

TEXTINATION NEWSLINE
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RUSSIAN GOVERNMENT SETS DEVELOPMENT PROGRAM UNTIL 2025 FOR THE TEXTILE INDUSTRY
ANTICRISIS PLAN PROVIDES GRANTS OF NEARLY RUBLE 1.5 BILLION


Moscow (GTAI) – In spring 2016 the Russian government has decided a "Strategy for the development of the light industry until 2025" and a "Federal program to support enterprises of the light industry" (anticrisis plan). Hence the Russian textile enterprises should be supported in the crisis. It is the aim of the Ministry of Industry and Trade to double the share of domestic producers on the clothing market from currently 25% to 50% in the year 2025.

According to the Ministry of Industry and Trade 14,000 companies (including 200 large enterprises) of the Russian light industry are producing clothing, textiles, footwear and leather goods. They generate annually a turnover of Ruble 270 billion. Of that 653 large and medium and 4,000 small businesses are operating in the yarn and textile industry. Because the purchasing power and consumer demand fell, the light industry slowed its production in 2015 by 12%.



To give the clothing and textile factories more security, the Russian government adopted in spring 2016 a "Strategy for the development of the light industry until 2025" and a "Federal program to support enterprises of the light industry" (anticrisis plan). It is the aim of the Ministry of Industry and Trade to double the share of domestic producers on the clothing market from currently 25% to 50% in the year 2025. In this context up to 330,000 additional jobs should be achieved.

Anticrisis plan provides subsidies of Ruble 1.475 billion

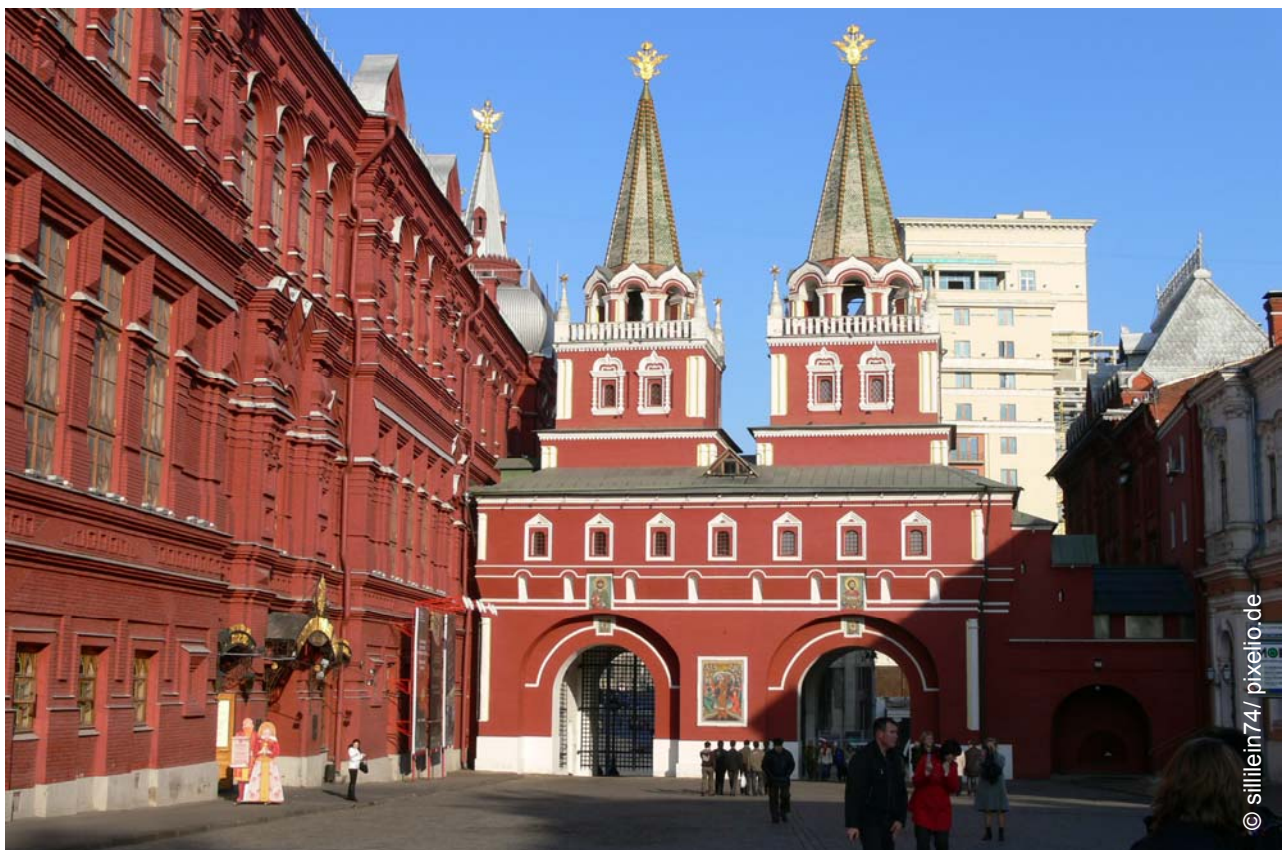
In the anticrisis plan Ruble 1.475 billion will be granted. This should especially support manufacturers of school uniforms, children's apparel and textile factories that work on government orders. The financial support includes: subsidies for producers of school uniforms for the lower classes made out of Russian worsted fabrics (Ruble 600 million), subsidies for working capital loans to support purchases of raw materials (Ruble 800 million), subsidies for investment loans for technical modernization of enterprises (Ruble 75 million).

As part of the development program for the light industry an own development bank for the textile and clothing industry will be set up – following the example of the Rosselkhozbank. The hitherto in agriculture specialized state leasing company Rosagroleasing should accompany the technical modernization of the textile and clothing companies. In addition, the government ordinance no. 791 prohibits, as in

the version of February, 17th 2016 on all three government levels (federal, regional, municipal), government procurement of imported textiles and garments when there are offers from domestic producers.



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Industrial parks and clusters for the light industry are growing

In addition, two industrial parks for the clothing and textile industry will be set up in the areas of Ivanovo and St. Petersburg. In addition, a regional cluster of the light industry in the Chelyabinsk region of the South Ural is growing. The fund for the development of the Russian industry promotes investments with low interest rates on credits, for example the project of Praimteks (Primetex) in the Ivanovo region for the production of textiles using digital textile printing (credit: Rubles 466 million rubles).

Further, the domestic producers of clothing and footwear should gain access in future to the funding instruments of the federal association for the development of small and medium-sized enterprises. Critics complain, that the subsidies reach mostly large companies only and above all companies working with government contracts.

Capacity building for chemical fibers

Export opportunities are seen by the Ministry of Industry in synthetic fibers. In the textile cluster Ivanovo (<http://invest-ivanovo.ru/data/prog.pdf>) a chemical fiber plant is growing with public aid, scheduled to begin production from 2018. With that 250,000 t chemical fibers would additionally annually be available. Until now both manufacturers Komitex and Wladimirski Polyefir produce together 33,000 t chemical fibers per anno. Viscose is currently not being produced at all in Russia. The import share of polyester is 74%, of polyamide 88%.

In future the synthetic fibers may be supplied to BTK Textile and other customers. The production complex of BTK Textile in the textile City Shakhty in the Rostov region, was inaugurated in June 2015. The company manufactures high-tech textiles and knitwear made out of synthetic fibers of which work-wear, sport-wear and ski-wear are being sewn. BTK Textile has fabric production capacities of about 12 million square meters per year, General Director Sergey Bazoev says. Up to now BTK Textile has to buy the synthetic fibers and yarns predominantly in Asia. That could change soon. The BTK Group is the largest Russian manufacturer of men's clothing and uniforms.

Building new production facilities in Russia is not so easy: equipment of domestic manufacturing is not available and imported technology became very expensive due to the Ruble devaluation. So the technical facilities of BKT for manufacturing, impregnation or coating of fabrics and for apparel sewing (in total 250 units) are coming from Italy, Denmark, Germany, Switzerland and France. Long-term loans of over 8 to 12 years are not available and if - only at high interest rates. The lack of a variety of technologies and materials (establishing of extensive fabric and accessories inventories is too expensive) remains the main problem for Russian textile companies. Therefore, the number of new projects in the light industry is not yet clear.



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Russian Federation - production of textiles and clothing (change in %)

Description	2015	Change 2015/2014
Cotton fiber (mio. bales)	111,0	4.4
Chemical fibers mio. bales)	66,0	-4.5
Fabrics (Mio. sqm)	4,542	14.7
thereof from:		
Silk (1,000 qm)	253,0	31.8
Wool (1,000 qm)	9,262,0	-20.9
Linen	25,9	-26.6
Cotton	1,176,0	-4.5
Chemical fibers	237,0	14.2
Fabrics made out of other materials	3,084,0	25.1
Fabrics with plastic impregnation (mio. sqm)	32,3	14.6
Bed-linen (mio. pc.)	59,8	-9.6
Carpets (mio. qm)	22,6	-3.7
Knitwear (1,000 t)	14,2	29.8
Stockings (mio. pair)	199	-5.6
Coats (1,000 pc.)	989	-22.1
Lined jackets (1,000 pc.)	1,887	-45.4
Suits (1,000 pc.)	4,690	-12.6
Men's jackets and blazer (1,000 pc.)	870	14.1
Women's coats with fur collar (pc.)	5,543	-46.1
Clothing made out of artificial fur (1,000 pc.)	24,5	21.0
Uniforms and workwear (mio. pc.)	20,7	-8.2
Work- and protective clothing mMio. pc.)	99,8	14.6

Source: Rosstat 2016

Russian Federation - production of textiles and clothing (change in %)

Description	1 st Quarter 2016	Change 1 st Quarter 2016 / 1 st Quarter 2015
1 st Quartal 2015		
Sewing thread made out of synthetic fibers		
(mio. t)	14,0	-0,6
Fabrics (billion sqm)	1,2	23,2
Bed-linen (mio. pc.)	14,1	-7,7
Knitted stockings (mio. pair)	55,4	34,0
Knitwear (mio. pc.)	24,8	-6,0
Workwear, uniforms (mio. pc.)	31,1	11,2
Coats (1.000 pc.)	269	9,1

Source: Rosstat 2016

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"Strategy for the development of Light Industry until 2025."
<http://www.kptf.ru/images/company/Presentation.pdf> (presentation of the strategy)
http://minpromtorg.gov.ru/docs/#!strategiya_razvitiya_legkoy_promyshlennosti_rossii_na_period_do_2025_goda (Text of the strategy and action plan)

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