AUSTRALIA

Australia seeks alternative market for its cotton in South East Asia

The China and Australia relationship continues to worsen, after year-long rhetoric of indirect allegations, declining common trust and repressed trade agreements. The Australian cotton industry is seeking to substitute in South East Asia its 611 million Australian dollars cotton trade to China.

Australia's cotton industry is entirely dependent on exports and China is one of the country's main markets. The cotton industry is one of Australia's most important contributors to the agricultural sector, with yearly exports worth around US$ 2 billion. Australia is one of the world's top four cotton exporters, competing in a deeply subsidized international market.

In a recent opinion piece for 'Queensland Country Life', Michael O'Reilly, chairman, Chairman, Australian Cotton Shippers Association, says that the industry needs to move on, which "means reviving established markets and growing markets where consumption of Australian cotton is smaller."

Australian cotton earned its reputation as a reliable supplier of high-quality fibre in the tradition markets such as South Korea, Japan, Indonesia and Vietnam. Unlike China, India, or Pakistan, these traditional markets for Australian cotton do not have any source of local production, making them completely dependent on imported cotton.

Japan and South Korea remain significant purchasers of Australian cotton, according to O'Reilley, even if they have seen their respective spinning companies relocated to other more competitive markets including Indonesia, China and Vietnam.

Though the number of spinning companies in Indonesia and Thailand demanding Australian cotton has declined since the late 1990s, these markets still recognize and appreciate Australian cotton's quality.

Australian cotton must compete with Brazil and US cotton not only in Indonesia but also in Vietnam, another potential expansion market.

BANGLADESH

Maksons invests US$ 111 million in Bangabandhu economic zone

One of the leading apparel manufacturers in Bangladesh, Maksons Group is going to set up three industrial units at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai at a combined investment of US$ 111 million.

Mohammad Ali Khokon, Managing Director of Maksons Group and three other concerns under the group, signed a land-lease agreement with the Bangladesh Economic Zones Authority (Beza) in Dhaka to establish the units on 30 acres of land by 2022.

Metro Spinning Ltd will invest US$ 40 million and create jobs for 1,200 people. Maksons Spinning Mills Ltd. will invest US$ 30 million to create 800 jobs. Also, another unit of the Group will invest US$ 41 million.

Maksons Group will produce fabric and export-oriented apparel items at the proposed industrial units. The group has a target to start production by 2022.

US ready to help improve Chittagong Port infrastructure

The US companies are ready to offer expertise and systems, including those to reduce congestion and boost efficiency, to improve the infrastructure at the Chittagong Port, according to the US Embassy in Dhaka JoAnne Wagner.

Wagner said the US Trade and Development Agency is eager to support infrastructure projects in high-growth emerging markets such as Bangladesh with feasibility studies, technical assistance and pilot projects.

Wagner visited Chittagong recently to support the robust economic partnership between Bangladesh and the United States. She discussed expansion plans for the Chittagong Port, including opportunities for participation by US companies; engaged with female entrepreneurs pursuing successful businesses and overcoming gender discrimination; and explored further opportunities with the operators of Pahartali Textile and Hosiery Mills for using US-grown cotton.

CHINA

China exports rise to highest in two decades after coronavirus hit

With imports sharply bouncing back from the coronavirus outbreak, China's export growth spiked to the highest in over two decades.

Exports spiked 60.6% on-year in the January-February period, well above analysts´ expectations, while imports rose 22.2%. The latest figures stand in stark contrast to last year's fall of around 17% in exports and 4% drop in imports. The country struggled to contain the spread of Covid-19 early on, with consumers staying home and businesses seeing a slow return to operations.

Electronics and textile exports such as masks contributed to the spike in outbound shipments, as demand for work-from-home supplies and protective gear against the virus outbreak soared during the pandemic.

EGYPT

Absence of indicative price affects cotton sowing in Egypt

The Egyptian government has been announcing an indicative price for buying cotton before the planting season commenced every year in the past. However, for the first time, the government had not announced indicative prices in the current year. This has affected cotton cultivation in 2020-21, which is expected to decline 35% to 65,000 hectares.

The indicative price was a subtle attempt by the Egyptian government to urge the textile industry to buy cotton from farmers at the indicative price, However, it was not priced support or commitment from the government to buy the crop.In MY 2020-21, the total cotton area harvested in Egypt is expected to decrease by approximately 35% to 65,000 hectares (ha), from 100,000 ha in MY 2019-20.

The low cotton prices were another reason for farmers sowing less cotton. In MY 2019-10, price averages were US$ 133 per 50 kg of lint cotton to US$ 146 per 50 kg of lint cotton for extra-long varieties and US$ 120 per 50 kg of lint cotton to US$ 133 per 50 kg of lint cotton for long-medium staple cotton.

In MY 2020-21, cotton consumption of Egypt is expected to plunge by 5,000 bales to 6,25,000 bales, a drop of 1% over last year attributed to lower domestic demand due to a decrease in demand from public spinners.

GREECE

Greece has entered into 'The Better Cotton' era

The Better Cotton Standard System has decided that the Greek AGRO-2 Integrated Management Standards will equally run with the Better Cotton Initiative (BCI)'s Better Cotton Standard System (BCSS).

Being Europe's largest producer of cotton with more than 45,000 registered cotton farmers Greece is going to promote more sustainable Greek cotton cultivation allowing them to sell their cotton as Better Cotton from the 2020-21 cotton season.

By the end of 2022, it is estimated that 5,000 farmers will grow AGRO-2 licensed cotton (equivalent to Better Cotton), on 270,000 hectares, producing around 185,000 bales covering 10% of the total agricultural land.

The Greek cotton producer complies for several years with high environmental and social ISCC (International Sustainability & Carbon Certification) to achieve a reduction in water and pesticide use while increasing yields and profits. Because thirteen of the world's biggest clothing and textile companies signed a pledge to source 100% sustainable cotton by 2025 in a deal brokered by the UK's Prince of Wales.

INDIA

SIMA appeals for withdrawal of import duty on cotton

Stating that the imposition of 10% import duty on cotton is a severe blow for the cotton textile value chain, the Southern India Mills' Association (SIMA) has appealed to the Prime Minister for withdrawal of the duty. However, it has hailed the announcement of MITRA scheme aiming at developing seven mega textile parks with plug and play facility.

India has been globally competitive only in the cotton textile manufacturing, thereby accounting for 80% of its total exports. As per Union Budget 2021-22, cotton and cotton waste which is currently under nil rate of import duty is being subjected to 10% import duty through the budgetary announcement comprising of 5% Basic Customs Duty and another 5% Agriculture Infrastructure and Development Cess (AIDC) on cotton and 10% BCD on cotton waste. The new import duty comes into effect from February 2, 2021. This has come as a severe blow for the ailing cotton textiles and apparel industry, said SIMA chairman Ashwin Chandran.

He appealed to the Prime Minister to immediately withdraw the levy of 10% import duty on cotton and cotton waste to sustain the global competitiveness of Indian textiles and apparel industry and prevent job losses for several lakhs of people, prevent fall in the exports and also curb cheaper imports of value-added products from the SAFTA countries like Bangladesh, Sri Lanka, etc.

Seven mega textiles parks highlight of Budget

The announcement on setting up of seven mega textiles parks is the highlight of the Union Budget 2021-22, directly impacting the textile industry according to The Clothing Manufacturers Association of India (CMAI), the apex association of the apparel industry of the country. Several announcements impacting consumer spending will also help the apparel sector.

The increase of import duty on cotton and cotton fibre may not impact the industry too adversely, since the current imports are at a miniscule level. However, this does come at a time when the industry is reeling from an unprecedented increase of raw material prices, especially yarn, and could send a wrong signal.

In an indirect manner though, the Budget has made several announcements which will have a positive impact on consumer spending such as increases in infrastructure and overall government expenditure – and this will help the industry, especially the apparel sector.

The textile industry welcomed the Union Budget presented by Finance Minister Nirmala Seetharaman, particularly the announcement on textile and apparel parks. In a statement, the Indian Texpreneurs Federation (ITF) appreciated the thrust given to the textile sector by proposing the seven mega integrated textile region and apparel parks (MITRA).

With the concept of the parks with a plug-and-play model, the textile and apparel sector, particularly the SMEs (small and medium enterprises), can build competitiveness in manufacturing, ITF convenor Prabhu Dhamodharan said in the statement. Further, the parks can be aligned with environmental, social and governance goals to attract international buyers as well as investors, he said.

Welcoming the budget, president of Tirupur Exporters Association Raja M Shanmugham termed it as a pragmatic one presented to address all issues in the sectors. While appreciating the parks scheme, he said as expected, this would create global champions in exports and was hopeful that Tirupur exporters would opt to set up the units in the parks. He thanked the government for allotting Rs 700 crore for the Amended Technology Upgradation Scheme (ATUFs) against Rs 545 crore in the last budget which, he said, would help clear the pending capital subsidy.

SOUTH AFRICA

SA minimising COVID-19 impact on textile-apparel

More efforts have been made to localise production of personal protective equipment (PPE) to boost the retail, clothing, textile, footwear and leather (R-CTFL) sectors in light of the devastating effects of the COVID-19. South African Deputy Minister of Trade, Industry and Competition Fikile Majola informed about these efforts to parliament's select committee on trade and industry, economic development, small business development, tourism, employment and labour.

He said government is committed to reviving the sector as it focuses on rebuilding manufacturing and to enable it to expand its capacity. He mentioned that the government is working towards significantly reducing illegal imports to eliminate unfair competition against local retailers and manufacturers.

The R-CTFL value chain's total gross domestic product contribution is R74 billion, while its employment contribution is more than 210 000. The R-CTFL Master Plan was signed in 2019 with seven commitments. These include growing the domestic market, driving domestic sourcing, ending illegal imports and value chain transformation.

During this period of the pandemic specific focus has been placed on intensifying support for products such as surgical and consumer masks, respirators, medical textiles, leather and footwear products, gloves and body bags, according to a press release from the department of trade, industry and competition (DTIC).

VIETNAM

Vietnam textile-garment exports set to fall 15% to US$ 34 billion

Exports to the US and European markets will continue to face difficulties due to a shortage of orders, according to Vietnam's ministry of industry and trade, which recently said in a report that the 15% decrease in exports is, however, still lower than the 20%-25% plunge in global demand this year. Many companies expect new trade pacts will help boost exports.

Domestic companies have been making efforts to pump up revenue by producing low-value products to ensure cash flow, according to Vietnamese media reports.

HCMC-based Dony Garment is focusing on small orders, including those of masks, whose price is 5%-10% of other products made before the pandemic. The company's revenues in the first 11 months actually surged 2.7 times year-on-year because of masks.

Vietnam Textile and Apparel Association (VITAS) chairman Vu Duc Giang said the recently-signed Regional Comprehensive Economic Partnership (RCEP) is likely to boost China's demand for garments made in Vietnam. ◆