BANGLADESH

ADB funds for improvements to Bangladesh textile sector

The Asian Development Bank has signed an agreement with Bangladesh's Eastern Bank for a US$ 20 million loan to support the country's textile and garment sectors, two of the major contributors to its growth.

Christine Engstrom, Director for ADB's private sector financial institutions division, said that textile and garment sectors are essential parts of the Bangladesh economy, raising incomes for large numbers of workers, particularly women. She said that the ADB's partnership with Eastern Bank, a trusted financial institution in Bangladesh, will contribute to the development of the textile and garment sectors in the country.

Bangladesh is the second largest exporter of textiles and garments, and these accounted for about 15% of the country's gross domestic product, employing more than 4 million people, some 85% of whom are women.

The loan will be used to finance socially and environmentally sustainable projects specifically to meet the higher structural, fire, and electrical safety standards now required.

BRAZIL

WTO Rules in favour of Brazil against the US Cotton Subsidies

World's fifth-largest cotton producer, Brazil says that it has won a major battle on US cotton subsidies. The World Trade Organisation ruled in favour of Brazil's complaint, WTO in a landmark decision against US subsidies has sided with a complaint from Brazil claiming the payments unfairly boost US production and exports while lowering world cotton prices.

According to the top Brazilian trade officials, they were pleased with a long-awaited report by three WTO experts. US trade officials plan an appeal if the report isn't changed.

Brazil says the United States has managed to keep its spot as the world's second-largest producer only because the US government paid $12.47 billion in subsidies to farmers between August 1999 and July 2003. China is the world's top producer.

The ruling is the first time that a country has been challenged over its domestic agricultural subsidies, and the first case that looks at the effect of export subsidies on agricultural products. It is particularly important for Brazil, which has led Latin American efforts calling for the elimination of US crop subsidies that make it difficult for poor farmers in the hemisphere to compete with their richer American counterparts.

If it stands, the decision could have far-reaching repercussions for American farmers. Tamping down subsidies for cotton would mean support for other US crops could be vulnerable to trade challenges.

Brazilian officials say the country's cotton farmers could grow much more, but can't compete with American farmers because of lavish US cotton subsidies approved by Congress that breach international rules. The United States insists that its level of subsidies is within the limit allowed by the WTO.

CAMBODIA

Plans to open more trade centres in different Chinese provinces

Cambodia announces plans to build a Cambodian cultural village in Beijing which will be completed soon and more trade centres in different Chinese provinces with their diplomatic and trade ties with the East Asian giant at an all-time high.

Minister of Commerce, Pan Sorasak during the opening of this year's China-Cambodia Business Forum in Tianjin said that the new trade centres will help build engagement with Chinese business people and investors.

Recently a trade centre in Xi'an in Guangzhou province is open and they will continue to open more of these in other Chinese provinces to promote investment and disseminate information for the benefit of Chinese business people and investors interested in exploring opportunities in Cambodia.

China is the biggest investor in the Cambodian economy. In 2016, Chinese investors put 5.1 billion in key sectors of the Cambodian economy, including manufacturing, textile and electricity.

IRAN

Foreign investment in textile factory to produce 10 million meters

A textile factory will be established in Semnan province in the form of a joint venture between a Turkish company Takrak Ughlou with a 45% share, Industrial Development and Renovation Organization (IDRO) with a 25% share and private investors owning the remaining 30%, according to the Executive Director of Elegant Semnan, Mahmood Reza Zamani.

Mr. Zamani stated that the initial capital for the establishment of this factory was US $32 million. The factory will have three construction phases and will create 850 jobs once it starts its operation.

The nominal production of the factory will be 10 million meters of textile per year, adding that the factory will produce curtain fabrics, silk clothing and embroidered, printed and dyed satin. The factory will start its operations in three years.

INDIA

Textile exports likely to miss US$ 45bn target for FY18

Textile and garment exports are likely to miss the US$ 45 billion target for 2017-18, as the industry reels under the impact of GST roll out and tariff advantages enjoyed by competitors like Bangladesh and Vietnam and At best, we will come close to US$ 40 billion according to CITI (Confederation of Indian Textile Industry) President Sanjay Jain.

In fact, shipments from the textile and clothing sector have consistently missed annual targets set by the government in at least the previous three financial years, since 2014-15.

Analysis of data put out by the DGCIS (Directorate General of Commercial Intelligence and Statistics) under the commerce ministry, reveals the true picture of shipments from the sector.

During the April-February 2017-18, exports of readymade garments of all textiles stood at Rs 97,983.99 crore, registering a 6.25% decline over the same period last year. In dollar terms, the country's textile and apparel exports stood at US$ 37.25 billion in the calendar year 2017.

JORDAN

Minimum wage law in the textile sector comes into effect

The minimum wage law in textile sector came into effect on January 1, 2018, said Labour Minister Bassem. Textile factories in the country will now have to pay their employees a JD110 monthly salary.

The Minister said that all factories across the Kingdom were informed about the raise. They expect them to respect the law or else face the consequences.

The government raised the minimum wage from JD95 to J110 for all industries in June last year but it gave textile factories a grace period of six months.

The government said it wanted to give investors in the special economic zones enough time to adapt to the new wage system.

The Minister said the factories were given enough time to prepare themselves for the new situation and must now respect the law.

Fathallah Emrani, President of the General Trade Union of Workers in Textile Industries said that they hope that the government would force factories to implement the law. But I am pessimistic about it. The Labour Ministry should notify each and every company in the Kingdom about the law. According to union figures, at least 27,000 Jordanian families and 38,000 foreigners would benefit from the raise.

PORTUGAL

Luxury brands and fast fashion driving Portuguese apparel market

Portugal seems to be on the road to recovery with a GDP growth rate of 2.8% in 2017. This is the decade-high growth rate clocked by Portugal on the back of expanded private investment and increased consumer spending.

Paulo Vaz, General Director-Portuguese Textile and Apparel Association, says exports in the sector amounted to €3.17 billion last year, a 4.3% year-on-year increase. Reduced margins post-crisis meant survival of the fittest for Portuguese textile and apparel firms, forcing 'each cent to count', to achieve results and stay afloat. But upon recovery, streamlined structures and highly skilled workers meant international private labels could turn to the country's manufacturers for more than raw materials.

But while the 'Made in Portugal' leather, footwear and textile manufacturing is well-established having long produced for European luxury houses including Prada and Gucci much of the 4.4% year-on-year growth of the country's apparel market is owed to fast-fashion brands attracting low-income consumers.

While overall apparel market size grew year-on-year to €20.85 billion in 2016, a 0.8% increase, Spanish barometer Acotex, which records monthly sales in apparel, reported a 2017 growth of only 0.1%, compared to 3.39% in 2016.

TIn such fast fashion environ, the competition is stiff for independent labels. Additionally, global brands would also need to revisit their strategies or consider reigniting some of their business activities in order to sustain their position.

RUSSIA

Country to double technical fibres production by 2020

The Russian Ministry of Industry and Trade has announced plans to double the country's technical fibres production by 2020. To implement these plans, Russia will expand the use of its large reserves of oil and other resources, including timber and other raw materials for the production of synthetics.

Currently, the domestic production of technical fibres can meet only 30% of Russia's annual demand, however, as part of the government plans, this might change. Due to Russia's well-developed oil and chemical industries and the presence of large-scale technical textiles consumers domestically, the industry has good chances for a rapid growth during the next several years, commented Russia's Deputy Minister of Industry and Trade Viktor Yevtukhov.

We are planning to use the experience of some foreign countries in this field, one of which is UAE, which in recent years has mobilised its fuel and energy resources for the needs of the domestic technical textiles market. The country brought its synthetic fibres supplies to the world market to US$1.3 billion over the last ten years. Currently, Russia occupies more than 13% of the world oil production market; however, the volume of its synthetic textile materials exports is eight times less than in the UAE.

Prior to 2014, the dependence on imports in Russia varied in the range of 80-90%. However, the financial crisis in Russia in 2014, has made further imports of technical textiles unprofitable. As a result, many importers began to consider the prospects of localising the production.

According to the Vice-President of the Russian Union of Chemists Sergei Golubkov, currently, chemical industry accounts for about 1.8% in the Russian GDP, which is significantly lower than the average rate of 10%-14% for developed countries. Golubkov also said that reaching the EU levels would contribute to the growth of the Russian technical textiles industry.

Denis Mantrov, the spokesman of the Russian Ministry of Industry and Trade, also noted that low taxes and customs duties, as well as the proximity of Russia to both European and Asian markets, provides additional advantages to the domestic industry.

In addition, most workers, employed in the Russian technical textiles industry, receive salaries that are generally lower than those in the countries of Asia Pacific.

In Russia, there are currently a number of companies ready to fight for the domestic technical textiles market through the launch of new investment projects. One of them is BTK Group, which recently invested US$ 45 million in a new plant in the Russian Rostov region for the production of high-tech fabrics, with capacity of 12 million metres per year.

Another leading Russian producer Energokontrakt has recently invested US$ 35 million in the aramid fabrics production in the Moscow region. Finally, Thermopol, which is a producer of Holofiber, a synthetic insulation for outerwear, plans to significantly increase its production and to launch a range of innovative products very soon.

The Russian government established a special Industrial Development Fund to provide support for the implementation of projects like these. To date, the Expert Council of the Fund has already selected about 35 projects that will receive cheap loans with interest rates no more 5% per annum for a period of seven years. Total amount of allocated loans is estimated at about US$ 1.5 billion.

UZBEKISTAN

Country signs contract to supply textile products to Bangladesh

The Uzbek delegation included representatives of textile enterprises of the Uztekstilprom association during their visit to Bangladesh who signed an agreement for the supply of yarn worth US$ 5 million to Bangladesh. The purpose of the trip was to study the experience of Bangladesh in the development of textile

and clothing-knitting industry and visit to the Yarn and Fabrics Fair 2018.

Within the framework of the visit, the Uzbek delegation visited the company Turag Knit Composite Ltd, one of the top 20 enterprises of Bangladesh, specializing in the production of ready-made garments and knitwear.

Textile industry of Uzbekistan is considered to be one of the most dynamic and socially important sectors and ranks high among export-oriented industries of the country's economy. The Uzbek textile industry is mainly focused on cotton, silk and wool.

One of the policy priorities of Uzbekistan, the world's fifth-largest cotton exporter, is further development of its textile industry. Annually, the country grows about 3.5 million tons of raw cotton, produces 1.1 million tons of cotton fibre. Currently, Uzbekistan continues to attract foreign investments for construction of textile enterprises in the country.

In the period 2010-2014, the textile industry of Uzbekistan received and spent foreign investments worth US$ 785 million while 147 new textile enterprises with participation of investors from Germany, Switzerland, Japan, South Korea, the U.S., Turkey and other countries were commissioned.

Uzbekistan continues to take consistent steps to increase the volume of cotton fibre processing. In particular, it is planned to create 112 modern, high-tech industrial factories, expand, modernize and technologically upgrade 20 operating capacities. All this will increase the export potential of the industry up to US$ 2.5 billion a year and create more than 25,000 jobs.

VIETNAM

Textile exports to China growing

Customs data shows imports from China in 2017 were high at US$9 billion, or 42.7% of all textile-related imports, and 12% higher than in 2016.

Vietnam often imports raw materials also from South Korea and Taiwan. South Korean products cost a fourth of Chinese products while Taiwanese products cost a fifth. Last year, Vietnam's imports from China included over US$6 billion worth of silk, US$2 billion worth of leather and $800 million worth of threads.

However, according to the Vietnam Textile & Apparel Association (Vitas), textile exports to China have been rising steadily, going up from US$2.2 billion in 2015 to US$3.2 billion last year.

Vitas said China's imports of Vietnamese textile products are not taxed because of the ASEAN – China Free Trade Area while imports from countries such as India and Pakistan incur a 3%–5% tax. China is one of Vietnam's top five textile export markets.

Since that country has the world's largest population, its market can be extensively segmented offering a great opportunity for local textile products. Vietnam's textile and garment exports were worth US$31 billion last year.◆