

# Around the World



## AFGHANISTAN

### Facility improves local textile quality

With limited job opportunities and high poverty in remote areas of Afghanistan, local people consider joining the insurgency. In Behsud district of Nangarhar province, USAID's Incentives Driving Economic Alternatives for the North, East, and West (IDEA-NEW) program supported establishing a textile processing facility to generate local level employment and strengthen the textile value chain.

An Afghan trader invested in the main machinery for the textile processing facility and IDEA-NEW supported the start-up and installation. The facility offers free washing, pressing, dyeing, and labelling services to more than 200 small and medium-sized textile-weaving enterprises in Rodaat, Batikot, Kama, and Dare Noor districts of Nangarhar province.

Prior to establishing this facility, most of the weavers sold unprocessed products at lower prices, while some took their products to Pakistan for processing. With the emergence of the textile processing facility, textile weavers can increase their production capacities, launch new varieties of products, and compete with imported varieties on the market.



## AUSTRALIA

### Textile industry aims to divert waste from landfill

The Technical Textiles & Nonwoven Association (TTNA) has announced plans to develop a new Australian Fibre & Textile Environmental and Recycling Cooperative Research Centre (AFTER-CRC). The new centre will investigate ways of increasing the reuse, reclamation and regeneration of fibrous waste from the industry in order to minimize the amount of fibrous material that goes into Australian landfills.

Kerryn Caulfield, TTNA Executive Manager said that fibrous inputs are the textile, clothing and footwear industry's greatest overhead, around one million tonnes of fibrous waste are buried in Australian landfills every year. Fibrous waste is an unrealized source of valuable raw materials that can be reclaimed for further use by developing frontier technology.'



## BANGLADESH

### Jute millers face raw jute scarcity

According to the industry circles, owing to the scarce supply and unusual hike in the prices of raw jute, no less than 25 privately owned mills have already ceased their operations, while many of them are on the verge of shutting down.

Over the past few months, the local jute mills are facing acute scarcity of raw jute supply, said Fazlur Rahman, Executive Director of a jute manufacturing unit.

Rahman, also the Ex-Vice President of Private Sector Consultative Board of the International Jute Study Group, divulged before the press that the dearth in supply has steeply hiked the prices of raw jute in the markets thus causing the production costs of the domestic jute mills to shoot up considerably.

Raw jute in the domestic markets even now is being traded at Tk 2200 to Tk 2600 per maund, which has put the jute millers in a fix as they find it difficult to afford to pay such excessive rates. The situation has compelled several jute mill owners to pull down their shutters and others too have curtailed their production.

### RMG accessory makers demand incentives

Garment carton and accessory makers placed a series of demands to the government for continued growth of the sector. They urged the government to withdraw the bank guarantee for raw material imports and a 15 percent VAT on house rents. They also asked the government to revert to the previous 0.25% advance income tax, instead of 1%. They also sought the same incentives and treatment for the garment industry as for the industries in export processing zones.

Bangladesh Corrugated Carton and Accessories Manufacturers and Exporters Association (BCCAMEA) raised these demands at a press conference.

Carton and accessory producers have the potential to grow at a fast rate. The exports from this sector can rise to \$3 billion a year by 2013 if the government provides incentives, said Rafez Alam Chowdhury, President of BCCAMEA.

Although the industry is helping the fast-growing garment sector by providing about 35 backward linkage products, successive governments have always ignored the sector.

### Dhaka eyes \$400 million RMG exports to Latin America

Bangladesh can fetch US\$400 million from apparel exports to three Latin American countries in the next three years. The country has potential for taking share of \$400 million from the total \$4 billion RMG imports of the three countries - Brazil, Mexico and Chile. For this, government support is very much needed, said Nasir Uddin Chowdhury, first Vice President of the Bangladesh Garments Manufacturers and Exporters Association.

He said 13-member BGMEA delegation has already visited these countries to assess, explore and prepare for current and future potential of Bangladesh's garment exports to Latin America.

During the visit, tremendous responses were received from importers and buyers of those countries, who led the delegation, adding that delegations from those countries would soon visit Bangladesh to assess their import needs.

Besides these countries, Bangladesh is eyeing new market for RMG export to Russia, Turkey and Colombia. The BGMEA leader said, "We can also raise export of RMG to China and India, as those are very large countries in terms of population."

### Exporters oppose tax hike

The demand for continuation of the existing 0.25% tax at source for the export sector was raised again at a press briefing. Exporters said they sought withdrawal of the 1% such tax proposed in the National Budget for Fiscal 2010-11.

Abdus Salam Murshedy, President of the Exporters Association of Bangladesh, has pointed out that any rise in taxes will hurt exports at a time when some major export sectors have been experiencing a negative growth over the last several months.

He said a demand-drop in the international market on the back of global recession had led to such negative growth in exports.

Energy crunch has forced many owners to go below their capacity of production, so, we asked the government for withdrawal of the proposal to raise tax.

The trade body Chief also demanded withdrawal of the proposed 15% value added tax (VAT) on rented floor spaces, mainly used by small and medium entrepreneurs.

## Bangladesh lifts ban on Indian yarn

In a bid to help bring down the price of the textile raw material, Bangladesh has removed a ban on import of Indian yarn. The National Board of Revenue issued a notification withdrawing the ban on import of Indian yarn through Benapole land port, said officials, adding four counts of yarn could be imported through the port. Earlier, the bonded warehouses alone were allowed to import yarn. The decision to lift the ban was taken despite objections from local spinning mills, who were opposing the import of Indian, yarn fearing that they would fail to sell their products in the local market.

Workers of over 1.3 million handloom and power loom units across Bangladesh, who were on an indefinite strike demanding duty-free import of Indian yarn through the land port.

According Bangladesh Handloom and Power-loom Owners' Association, about 0.6 million looms faced closure and the remaining 1.4 million looms failed to use their production capacity due to the high price of yarn. At present, at least 200 spinning mills in the country supply yarn to the local weavers and employ nearly 200,000 people directly and one million indirectly.

## PM tells textile millers to boost local cotton output

Prime Minister Sheikh Hasina urged the textile millers to find ways to produce cotton in the country to reduce over-reliance on external resources for the key textile raw material. She made the comments at the inaugural ceremony of the three-day 'TEXBANGLA 2010' in the capital.

She said the assistance and stimulus package for the country's textile sector on part of her government would continue as the sector has created the second highest jobs after the agriculture sector.

The government has already announced a stimulus package to the tune of Tk 35 billion to face the adverse impacts of the global economic meltdown. Besides, we have also brought down the bank interest rate for textile sector from 13% to 10%.

Government have to take up long-term plans and adopt modern technology as changing scenario at the global textile market, various compliance issues attached by the buyers and environment and preservation of bio-diversity issues will impact the course of future trade.

## Costly yarn to impact apparel export

The yarn prices started rising at a time when the export of readymade garments was just rebounding amid a recovery. Uzbekistan and India are two major sources of raw cotton for Bangladesh, but Uzbekistan has a shortfall in production this year and India, the second largest exporter, imposed a ban on cotton export. The total investment in spinning sub-sector in Bangladesh is Tk 35,000 crore. The investment will be in trouble if the government allows duty-free import of yarn through Benapole Land Port from India.

"I have stopped taking fresh orders from the international buyers as they won't pay high for the rise in yarn price," said Shahadat Hossain Sohel, Managing Director of Towel Tex Ltd, a Savar-based apparel factory with \$2.4-million annual export. The yarn prices have increased by one dollar per kilogram from January to May and widely consumed 30-count yarn was selling at \$4.20 per kg.

Abdul Hai Sarker, President of Bangladesh Textile Mills Association, said China bought a huge quantity of cotton, which has affected the yarn manufacturing countries like Bangladesh.

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### CHINA

#### Intellectual property is plays important role in economic exchanges

Usually high-flying foreign trade in the textile and garment industry had a bumpy year in 2009 as exports fell 10.1% to \$167 billion, said Sun Huaibin, spokesman of the China National Textile and Apparel Council, blamed the decline on worldwide economic weakness as well as rising protectionism amid the global crisis.

He said protectionism is mainly reflected in more stringent technical standards and "abuse of anti-dumping and subsidy measures", as well as use of safeguard provisions on imports. Last year more than 30 foreign investigations and preliminary rulings ranging from raw materials to finished products were made on China's textile exports.

Intellectual property is playing an increasingly important role in economic exchanges, especially with developed countries. European Union countries, the United States and Japan are destinations of more than half the country's total textile and garment exports.

#### ASEAN accounted for 6.42% China's total textile exports in 2009

China's textile and apparel exports to ASEAN amounted to 11.01 billion in 2009, down 2.16% year on year, but its cumulative year decline clearly narrowed since the second half of 2009. Exports to ASEAN accounted for 6.42% of China's textile and garment exports in the full year of 2009, representing an increase of 0.49 percentage points over 2008 (5.93%).

China's structure of textile exports to ASEAN mainly formed by textile products, textile exports to ASEAN accounted for 68.01% of China's textile and garment exports ASEAN in 2009; the pick-up in textile exports was particularly evident, China's textile exports to ASEAN realized a monthly growth of 3.35%, 39.30% and 57.20%, respectively, in October, November and December 2009.

From the point of view of specific exported countries, China's textile exports to Vietnam took the first place, China's textile exports to Vietnam amounted to US \$2.234 billion in 2009, an increase of 11.02% year on year, accounting for 29.85% of China's textile exports to ASEAN.

In comparison, China's textile and garment exports to the three major economies of the EU, the United States and Japan formed shares of 21.64%, 16.25% and 12.89%, respectively, of China's textile exports in 2009. Exported products were mainly garment products. Garment exports to the EU, the United States and Japan created a proportion over 70% of total textile and garment exports to each market.

#### Gradual recovery and growth of Chinese textile industry

China is the world's leading country for the textile production and export. With over years' development, Chinese textile industry has been equipped with superior competition advantages – the most complete industry chain and the highest processing and OEM level in the world. Moreover, those developed industry clusters have intensified their risk-resistance capacity, guaranteeing the stable development of this industry.

Since 2009, Chinese government has implemented a series of macroeconomic policies, which has also encouraged the development of Chinese textile industry. Since 2009, Chinese textile industry is also under gradual recovery. In recent years, Chinese textile industry makes vigorous efforts to accelerate the adjustment of the industrial structure and the transformation of the development mode, enhancing the internal development motivation of this industry. Despite the global depressed economy and market, Chinese textile industry manages to grow steadily.

Textile industry, the market is playing an increasingly important fundamental role in the resource allocation. This is favourable for the improvement in the enterprise organizational structure and the industrial layout, leading to the concentration in large enterprises, coastal areas and industry clusters.

East China is still the major area for Chinese textile industry. Over 80% textile enterprises above the designated scale concentrate in Jiangsu, Zhejiang, Guangdong, Shanghai and Shandong with 73% employees, 82% sales output value, 88% export delivery value and over 90% foreign investments and capitals from Hong Kong, Macau and Taiwan.

Small and medium private enterprises dominate the county and town markets while industry clusters and specialized towns with certain characteristics are under development.

#### Textile machinery enterprises in Qingdao show increase in orders

In the first six months of this year, more than 80 textile machinery enterprises in Qingdao achieved a total income of 14 billion Yuan from machinery orders, an increased of 4 billion Yuan over the same period last year.

Qingdao Xueda Group Co., Ltd, an export-oriented textile processing company, achieved a 300% increase of process orders from Japan compared with last year. Increased orders allowed enterprises to become order "choosers."

In the Textile Expo, more than ten thousands of textile buyers put up big orders with Chinese companies, such as Wal-Mart, Carrefour, Spain's department store, H and M and so on, trade intention was close to US \$300 million.

Relevant official says that rapid recovery and structural adjustment of textile and garment industry have sped up, global textile and garment industry continues to shift into Asian, meanwhile, China has increased national policies to support the industry, these factors have provided a good opportunity for rapid development of textile machinery industry.

#### Exports of cotton fabrics shows increase

China's exports of cotton fabrics showed an increase during January to April 2010, compared to reduced exports of cotton fabrics in the same period 2009.

According to data of the Statistics Center under the China Textile Industry Association, growth in export volume reached 21.37% year on year, growth in export value fetched 26.19% year on year. Among them, the biggest increase was in cotton fabrics. From January-April 2010, China's exports of cotton cloth reached 491 million meters; export value totalled US \$434.91 million. Exports of cotton fabrics mainly concentrated in South Korea, Vietnam, Thailand, Hong Kong, China and Japan. In the first 4 months, China's cotton fabric exports to these five countries and regions accounted for more than 55% of total export volume and 54% of total export value.

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### Textile traders want relief in Finance bill

The Federation of Surat Textile Traders' Association (FOSTTA) submitted a series of demands to Union Finance Minister Pranab Mukherjee regarding relief in the Finance Bill, 2010.

The textile traders led by FOSTTA President said the provisions amended in the Finance Bill, 2010 have been causing difficulties to the small traders in the textile trade in particular and others in general. The increase of turnover limit from Rs 40 lakh to Rs 60 lakh is a welcome step, but at the same time the audit has been made compulsory, if the net profit (NP) ratio is less than 8%. They said filing of TDS by the traders should be on yearly basis and the TDS deduction should be increased from Rs 75,000 to Rs 10 lakh. Also, the random scrutiny of small traders having sales of less than Rs 40 lakh per year should be discontinued and the benefit of various government schemes for the development of textiles and textile-related activity should be given to the textile traders.

### Government should reconsider duty drawback on cotton yarn

Hinting that the government's decision to withdraw application of duty drawback scheme to exports of cotton yarn may give an impression of incentive to exporters, the All India Exporters Chamber (AIEC) has appealed for reconsideration of the decision. AIEC, Preeti Sheth, President of the Chamber said that the duty drawback scheme is a time tested scheme aimed mainly at reimbursing the incidence of customs and excise duties levied at the input stage of the product concerned.

He further said that by proposing withdrawal of the duty drawback on cotton yarn when no changes in the import and excise duties on textile products had taken place in the Union Budget 2010-2011, the government is implicitly admitting that it is an incentive given for exports and not a scheme meant for reimbursing central indirect taxes suffered at the input stage in the manufacturing process. The country will open itself to fresh anti subsidy proceedings on almost all products of export interest including home textiles and garments whose rates are much higher than cotton yarn. These rates are renewed and revised every year. However, according to AIEC, withdrawal of duty drawback rates on cotton yarn is discriminatory as all other products of exports are eligible for the refunds and implies that the product does not suffer any incidence of either excise or custom duty or service tax.

### Textiles sector on the recovery path

Indian Textiles sector recorded significant recovery in spite of the global financial crisis, inflationary trends and volatility in commodity prices, which led to build up of strong demand side pressures, said Thiru. Dayanidhi Maran, Union Minister of Textiles.

He adds, Ministry of Textiles initiated policies for faster and inclusive growth and participatory development. The objective was to maintain the incipient export growth momentum, increasing production and productivity in cotton and cotton yarn, enhancing value addition in garment and apparel sectors, promoting rich heritage of handlooms and handicrafts, institutional strengthening in jute sector, and enhanced acreages under mulberry production and safeguarding employment opportunities.

In addition, the Ministry of Textiles tried its best to utilize the better growth prospects of Indian economy for attracting larger capital flows/ foreign direct investment.

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### Jute association urges to ban raw jute exports

To ensure the availability of raw material for the local industries, the Indian Jute Mills Association (IJMA), apex body for Indian jute industries, has requested the government to impose ban on the exports of raw jute.

In line with the restriction of overseas sales of raw cotton, IJMA has urged the government to restrict exports of raw jute. While the government decided to restrict cotton exports to ensure adequate supply of the raw material to local textile industries, IJMA feels sales of raw jute to foreign countries such as Pakistan, Vietnam and China are generating a problem for local jute firms. Till the time, the problem of shortage of raw material and the increasing jute prices are dealt with, IJMA has proposed to suspend all compulsory pre-shipment registration of raw jute and jute waste goods, till further orders.

### Zero rate of duty drawback on cotton yarn inequitable

The Northern India Textile Mills Association (NITMA) President, Mr. Ashish Bagrodia said the government's decision to withdraw duty drawback for cotton yarn is inequitable as all other export products are eligible for the refund of duties and the sudden withdrawal will have long term implications for the development of the sector in future.

He pointed out that the government has unfortunately set a precedent by making the duty drawback rate as nil which was recommended by the High Powered Committee after thoroughly verifying all the incidence of duties suffered by the spinning sector on its inputs. He further said the Committee has recently sought for further details and industry has been demanding for the higher rate as State levies ranging from 4% to 5% and transaction cost ranging from 9 to 12% are not refunded.

This scheme is essentially meant for reimbursing central indirect taxes suffered at the input stage in the manufacturing process. The government had earlier withdrawn 7.67% DEBP on cotton yarn and now suddenly withdrawn duty drawback, the intention of the government is not understandable as drawback is not an incentive and it is only refund of duties, which is given for all the commodities.

The yarn price is determined by market forces depending upon the supply-demand and any move to bring artificial control on the intermediary products will affect the functioning of the entire textile value chain in the globalize and liberalized environment.

### Impact of EU debt crisis on Indian textile exports

India's textile exporters still have "one foot in the grave" despite a moderate recovery in the 2009-10 fiscal, said Textiles Minister Dayanidhi Maran. He said reporters when asked about the impact of the European debt crisis on Indian textile exports. With textile exports depending on the U.S. and European markets to the extent of 60% and we have to be very cautious" about the events in Europe.

Mr. Maran has raised concerns on the possible impact of the debt crisis in the Euro zone on the Indian economy. Finance Minister Pranab Mukherjee and Commerce Minister Anand Sharma have expressed similar views.

However, the Textiles Minister retained his \$ 25 billion export target for the current fiscal against shipments of \$ 19 billion in 2009-10. To his surprise, exports of products related to manmade (synthetic) fibre are doing well, but shipments of cotton textiles remained on the lower side.



**KENYA**

### Kenyan textile industry

In a move designed to contribute to the revival of the Kenyan cotton industry, Prime Minister Raila Odinga has directed government ministries and institutions to buy textile for staff uniforms from local industries.

While pointing to the thousands of jobs that used to be generated by the local textile industries before the collapse of the sector, Mr Odinga expressed the government's commitment to ensure that the industry thrives again.

"We need to revive this industry which in the past offered jobs to thousands of Kenyans in the manufacturing of textile and in cotton growing in the country," said the Premier who further asked Permanent Secretaries to ensure that this directive was complied with.

Mr Odinga spoke as he received a report of the task force on the implementation of the Kenya textile industry position paper from members of the Kenya Association of Manufacturers (KAM) who said that the biggest challenge facing the textile industry in the country was posed by unaccustomed new clothes that had flooded the market.

They appealed to the government to ease some of the regulations that compel the Export Processing Zones (EPZ) to manufacture textile exclusively for export, so

that they could also manufacture textiles for the local market at competitive rates.

This, they argued, would enable most Kenyans to afford new clothes instead of always buying the used clothes that have swamped the local market. KAM further decried the high cost of production pointing out that high energy costs in the country were driving investors to neighbouring countries where they charge cheaper rates.



**MALAYSIA**

### Textile & apparel industry anticipate double-digit growth

According to the International Trade and Industry Minister Datuk Seri Mustapa Mohamed, it is believed that the textile and apparel sector, along the lines of international financial recuperation, eyes double-digit growth, this year.

While speaking to his Ministry's annual meet with Textiles and Apparel Industry Associations, he said that, trailing behind the previous year's exports, current year would render positive results. His ministry was preparing to work out a guiding plan for the industry to see that it retains its competitive edge and attracts more investments.



**MOROCCO**

### Textile sector shows high potential and growth

Textile and clothing industry is one of the most dynamic sectors of the Moroccan economy. Morocco exports of textile and ready-to-wear cloth items recorded in 2009 a value of 25.8 billion Dirhams, out of which Ready-to-wear cloths (18.5 billion Dirhams), Hosiery (6.5 billion Dirhams) and basic textiles (798 Million Dirhams). The main markets in 2009 include France (45%), Spain (22%), United Kingdom (12%), Germany (7.6%), Italy (1.3%), United States (0.83%), Portugal (0.89%) and Belgium - Luxembourg Economic Union (1.06%).

Ready-to-wear sector with 979 units is known for its dynamism, that results in the repositioning of the sector which moves towards co-contracting instead of sub-contracting and towards fashion and FAST FASHION products with high added value.

The ready-to-wear industry presents a diversified range of products: pants, jack-

ets, skirts, shirts, blouses, suits, dresses, and others, in addition to jeans and sportswear.

The hosiery industry is marked by a strong integration and a diversified range of items made in both "basic" products, such (jersey, interlock, and flannelette) and fantasy (polar, loop), in addition to "fine mesh": jogging, sweatshirt, t-shirts, socks, woman lingerie, swimwear, polo shirts and also in the large mesh: pullovers, etc.

Ready-to-wear sectors amounts to 71% of the industry's total sales abroad. The Spanish market is the first customer in terms of this product followed by France. Exportations of hosiery items made in the context of sub-contracting represent less than 27% of the sector's total exportations. France is first market, followed by Spain, the United Kingdom, Germany and Italy.

Basic textiles, mainly weaving, spinning and dry filling industries, occupy a privileged position among textile and clothing industries with 480 units. The range of products offered by this branch is very diverse and consists mainly of cloth fabrics, household linen, upholstery, curtains and blankets.

Upholstery is the most important sector in terms of production, size of domestic market and variety of items (fabrics, example is Moroccan living rooms). Cotton fabrics present (51%) of the total exports of this sector, followed by synthetic fiber fabrics (28%), household linen (14%) and blankets (5%).



### NIGERIA

## Bailout for textile industry indispensable

Minister of Commerce and Industry, Senator Jubril Martins Kuye, has said the N100 billion bailout for the sector was essential to revive the sector. The Minister led a high level Nigerian Business delegation to the First U.S.A-Nigerian Business Forum at Chicago, said the bailout was necessary for the revival of the textile industry and refuted the claim that he said the current economic condition of the country might not favour a bailout for the textile sector.

He said that there is an urgent need for the textile industry to come back fully on stream to provide employment for thousands of Nigerians. According to him, if challenges such as lack of electricity, high cost of black oil, needed for modern machines and new technology are effectively addressed, it would definitely achieve the desired results.

## N25 Billion for Revival of Kaduna Textile

The Federal government has approved the sum of N24 billion for reviving the collapsed textile factories in Kaduna State and N15 billion has been released to manufacturers of equipment for the state's Independent Power Project (IPP).

Vice-President Mohammed Namadi Sambo said that he also revealed that N50 billion has been advanced to the contractors working on the provision of 200 megawatts of electricity in the state.

Sambo assured the people of the state that he would not let anyone down as he has resolved to do his utmost best in discharging the duties of his new office.

According to him, the Federal government is committed to resolving the lingering water problem in Zaria, for which the government has approved the provision of 10 megawatts to the Galma Hydro Dam project.



### PHILIPPINES

## Duty-free textile and apparels Act to expire

The apparel and textile industries, and the trade between the US and the Philippines, have suffered from the massive entry of subsidized and inexpensive textile and apparel products from China after the US import quota regime on these products were lifted.

A bill to revive the moribund textile and apparel trade between the US and the Philippines will expire this year if it is not passed in the US Congress. The bill will treat apparel products made in the Philippines using US-made fabrics as duty free shipments, and those made in the Philippines using yarns from the US will be levied with reduced tariffs. Also, the bill will allow Philippine exports of cut- and-sew apparel products entry to the US duty-free, as long as there are no similar products made in the US.

US textile exports to the Philippines have been estimated at \$13.5 million to \$20 million in 2009, based on records of both governments. These are mostly fabrics for industrial use. The numbers are expected to increase to \$250 million in the second year of after SAVE Act is passed to \$500-million in its fifth year.

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### SOUTH AFRICA

## Small farmers to profit from global cotton prices

South Africa, that manufactures a little less than 0.5% of the international total of cotton, can never turn into a key player in the global cotton market. However, for bulk producing cotton farmers, who manufacture about 95% of the country's yearly crop and the small-scale producing farmers, international cotton prices, which are close to record highs are expected to increase in their incomes.

Currently, markets are being pulled in varied directions. Since March 2009, when cotton touched a bottom-price of \$0.514 per pound, the three-month expected price of Cotton-2, the vital quality of cotton, listed on the leading US futures market, Intercontinental Exchange (ICE), increase to a level of \$0.871 per pound, although, they have slightly come down since then.

But this is still far from the \$0.97 per pound that was hit in July 2008, before the recessions; however, the recovery is also an indication of receding fears of world economic downturn. Meanwhile, China continues to remain active, owing to its high demand for cotton, with bad weather which destroyed majority of its crops. This increased amount of demand is also seen in India and Pakistan.



### TOGO

## Cotton production to hit 40,000 tonnes during the 2010-11 seasons

Togo's main cotton grower's association said it expects nationwide production to hit 40,000 tonnes during the 2010-11 seasons, up from 30,000 in the 2009-10 seasons. For the 2010-11 seasons, raw cotton will rise to at least 40,000 tonnes, while still maintaining good quality, said Kokou Djagni, the Head of the Government-controlled New Cotton Society of Togo (NSCT). He expected output to double in the 2011-12 season to 80,000 tonnes.

Togo's cotton output has slumped since the 1990s, when production peaked around 180,000 tonnes, as a decline in world prices forced farmers across West Africa to abandon the crop. Togo would boost its official purchase price for cotton this season to 185 CFA francs per kilogram, from 175 CFA during the 2009-10 seasons.



### TURKEY

#### PP market remains under pressure from Asia

Turkey's PP market has been carrying a large premium on non-European origins for the last couple of months. The country's import prices of PP had been completely unresponsive during May 2010 despite the global downward pressure due to support from the firm European market, which continues to be supported by tight supplies even in June and from Turkish buyers agreeing to purchase at the higher levels. At the end of May, Turkey was carrying more than a \$100/ton premium above theoretical prices for these origins based on what the same origins were offering in Asia. Shortly thereafter, PP producers revealed their June prices with three-digit decreases in Asia in response to nose diving production costs.

Moving into June, traders in Turkey took the first step, making downward revisions on their prices in order to attract some buying interest. Regular non-European producers followed the same pricing strategy, revealing their June prices with large decreases.

A major Middle Eastern producer reduced their prices by \$70-\$80/tonne compared to the first half of May, while making an additional decrease of \$40-50/tonne over the past week. Other suppliers also cut their prices for non-European origins including Saudi Arabian, Indian and Iranian, leading to decreases of over \$100/tonne compared to the same period.

Further decreases witnessed in Asian PP markets brought a renewed downward pressure on non-European import PP offers to Turkey despite recent additional price cuts seen from sellers in Turkey. Current done deal levels for Middle Eastern origins in China suggest that a theoretical non-European offer to Turkey should be at least \$100/tonne below the prevailing levels after deducting freight of around \$40/tonne from China to the Middle East and adding an approximate freight of \$85/tonne to Turkey from the Middle East.

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### VIETNAM

#### Garment sector continues to lead in total exports

The garment and textile sector continues to lead other staples in export turnover, earning more than US\$3 billion in the first four months of this year, up 19% compared with the same period last year.

According to the Vietnam Textiles and Apparel Association (VITAS), the garment sector's export turnover is 1.7 times higher than that of crude oil, the second largest foreign currency earner. Vitas chairman Le Quoc An said that the export of garments to key markets such as the US and the EU had increased by 20% and 6%, respectively, driving the whole sector's export turnover during the first few months of this year.

The garment sector was also one of the first to recover from the global economic crisis. Even in 2009, when the global economic crisis was at its height, the sector still maintained its top spot, with export turnover reaching \$9.1 billion, that figure is expected to hit \$10.5 billion this year.

According to Vitas, the export of garments will continue to boom this year, as almost every business has a full order book. Several enterprises have also signed orders, that will last until the end of the year. In addition to boosting exports to their traditional markets, including the US and the EU, Vietnamese garment manufacturers are increasing their exports to other ASEAN countries.

Recently, the Viet Tien Garments Company set up offices in Cambodia and Laos and plans to open another in Myanmar in the near future. Several customers from South Korea, Taiwan and Hong Kong have ordered made-in-Viet Nam garments, underscoring the increasing competitiveness of Viet Nam's garments in the global market-place.

#### Garment sector strives to use domestic raw materials

A number of businesses investing in the textiles and dye sector, which has received preferential policies and has a high added-value, are finding it difficult to meet domestic demands.

According to the Vietnam Textile and Apparel Association (VITAS), domestic textile companies only have the capacity to supply between 30%-50% of the country's demand for shirts, jeans and other basic textile products.

Production of vests, jackets and other high-quality clothes is primarily dependent on imported materials.

The Vietnam National Textile and Garment Group (Vinatex) said that it has come up with nearly 20 key textile and dye projects over the past five years to attract domestic and foreign investments. The group is making efforts to produce more material domestically, including building the Dinh Vu fibre plant in the northern port city of Hai Phong. The plant is expected to meet 70% of the sector's demand once it becomes operational in 2011.

The Ministry of Industry and Trade has also devised a scheme to develop input areas for garment and textile materials and a dyeing zone will be established in the Nhon Trach district of Dong Nai Province between now and 2015. In addition, two large material production centres will be built in HCM City and five key textile and dye projects in a number of other localities will be upgraded to turn out 45 million sq. meters of cloth by the end of this year.



### USA

#### Textile and garment import and exports on rise

Both imports and exports of textiles and garments are on the rise, with the slow improvement of the overall US economy. After covering the first quarter of this year, the government trade data reveal that, yarn exports increased by 23% over the same period in 2009, whereas exports of fabric surged by 19%.

During the same time, imports of garments from all the respective sources rose by 11%, imports of yarn increased by 18%, and fabric imports have risen by 19%.

Accounting for nearly 80% of the rise in US imports, China continued to lead the garment trade, while trade from the Central America Free Trade Agreement – Dominican Republic (CAFTA-DR) area surged by 9% and imports from Mexico was up 9%.

However, in case of Mexico and CAFTA-DR, garment imports entering US duty-free should be made of or must consist of yarn and fabric made in US or other participating nations.

But the US textile producers are concerned about the fact that, majority of the garment import trade with China, was under the 'sensitive categories' of inner-wear, knit shirts and trousers, for which import quotas were removed last January.

### SAVE Act will help US and Philippine garment units

The US and Philippines apparel industry have been suffering from dwindling trade and loss of jobs caused by the massive entry of subsidized and inexpensive textile and apparel products from China, Australia, New Zealand, Pakistan and other producers, after the lifting of the US import quota regime on these products.

To save these industries Act or Save Act (H.R. 3039/S. 3170) has been introduced in Capitol Hill that will boost the US textiles and Philippine garments, saving and creating thousands of jobs on both sides of the Pacific. The twin bills – House Resolution 3039 and Senate 3170 – have won bipartisan support in the US Congress. Both bills are now under scrutiny at the committee level.

This is a win - win formula, said Manlapig who stressed that SAVE Act will help both the troubled US textiles industry and Philippine garments manufacturers. The SAVE Act would grant duty-free treatment to garments wholly assembled in the Philippines, provided that these are made from US-made fabrics, such as yarn and cotton. US yarns and fabrics will also be granted duty-free treatment to the Philippines, as they are sold to the apparel manufacturers in the country.

The deal could be worth \$500 million for American fabric manufacturers and the equivalent of P350 billion for Philippine apparel makers by the 5<sup>th</sup> year of implementation. More importantly, the bill aims to save or create jobs – an estimated 200,000 in the Philippines alone – and finally give Chinese garments some competition.

### US textile manufacturers seek duty suspensions on Acrylic and Rayon yarns

U.S. textile manufacturers are pressing Congress to act quickly on legislation that would grant duty suspensions to imported rayon and acrylic fibers that are not produced in the United States but are vital to helping them remain competitive with foreign manufacturers.

Duty suspensions on those products expired at the end of last year, and Congress has not acted to renew them. Although duty suspensions on non-competitive products have been pretty routine in the past, a new round of suspensions has been caught up in connection with a Republican-led effort in the House to eliminate so-called earmarks, which have come under fire as "waste, fraud and abuse.

It has not yet been determined whether manufacturers will be reimbursed retroactively for duties they have been paying since the first of this year.



ZIMBABWE

### Government requested to give incentives to textile industry

The government has been requested to provide incentives for the textile industry players, so as to help them expand their current spinning capacity, so that they can gather all the probable foreign exchange inflows, which they are losing owing to, exports of huge quantities of lint in the raw form.

According to the National Economic Consultative Forum (NECF), the textile industry provides a number of chances for investment that can help the country's economy grow. Therefore, the need to improve the industry's spinning capacity,

so as to add value to lint before exporting, is the need of the hour.

Industry experts suggest that, the government should provide an incentive for the current players, to help them diversify the country's spinning capacities, plants and machineries, so that Zimbabwe can then process at least 70% lint, that is now exported in the raw form.

Currently, setting up of five new spinning plants has already been put forth. This will lead to increase in value-addition sector, thereby, generating more employment and expanding the country's export capacity, said NCEF members.

During the period 1990-2000, knitted and crocheted apparels accounted for one of the fifty fastest growing goods in the global trade, and therefore, value addition in processing cotton was a necessity. However, in order to receive higher amount of returns from this area, NCEF suggested that country needed to invest in both capacity building and modern weaving equipments.◆

### Global Cotton trade will rebound in 2010-11

World 2010-11 cotton production is forecast at 114.3 million bales, up 11% from the previous year, and reversing the output decline that began three years ago. This expected rebound comes on an improving global economic outlook - that is expected to ease credit conditions - and the continuing strong demand for the fiber.

Production is expected to rebound in most major cotton-producing countries. Australia is forecast to produce 2.2 million bales in 2010-11, a 38% increase from a year earlier as weather conditions and water availability improve. Brazil and China are forecast to increase production, by 18% and 2%, to 6.8 million bales and 33 million bales, respectively. India's 2010-11 production is forecast at 25 million bales, up 6% from the preceding year and the highest on record.

Production in Pakistan and Uzbekistan is forecast at 10.5 million bales and 4.6 million bales, up 6% and 12%, respectively, from a year earlier. The United States is forecast to produce 16.7 million bales, up 37% from the previous year.

Global cotton trade in 2010-11 is forecast at 36.1 million bales, a 2% increase from the preceding year and

equivalent to one-third of global production in that year. Of the major importing countries, China,



Bangladesh, Indonesia, and Pakistan are forecast to increase imports to 11.5 million bales (up 6%), 4.25 million bales (up 6%), 2.2 million bales (up 5%), and 1.9 million bales (up 12%), respectively.

These import increases are partially offset by declines in other countries, such as Turkey and Russia. Turkey is expected to import 2.5 million bales, down 26% from the previous year, while Russia's cotton imports in 2010-11 are forecast to further decline 4% to 675,000 bales. In South Korea, Thailand, and Mexico, 2010-11 imports are forecast to remain unchanged from the previous year at 1.0 million bales, 1.8 million bales, and 1.5 million bales, respectively.

Most of the 2010-11 global export supplies are expected to come from Australia, Brazil, India, the United States, and Uzbekistan, which together are forecast to account for over 70% of global trade.◆