



### BANGLADESH

#### Over 100 Bangladesh garment plants halt operations in the strike

Strikes at garment factories around the Bangladeshi capital of Dhaka stretched quite long, disrupting output for brands like H&M in the world's second-largest apparel exporter after China. Thousands of workers are protesting a government minimum-wage hike widely viewed as unfair. At least 100 sewn-goods factories had halted operations. There was one casualty and over 70 injured in clashes with police as some demonstrations turned violent.

A factory that makes garments for H&M Hennes & Mauritz joined those stopping production, an official at a Dhaka labor union told the media. Japan's Fast Retailing, which operates the Uniqlo casual clothing brand, said no noteworthy strikes were taking place at facilities producing its apparel.

Last month, the government of recently re-elected Prime Minister Sheikh Hasina enacted the national garment industry's first minimum-wage hike in five years, increasing monthly pay by 51 percent to 8,000 Bangladeshi taka (\$96). But workers were frustrated, saying the change benefits only a limited segment of employees.

Bangladesh exports \$30 billion worth of ready-made garments yearly for global apparel companies, forming just over 80% of the country's exports by value. But apparel companies have pressed for stronger safety checks since a building that housed garment factories collapsed in 2013, killing over 1,000 people.



### CHINA

#### Chinese tariffs on Cotton have major effect on growers

A tariff war between the United States and China is playing a big part in the health and well-being of the U.S. cotton market. Last year, China imposed a 25 percent tariff on all imported U.S. cotton, selling at about 72 cents a pound for upland cotton, amounting to an approximately \$525-per-ton tax. Cotton-industry observers said the tariffs have been extremely destructive to the U.S. cotton market, whose biggest export country after Vietnam is China. In the 2017/2018 marketing year, the United States shipped 2.6 million bales of cotton to China, valued at nearly one billion US dollars.

"China has a very healthy consumption of cotton. They are the largest consumers in the world," said Karin Malmstrom, director of China and Northeast Asia for Cotton Council International, which was presenting a cotton seminar January 14-17 at Hong Kong Fashion Week. "They grow 24 million bales a year, but they have a gap."

The 25 percent tariff on cotton is part of the \$50 billion in tariffs China levied on various U.S. commodities including soybeans, autos, and seafood after the Trump administration imposed a 25 percent tariff on \$50 billion of Chinese goods including cars, motorcycles and various machine parts. Then the U.S. also tacked on a 10 percent tariff on \$200 billion worth of Chinese products, which included fabric, handbags, and electronics.

Cotton is a big money making product for the United States, which exports almost all its domestic crop and is the largest cotton exporter in the world. Its biggest market area is Latin America, where cotton gets shipped to Central America to be spun into yarn and then made into fabric for clothes that come back to the United States. The country's second-largest cotton export area is northeast Asia.

With tariffs making U.S. cotton cost more, Chinese cotton importers are looking to other countries including Brazil, Australia, and India to fill their needs at a lower cost.

"Brazil is the country that everyone is expecting China to buy from," said Jon Devine, senior economist at Cotton Inc., the research and marketing company representing U.S. upland-cotton growers. Brazil is preferred because, as the United States, it uses machines rather than hand picking to harvest its cotton, resulting in less contamination in the picked cotton.

There was a glimmer of hope about cotton tariffs at the beginning of the year when talks took place between the United States and China, but so far there have been no immediate tariff reductions.





**GHANA**

### Ghana grants a three-year tax holiday for local textile makers

Textile producers in Ghana have received a boost following the government's decision to zero-rate Value-Added Tax on the supply of locally manufactured textiles for a period of three years, in a bid to revive the once buoyant industry.

This move championed by the Ministry of Trade and Industry, is to help reduce production cost, make the local textile industry price-competitive and help them compete with the influx of cheap textile products from other parts of the world.

Although the policy is expected to cost the government an estimated revenue of GH¢40.1 million annually, it brings relief to the industry. Ghana's textile industry employed about 30,000 people in the 1980s. In recent years, the textile industry has fallen on hard times and now employs just about 5000 people, a situation which has been largely blamed on the high-cost production in the sector and the current tax system which contributes to higher cost of locally manufactured textiles. The government has introduced a Bill to Parliament to zero-rate VAT of local textiles.



**INDIA**

### New duty drawback rates to boost cotton textiles exports

The Cotton Textiles Export Promotion Council (TEXPROCIL) while welcoming the new duty drawback rates said that this revision will boost the exports of cotton textiles. The government of India has increased the duty for cotton yarn from 1.2% to 1.7%, for cotton fabric from 1.3% to 1.6% and from 2% to 2.6% for made-ups.

The revised drawback rates will lead to an increase in the exports of cotton textiles. There is a significant increase in the drawback rates for cotton made-ups which will encourage export of value-added products like home textiles, said TEXPROCIL Chairman Dr. KV Srinivasan.

He said removal of drawback caps in the case of those export products where the drawback rates are less than 2 percent will benefit the cotton textiles exporters.

He has also urged the government to increase the MEIS rate for fabrics from 2% to 4% and also to cover cotton yarn under the MIES and 3% Interest Equalization Scheme so that exports of cotton textiles can achieve its true potential.

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### INDONESIA

#### Indonesian Textile & Apparel Industry looking forward to getting momentum

The Textile and Apparel (T&A) industry in Indonesia is playing a vital role in the country's economy. It is the largest source of manufacturing employment and the biggest export earner.

According to Indonesia's Industry Ministry, the textiles and textile product sector contributed US\$ \$11.87 billion in terms of foreign exchange earnings which was 8.2% of Indonesia's total export earnings in 2017. The world's fourth most populated country not only exports textiles and apparel but also imports a huge quantities from different countries.

The domestic market for the sector has been expanding significantly in recent years as capital has risen and spread, and it seems set for further growth. However, these developments have made the domestic market an attractive goal for foreign suppliers. On the other hand, the government is encouraging foreign investment and has set targets to increase the industry's share of global textile and clothing trade market.

Though Indonesia has a position in the top ten world's largest textile and apparel producers list, it controls only about 2% of global textile markets, whereas China controls about 35% whereas, Bangladesh controls 6.63% of the global textile trade. However, the Indonesian government targets to increase the nation's value of exported textiles and garments to US\$ \$75 billion by the year 2030, thus implying that this industry would contribute around 5% to global exports.



### MALAYSIA

#### Malaysia has the potential to increase textile exports to the United States

Malaysia has the potential to increase exports of textiles to the United States (US) in light of its trade war with China. The textile industry, often described by some experts as a 'sunset industry', began to lose its sheen decades ago



following rising costs and fierce competition from China, Bangladesh, Pakistan and Vietnam.

While an abrupt switch by buyers representing the US and other western importing companies and houses to other supplying countries is not expected, the ongoing dispute between the two economic giants has caused what traders some panic.

Malaysia's total exports of textiles, apparel and footwear amounted RM13.69 billion in the January-November 2018 period. The US is the biggest market for such products, accounting for RM1.78 billion, 13% of total exports.



### SOUTH AFRICA

#### Digital printing continues to drive the decline of the commercial analogue printing segment in South Africa

The South African printing industry and its suppliers contributed approximately R 55bn to gross domestic product and provided around 45,000 jobs last year.

Digital printing continues to drive the decline of the commercial analog printing segment, and print output volumes are on a steady decline. Some role players indicate that innovative technological advances sweeping through the sector present new opportunities for the industry.

During the past decade, far-reaching changes have swept through the South African printing industry, with digital

printing technologies becoming mainstream processes at the expense of conventional analog printing.

The circulation figures of most categories of publications in print format continue to decline, and the contraction in commercial printing throughput has resulted in an oversupply of web and gravure print capacity. With profit margins narrowing and technological advances continuing to drive disruption in the traditional print landscape, local printers are increasingly opting to reposition their businesses in an effort to remain sustainable.



### SRI LANKA

#### Sri Lankan Apparel Industry reaches US\$ 5 billion target

Sri Lanka's apparel industry has benchmarked itself at new heights, surpassing \$5 billion in export earnings in 2018, and is setting its eyes on hitting \$8 billion by 2025.

The total earnings from export of apparel products falling under HS chapters 61, 62 and 63 amounted to \$5050 million in 2018, registering an increase of 4.79% compared to the export turnover of \$4819 million in 2017. The USA and the EU continued to be the two largest buyers of Sri Lankan garments, in both volume and value terms, the Joint Apparel Association Forum (JAAF) said in a statement.

"This achievement is in line with the second strategic plan that was prepared for the industry and this feat was achieved despite many external challenges. The

consistency in the approach of the industry to be a reliable partner in ensuring in time delivery, guaranteed product quality, speed to market, ethical practices and innovative solutions has created the environment to achieve this extraordinary feat," it added.

The Sri Lankan Textile and Apparel industry employ nearly 350,000 workers directly and twice as many indirectly. Total employment is estimated to be in the region of 15% of the country's workforce. The majority of this workforce are women from regional areas, and Sri Lanka Apparel considers them as the most valuable asset and the backbone of the industry.

The contribution of the textile and apparel industry to the GDP is in the region of 6%, based on re-based GDP estimates. Given the development of the other sectors, it is very unlikely that any other manufacturing export sector will come up to this level of performance in the short to mid-term. Therefore, the apparel industry will continue to influence the level of economic development in the mid-term.



**TURKEY**

**Turkish clothing, textile sector eyes US\$ 29 billion in exports**

According to an agency analysis of the Turkish Exporters Assembly (TIM) data, textile and ready-wear sector exports rose 3.8% in 2018 to reach \$26.1 billion.

Already one of the world's most prominent textile and clothing producers, this year Turkey is aiming higher to hit a sizeable rise in exports. İsmail Gülle, TIM's chairman, informed that the figure fell short of the sector's potential. "Turkey's textile and apparel sector will turn our currency advantage to an opportunity in 2019 and work through their target thanks to Turkish brands (instead of contract

manufacturing)," he said. He added that 500 shops featuring Turkish brands are set to open abroad this year and this year the textile and apparel sector aims to boost exports by around 10% to some US\$ 29 billion.

Ahmet Öksüz, head of the Istanbul Textile and Raw Materials Exporters Association (İTHİB), underlined that exporters are prioritizing getting a larger slice of the global market. "One of our biggest targets is to make the sector, which is currently the seventh-biggest exporter

globally, one of world's top five exporters by raising its share to 5% of the global market," he said.

Textile sector exports to Africa and the Americas picked up last year, along with the EU, Turkey's main trading partner, Öksüz pointed out. "Our sector's exports to Africa hit an all-time high, topping last year's target of \$1 billion, up 13.5% year-on-year," he said.

Calling Africa a strategic target market for the sector, Öksüz said South America and the Far East have been identified as this year's targets. "We will carry out projects for the Japanese and South Korean markets."

In 2018 the textile and raw materials and ready-wear sectors combined constituted nearly 16 percent of Turkey's total exports. Turkey's exports last year hit an all-time high of \$168.1 billion, up from about \$157 billion in 2017, Trade Minister Ruhsar Pekcan announced in this context. Exports in 2018 climbed 7.1% year-on-year. ♦

