

TEXTILES

SOUTH EAST ASIA

Vol. 2 No. 10

October 2005

More larger buying groups diversify away from China

WITH the recent imposition of US safeguard measures on certain Chinese textiles, garment importers that have not moved their production from other countries to China are in a fortunate position, according to Kishore Sakhrani, director of Hong Kong-based ICS Trust Asia.



Kishore Sakhrani

In an interview with the Hong Kong Trade Development Council, Sakhrani said several Hong Kong public companies in the clothing sector have been turning away business from their Cambodian and Vietnamese factories because these are now working at full capacity. "All these 'new' textile countries have got a wake-up call," he commented.

And with the cessation of World Trade Organisation quotas at the end of 2004, these countries "thought they would lose a little bit of their business, but they did not realise they would lose so much. Now that the safeguard measures have come into place, we have seen a lot of these countries ramp up and

ramp up and invest more. So when the safeguards are removed, once and for all, they are not going to see their industries destroyed."

Sakhrani added that with the current political tension and concerns about China, more

of the larger US and European buyers are saying they need to diversify supply away from China, not just because of pricing, but because of the political uncertainty that may develop.

• ICS Trust (Asia) Ltd, 8th Floor Henley Building, 5 Queen's Road, Central, Hong Kong. Tel: +852 2854 4544. Fax: +852 2543 5555. E-mail: ics@icstrust.com

INDONESIA

No need to raise tariffs

TRADE Minister Mari Elka Pangestu says there is no need to increase tariffs on textiles and apparel from China from 5% to 25% as requested by the Indonesian Textile Association (API). Instead, safeguard measures can be applied to protect the local industry if import quantities distort the local market. "Imposing high tariffs on Chinese garments will not solve the problem of the import surge but it will encourage more smuggling," she said. "Improving the work of customs and security to stop smuggling is more important at the moment."



Mari Elka Pangestu

Marihot Siboro, vice president of Metro Corp Indonusa, said that if the government makes complicated procedures for legal imports, which include raising tariffs, it will encourage people to import illegally or carry out smuggling. "The time is now better as quotas are no longer in

• continued on page 2

Inside this issue	
Philippines	3
Cambodia	4, 13-14
Malaysia	5-6
Thailand	7-8
Indonesia	9-10
Vietnam	11-12
Diary	2
Exchange rates	11
Clothing prices	14
Business opportunities	15

Monthly news of the textile and clothing industries in the emerging markets of South East Asia — Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam