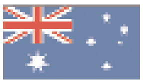


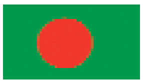
AUSTRALIA

Prevalent drought to shrink cotton yield

The present drought conditions prevalent in Australia will substantially bring down cotton production this year. The scarcity of water is due to low rainfalls for the past six months and insufficient storage of water in the dams.

Although plantation of cotton seeds is determined until November, it is quite evident that harvest this year would be comparatively much less than 2007.

Experts believe that the existing drought is one of the worst calamities striking Australia in the past 100 years. It had first hit the country in 2002 and has returned in the recent years. Estimates show that cotton production will drop from 274,000 tonnes in 2007 to 104,000 tonnes. Astonishingly, cotton harvest this time will account for being the smallest in the past 30 years.



BANGLADESH

RMG exports to Japan

Lack of information about Bangladeshi apparels in Japan is a major hurdle to increasing Bangladesh's RMG export to the world's second largest economy, reveals a survey conducted by Japanese textile importers.

It is necessary to let the Japanese buyers understand the kind, quality and price of the Bangladeshi products, according to the survey report on 'The Actual Situation of Textile (RMG) Industry in Bangladesh'. As a countermeasure to cope with the situation, it is proposed for the Bangladesh side to consider holding or taking part in trade exhibitions specialized in textiles and garments.

The paper was prepared as a continuing step from Bangladesh side to conduct such study to identify the bottlenecks in increasing RMG trade between Bangladesh and Japan as the export volume of Bangladeshi readymade garment to Japan is very low.

Lack of raw materials in local market, weak industrial infrastructure and social unrest stemming from political instability are some of the problems which deter Japanese buyers and investors, the survey identified. The survey said, out of Bangladesh's $8 billion export of RMG products, Japan imports products worth $37 million, that is only 0.46% of its total import. The report suggested the quality of garment products of the country should improve in order to make inroads into the Japan market.

Export Development Fund raised to $150 million

Bangladesh Bank has increased the Export Development Fund (EDF) to US$ 150 million from existing US$ 100 million to help maintain the growth trend of the export-oriented industries.

The Foreign Reserve and Management Department of the Central Bank in a circular also announced raising the loan limit for a single borrower from $1 million to $1.5 million for payment of importing raw materials for export products. The textile business leaders and trade bodies have been urging the Government to raise the fund as the prices of raw materials have increased in international markets.

Study on Bangladesh garment factories

According to the Study on the Ongoing Restructuring Process' garment factories that meet compliance standards are much more productive than less compliant competitors. The study was conducted during the second half of 2006 and the data was generated for FY 2004 (pre-MFA) and FY 2005 (post-MFA). A total of 190 enterprises were selected as sample.

The study said that between 2002 and 2006 the global market for apparels increased by about 45% whilst that of textiles by about 42%. Between FY 2000 and FY 2007 gross export earnings more than doubled, whilst net export earnings increased by almost two and half times.

The study further said shortage of longer electricity, competition with China, inadequate port facilities and infrastructure, lead times, and non-implementation of new wage structures are the major structural weakness for the readymade garment sector.

Grameen Knitwear gains orders for Coolmax fabrics

Grameen Knitwear Ltd, a local manufacturer and a 100% export oriented company, now can boast of acquiring the order to sell one of the high cost fabrics, the 'Coolmax Fresh Fabric' to China, which itself is one of the biggest manufacturer of synthetic ones.

Coolmax Fresh Fabric is basically used to produce high performance sports wear. It is made from a hexa-channeled fiber that pulls moisture away when it touches the skin. The fabric prevents the apparel from smelling, thus the user feels dry, cool and fresh.

Recently, the consumption of coolmax fabric has increased sharply, now consumers are developing interest for using this material for every day apparel.

Grameen Knitwear Ltd, till now has shipped Coolmax fresh fabric worth US $35,000 to China and is expecting to export materials worth $50,000. Company, in order to meet rising demand of exports, is planning to set up new factories in the Export Processing Zones.

World Bank report: Bangladesh should improve human resources and infrastructure

World Bank President Robert B Zoellick said Bangladesh holds the potential to become an effective partner in the international market by utilizing its human resources properly and developing its infrastructure in the apparel industry.

He said about half of Bangladesh's more than 140 million people still live below the poverty line, earning less than a US dollar a day. The country's eight EPZs were contributing 18% to the national export earnings and offering employing more than 200,000 people. Presently, about 270 enterprises are operating in the zones making an investment of $1.8 billion.

The World Bank President went around the South Korea-based Youngone at the Dhaka EPZ, the biggest textile firm in Bangladesh. So far Youngone has invested more than $300 million in Bangladesh's Dhaka and Chittagong export zones, and created 34,000 jobs.

Expressing satisfaction over the infrastructure facilities of the Youngone Corporation, the WB boss said now the real challenge is to continue such facilities also in other enterprises of this sector.◆

CANADA

Fibres Jasztex receives Govt grant for upgradation

Fibres Jasztex Inc of Pointe-Claire received $1.50 million in repayable funding to acquire modern strategic equipment for the manufacture of high-quality synthetic fibres. This project will require an overall investment of $3.62 million and result in the maintenance of 126 jobs.

This project, which focuses largely on productivity growth and innovation, illustrates the determination of textile industry in general, and of Fibres Jasztex in particular, to adjust to the challenges of globalization and find new market niches.

The Government of Canada supports enterprises seeking to make use of new technologies to ensure their growth, one of the goals laid out in advantage Canada plan to help the country build a prosperous future.

CHINA

Textile exports facing tough times ahead

With the RMB appreciation and lowering of export rebate rate Chinese textile and apparel products are struggling in the export market. Even though shipments from the country have increased, profit margins of the exporters have gone down.

Few enterprises are earning profits as low as 3% to 5% and many others are reaping zero profit or even facing losses. Experts believe that although a rise in the textile exports can be observed, that does not mean that export situation for the industry is good, however, Chinese textile exporters have no choice.

According to a textile export company, profit margins will gradually decrease in the future because of new rules like EU, but companies cannot divert to other businesses as a lot capital has been invested, and if they give up at this point the losses will be unbearable.

However, the first task this year would be to decrease the trade surplus of the country and this unquestioningly calls for a rise in the value of RMB. Rise in RMB value is expected to reach 9% to 10%. Besides, it is also believed that the Government is likely to take measures to adjust the export rebate and tariff in order to control the foreign surplus in the beginning of next year.

New rules for EU exports

Three Chinese associations announced entry barriers for textile exporters to the European Union (EU) for next year, as the country tries to control the growth of exports and reduce trade friction with its major partner.

Companies in eight categories of textile products for export to the EU next year must have registered capital above 500,000 yuan, two consecutive years of EU exports and over $10,000 worth of textile exports to the EU in the previous year.

The move is one of a series taken by China to maintain reasonable growth of textile exports to the EU, after the two sides reached an agreement on September 29, 2007 to set up a monitoring system for eight categories of Chinese textile products including T-shirts, pullovers and men's trousers. Exporters have also been urged to maintain order in the market and warned that any breach of the rules will attract a penalty.

Children clothing exports disqualified

A firm check on Chinese exports of children clothing in November, 2007 revealed shocking results. Nearly 22.5% of the export was marked as unqualified in the safety items where as another 50% were disqualified in the non-stretching section of accessories. The scrutiny was done by Inspection and Quarantine Bureau of Hangzhou city and key problem areas recognized were shedding and fragmentation of buttons and other garment accessories.

In the first quarter of 2007, American Consumable Security Committee recalled Chinese made children apparels four times whereas last year in the same period, it was revoked only once. A recall was also announced by EU this year on grounds of inferior quality of materials, bands, zips and buttons.

EUROPEAN UNION

Denim fabric imports in first quarter 2007

European Union imports of cotton denim fabrics from outside producers have fallen in volume by 41% in the first quarter 2007. Lower imports suggest that EU production of jeans is also declining. Turkey however has increased its share of the import market as shipments from other important suppliers fall. It remains number one for the important Italian and Portuguese markets.

This follows an already shrinking import market that saw shipments decline 10% last year as EU production of denim Jeans continues to weaken.

Brazil was hardest hit, down 66% while imports from India and Pakistan were also both largely lower despite all having lower unit values compared to the total supplier average 2.14 Euros per square metre.

EUROPEAN UNION

Monitoring to replace EU-China quotas

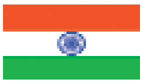
A quota system set up in 2005 to prevent Chinese imports swamping the European market will be scrapped at the end of this year and replaced by a new import monitoring system.

The European Commission (EC) and the Chinese Ministry of Foreign Trade have decided on a system of joint import surveillance that will operate for one year in 2008 following the end of the import growth caps on ten categories of textiles and clothing from China. The 'double checking system' will track the issuing of licences for export in China and the importation of goods into the European Union (EU).

EU Trade Commissioner Peter Mandelson welcomes this further step in the cooperation between the EU and China in ensuring a smooth transition to free trade in textiles. A system of joint monitoring means predictability for EU producers and traders as well as a clear picture of future developments as we make the final step to free global trade in textiles and clothing

The monitoring arrangement covers the eight most sensitive of the ten product categories covered by the levels agreed in 2005 and that will expire at the end of the year. Although imports of these goods will be closely monitored their level of import will not be restricted by this arrangement.◆

Countries close to the EU, such as Morocco and Tunisia, have equally suffered despite geographic and economic ties after EU firms relocated for lower production costs. But Turkey retains its position as number one supplier to the EU and has even increased volumes by a modest 1.34% compared to the first quarter 2006; as a result, its share of the EU import market has risen to 43% while also reducing its cost to European buyers.



INDIA

Textile & garment exports to boost substantially

With keen interest taken by international retailers in Indian market, textile and apparel exports are expected to face a 12% annual boom. India is gradually creating a dominant position in the global scenario replacing old players like China for sourcing goods. According to CII, even the domestic market is envisaged to inflate by 6.5%, while the sourcing market size for 2008 is expected to be US $22 billion to $25 billion, the year 2011 is further projecting a growth of $35-$37 billion.

On a more precise analysis, the men's garment sector is likely to expand to $13.5-14 billion by 2009, while that of women will rise to $11 billion in the same period. Additionally, children's apparel quarter will also go up from $4.7 billion to $11 billion.

Capital subsidy to textiles

In a boost to Indian textile sector, the Government has decided to extend the benefits of a technology up-gradation scheme for five years up to 2012 under which capital subsidy and interest reimbursement for purchase of machinery will be given. The scheme places special thrust on garmenting, technical textile and processing segments of textile industry in view of their potential for value addition and employment generation.

Under the scheme, the Government would provide 4% interest reimbursement for spinning machinery and 5% interest reimbursement for all the remaining sectors. It would also provide 10% capital subsidy in addition to 5% interest reimbursement for machinery required in manufacturing technical textile and garment. The decision is expected to help the textile sector in achieving the targeted growth rate of 16% and make an investment of Rs 150,600 crore during the five-year period starting this year.

Rapid Textile reforms to generate 65 million jobs

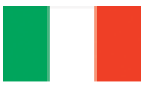
Domestic textile industry could achieve US$ 55 billion of investments, create job opportunities for 65.4 million workforce and its CAGR could go up at 22% by 2010 provided reforms are initiated into it at quicker speed, according to findings of The Associated Chambers of Commerce and Industry of India (ASSOCHAM).

In a Study by ASSOCHAM on `Indian Textile: Weaving a Global Spin', it has been stated that with continuing bottlenecks in place, the projected investment for 2010 could fall at US$ 16 billion from projected US$ 55 billion and job prospects stay for a meager lot of 19 million workforce as against projections for 65.4 million.

The predictions for CAGR of 22% by 2010 would slip at 6% until vigorous efforts are made for reform introduction to the textile sector, says the ASSOCHAM President Mr. Venugopal N. Dhoot while releasing the findings of the Study.

The industry attracted investment of Rs.33,000 crore during fiscal 2006-07, up by 51% from Rs.21,850 crore in the previous year. The total size of the textile sector is $47 billion with domestic market at $30 billion and export market at $17 billion.

The study recommends changes in existing schemes such as TUFS suggesting that the amount sanctioned under it fall short of re-reimbursements liability of the Government; hence, its allocation should be increased. Spinning and composite mills have been the prime beneficiaries of the sector however, benefits of the scheme should be extended to processing and garment sector.



ITALY

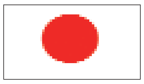
The largest importer of cotton denim fabrics

Thanks to a rebound in the Italian market, shipments of cotton denim fabrics to the European Union did not decline further in the first half this year. French and Belgian imports from outside the European Union sharply increased at the same time. Shipments to Portugal and Poland declined in the first half of this year.

Italy remained the largest importer of cotton denim fabrics from outside the EU in the first half this year. Italian imports surged 24% in value terms, at 54.3 million Euros. This is mostly due to a strong increase in shipments from Egypt at 12.57 million Euros.

France and Belgium were two others growing markets, with imports from outside the European Union respectively rising 35% and 66% in value terms. Both markets are much smaller than the Italian one, however, only accounting for 7% and 6% of total imports in value terms, compared with 46% for Italy. Italy's denim apparel production was at relatively high level compared with other European countries after plants were closed and production progressively relocated to Tunisia and Morocco in the past 20 years.

EU denim producers faced more difficulties on the European market. Highest import prices were reported by France at 3.15 Euro per square meter while Spain received very low-valued products at only 1.71 Euro per square meter.

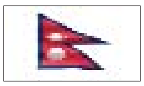


JAPAN

Trade with Vietnam likely to make $12 billion

Results for the joint ventures between Japan and Vietnam have shown a remarkable growth. Trade between the two countries is expected to reach US $12 billion by the end of this year. The estimates are essentially a reflection of a 21% rise compared to the previous year. Moreover, an approximate of $6.7 billion of the total, will only account for the Vietnamese exports to Japan.

Textile and handicrafts are likely to form a sizable portion of Vietnam's exports. Japanese companies have even started basing their representative offices in Vietnam consequently strengthening trade relations between the two nations.



NEPAL

Decline in garment exports to US

Nepal's export of readymade garment (RMG) to the US has declined by 46% in the first 10 months of 2007 compared to same period last year, as companies hit by labour stir and eroding competitiveness, failed to lure international buyers.

According to the statistics of Garment Association Nepal (GAN), Nepali readymade garment exports valued mere US$22.92 million over the first 10 months of the year, whereas it was $42.41 million in the same period last year.

Entrepreneurs attributed the decline to fast losing of orders over the past one year due mainly to internal problems.

The decline in export has dragged the industry down to the second position from the largest foreign currency earning export of the country.

Nepali readymade garment industry has been going through a declining trend since 2002, when it lost to Sub-Saharan and Caribbean competitors, after the US provided duty-free market access to those countries. The industry received another blow after the quota system in global trading of textiles expired in 2005. As a result, Nepali readymade garment export, which totalled to $136.49 million in 2001, rapidly shrunk to $47.77 million in 2006.

During the period, the number of manufacturing units dropped to about one and a half dozen from over four dozen units. The number of workers employed in the industry also slipped to 10,000 from over 60,000.

GAN officials said that the Government, despite making various commitments, has not created a favourable industrial environment whereby they could inject fresh capital and resume closed units. They argued that development of Garment Processing Zone (GPZ) in the vicinity of Birgunj, which has a railways link with Kolkata port, would have reduced their cost of manufacturing and enabled them become competitiveness in the international market.

NIGERIA

Collapse of the textile industry in Kaduna

The United Nigerian Textile Limited (UNTL) in Kaduna closed for the first time in 43 years. UNTL was the last surviving textile firm in Kaduna, and after the closure of the plant 4,000 workers lost their jobs.

The closure marks the end of the industrialization dreams of the Sardauna of Sokoto and the first generation of post-colonial leaders of Nigeria who invested a lot of resources to create an industrial backbone for the country. The generation of leaders led by the Sardauna realized that Northern Nigeria should create a textile industry on the basis of the abundant cotton produced in the region, and so Kaduna became the heart of one of the most important textile industries in Africa.

From a progressive reading of the process of political economy, the Kaduna textile industry also gave birth to an industrial working class with emergent political consciousness that could be harnessed in the consolidating industrial unions at the head of which was the Nigeria Union of Textile and Garment Workers.

The textile industry and the entire manufacturing sector is a major casualty of the absence of autonomy in the economic thinking sphere. This is the only basis to explain the complete collapse of the textile industry in Kaduna.

SRI LANKA

Trade unions demand wage increase for garment workers

ALaRM, a coalition of NGOs and trade unions in the garment sector, launched a campaign asking the Board of Investment (BOI) and garment factories for an immediate salary increase and a 'sector specific' living wage for garment workers. The demand is for minimum increment of Rs. 2,500 for garment workers.

The main demand is a salary increment of Rs. 2,500 from the forthcoming BOI salary increments in November for 2008, and to ensure the payment of the minimum wage of Rs 5,000 and the budgetary relief allowance of Rs.1000 to each and every employee in the sector.

Most garment workers earn less than a living wage right now, even by working over time, working on holidays and with other benefits. ALaRM says the present income of garment workers is not enough to lead a decent life given the cost of living in Sri Lanka.

TAIWAN

Textile industry targets output of NT$530 billion

The annual production of Taiwan's textile industry is likely to reach NT $530 billion by 2009. Taiwan Premier Chang Chun-hsiung remarked during a show at National Palace Museum that the Government is all set to invest a sum of NT $28 billion in the span of three years for supporting innovation in this sector.

Mr. Chang further stated that the textile industry of Taiwan has reached an annual production of NT $460 billion and a yearly trade surplus of over US $9 billion. In spite of tough challenges faced from the developing countries having cheap labor and threats posed by technological advances of industrialized countries, Taiwan continues to maintain its competitiveness in the world market.

Reports on global textile innovations expect Taiwan to rank sixth in the world and second in Asia during the period of 2007-2011. In context by 2015 Government aims to make the country a world leader in the supply of innovative and functional textiles.

TURKMENISTAN

President inaugurates cotton cleaning plant

Cotton-cleaning plant with an investment of US $12.8 million was inaugurated at Ruhabat district near Ashgabat. The facility based on a turnkey system was built by Turkish Gap Inshaat Company.

The plant, spread over an area of 14 hectares, is expected to produce 90 thousand tonnes of cotton every year. Most importantly, the unit is equipped with 3 warehouses, each having the capacity of accommodating 2500 tonnes of ready products, 5,000 tonnes of cotton seeds and 1000 tonnes of raw cotton.

Besides, the Foodstuffs Association of Turkmenistan has arranged for a new cotton-seed oil mill to be constructed near the plant. The contract for this project is undertaken by Turkish company Polimeks and will involve a sum of over $67.8 million. This cotton-seed oil mill will process 300 tonnes of cotton seeds per day making it extremely convenient to directly supply ready products from the plant.

TURKEY

IMA aims to strengthen fashion education system

The Fashion and Textile Cluster (FTC) is financed by the European Union and represented in this instance by Istanbul Textile and Apparel Exporters' Union (ITKIB). The beneficiary of this venture is the Turkish Small and Medium sized Enterprises (SMEs) in the textile and apparel sectors.

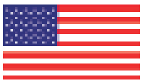
The overall objective for the Fashion and Textile Cluster is to increase the international competitiveness of SMEs in the textile and apparel sectors in Turkey and accelerate the level of networking among SMEs at local, national and global levels as well as with business support organizations and related structures.

Being three main components of the Fashion and Textile Cluster; Istanbul MODA Academy (IMA), Istanbul Textile and Apparel Research and Development Centre (ITA) and Istanbul Textile and Apparel Consultancy Centre (IDM) will work in collaboration with each other.

IMA aims to strengthen the fashion education system and be a focus for design, creativity and industry networks. Whereas ITA will offer common use equipment, up-to-date technologies and skilled staff in order to support technological competitiveness.

IDM aims to provide consulting service to improve functions of marketing, quality management, product development and exporting. Istanbul Textile and Apparel Consultancy Centre (IDM). The Turkish textile and apparel sector has strengths in commercial practice and manufacturing techniques.

On the other hand the researches demonstrate a need in improving functions of marketing, quality management, product development and exporting. To improve their competitiveness, Istanbul Textile and Apparel Consultancy Centre (IDM) will provide consulting services to the SMEs on these issues.



USA

Cotton subsidies are destroying African farmers

The United Sates has ended one form of subsidy last year, in a responding to a 2004 WTO ruling against the U.S. It has terminated so-called Step 2 payments to exporters and domestic textile mills, as such payments totalled $349 million in fiscal 2006, according to the USDA.

The U.S. is the only country to support its domestic cotton growers. China, the largest producer, provides $1.4 billion in annual aid through import quotas that keep Chinese cotton prices above than elsewhere, according to the International Cotton Advisory Committee, a Washington-based association of producing and consuming countries. The European Union, a much smaller producer, gave its farmers $300 million in aid in the past crop year.

The problem for farmers is that subsidies encourage excess production, which pushes down prices, the advisory committee says. It estimates prices would rise 10% over three to four years if subsidies ended worldwide.

The U.S. is often singled out for criticism by Brazil and other developing nations because most of its crop is exported, says Terry Townsend, Executive Director of the Cotton Advisory Committee.

US mills will use 4.6 million bales of the fibber this crop year, less than half consumed. Exports this crop year will total 16.7 million bales, more than three times the next-highest shipper, Uzbekistan, according to a report by the U.S. Department of Agriculture.

Representatives convey serious concerns with Doha cotton textile

A group of House Members has sent a letter to U.S. Trade Representative Susan Schwab citing their serious concerns with the cotton language in the draft text released by World Trade Organization (WTO) Agriculture Negotiating Chairman Crawford Falconer.

The lawmakers say they believed Ambassador Falconer erred by failing to bracket the "cotton language." Nowhere in the draft, they say, is there mention of the underlying distortions in the international cotton market and the efforts the United States has made, and continues to make, with initiatives such as the West Africa Cotton Improvement Program and the African Growth and Opportunity Act.

Finally, given the agreement in the Hong Kong Declaration that any further cotton domestic support adjustments would be negotiated after an overall agriculture agreement is reached, the letter points out, "we are concerned the draft text creates added pressure for a separate cotton agreement in advance of an agriculture agreement."

The WTO Doha Round negotiations are extremely important to the ability of U.S. Agriculture to compete in the global marketplace and lowering trade barriers not only will help farmers and ranchers reach new markets around the world.

VIETNAM

Favourable conditions for the garments & textiles

The Ministry of Industry and Trade has predicted that Vietnam will reach an export turnover of US$48.1 billion this year, up 20.5% against last year's figure and higher than the set target of US$46.7 billion. According to the Ministry more than 75% of the set target is already fulfilled.

Domestic enterprises fetched US$15.4 billion in export turnover, making 44% of the country's total export turnover while foreign-invested enterprises earned US$19.8 billion from exports, accounting for 56% of the total export turnover. According to the statistics, garment and textile exports earned US$5.8 billion, up 32% against the same period last year, making these products the country's leading export items.

It is estimated that garment and textile export turnover will reach US$7.5 billion this year, up 20%. Nguyen Van Thong, Deputy Director of Hoa Tien garment and Textile Company, called on the Government to develop policies to create more favourable conditions for the garment and textile sector. ◆

Jute industry of Bangladesh

Bangladesh, reckoned to be the largest grower and producer of high quality Jute, caters to the need of consumers across the world.

The natural home for prime quality Jute, nowadays is struggling for its survival. Jute, once considered as the golden fiber among South Asian people and had a great demand in the international market jute, is losing over synthetic fibers such as glass and carbon. Researchers all over the world, in an effort to introduce low cost material, invented polymeric materials like polyethylene, polypropylene, polyvinyl chloride, which have quite many advantages over Jute.

These factors are affecting the jute mills adversely and many of them in Bangladesh are closing down. Recently, four big manufacturers have put down their shutters and presently, there are only 18 jute mills which are run by the Government. The main reason behind these closedowns is that they are running in losses. The mills are lacking capital investments; production cost is much higher than the finished goods. Labor crisis, union labor movements demanding higher wages also add to the sufferings of these jute mills. ◆