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### China linen heating up

DATE: 2010-01-15

#### China Linen Textile, 2004 to 2008

	2004	2005	2006	2007	2008
<b>Revenues</b>	\$8.4 M	\$13.2 M	\$14.5 M	\$20.8 M	\$22.9 M
<b>Income from Operations</b>	\$549 T	\$982 T	\$3.5 M	\$4.4 M	\$4.0 M
<b>Net Income</b>	\$364 T	\$834 T	\$2.7 M	\$3.4 M	\$3.7 M
<b>Total Assets</b>	\$15.4 M	\$17.5 M	\$26.4 M	\$31.5 M	\$36.2 M
<b>Total Current Liabilities</b>	\$13.0 M	\$14.0 M	\$18.9 M	\$18.7 M	\$18.2 M
<b>Net Current Assets</b>	\$2.4 M	\$3.5 M	\$6.12 T	\$3.5 M	\$6.2 M
<b>Stockholder Equity</b>	\$2.4 M	\$3.5 M	\$6.9 M	\$11.1 M	\$15.6 M

*Source: Company*

If you haven't already gleaned, I would like to highlight undiscovered investment opportunities in the Chinese micro-cap universe. Some of the top performers I emphasized in 2009 included China Green Agriculture(CGA Quote), China Marine Foods (CMFO Quote), Hong Kong Highpower Tech(HPJ Quote)), Telestone Technologies(TSTC Quote), and China Agritech(CAGC Quote). I will continue to identify Chinese stocks to fuel my portfolios in 2010. When scouring equities, I put companies to the test to determine if they make the grade as a "GeoBargain," a term that refers to a company that meets a number of criteria, including 30% EPS growth, margin expansion, and a return on equity of 15%, among others. I also validate qualitative attributes that offer positive reinforcement to my analysis.

With that in mind, China Linen Textile(CTXIF Quote), a company engaged in the production and sale of linen yarn and various types of linen fabric, meets nine out of 10 of my investment criteria. Most importantly, its 2010 earnings per share are forecast to grow 39.3% to 39 cents, yielding a meager P/E of 4.4. Value investors may also take note that its shares are selling at only 1.72 times its book value of 99 cents per share. My rationale is further supported by several key aspects of China Linen's growth and its increasing presence in the global Linen industry, including its its past performance and the industry segments it has targeted.

There are four reasons behind my enthusiasm for the stock. First, the company has shown it can grow sales and earnings consistently. Revenues have grown linearly from \$8.4 million in 2004 to \$22.9 million in 2008. Operating income has essentially followed suit, jumping from \$549,000 to \$4.0 over the same period. Although 2008 income from operations decreased slightly from the 2007 to 2008 period, China Linen was still able to increase sales in a challenged economy while maintaining profitability. This is due to the company's high-margin emphasis. The first nine months of 2009 have

Source: China Textile Network Company

echoed China Linen's positive financial trend as sales for the period ended September increased 15% to \$20.6 million. Operating income for the 2009 nine month period have risen 46% to \$5.1 million.

Second, the Chinese consumer's appetite for a higher standard of living is spurring an increased demand for higher quality linen. A strategic move to increase domestic penetration will enable the company to target a growing niche segment in a mature market. China Linen also has significant opportunities to grow via greater province coverage. Currently, the company covers 11 provinces, up from nine provinces in 2008. In 2010, the company hopes to have market presence in 15 provinces. Third, to accelerate growth China Linen plans to become more involved in the "Linen Industry Chain," which includes raw material planting, fiber production, yarn spinning, fabric weaving and dyeing and finishing. Management said that it will focus currently on yarn spinning and fabric weaving. In the future, the company plans to expand its operations to include all aspects of the industry chain. Finally, recent news pointing to a recovery in China exports bodes well for China Linen's international business and rounds out an already intriguing growth story.

Source: [www.thestreet.com](http://www.thestreet.com) via CNTEX

### China embroidery exports by destination in Jan.-Nov. 2009 (monthly report)

DATE: 2010-01-15

Destination	Accumulated value (\$ 10,000 )	Accumulated unit value (\$10,000/ton)	Y-on-Y Change (value, %)	Y-on-Y Change (unit value %)
United Arab.Emirates	11725	0,91	-34.60	1.78
Benin	9247	1.04	-47.16	2.67
Togo	5966	0.95	-43.26	-2.72
Pakistan	5707	0.70	-32.52	-10.60
U.S.	3788	1.41	-24.63	2.48

Source: CNTAC Statistics Center

### Shijiazhuang will invest three billion yuan into modern Industry

DATE: 2010-01-13

According to Shijiazhuang Municipal Government, it plans to invest three billion yuan special fund into modern industry from year 2010 to 2012. Five production bases including bio-medical, circulatory chemical, equipment manufacture, information technology, and textile & garment, and South Industry Zone could enjoy favorable taxation policy and other treatment. To attract enterprises in home and abroad to invest in Shijiazhuang, the local government also decide to exempt two years' income tax and value-added tax for new enterprises and headquarters, and impose only half in next three years. Other regulations include fiscal subsidy for fixed assets investment and exhibitions.

Source: CTEI News

## China chemical fiber machine imports by origin in Jan.-Oct. 2009 (monthly report)

DATE: 2010-01-13

China has become the largest producer of textile machinery in the world, delivering the most diversified and the largest quantity of products, while its import has also been increasing at a high speed in recent years. This monthly update provides official CNTAC (China National Textile & Apparel Council ) data on China import of chemical fiber machine.

Destination	Accumulated value (\$ 10,000 )	Accumulated unit value (\$10,000/ton)	Y-on-Y Change (value, %)	Y-on-Y Change (unit value %)
Japan	6930	20.44	-49.40	127.02
Germany	6784	6.65	-53.42	-90.46
Italy	871	20.74	45.57	-23.75
UK	691	230.33	423.92	249.28
Switzerland	648	29.45	-35.90	56.30

Source: CNTAC Statistics Center

## Domestic investment in China's Textile Industry soar from Jan. to Nov.

DATE: 2010-01-13

### **Investment surged up continuously**

From Jan. to Nov. 2009, total statistics-worthy fixed-assets investment (over CNY 5million) in the textile industry was up 9.53% to CNY 270.802 billion y/y, 0.78 percentage points higher than the growth rate of the same period last year. During the Jan.-Nov. 2009 period, China textile industry registered new projects totaling 6995, up 23.87% that of the Jan.-Nov. 2008 period, according to the Statistics Center of China National Textile and Apparel Council (CNTAC).

### **Domestic investment boom underway**

In the January-November period, domestic-funded enterprises ranked first in total textile fixed-assets investment, which accounted for 85.44 percent of the total, 6.01 percent up on a year earlier. There were huge gains in the investment from private textile enterprises, which accounted for 46.04 percent of the total investment in domestic-funded enterprises, 2.74 percent up on a year earlier.

On the other hand, the share of investment of textile enterprises with investment from Hong Kong, Macau and Taiwan decreased 3.24 and 2.91 percent respectively in the January-November period compared to the same period last year; The investment value of textile enterprises with investment from Hong Kong, Macau and Taiwan plunged by CNY6.347 billion and CNY 5.566 billion percent respectively in the January-November period compared to the same period last year.

### **Foreign investment slowdown is caused by three factors**

Investment value and investment share from Hong Kong, Macau & Taiwan and overseas both declined in the period. The slowdown of investment is mainly caused by three factors:

Firstly, export-oriented enterprises is fighting for their survival with dismal overseas market hit by the economic crisis and significant gains at that time will be hard to come by, and won't be nearly enough to prevent other sizeable slippage in overall textile activity. Next, RMB revaluation and the strengthening the environmental protection have negative impacts on the world's manufacturing chain. For more than a decade, foreign-invested enterprises, or the Chinese subsidiaries of global multinationals and joint ventures with industrial-world partners had accounted for over 50 percent of

Source: China Textile Network Company

the total increase Chinese exports over the period. But, the perceived advantage of low cost labor is disappearing in recent years, eroded by rising labor and other costs. By putting pressure on China to change its currency regime, the industrial world ran the risk of squandering the fruits of its own cost-cutting efforts.

Moreover, India, China's biggest competitors provides the legal framework that protects investment, which is one of the best in Asia. In recognition of foreign investment on the importance of the textile industry, the Ministry of Textiles of India had earlier done a survey to determine which countries have investment potential in India. Study identified a number of companies in Germany and Switzerland, these companies have the expertise, it is possible investment in textile machinery and high-end fabrics, Turkey, Italy and France have invested garment manufacturing and garment industry's potential. By 2015, the Indian textile industry needs an additional 24 billion U.S. dollars of investment in order to maintain 8% growth. This included 18 billion U.S. dollars of domestic investment, and 60 billion foreign direct investment.

### ***Industrial upgrading is a top priority***

Facing slow-down in foreign investment, industrial upgrading is one of the major areas that needs to be worked upon. Some textile sectors here in China are potential but limited by technology. For instance, the Chinese market for geotextile is to grow nearly by 30% over the next few years, according to a new study. Chinese enterprises are eager to venture into high-grade textiles areas, but they have been put off due to high capital expenditure required to bring in the necessary technology. It may be true that foreign investment can play a role in industrial upgrading. However, the industry cannot depend on foreign investment alone for this. It will have to work with our own hands.

*Source: CTEI Exclusive*

## **Textile & garment exports to the U.S. and Japan get new spotlights**

DATE: 2010-01-13

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It's been another disappointing year for the hard-pressed export sector. Between Jan. and Nov. 2009, China's textile and apparel exports declined by 11.02% compared with a year ago to \$154.12 billion as demand from all of the major markets deteriorated. Of which, textile exports plummeted 10.66 percent; apparel exports plummeted 11.24 percent

Although the economic crisis hardly creates a favorable environment for the export, some sectors gets new spotlights. According to CNTAC, China's textile and garment exports to the United States edged up 1.53% year-on-year to US\$25.34 billion; China's textile and garment exports to Japan edged up 0.26% year-on-year to US\$20.1 billion.

*Source: CTEI NEWS*

## **Himfr finds outdoor Textile Market has good prospects**

DATE: 2010-01-12

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Himfr.com, one of China's leading B2B search platforms with more than 30 B2B industry websites to its name, finds that the outdoor textile market has good prospects.

As China's outdoor sports market has improved, high-speed growth in the Chinese consumer market for outdoor exhibition in Asia has also brought great opportunities for outdoor textile manufacturers. More and more people are heading outdoors for pursuit of health, fashion, leisure, or

Source: China Textile Network Company

a natural, environmentally friendly way of life, which has increased the Chinese outdoor consumer market over several years up to 40% growth. According to Himfr's statistics, China's outdoor market sales volume has reached 3.8 billion RMB, and more and more Chinese and foreign distributors and outdoor supplies producers are optimistic about the market.

There are many kinds of outdoor textiles with a wide range in applications, including outdoor climbing, Mammut Goretex, ski clothes, hiking shoes, mountain climbing hats, sleeping bags, tents, backpacks, protective gear, socks, gloves and so on. Professional outdoor sports clothing and other apparel are mainly aimed at mountain climbing, skiing and other alpine sports purposes. Outdoor sports clothing and regular clothes have similar and varied functions. Outdoor and sports clothing have relatively strict and harsh demands for clothing: heat, sweat evaporation, cooling and ventilation requirements, a certain degree of water resistance, minimal weight, anti-UV properties, and protection against wind and cold.

Outdoor textiles have higher value-added and technology content. It is reported that at this stage, China's textile manufacturing enterprises dedicated to outdoor sports are few; the quality is average, but the prices are high. However, the outdoor textile products' technology needs to meet a high demand, and because production is difficult, many textile enterprises have given up. Therefore, the growing market demand and opportunities for large textile enterprises open to discovery.

Source: Himfr.com via CNTEX

## **China dethrones Germany to become World's Largest Exporter**

DATE: 2010-01-12

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China has overtaken Germany to become the world's top trading nation, latest official figures have suggested. China's General Administration of Customs (GAC) said on Sunday that exports recorded an impressive 17.7% annual growth to reach \$130.7 billion in December, breaking a 13-month decline in external trade that was a result of the global downturn. That came well above market expectations for a 5% increase, after the 1.2% fall in the previous month.

Exports of machinery & electronic products soared 26.9% and textile exports were up 25.2%. Furniture exports and exports of toys increased 10.8% and 4.4%, respectively. Imports, on the other hand, surged 55.9% from a year earlier to \$112.3 billion, accelerating from the 26.7% growth in the preceding month. Economists were looking for a 32.5% increase. The overall trade balance logged a surplus of \$18.4 billion, smaller than the \$19.1 billion surplus recorded last month. Imports of commodities such as iron ore, crude oil and soybeans, all increased. The figures suggest that China will surpass Germany as the world's top trading nation, although this will not be confirmed until Germany releases its full-year trade data in February. Huang Guohua, a spokesman for GAC said the increase in exports was "an important turning point" for the country. "It is safe to say now that Chinese exporters have come right through the period of weakness," he said.

For 2009 as a whole, China's foreign trade dropped 13.9% from a year earlier to \$2.21 trillion. Exports fell 16% from 2008 to \$1.2 trillion, while imports were down 11.2% to \$1.01 trillion to log a cumulative trade surplus of \$196.1 billion. China's resurgent trade returns for 2009 is likely to lead renewed calls for yuan appreciation from its trading partners. Mark Williams, senior China economist at Capital Economics, said continued double-digit gains in exports will strengthen the case for the currency peg to be loosened sooner than previously thought.

Last week, a prominent Chinese think tank called on Beijing to allow the yuan to rise by 10% in a one-off revaluation against the U.S. dollar before the currency can float in a wider band. Zhang Bing, an economist at the Chinese Academy of Social Sciences, wrote in an essay that allowing the yuan

Source: China Textile Network Company

to appreciate in a one-off revaluation would not have a detrimental effect on the economy and that now was the right time to push forward the exchange rate reform. However, senior government officials have repeatedly stated that they have no intention of bowing to international pressure, with Premier Wen Jiabao recently quoted as saying that China "will not yield" to foreign demands that it revalue its currency.

Source: RTTNews via CNTEX

## China pulls through int'l financial crisis with determination

DATE: 2010-01-11



China greeted the new year with a promising economy, improving people's livelihood and a stable society, a hard earned achievement in the face of the worst global economic depression since the World War II. On the first day of 2010, Chinese President Hu Jintao paid a visit to a small village in northern Hebei Province. He went there not only to convey New Year greetings to common people, but also to investigate how to sustain stable and relatively fast economic growth after China survived the impact of the crisis that struck even the world's most powerful economies. Under a leadership with

determination and foresight and with joint efforts of the nation, the country's economy has withstood the toughest test in this century.

### **Be PREPARED FOR DANGER, ACT QUICKLY**

China has been prepared for possible dangers even at the most peaceful moment. On June 13, 2008, Hu told a meeting of senior leaders of the central authorities and senior officials of central and local governments that the country should fully understand the problems and challenges it would face and prepare for possible difficulties. At that time, the world economy was shadowed by the deepening subprime lending crisis in the United States. In September 2008, following the filing for bankruptcy protection by Lehman Brothers, the fourth largest investment bank in the U.S. with a history of 158 years, the financial crisis began to spread quickly across the world. Closely related with the developed economies through its high reliance on foreign trade, the Chinese economy also felt the impact from the crisis. Export growth slowed down, some factories were closed and workers went home as fewer orders came. The central government responded with preferential duty policies, easing restrictions over bank loans, lowering transaction tax of real estates and increasing credits for small and medium-sized enterprises.

The central authorities established a special team to cope with the crisis. On Nov. 6, 2008, China announced ten measures to expand domestic consumption and boost economic growth and decided to adopt a pro-active fiscal policy and moderately loose monetary policy, revealing a hike in government investment aimed at bringing about 4 trillion yuan (579.71 billion U.S. dollars) of investment in two years. A month later, at the Central Economic Work Conference that set the tone for economic policies in 2009, China drew guidelines for addressing the global financial crisis -- it would expand domestic consumption, accelerate transformation of its development pattern and structural adjustment, deepen reforms in key sectors and links, improve the level of opening up and improve people's livelihood.

Detailed policies followed one after another. The central government issued plans to invigorate development of 10 industries including steel, car making, textile and machinery, as well as several regional development plans. It also put forward preferential policies to encourage sales of home appliance, cars and motorbikes in rural areas. More government investment came to infrastructure,

Source: China Textile Network Company

scientific research and public service. Although many decisions were made in Beijing, they were based on collective wisdom. Since the global financial crisis broke out, nine members of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee have visited various regions, especially the worst-hit regions, talking with people from all walks of life, including businessmen, workers, city residents and farmers. In November 2008, Hu hold a meeting with representatives of non-Communist parties, the business circle and persons without party affiliation to solicit advice on how to cope with the crisis.

At the annual sessions of the National People's Congress (NPC) and the National Committee of the Chinese People's Political Consultative Conference (CPPCC) in March 2009, nine top leaders attended dozens of discussions with legislators and political advisors. As the policies and measures were implemented step by step, the country's economic growth rebounded to 8.9 percent in the third quarter of 2009, realizing a V-shape recovery.

### **GROW WITH BETTER LIFE**



The urgent mission to maintain economic growth and battle the global financial crisis did not hinder efforts to improve people's welfare. On many occasions, President Hu stressed the importance to maintain needy people's basic living standards, improve people's livelihood and settle problems that ordinary people care most. In the government work report passed at the NPC annual session in March 2009, the government arranged 130 billion yuan for rehabilitation in earthquake-hit regions, 716.1 billion yuan for rural development, 293 billion yuan for social security, 850 billion yuan for the reform of medical and health care service over three years. In every inspection tour, the nine top leaders looked into everyday life issues, from employment of college graduates and migrant workers, welfare of disabled people to housing projects for needy families and earthquake-hit people.

Following these tours, instructions were made to build an umbrella program of social security for urban and rural residents, to improve vocational education service in rural areas, to speed up the reform of medical system, to build the basic health care service and improve grass-roots medical facilities. In 2009, the central budget for education, medical and health care service, social security, employment, affordable housing projects and culture service and other sectors directly related with people's lives, increased by 29.4 percent over the previous year. Tax cut policies eased the tax burden of enterprises and individuals by 550 billion yuan. A social pension insurance program for rural residents has started a trial run in 320 counties of 27 provinces and autonomous regions as well as four municipalities directly under the central government. By November last year, 230 million urban Chinese had joined the basic pension insurance program and more than 1.2 billion Chinese people enjoyed basic medical insurance. By October last year, 83 percent of college graduates have found jobs. In the first three quarters of last year, 151.98 million rural residents were employed in cities, an increase of 11.57 million over the end of 2008. In the first 11 months of 2009, new jobs were created for 10.13million people in urban areas. It is estimated that in 2009, the average net income of a rural resident topped 5,000 yuan for the first time, a year-on-year increase of 6 percent.

### **INTERNATIONAL COOPERATION**

On Nov. 15, 2008, while addressing a summit meeting of the Group of Twenty (G20) on financial markets and the world economy in Washington, President Hu called on the international community to make concerted efforts to tide over difficulties arising from the global financial crisis.

"To effectively deal with the financial crisis, all countries should strengthen confidence and intensify coordination and cooperation," he said. President Hu urged the international community to take all necessary steps to promptly restore market confidence and stop the spread and development of the financial crisis. In his speech, President Hu spoke of pro-active policies and measures that China had adopted to ensure its economic development and financial stability. He stressed that the

country's measures to expand domestic consumption would effectively boost its economic development and hence contribute to the global economic recovery.

In his speech, Hu conveyed the message that China was determined and sincere in carrying out international cooperation in economic development and safeguarding world's financial stability. His speech was echoed and applauded by many state and government leaders. During the two-day summit meeting, President Hu frequently met with foreign leaders, during which he introduced to them major policies and measures that China had taken to ensure its economic development and financial stability. He also exchanged views with those leaders on issues of the international financial system reform and how to cope with the global financial crisis. Last year, President Hu attended twice the Economic Leaders' Meeting of the Asia-Pacific Economic Cooperation (APEC), and summit meetings of G20 for three times. He was also present at the annual summit of the Shanghai Cooperation Organization (SCO) and the meeting of BRIC (Brazil, Russia, India and China) leaders.

### **CRISIS ALSO OPPORTUNITY**



During the meetings attended by members of the Political Bureau of the CPC Central Committee from late November to early December in 2008, President Hu had repeatedly stressed promoting transformation of development mode and economic restructuring, calling this a fundamental way to realize sustainable development and cope with changes in domestic and international situations. When joining a panel discussion with NPC deputies from south China's Guangdong Province in March last year, Hu said the international financial crisis, despite its severe impact on China's economy, also means an opportunity for the country. He said China

should take this opportunity to accelerate transformation of its development pattern and structural adjustment so as to maintain a steady and relatively fast economic growth.

President Hu on several occasions urged international efforts to ramp up supports for developing countries, oppose the practice of trade protectionism in any form and improve the current global financial and monetary system. At the same time, other senior Chinese leaders also worked actively to promote international cooperation on important issues. During his visits to foreign countries, including Algeria, Gabon, Ethiopia, Russia, Austria, Italy and the United States, China's top legislator Wu Bangguo carried out extensive exchanges with foreign leaders. Last year, while attending meetings such as the UN high-level meeting on the Millennium Development Goals and the eighth prime ministers' meeting of the Shanghai Cooperation Organization (SCO) member states, Premier Wen Jiabao put forward proposals on solving major global issues and called on the international community to strengthen cooperation in resolving problems.

Premier Wen also made similar efforts during the 12th summit between China and the Association of Southeast Asian Nations (ASEAN) and the Copenhagen climate talks. Other members of the Standing Committee of the Political Bureau of the CPC Central Committee, Jia Qinglin, Li Changchun, Xi Jinping, Li Keqiang, He Guoqiang and Zhou Yongkang also had in-depth exchanges of views with foreign leaders and worked to seek consensus on international cooperation on major issues. Though China retained its momentum of fast economic growth in 2009, the central authorities are mindful of problems in the economy. In October last year, Hu Jintao set out to investigate eastern Shandong Province with economic issues on the top of his agenda.

During his trip, He paid visit to seven enterprises ranging from textile dyeing and printing company to renewable energy enterprise. Hu called upon companies to focus on technological innovation and industrial upgrading so as to foster their competitive edge for long-term economic development. In December last year, speaking at the Central Economic Work Conference, President Hu stressed once again the significance to promote the transformation of the economic development pattern. He

said efforts should be made to optimize the country's economic structure and upgrade its capacity of technological innovation. During a two-day inspection to Zhuhai, a coastal city in China's southern economic hub of Guangdong Province in December, Hu said the outbreak of the global financial crisis had offered a rare chance for the country to promote the transformation of the economic development pattern.

He urged down-to-earth attitude to accelerate the country's transition into an innovation-driven economy. President Hu has also called for unremitting efforts to promote Party building in new situations as the global financial crisis posed a severe test to the CPC's competence to lead. Leaders at all levels should promote the fine traditions of the CPC, bear in mind people's welfare and livelihood, solve problems and bring benefits for the people, he said. Any practice that undermines people's interests should be rectified and money should be used in areas that would improve people's livelihood and advance economic development. The President also asked officials to be clean, down-to-earth and have lofty spiritual pursuit.

*Source: Xinhua via CNTEX*

## **Fresh efforts at reviving collapsed Textile Industry**

DATE: 2010-01-11

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When news filtered into Kaduna State that a high-powered federal government delegation would be visiting some of the collapsed textiles firms in the state, there was intense interest. This is because Kaduna State with about eight different textile companies was the hub of the textile industry in Nigeria. And because of that, it was the worse affected when all the firms suddenly started folding up one after the other, throwing thousands of bewildered and underprepared workers into the unemployment market.

Governor Namadi Sambo of Kaduna State since assuming office in 2007 has, within his own capacity, tried to solve some of the problems that led to the collapse of the textile firms. After so many visits to most of the textiles and meetings with management of the affected mills, he decided to exclusively dedicate the 30 megawatts that will be generated from the Gurara dam for the use of the industrial areas where the textiles firms are located. Kaduna State government also commenced a complete overhaul of its water system at a cost of \$300 million, which the governor feels, would, apart from meeting the needs of the people of the state, will also solve the water need of the collapsed textile firms. In addition to that, the governor extracted a commitment from officials of the Nigeria National Petroleum Corporation (NNPC) to make available all the LPFO, popularly known as black oil, which it would need for its operation.

So, when the federal government decided to show more passion in its desire to revive the textile industries, by announcing that it would personally visit the collapsed textiles in Kaduna, the governor was simply ecstatic. He quickly issued a statement that the Governor of Kaduna State wishes to express his joy over the expected visit of the assessment team of the Cotton, Textiles and Garment (CTG) Sector Revival Scheme's formal visit to Kaduna textiles hub. "The committee has the Chief Economic Adviser to the President, Dr Tanimu Yakubu, the Minister of Agriculture and Water Resources, Dr Abba Sayyadi Ruma, the Minister of Commerce and Industry, Chief Achike Udenwa and the Managing Director of the Bank of Industry (BOI) Evelyn Oputu.

"The Committee is expected, while on the visit, to assess existing infrastructure at the textiles hub as well as other existing structures in the city that may facilitate an early commencement of the garmenting project. While in Kaduna, the committee is expected to pay a courtesy visit to the governor who will in turn lead the delegation on the tour of facilities around Kaduna." Eventually, when the delegation came, it include the Minister of Finance, Dr. Mansur Muktar, accompanied by

Source: China Textile Network Company

the Chief Economic Adviser to President Umaru Musa Yar'Adua, Dr. Tanimu Yakubu, Minister of State for Commerce and Industries, My Humphrey Abba, Managing Director of the Bank of Industries, Mrs. Evelyn Oputu, Vice chairman of the Nigeria Labour Congress (NLC), Comrade Issah Aremu, officials of the Manufacturing Association of Nigeria (MAN), led by Alhaji Ibrahim Usman and other top government functionaries that include representatives of other ministers that couldn't come.

Before embarking on the tour, the Minister of Finance who commended Sambo for his earlier effort in reviving the textiles, admitted that Federal Government, after realising that money was not the only solution to the revitalisation of the textiles, carried out a holistic assessment of the myriad of problems besetting the sector and came up with some measures that would revive the factories. The Federal Government however, announced that it has re-launched another 100 billion naira for the revitalisation of the Cotton, Textile and Garment Industry. Mukhtar said N10b has already been released and would be disbursed through the Bank of Industry (BOI) at six per cent interest rate, just as another N10 billion was voted for in the 2009 Supplementary Budget passed by the National Assembly for the stimulation and revival of the sector.

The minister then told management of the affected textiles factories to start making preparation to commence production, as government has also commenced the process of removing all obstacles that led to their closure. The Federal Government, strictly for the industrial area has awarded the finance minister said in order to tackle the problem of electricity, contract for a 215-megawatt power plant with a completion date of 18 months, to General Electricity (GE). He further said that government has embarked on the reformation of the Nigeria Custom Service so as to check the activities of smuggling, while both state and federal governments will tackle water and other infrastructures. He said that the federal government is in discussion with the Chinese government in order to ensure that counterfeiting of Nigeria wax, and the dumping of cheap textile fabrics from China, which is said to be with the active connivance of some Chinese officials, is brought to a complete halt. He further disclosed that the first garment industry in Nigeria will be sited in Kaduna since the country with over 140 million people is yet to have a garment industry that will support the textile industry, adding that the Federal Government was already looking at trade and tariff policy with a view to reviewing the fiscal and tariff incentive for the sector that would cushion the cost of operating.

According to the Finance Minister, "When this administration came in, it pledged support for revitalising the real sector, particularly the vibrant industries that we had and as part of that, there has been a comprehensive review of areas with great potential. Of particular interest are the textile and garment industries. Great, sustainable and holistic way of revitalising this sector was explored." Explaining why earlier initiatives of reviving the textile factories didn't work, the minister said "a review of the earlier initiative revealed major inadequacies because it was a very partial approach that did not take into account the myriad of problems affecting this sector and it is because of that that a more robust and comprehensive programme addressing both the production side including cotton production and the manufacturing side was looked at. "We are looking not just at the supply of credit because the initial concept was to put in money that was not sustainable and it didn't go far enough in addressing all the key problems of the sector. So what the Federal Government has proposed is a more comprehensive approach that will look at both the supply of inputs to the industries, looking right from support to cotton production, looking at improving the technology, providing credit at that level and beyond that to the industries and partnering with other technical partners abroad and more importantly looking at some of the existing constraints which include power."

Dr. Tanimu Yakubu said "at the peak of the textile industries nationwide, about 700,000 people derived their livelihood from the sector. About 1.1 million cotton farmers in the parts of Katsina, Kaduna, Kano, Zamfara, Yobe, Sokoto, Kebbi and Gombe States derived their means of livelihood from the subsector. When you add those who derive direct formal employment from this sector with

the reckoning that each of these people has dependents, then you are looking at an industry that provided means of livelihood to 17 million people. This means that the revitalisation of the industry has become more important in fighting crime and idleness. "At the peak of the industry, it was contributing about 25 per cent of the manufacturing GDP, so the decline of the industry resulted in the contribution of the north to the manufacturing industry also declining. At the peak of the industry, the turnover on real terms was a little over \$8 billion. Today it is not more than \$300 million. At the peak of the textile industries, we have over 170 textiles working day and night between two to three shifts, today it is less than 20. We used to have about 49 ginneries, but today the number is below 10.

"We further realised that money was in fact the least problem of the industry. The cotton produced was not meeting the requirement of the international market. Operating cost for the industry was also responsible for the decline of the industry," he said. Also in his speech, the Minister of State for Commerce and Industry Humphrey Abba said if the textile mills were revived, they would take 10 per cent of the unemployed off the street. He gave the reassurance that the federal government's effort to revive the subsector would soon yield fruits. Later on, the delegation were taken to the site where the 215 megawatt would be generated and also taken to Kakuri industrial area where most of the mills are located and in the course of the tour, most of the government officials, after coming face to face with the awesome machineries in the mills and how they are just wasting away kept shaking their heads and lamenting.

Governor Namadi Sambo, thereafter expressed appreciation to the Federal government for the attention being given to the industry and the concession and favour to Kaduna State. He said effort to revive the textile industry is partly influenced by the realisation that people from all parts of Nigeria worked in the mills before their closure. He also urged all owners of the industries to start making preparations to commence production. Consequently, the United Nigeria Textiles Limited (UNTL)-the largest in the state, whose 4000 workers lost the jobs when it collapsed, has started the process of spinning yarn, while Fintex Industry will also start putting its machines in shape for eventual production of yarn-the first step in weaving of textile materials. Presently, the federal government has started receiving commendation from key stakeholders in the industry. Comrade Umaru Mohammed who is the deputy general secretary of the National Union of Textiles, Garment and Tailoring Workers of Nigeria (NUTGTWN) commended government for releasing the N10 billion to the textile industry to enable them begin operation.

He pointed out that this would go a long way in alleviating the suffering of the textile workers who have been out of job for a long time. But a problem that the federal government or the management of the closed textile companies would have to quickly settle is the issue of gratuity. For example, workers of the Kaduna Textile Limited (KTL) which folded up in 2002 is yet to pay its workers' gratuity and entitlement worth about N687 million. This has made them to protest at every available gathering of politicians. They have accused the 19 northern state governors who collectively owned KTL of refusing to pay them and have even demonstrated on streets where they refused to allow motorists access the roads for hours.

Even those who have died while waiting for their entitlements are totaling about 1,050. They are demanding for their gratuity through their next of kin. The numbers of textiles that stop manufacturing in Kaduna State were eight but only three were able to pay their entire workers' gratuity and other financial obligations. Workers from KTL, Arewa Textile, Finetex, and Nortex, whose gratuity was not paid have continued to agitate for it and have vowed not to allow any activity within the closed mills without their previous entitlements paid to them. But that notwithstanding, a lot of them are interested in seeing the textiles reopened. Some have even started visiting some of the mills every morning so that they can be the first to be hired or rehired when the mills eventually commence production. But whether the federal and Kaduna state governments would ensure the reopening of the textiles despite some of the obstacles remain to be seen.

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