AUSTRALIA

Cotton Australia visits Hong Kong

Australia produces three per cent of the world's cotton but is the third largest exporter, behind the US and India. More than 99 per cent of Australia's cotton is exported. Australia's cotton industry is stepping into the spotlight to meet new demands from international buyers and local businesses that are seeking out Australian produced materials.

The Cotton to the Market programme of Australia was in Hong Kong recently to meet with brands and denim manufacturers sourcing Australian cotton and to review the Cotton LEADS programme with Cotton Inc.

Cotton LEADS programme is working on aspects like amplifying the US and Australian cotton industry stories of responsible cotton production.

A highlight of the trip was a presentation to around 50 Nike product innovation and design team members about raw material sourcing. Cotton Australia Chairman Simon Corish and CEO Adam Kay presented to the group on a typical Australian cotton farm, our sustainability credentials and plans for the future.

Cotton LEADS continues to gain momentum with more than 600 global partners, including brands and manufacturers. The emphasis has been awareness and partner recruitment. The programme will focus on collaborating with partners on benevolence projects to drive change in other countries and encouraging partners to become more active, for example by helping them source Australian and US cotton.

Cotton LEADS cotton represents almost 20% of the world's production. Many global brands like the GAP, Brooks Brothers and Walmart now recognise Cotton LEADS as meeting their sustainability requirements.

Cotton Australia will continue to work collaboratively with Cotton Inc to promote and build momentum for the Cotton LEADS programme with an increased emphasis on partner engagement and activation.

BANGLADESH

Textiles Ministery: RMG on a strong growth path

Bangladesh's export earnings from apparel sector were US$ 30.61 billion in 2017-18 financial year and US$ 28.15 billion in 2016-17 financial years.

Bangladesh's progress in the country's readymade garment sector will not be affected by international conspiracies opined Industries Minister Amir Hossain Amu.

He said readymade garment industry is one of the main areas of country's economy. There were global conspiracies in the past against our readymade garment industry.

He was speaking as the Chief Guest at the inaugural function of expositions titled Print Tech Bangladesh, GarTex Bangladesh, and Bangladesh Leather and Footwear (BLF) Expo.

The minister added that currently the competitors are actively trying to prevent the export growth of our apparel sector. However, they will not be able to stop the progress of the country's industrial sector, including readymade garment industry. Despite the conspiracies of the vested quarter, Bangladesh has achieved second position for exporting the readymade garment products in the world.

EGYPT

Country expects huge rise in cotton exports

Egypt's cotton exports are expected to increase by 37% from last year. Next year exports are expected to rise by 40 to 45 per cent. It is important to note that the output fell drastically in 2011 when political upheaval meant that various regulations to maintain quality were not enforced. The demand for Egyptian product, known locally as white gold, has picked due to the fact that the rules to ensure quality have been strictly imposed since 2016.

Egypt is the world's second largest exporter of long-staple cotton, used mainly to make luxury linens, behind the United States. The great weather conditions and superior seed produce cotton with unusually long fibres, used to make light and durable fabrics with a sheen and soft touch. Egypt planted 141,120 hectares of long-staple cotton in 2018, up from 92400 hectares in 2017.

The cultivation area has increased over the years and cotton cultivation could expand further as farmers are encouraged to avoid water-intensive crops, such as rice, to prevent water shortages, as Ethiopia prepares to start filling a huge dam on the Nile, which is of course considered as Egypt's lifeline.

Last, but not the least, Egyptian cotton has received a further boost with the 2016 devaluation of the pound, which lost roughly half its value against the dollar, making exports more competitive globally.

GERMANY

Germany beats US to become Bangladesh RMG's biggest market

Germany has overtaken the United States and become the largest export market for Bangladesh's readymade garments. Due to strong economic activities in Europe, especially in Germany, and preferential treatment received by Bangladeshi exporters, Europe's largest economy has become the largest market for Bangladeshi garment products.

Bangladesh's ready-made garment exports to Germany grew 8.65 per cent in fiscal 2018 against a growth of 2.84 per cent in the US market. The export earnings from the UK, the third highest export destination for Bangladesh, increased by 11.76 per cent. Readymade garment exports to the UK grew by 12.63 per cent. The export earnings from France grew by 5.94 per cent. Lastly, the readymade garment exports to the market grew by 4.94 per cent.

Export earnings from Spain in fiscal 2018 grew by 21.40 per cent. Readymade garment exports from Spain in the period were 21.24 per cent higher than earnings in the previous fiscal year. Export earnings from Poland grew by 20.53 per cent. Earnings from Poland by exporting readymade garment products grew by 20 per cent.

In Asian markets, export earnings from China slumped by 26.80 per cent. Export earnings from Japan grew by 11.74 per cent. Readymade garment exports to the market grew by 13.73 per cent. Export earnings from India grew by 29.87 per cent. Readymade garment exports to India in the period grew by 114.68 per cent.

PAKISTAN

Growing demand sees new innovations in black denim

Over the past few seasons, there has been growing interest in black denim, from the trucker jackets to dresses and regular five-pocket jeans. The consumer today desires a garment that stays black even after multiple washes, providing that benefit of a lasting product. SuperCharged Noir collection strives to provide exactly this, ensuring that the supply chain passes this innovation to the retailers, the brands, and ultimately to the consumer.

As a part of its on-going partnership with Invista's Cordura brand and Lenzing Tencel, Artistic Milliners debuted its latest denim collection Supercharged Noir at Kingpins in Amsterdam, last month. The collection addresses the need for a long-lasting black colour meanwhile while also reflecting on other trends such as softness and sustainability that the consumers are looking for today.

INDONESIA

Country wants US to desist from imposing tariff

Indonesia will prepare a retaliatory policy if the United States moves forward with its plan to impose tariffs on 124 products imported from Indonesia as part of its effort to reduce the trade deficit between the two countries. However, to prevent the US from imposing tariffs, Indonesia would first pursue a soft approach to explain that the trade deficit was not caused by the export of products listed in the Generalized System of Preferences (GPS).

Indonesia does not want a trade war because it will cause losses to all parties. The US is in the process of evaluating Indonesian products listed in the GPS, a trade system that was designed to promote economic growth in developing countries by providing preferential duty-free entry.

If the US continues with its plan, a number of Indonesian products exported to the country, like textiles and the textile products would be affected. At present, the US is the largest clothing importer from Indonesia. If the country were to lobby with the US to expand its Generalised System of Preferences to include more Indonesian apparel and accessories, this would facilitate the entry of more Indonesian products into the US at lower tariffs. Indonesia saw an increase in textile production by eight per cent in the period January to March 2018.

KENYA

New cotton ginnery to come up

A cotton ginnery is going to come up at a cost of Ksh 90 million (approximately US$ 886,000) at Kinondo village in Kwale county in Kenya. It aims to revive the country's cotton industry by improving farming, ginning and garment production. Base Titanium Limited will construct the ginnery with the help of the Kwale Pamba Viazi (PAVI) farmers' cooperative society.

The ginnery has been launched by Adan Mohamed, cabinet secretary for

industry, trade and cooperatives. It will feature 6 gins with a capacity to process up to 1,800 kg of cotton per day and capable of producing about 600 kg of lint each. The unit is expected to process cotton produced by over 10,000 farmers by the end of next year.

The business centre in which the ginnery is located will also have offices, warehouses, manufacturing and distribution facilities, storage facilities, demonstration plants and more.

Base's cotton programme has been implemented by Business for Development, and it has partnered with Cotton On, an Australian apparel company, that purchases cotton from PAVI cooperative which is meant to organise and support farmers participating in agricultural livelihood programmes, said a Kenyan broadcasting service.

Kenya has a potential to produce 700,000 bales of lint through rain-fed cotton production and close to 200,000 bales of lint through cotton grown on irrigated land, annually, as per the ministry of agriculture of the country. However, the country only produces 20,000 bales of lint every year. The number of cotton farmers in the country has also gone down from 200,000 in 1980s to 30,000 now.

Kenya imports 80 per cent of the lint for its domestic requirement while the country's ginning machines and textile mills operate under capacity.

Replicating the Kwale ginnery in other cotton producing areas of Kenya can lead to a generation of 760,000 new jobs in the cotton value chain.

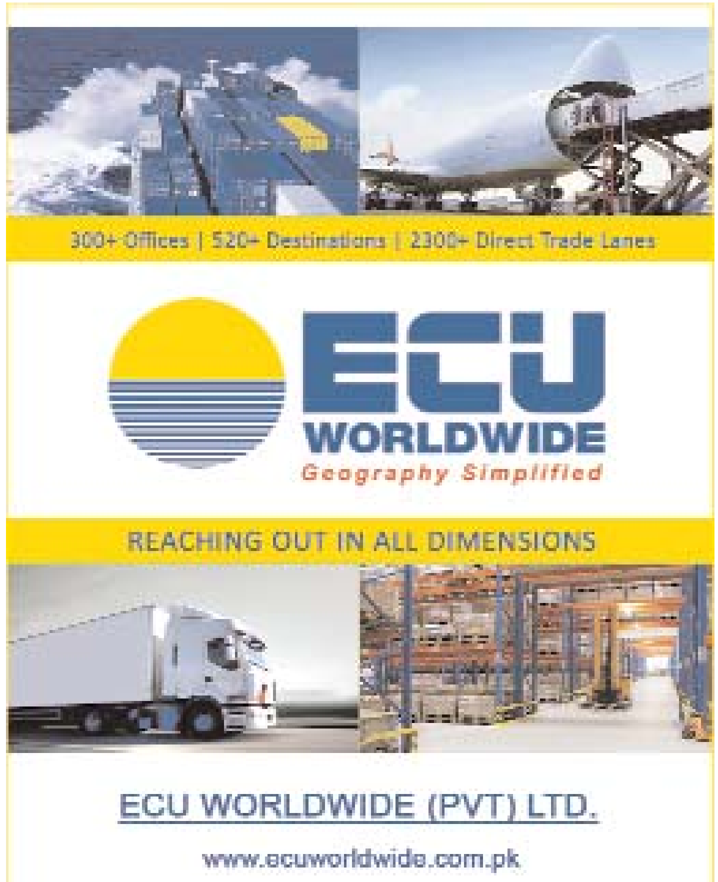
SRI LANKA

Country strengthening its presence in global luxury fashion

Sri Lanka has created a niche in luxury fashion and increasingly top global fashion houses are expanding their bases in the country, said Jude Gayantha Perera, Chief Curator, Stylist.lk, H said Sri Lanka's market for international luxury fashion brands is on the cusp of a renaissance. And it has moved its way up evading all the hardships it was facing for close to three decades. During those years, Sri Lanka's international reputation as a market diminished and international operations opted out of the country. Therefore, the market was left untouched until it started gaining stability amidst post-war developments.

Sri Lankans' ability to read and interact via digital channels has led to a much higher tendency to read and watch international fashion content, from magazines, online shows and digital screenings. This has given rise to consumers who have relatively high awareness about value and appeal that international fashion brands hold. For many Sri Lankan consumers, an opportunity to experience their favourite international brands on offline channels, at retail fronts as real, immersive experiences are highly desirable. This is one of the major reasons why brands are planning their entry in this growing market.

Sri Lanka is strategically well-placed in international sea and air routes and this has made the island extremely receptive to new ideas. Sri Lankan markets are surprisingly receptive to foreign products, brands and retail fronts, making it a welcoming place for business. And there is a growing explosion of upper-middle classes, owing to increasing incomes and accessibility to products and services. Sri Lanka has been experiencing this shift leading to a greater interest in designer products, lifestyle purchases, luxury spends and unusual retail experiences.



USA

US tariffs may trouble fashion retailers

US policy makers have put themselves in a fix with the imposition of duty on imported products. While clothing and footwear haven't come under the duty radar but the scenario seems grim. Clothing accounts for about US$ 35 billion of China's annual exports to the US and footwear US$ 15 billion, around 10 per cent of the total, reveals Dylan Chu, China consumer discretionary analyst, CLSA. The repercussions of the policy enactment may lead to shifting to some factories outside China to offset higher labour costs.

Owing to rising wages, Chinese manufacturing has been losing sheen and countries like Bangladesh are quick to grab the opportunity, due to zero-tariff access to Europe for its textiles, much like Vietnam. Other potential sources of supply include Cambodia, Indonesia, the Philippines and India. Africa is also developing its manufacturing base in Ethiopia, Kenya and countries in the north of the continent. However, the lion's share still goes to China, which accounted for 36.4% of global clothing exports in 2017, as per the WTO figures.

Moving further afield means longer lead times. Vietnam might take the gains here as supplies can be trucked in from its northern neighbour. In spite of this, it is estimated that the lead time for apparel would typically be 45 to 90 days in Vietnam, compared to as little as 10 to 20 days in China. Zara chain is able to get the hottest trends to consumers within weeks. That's because the company makes about 60 per cent of its products close to its headquarters, in Spain, Portugal and Morocco.

With such a challenging scenario, consumers should be prepared to pay more for the latest looks. What's more, having more fashion hits, and fewer misses, should mean less products being sold at a discount. That should mean more of a cushion to absorb higher duties. Now as consumers are used to cheaper clothing, the task in hand is to push the extra costs further down the supply chain, forcing manufacturers to share some of the pain, which wouldn't be easy either. For now, retailers hope that speed to market wins, and consumers prioritise latest colour or style over the bargain basement.

VIETNAM

Garment firms sustain growth in traditional markets

Several Vietnamese garment companies this year have maintained high growth in traditional markets, such as the United States, South Korea, the European Union (EU) nations and member states of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), according to the Vietnam Textile and Apparel Association (VITAS).

VITAS Vice President and general secretary Truong Van Cam said a series of recently-signed free trade agreements (FTAs) is expected to boost the sector. As global demand for textiles and apparels grows only by 1-2 per cent annually, players face fierce competition.

Most FTAs have rules on product origin for fibre and fabrics while Vietnam imports up to 80% of materials. While the EU offers zero per cent tax on apparel from Cambodia and Myanmar and the United States waives tax for several Cambodian goods, Vietnamese apparels are still subject to 17.7% and 9.6% tax when being exported to the United States and the EU respectively.

VITAS called on the Vietnamese government to devise planning and grant licences to major garment industrial areas to attract investment in weaving and dyeing. ◆