector to provide an additional N30 billion to the N70 billion already announced earlier. He cited this additional fund as government's commitment towards revitalizing the sick industrial sector of economy.

He said the textile industry was shadow of its past glory and the government would take all the possible efforts to revive the industry that offered employment to more than 500,000 people in the past.

He further said that it is essential that this revival fund should be sourced and administrated by the Bank of Industry (BOI). The Campaign to patronage Made-in-Nigeria products is Federal government's strategic initiative to breathe life into industrial sector and to bailout the sector from the effects of meltdown by generating employment for Nigerians.

The campaign is parallel to the efforts of Central Bank of Nigeria (CBN) to ensure that banks in the country should have firm stand despite the current global financial meltdown across the globe.



SRI LANKA

Textile and garment exports grow by 8.5%

The Central Bank says that textile and garment exports rebounded by 8.5%, year-on-year. It recorded US \$324 million in September, 2009 which is the highest earnings by the sector during the year. Sri Lanka exports were showing a steady month on month rise with a recovery seen in the key apparel sector.

The Central Bank further says that food and beverages and other industrial exports were also improving. Tea exports had grown 2.8% in September from a year earlier. The average export price had reached US \$4.34 a kilo in 2009. According to the Central Bank total exports in September were US \$710 million, and had been growing from April.



SOUTH AFRICA

AFZ's cotton trade to decline in 2009-10

Cotton trade is a significant part of the national economies of the region. African Franc Zone¹ (AFZ) trade in world cotton trade has also risen over the years, accounting for a record 15% of world trade in 1998-99. In past few years however, the cotton sectors in the Franc Zone have struggled to keep pace with their past performance. The bulk of the cotton produced in the region is traded abroad, exposing the industry to the whims and caprices of the world markets.

In 2009-10, AFZ exports are forecast at 2.2 million bales, down 3% from a year ago. If realized, that forecast will constitute the fifth consecutive year of declining trade and lowest exports in two decades.

The impact of the 2008 global food and financial crises has been detrimental

to the region's cotton trade in a variety of ways. First, cotton importing countries reduced imports sharply in 2008-09 as world consumption declined.

In addition, skyrocketing food prices in that same period posed a stiff competition for land and meager input resources for AFZ cotton production and, therefore, exports. Even in normal times, cotton growers are widely noted for diverting government-provided fertilizers into food grains production. But soaring food prices in 2008 may have escalated such diversion of resources.



VIETNAM

Branded clothes demand rising

With growing brand awareness, fashion consciousness and rising demand for quality clothes, sales of clothes in Vietnam are projected to grow at a CAGR of around 15% by the end of 2012, said Vietnam Retail Analysis (2008-2012)", a new research Report from RNCOS.

The report further says that while Vietnam's domestic garment market is largely export-oriented, local demand for better quality clothing is also keeping pace with rising brand awareness and consumer-oriented society.

Domestic textile/garment industry recorded sales growth at the rate of more than 15% per year, accounting for one fourth of the total production in the country. Popular fashion brands such as Giordano, Mango, D&G, Gucci, Bossini and Valentino have been well accepted by Vietnamese, but genuine label products are still unaffordable for most of the people. Interestingly, Chinese brands like Bossini, Giordano and Mango received good response from people living in big cities owing to their affordable price range.

As Vietnam has recently acquired the WTO membership, growth prospects for its textile/garment industry have boosted as it can increase exports to the US and Europe (the biggest export markets for Vietnam) without any quota limitations. Besides, rise in textile exports will also enable Vietnam to generate more jobs and increase foreign exchange. In the backdrop of these factors, the Vietnamese apparel industry is expected to grow at a CAGR of 9.95% from 2007 to 2011.

Vietnam Retail Analysis (2008-2012) gives exhaustive research and rational analysis on fast changing retail industry in Vietnam. ♦