AFRICA

Burkina Faso to show an increase in cotton output this season

Africa's top cotton grower Burkina Faso is expected to see an increase in cotton output by as much as 20% in the 2017-18 season to 820,00 tonnes.

The target is realistic and achievable if rains are favorable over the season and pests are kept under control, said Georges Yameogo, General Secretary of the Nation's Cotton Association.

The price for the new season was set at 245 CFA Francs ($0.40) a kilogram up from 235 Francs the previous season. The costs of fertilisers, insecticides and seeds remain unchanged.

Burkina Faso harvested 683,000 tonnes of cotton in the 2016-17 season, which was below the target of 700,000 tonnes due to lack of rains in September. This is still 17% higher than the 586,000 tonnes harvested in the 2015-16 season.

The West African nation decided last year to halt the production of genetically modified cotton, a variety introduced by Monsanto as the production of the short fibre cotton was hurting its reputation and ultimately revenues. The return to conventional seeds last season made it possible to eliminate almost all the short fibres crops.

BANGLADESH

Country shows strong commitment to reducing pollution by textile industry

Water pollution is currently the number one challenge faced by the fast-growing textile and apparel industry in Bangladesh. The industrial pollution accounts for 60% of pollution in Dhaka, and the textile industry is the second largest contributor. The textile manufacturing in Bangladesh generates as much as 300 metric tonnes of wastewater per tonnes of fabric manufactured, with many harmful chemicals discharged as a waste water.

With the help of eco-friendly textile production program PaCT, Bangladesh has achieved several results in tackling textile pollution, including an allocation of $200 million for a Green Transformation Fund, which helps textiles and apparel manufacturers to implement environmentally-friendly processes and technologies.

CHINA

Textiles producing units fighting hard against pollution

The textiles and apparel manufacturing industry have always been one of the major causes of global environmental pollution. The Chinese authorities are taking a hard line to fight against the pollution generated by the textile industry. The recent report shows that enterprises and manufacturers in China, who caused serious pollution were fined a total of US$ 38.3 million in the first quarter of 2017.

China received 33,000 tip-offs on environmental violations caused by enterprises and industrial manufacturers and issued fines worth over US$ 963 million, detaining 720 people in more than 800 cases. Total fines were up by 56% compared to the previous year. Many of these enterprises and manufacturers were operating in the textile sector.

Many printing and dyeing enterprises are compelled to stop production or shut down their units, under the pressure of Chinese environment protection agencies.

For example, Fujian Province is a major dye house in China. The printing and dyeing industry is centralised in Shishi, Fuzhou, Jinjiang, Quanzhou and Putian.

Quanzhou recently announced a list of major pollutant printing and dyeing enterprises to be rectified in 2017.

Shishi has also worked out stringent measures, ruling all printing and dyeing plants to eliminate dye house odour.

EUROPEAN UNION

EU rules needed to enforce worker rights at textile and clothing factories

European Union (EU) rules are needed to oblige textile and clothing suppliers to respect workers' rights, said the Members of European Parliament (MEPs) in a recent meeting. The textile workers around the world, many of whom are young women and children, suffer long working hours, low wages, uncertainty, violence and hazardous conditions, noted the MEPs.

In an effort to push the 'flagship initiative' aimed at preventing tragedies like the April 2013 Rana Plaza factory collapse in Bangladesh, MEPs suggested a series of measures.

The EU commission should table a legislative proposal for a binding due diligence system, based on OECD guidelines and similar to those for the so-called blood minerals, that covers the whole supply chain.

The EU should ensure that textile exporting countries with preferential access to the EU market comply with obligations and produce sustainable textiles, while member states should promote workers' rights in their relations with partner countries.

The members also suggested making the 'social impact of production' visible on clothes that can help bring about lasting change, and helping EU institutions to set a good example in their public procurement of textiles, the report concluded.

European Union imposes new security screening on Bangladesh imports.

The European Union has imposed new security screening on imports from Bangladesh, a move that is likely to make it costlier for businesses in the South Asian country to sell products to EU nations. During fiscal 2015-16, the garment industry exported $17.15 billion in goods to the EU accounting for 60 percent of the industry's exports.

Bangladesh has none of these facilities, so cargo will have to be routed through a third country where security screening is possible. The move makes Bangladesh the 13th country designated as "high risk" for EU commerce. It was unexpected, according to Bangladeshi government officials, who said they were given no explanation when informed of the change.

Last year, Britain, Germany and Australia banned direct cargo shipments from Dhaka's international airport, citing its poor security system.

The business leaders are worried about the possible delays in screening, when these manufacturers are already struggling to fulfil large orders on short notice, despite frequent power outages that shut operations down.

Some air shipments from Bangladesh are already being routed through Dubai, Istanbul or Doha for screening, and some sea shipments are going through Colombo or Singapore.

"Fresh screening will take at least 10 days, at a time when we struggle to ship timely goods," said Mir Mobasher Ali, who exports about $50 million in garments to Europe and Canada every year. "We need to include additional time and resources for the screening in a third country. That's disastrous for us."

Siddiqur Rahman, president of the Bangladesh Garments Manufacturers and Exporters' Association, representing 70 percent of the textiles industry, also described the move as disastrous.

Just over half of Bangladeshi exports go to the European bloc, accounting for $18.68 billion in revenues during the last fiscal year. Those shipments, by air or sea, will now have to be screened by bomb-detecting dogs and devices.

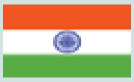
ETHIOPIA

Country aims to earn US $30 billion from export of garment and textiles

Ethiopia is aiming to generate the US $30 billion from the export of garments and textiles by the year 2025. This is a very ambitious target for a country whose shipments are the only US $115 million during 2016-2017.

The Ethiopian government is looking at the textile and clothing supply chain as one of the country's key target areas for growth. According to Dr. Arekbe Oqubay, Special Advisor to the Prime Minister Hailemariam Desallegn, the plan will transform Ethiopia into a compelling new sourcing hub for brands, retailers and their suppliers.

Dr. Arekbe said that by 2025 we want to make Ethiopia the leading apparel and textile manufacturing hub in Africa capable of exporting up to $30 billion. We believe if Vietnam and Bangladesh can do it, Ethiopia can do it even better.



INDIA

Special package for garment and textiles sector

The Indian Union government has announced a Rs. 6,000 crore special package for the textile and apparel sector. The package aims to help in creating one crore jobs, mostly for women, in the next three years, said Textiles Secretary Rashmi Verma.

The package, approved by the Union Cabinet headed by Prime Minister Narendra Modi, includes several tax and production incentives. The government has also suggested bringing in flexibility in labour laws to increase productivity. These initiatives are expected to lead to an increase in exports by $30 billion and help attract investment worth Rs. 74,000 crore in three years.

Finance Minister Arun Jaitley said China is gradually relinquishing its leadership position in the garment sector due to rising wages and production shifting to high technology sectors. This, he said, is leading to garment sector firms shifting to countries including Bangladesh and Vietnam. Economies of scale can also happen in India, therefore, through positive changes in schemes and regulations, we are ensuring that the textile sector realises its full potential in India.

Of the Rs 6,000 crore packages, Rs 5,500 crore is for an additional 5% duty drawback for garments. In a first-of-its-kind move, a new scheme will be introduced to refund the state levies which were not refunded so far. The drawback at 'all industries rate' will be given for domestic duty paid inputs even when fabrics are imported under Advance Authorization Scheme.

The remaining Rs 500 crore is for additional incentives under Amended Technology Up gradation Funds Scheme (ATUFS), where the subsidy provided to garment units under the scheme is being increased from 15% to 25%, providing a boost to employment generation.

To ensure increased earnings for workers, the package specifies that overtime hours for workers shall not to exceed eight hours per week in line with International Labour Organisation norms.

Indian textile sector demands uniform GST tax rate of 5%

The textile industry of India has urged the government to place all products across the textile and apparel value chain under the lowest slab of the Goods and Services Tax (GST). The industry seeks 5% taxes without exemptions in order to avoid all possibilities of tax evasion. The applicable rates are currently between 5% and 7%.

The Clothing Manufacturers Association of India (CMAI) in a representation to the Commerce Ministry said that the low GST rate for the textile sector will boost domestic textile production and encourage voluntary compliance. The move will also help the country to generate 35 million jobs and attract investments worth $200 billion by 2025.

The demand is essentially being made as the textile sector is the second largest employer after farming. It employs 45 million people directly and 60 million people indirectly. The textile sector also contributes 10% in India's total manufacturing.

A uniform GST rate of 5% without exemptions will put an end to blocked input taxes and tax cascading. It will also increase revenue for the government. The tax revenue across the sector could increase by INR 7,000 core with a uniform GST rate and 50% industry compliance, said Rahul Mehta, President, CMAI.

The GST rate structure with multiple rates could result in distorting production and consumption data and will compromise fibre neutrality. In this context, the producers could move on to manufacture products using fabrics that fall under the lower slab. Therefore, a uniform GST rate can lead to a promising future for the textile sector.

Thus, by extending a uniform GST rate to fabrics, which are currently exempted, could result in the government generating INR 10,850 core even with only 50% compliance.

IRAN

New directive announced to revive apparel industry

The Iranian domestic manufacturers of apparel have been hard hit by excessive imports in recent years. To revive the Iran's ageing apparel industry, the Ministry of Industries, Mining and Trade has announced a new directive.

Under the new directive foreign representatives, branches and distributors of apparel in Iran seeking business licenses are required to produce goods worth 20% of their import value inside Iran and at least 50% of this domestic production be exported.

The licenses issued as per the above condition will be valid for two years, with the possibility of extension if there are no violations. The new regulations also aim at increasing domestic production, creating jobs and reviving apparel industry by importing up-to-date technology.

President of Trade Promotion Organization of Iran Mojtaba Khostrotaj said that foreign apparel producers and distributors must have registered official representatives and obtain the licenses before they can export their products to Iran.

The Iranian apparel market is worth an estimated $12 billion per year. Some $2.6 billion worth of clothes are imported into Iran every year and according to members of apparel unions, twice this amount is smuggled into the country.

According to Director General of the Association of Iran Textile Industries Mohammad Mehdi Raeis-Zadeh, out of more than 90% of fake foreign brands sold in only 25 to 30 brands have sales permits from the main companies and/or their representatives.

INDONESIA

Domestic textile market dominated by imported products

Indonesian domestic textile products have continued to lose their foothold in the domestic market over the past five years as imported products control 70% of the country's domestic textile market, which is estimated to reach US$10 billion a year leaving only 30% of the market for domestic products, as stated by the Indonesian Textile Association (API) chairman Ade Sudrajat.

He said that API saw trade in textile products such as finished wear was relatively quiet such as at the Tanah Abang market in Jakarta, Turi market in Surabaya and Klewer market in Solo. The purchasing power of the consumers is declining and garments and clothing are longer a priority.

The government needs to address the problem, as with the falling buying power of the people, the industry will also decline. Under earlier government, there was what was called cash direct aid (BLT) that could increase the peoples buying power.

API also noted that 90% of the basic material for readymade wear is imported like cloth from South Korea, China and Japan. However, API is optimistic that country's textile industry would continue to grow as indicated by data from the Central Bureau of Statistics (BPS) which showed that the country's exports of textiles rose 3.8% year-on-year in the first quarter of 2017. In the next quarter the country's exports of finished products is expected to increase once again.

Earlier the Industry Ministry said that it would coordinate with the Trade Ministry to curb imports of textiles and textile products (TPT) to protect the domestic industry.

The textile market is predicted to continue to increase domestically and globally with the growing population and increase in demand from non-wear requirement such as for furniture.

Also textile industrialists should not delay investing otherwise in the next five years it would be more difficult for Indonesia to compete in international market facing other Asian major textile makers such as India, China, Vietnam, Pakistan and Bangladesh.

KENYA

Tax incentives for the textile industry of Kenya

Kenya has started offering tax incentives to clothing companies, a key part of it's under performing manufacturing sector, to create jobs and provide affordable new clothes for the domestic shoppers.

The textiles industry is now allowed to sell 20% of their annual production locally without sales taxes and without paying import duties on the materials and equipment used to produce the textiles and garments.

The advent of cheap, second-hand clothes imports from the US and Europe, locally known as mitumba, in the 1980s, put local apparel firms out of business and reduced production of raw materials like cotton.

MYANMAR

Garment exports fetch $1.8 billion in FY17

The cutting, making and packaging (CMP) garment industry in Myanmar earn about $1.836 billion in the financial year 2016-17 that ended this March. According to the Ministry of Commerce, Myanmar exports around 33% of its CMP products to Japan, followed by 25% to EU. It also supplies clothing items to South Korea, US and China.

The CMP garment industry, which includes manufacturing of shoes, garment and bags, contributed 16% to total export earnings of Myanmar during the year. Last fiscal, Myanmar had earned the US $ 627 million from its CMP garment exports.

The garment industry in Myanmar employs more than 300,000 persons. It has set an ambitious export revenue target of US $12 billion, thereby creating around 1.5 million new jobs by 2020, according to the information released by Myanmar Garment Entrepreneurs Association. Sweden's H&M and America's Gap are among the major foreign companies that have invested in garment manufacturing industry in Myanmar.

TAIWAN

Taiwanese sportswear manufacturer to create 8,000 jobs in Haiti

Taiwanese sportswear manufacturer Reliable Source Industrial (RSI) is investing $50 million for setting up a new apparel factory in Haiti. The factory, which is likely to get operational by the end of 2017or early 2018, will provide employment to 8,000 people. The new factory will come up in Lafito Industrial Free Zone in Cabaret, 20 km north of Port-au-Prince.

Lafito Free Zone project, coming up on 37 hectares of land, will also include commercial space, a medical centre and a residential area. The free zone is part of the larger Lafito project site on over 400 hectares, which includes a 25 MW power station to be managed by Seaboard Corporation.

RSI manufactures sportswear and swimwear apparel through owned and audited plants in China, Cambodia, Bangladesh, Indonesia and Taiwan. For over 40 years, the company has been manufacturing garments using functional fabrics such as Lycra, spandex, high stretch spandex, and tricot.

According to the company's website, its management believes that significant capital investment is critical to the production of the high quality products and thus reflects its strong commitment to innovation.

USA

US man-made fibre and filament, textiles and apparel shipments

In 2016, production of US man-made fibre and filament, textiles and apparel shipments was around $75 billion, an 11% increase from 2009, according to the National Council of Textile Organizations.

Auggie Tantillo, President and Chief Executive, NCTO said that for textiles, it has been a fairly stable and strong environment for about five or six years. But the market has been flat for 18 months due to sluggishness in the global and US economies and the uncertainty in the retail sector.

Yarns and fabrics accounted for $30.3 billion, or nearly half the shipments sent out, while carpet, home furnishings fabrics and other non-apparel sewn products accounted for $24 billion in revenues. Apparel came in at $12.7 billion. Of the $13 billion man-made fibre, yarn and fabrics exported from the US, a big chunk, $4.4 billion, is sent to Mexico, $1.6 billion to Canada, and another $1.3 billion is earmarked for Honduras. The Dominican Republic receives $759 million in shipments. All these countries are members of either the North American Free Trade Agreement or the Dominican Republic Central America Free Trade Agreement.

Tantillo says the US textile industry exports about 40 per cent of its production and more than half goes to Mexico, Canada and Central America. Still, there are ways to increase US textiles exports to free-trade partners, concluded Tantillo.

VIETNAM

Textile sector to see growth in the second quarter of this year

According to General Director of the Vietnam Textile and Garment Group (Vinatex) Le Tien Truong, Vietnam textile and garment sector after observing good results in the first quarter due to rapid growth from new markets, enters the second quarter (Q2) of this year with promising signs from new import markets.

Statistics showed that the sector earned US$6.75 billion from exports in the first quarter of this year, the growth of 12.4% compared with the same period last year.

Although the sector faced many challenges in exports to key markets, including low growth rates of exports to the European Union and the United States between 6.3% and 6.4% respectively, the traditional markets such as the Republic of Korea, Brazil and India, maintained high growth rates of 14% and 34% respectively.

The growing export revenues are coming from Eurasian Economic Union (EAEU), which saw a growth rate of 115% in Russia; and the Asian Economic Community (AEC) with growth of 17%, 11%, 38%, 24.5%, 36% and 5% from Thailand, Indonesia, Singapore, Laos, Cambodia and Myanmar respectively.

The sector saw good growth in exports of many new products including swimsuits and raincoats with 29% and 41% respectively. The manufacturers can see that their efforts in using initiatives to access markets and exploiting bilateral and multilateral trade agreements have produced results, mostly in the EAEU and AEC regions.

New markets and new products have developed strongly since June last year when the businesses saw the advantages of trade agreements under negotiation between Vietnam and other countries.

The leading manufacturers concentrated on improving capacity, cutting costs and prices even though domestic expenditures continued to rise, while the forex rate was stable.

In exports, the stable forex rate is a problem for businesses, particularly with Vietnam's rivals, including China, India, Bangladesh, Pakistan, Indonesia and Malaysia, thus devaluing their domestic currencies in order to keep their market share.◆