



## BANGLADESH

### RMG factories to be turned into world standard

Commerce Minister Tofail Ahmed has said the government is working to modernize country's 208 readymade garment (RMG) factories into world standard green ones with safe working conditions.

A total of 208 RMG factories will be turned into world standard green factories with safe working conditions meantime many Bangladeshi factories gained the status of green ones by maintaining the international standards.

Tofail, also Senior Awami League leader, said after the unexpected Rana Plaza accident, the safe and congenial working atmosphere, including safe building and fire safety arrangements, was ensured at all RMG factories across the country.

Bangladesh is presently working to export RMG goods worth about the US \$ 50 million by 2021, the Commerce Minister said that the country earned US\$ 28 million from this sector last year.

The International Finance Corporation signed an agreement with the Bangladesh Garment Manufacturers and Exporters Association to implement the second Partnership for Cleaner Textile (PaCT) in the garment and textile sector. Under the PaCT programme, which was launched in 2013, garment and textile makers are advised to adopt modern technologies in factories and changing attitudes to reduce water and energy consumption in the next four years.

Wendy Jo Werner, IFC's Country Manager, and Siddiquir Rahman, BGMEA's President, signed the agreement on behalf of their respective sides at the Radisson Hotel in Dhaka to implement the PaCT in 250 spinning, dyeing and finishing units.

### Garment exports rise 7.17% in July-September 2017

Bangladesh's exports in August rose 10.7% from a year earlier to \$3.6 billion, driven by stronger garment sales. Garments are a key foreign-exchange earner for the South Asian nation, whose low wages and duty-free access to



Western markets have helped make it the world's second-largest apparel exporter after China.

Exports for July and August, the first two months of the country's 2017-18 financial years, rose 13.8% from a year earlier to the US \$6.6 billion. Sales of garments, comprising knitwear and woven items, totalled the US \$5.5 billion in July and August, up 14% from a year earlier.

The government has set an export target of US\$37.5 billion for the 2017-18 financial years, with ready-made garments earning the US \$30.16 billion.

Exports in the previous financial year that ended in June rose 1.7% from a year earlier to the US \$34.7 billion, but that was the slowest growth in 15 years, with garment sales up just 0.2% growth.

Exporters blamed the lacklustre growth for the previous financial year on a number of factors, including sluggish demand in key markets, structural reforms in the garment sector, a weak euro and appreciation of the local currency against the U.S. dollar. In July, Bangladesh's Central bank left key interest rates unchanged, saying it was trying to balance economic growth and inflation risks.



## CHINA

### Country joins US in imposing sanctions against North Korea

China will ban textile imports from North Korea, according to the Ministry of Textiles, China. Textiles are one of North Korea's last major sources of foreign revenue, following the repeated rounds of UN sanctions under which Beijing cut off purchases of coal, iron ore, seafood and other goods.

China accounts for about 90% of North Korea's trade, making its cooperation critical to any efforts to derail Pyongyang's development of nuclear weapons and long-range missiles.

Al Jazeera's Adrian Brown from Beijing, said that it is too early to say how effective these new limits will be, however, it is going to take months for the impact of these sanctions to be felt, but certainly banning imports of North Korea textiles will hurt the regime because textiles provide what the regime really needs most right now, which is hard currency.

### Green growth of textile industry

China aims to achieve average annual output growth of 6%-7% in its textile industry for the 2016-2020 periods, according to a Development Plan revealed by the Chinese Government.

Exports will constitute a stable share of the global textile market during the five-year period, but they will be of better quality, said the plan released by the Ministry of Industry and Information Technology (MIIT).

The MIIT also set an 18% reduction target for the industry's energy intensity and a 10% drop in pollutant emission between 2016 and 2020. The industry will become greener and smarter, with cleaner technology and more customized products, according to the plan. China's textile producers saw industrial output expand by 7% in 2015, outpacing 6.1% growth for the whole industrial sector.

In the last three financial years, 67 textile units are reported to have closed down across the country, impacting over 17,600 workers. This excludes the small scale industries (SSI) section of the textile value chain where shutdowns and job losses are reported to be far higher.



## National strategy for the textile industry

In the meeting with the Board of Directors of the Egyptian Chamber of Textile Industries (ECTI) in the Federation of Egyptian Industries (FEI), Egyptian Minister of Trade and Industry Tarek Kabil said the ministry is currently preparing a national strategy for the textiles, spinning, and ready-made clothing industry. As textile exports have achieved a significant increase of about 12%, while imports declined by 59% this year compared to the same period last year.

In the same context, he said that this strategy aimed at promoting the textile industries sector in Egypt in all stages of production from cotton cultivation until accessing the final product.

The ministry is also preparing a study to establish a "new textile city" during the coming period and the government is keen to upgrade this strategic industry to meet the needs of the local market and to promote Egyptian ready-made clothes to global markets.

He stressed that the Chamber should adopt effective initiatives to increase investment and export rates within the textile sector during the coming period.

Moreover, Kabil added that the Ministry is exerting efforts to curb smuggling operations, which negatively impact the textile industry in Egypt. He pointed to the government's keenness to take all measures to eliminate these illegal practices. In the current year, Egypt has witnessed new expansions in the cotton cultivation fields, increased to 215,000 feddans from 120,000 feddans last year. (In Egypt the feddan is the only non-metric unit which remained in use following the switch to the metric system. A feddan is divided into 24 kirat in which one kirat equals 175 square metres.)

## Egyptian Textile products exports generated \$941 million

Over the first eight months of 2017, Egypt's textile products exports reached \$941 million, thus 8.8% more than the year before, over the same period. This was revealed by the country's Readymade Garments Export Council in

its monthly report. Amongst the country's main export destinations, US comes first generating US\$ 461 million of revenues for Egypt, this is up 6% compared to 2016.

At the second and third places are EU's nations (Spain, Italy, Germany mainly) and African countries, totalling US\$ 312 million (+12%). Far behind are Turkey (US\$ 78.8 million) and Arab countries (US\$ 53 million). Egypt's textile industry is led by the private sector which supplies 65% of its total output and employs 1.1 million people.



## Machinery manufacturers help in digitization

German textile machinery helps textile manufacturers interested in digitization, developing and manufacturing new products, enhancing competitiveness by increasing efficiency and quality, and saving energy and material resources.

Traditionally the United States has been one of the top five destinations for German textile machinery. Strong sectors in the United States include technical textiles and nonwovens, and also home textiles like carpets. In the first half of 2017, German exports of textile machinery and accessories to the United States reached more than US \$130 million.

Germany is a leading supplier of textile machinery. German textile machinery is characterized by its high quality and customer-specific production. Among Germany's textile machinery exports,

spinning machinery takes top place. This is followed by knitting and hosiery machinery, finishing machinery and weaving machinery.

The initial price for a German machine pays off after a few years due to low maintenance costs and reliability in production. German textile machinery is meant for high quality garments or technical textiles. High product quality requires high quality machinery, so textile producers aiming for India is rated among the top four major markets worldwide for German textile machinery manufacturers.



## Lower duty drawback rate may slow textile exports

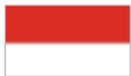
The sharp reduction drawback rates announced by the government for textile and clothing products may slow down exports of these goods, according to the industry.

The drawback rate announced for garments is 2% as against 7.7% earlier. In the case of made-ups, it was 7.3% and has been reduced to 2% now. The Excise and Service Tax components have been subsumed under the Goods and Services Tax and only the basic Customs Duty is refunded under the drawback scheme. This was on expected lines, but, the reduction in drawback rates is steep and the GST system is not working as expected, said industry sources. There is a delay in refund of the input tax under GST.

Annual textile exports have been stagnant for the last three years at about \$37 billion.



The reduction in drawback rates will become another contributing factor to slow down exports. The government should extend the transitional provision for duty drawback and Rebate of State Levies (ROSL) till the end of March next year, said Ujwal Lahoti, Chairman of the Cotton Textiles Export Promotion Council. Currently, the ROSL scheme provides for a refund of State levies on export goods for garments and made-ups.



### INDONESIA

#### Textile exports may reach US\$ 15 billion by 2019

Indonesia's textile-related exports are projected to reach US\$ 15 billion by 2019 and will employ 3.11 million people. The sector's annual production capacity will rise to 1,638 tonnes, said Industry Minister Airlangga Hartanto.

The industry ministry predicted that textile and textile products exports will grow around 11% annually. The sector is estimated to contribute US\$ 12.09 billion to the economy in 2017 and US\$ 13.5 billion in 2018. By 2017 end, this sector can absorb up to 2.73 million workers, and increase that to 2.95 workers million in 2018. Hartanto urged industry players to utilize digital technology, such as 3D printing and automation, to turn competitive and efficient.

The Indonesian textile industry has the potential to accelerate the stable growth observed in the last few years with a better and more investor-friendly business climate, said ITMF General Director Christian Schindler.

Indonesia is ranked the ninth best country for value-added manufacturing in



the world, surpassing Russia, Australia and other ASEAN countries, according to statistics from the United Nations Industrial Development Organization.



### NIGERIA

#### Establishment of Africa's largest textile industry

The establishment of Africa's biggest textile industrial part is set to start in Nigeria, after the Kano state signed a MoU with Chinese Shandong Ruyi Technology Group. The multinational company in July pledged to invest \$600 million in the garment industry.

Many textile plants in Nigeria have been affected by the recession recently. With a fall in oil prices, this sector is offering another window of opportunity for businessmen. Both the government and unemployed youth will benefit from this venture seen as lease of life where access to funding is the biggest obstacle.

When President Muhammadu Buhari came into power, he had hoped to revive the once flourishing textile and leather industry in northern Nigeria to end the country's dependence on oil exports and also diversify Africa's biggest economy.



### UNITED KINGDOM

#### Global brands improve cotton sustainability performance

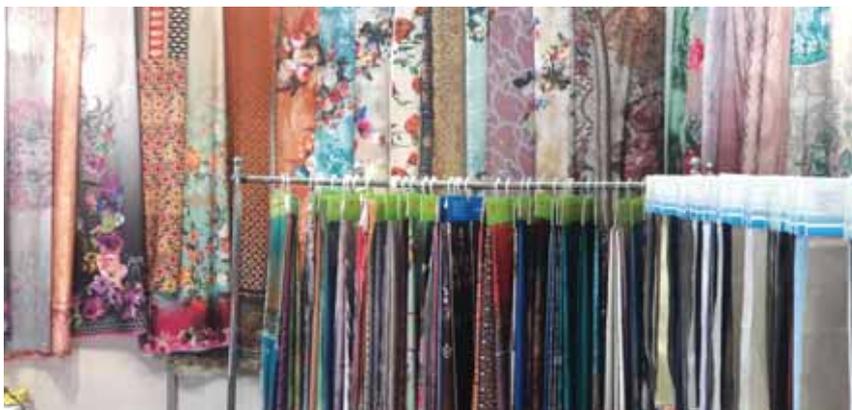
According to a recent research, an improvement has been observed in the cotton sustainability performance of leading international brands, retailers including Tchibo GmbH, C&A, H&M and M&S have joined Ikea as frontrunners in the 2017 sustainable cotton ranking. However, it has been noticed that overall, big brand progress on cotton sustainability is insufficient.

The performance of 75 of the largest cotton-using companies was assessed, up from 37 in 2016, and including several of the largest in emerging markets in Brazil, China, India and South Africa.

The research has pointed out that sustainability efforts are driven by five companies who lead the way scoring 50-100 points, eight companies scored between 25-50 points and 18 more have started the journey scoring 5-25 points, while the remaining 44 have scored less than 5 points.

Commissioned by PAN UK, Solidaridad and WWF in order to highlight opportunities for companies to accelerate the transformation of the cotton market to sustainability through sourcing, the research was conducted independently by Aid environment, which scored company performance across three areas: policy, uptake, and traceability.

Of the 25 companies assessed in both 2016 and 2017, 18 improved their performance with most increasing their sourcing of more sustainable cotton. The top five companies from 2016 (Ikea, C&A, H&M, Adidas and Nike) all increased uptake as a percentage of total



volumes used by approximately 20% in 2017, with C&A making the biggest advance and almost doubling its score. In addition, 13 companies have significantly strengthened their policies compared with 2016, with GAP Inc, Ikea and M&S making the biggest advances.



### ICAC report: Cotton stocks outside China to grow in 2017-18

World cotton production is projected to increase by 10% during 2017-18 reaching 25.4 million tonnes. As a result, world ending stocks could increase moderately and reach 18.7 million tonnes. While ending stocks in China are projected to decline by 1.7 million tonnes, stocks outside China stocks are projected to increase by 1.85 million tonnes.

“Higher cotton prices during 2016-17 and better cotton price ratios to other competing crops during 2017 planting campaign resulted in the expansion of cotton area by an estimated 3 million hectares to over 32 million hectares, said a report by International Cotton Advisory Committee (ICAC).

During 2017-18 the largest gain in production of 23% to 4.6 million tonnes is projected in the US. Production is also projected to increase in all other major producing countries during 2017-18, including India, China, Pakistan, Brazil, Francophone Africa and Turkey, ICAC said.

Global cotton mill use is projected to increase at an improved growth rate of 2.7% during 2017-18 reaching 25.2 million tonnes. In comparison, during 2016-17 world cotton mill use grew by 1.6%. Mill use in China is projected to grow by 1.5% to 8.1 million tonnes. Cotton mill use is also projected to grow moderately in India, Pakistan, Turkey, Bangladesh, Vietnam and Brazil.

In 2017-18, world trade is projected stable at 8 million tonnes and the US will remain the largest exporter accounting for 40%, or 3.1 million tonnes of world shipments. Bangladesh will remain the largest importer in 2017-18 accounting for 18%, or 1.4 million tonnes of world imports.



### Garment enterprises have opportunity to access US market

Vietnam's textile and garment export turnover to the US has grown sharply in recent years and Vietnam is using more raw cotton materials from this market, offering domestic enterprises a range of opportunities to access the US market.

Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (VITAS), said that Vietnam's textile and garment export turnover, in 2017, is estimated at US\$30.5 billion, of which the US market accounts for approximately 51% of total turnover.

In the first eight months of 2017, textiles and garments exports grew steadily, with export value increasing by 9.9%, over the same period last year, to US\$19.8 billion. Currently, textile and garment exports to the US account for the largest share of the industry, making up around 51% of the export market share.

However, Vietnam is also importing cotton from the US for its spinning industry, accounting for up to 60% of its total demand. In recent years, the cotton cultivation areas in Vietnam have narrowed down to just 0.04% of the total demand. Meanwhile, American cotton is considered the best for Vietnamese spinning, due to it containing fewer impurities and being put through a tightly controlled production process.

In order to create favourable conditions for the Vietnamese textile and garment enterprises to approach the US cotton market, VITAS and the US Cotton Council International (CCI) recently held Cotton Day in Ho Chi Minh City, in mid-September. According to Giang, this event created an opportunity for US firms to evaluate the potential and importance of the spinning and textile industry in

Vietnam, before making proposals to the US government for policies to support the spinning, textile and garment industry in the Southeast Asian country.

According to VITAS, Vietnam's cotton imports surged over the past ten years from 150,000 tonnes in 2005 to approximately 1.2 million tonnes in 2016, with US cotton making up a large proportion.

The use of COTTON USA™ labels will help consumers to recognise quality products, as well as helping exporters enjoy more favourable conditions when exporting textiles to the United States.

### Country making legal amendments to help garment exporters

Vietnam's ministry of industry and trade is making legal amendments to help cut costs and reduce administrative burdens of domestic garment manufacturers, who are under pressure due to falling global demand in the first eight months of 2017, rising wages and logistics costs and fierce competition from regional rivals like Bangladesh, Myanmar and Cambodia.

Though exports increased by 9.9% between January-July this year to \$19.8 billion, the Ministry is concerned the export target may not be achieved due to lack of big orders for the remaining months.

The Ministry has asked domestic producers to join foreign supermarket chains in Vietnam and attend overseas product promotion and business-matching events. The sector aims to export about \$30 billion worth of textiles and garments in 2017, said Chairman of the Vietnam Textile and Apparel Association Vu Duc Giang. The United States is expected to be the biggest buyer, absorbing half of the exports. ♦

