

Ukraine government to allocate US\$300m for development of domestic textile industry

By Eugene Vorotnikov 26 April 2018

The Ukraine government is to allocate up to US\$300m towards the development of its domestic textile industry over the next two years, according to officials.

A government spokesman for the ministry of economic development and trade told WTiN.com that a majority of the funds will be provided to leading Ukrainian textile producers as subsidies, both direct and indirect. Selected Ukrainian textile producers will be grant-aided to upgrade fixed plant and equipment and help them expand their raw materials supplies.

The list of producers that could claim for subsidies, as well as the criteria for their selection, has not yet been disclosed but the official said it could happen this month.

According to the Ukrainian ministry of agrarian policy and food, Ukraine, in common with neighbouring Russia, commonly experiences a shortage of domestically produced raw materials for use in its textile industry. The most complex situation currently relates to cotton, almost 100% of which is currently imported into Ukraine from abroad, in particular from Commonwealth of Independent States (CIS) countries, such as Uzbekistan.

Relying on global market prices rather than local cotton has caused problems, with ministry officials telling WTiN.com that, in recent years, Ukraine textile manufacturers have experienced significant financial difficulties because of increases in cotton import prices

However, there is a possibility this problem will be partially resolved this year, as part of the Ukrainian government subsidy plans is the subsidy of Ukrainian textile producers' cotton purchasing costs.

In addition to this, the government plans to significantly increase salaries for domestic textile manufacturing workers, to make the profession more prestigious, attracting and retaining more experienced employees.

According to Prime Minister Volodymyr Groysman, who spoke at a government meeting on 11 April, wages for workers employed in the Ukrainian textile industry will be increased by 30% in May. He said the government was prepared to find additional public funds for the industry to finance the pay increase.

The PM said: "Currently the number of workers in the Ukrainian textile and light industry is estimated at 80,000 people. The level of their wages is 70% of the average for Ukrainian industrial production roles."

Groysman also added that around 75% of workers in this light industry are women, noting that these workers have been discriminated against regarding wages because of gender biases widespread in Ukraine.

According to a spokesperson for the Prime Minister, in addition to the provision of direct support to domestic textile producers, the government has not ruled out the possibility of selling off some of the country's leading textile enterprises to foreign investors. Examples include Texterno and Master Textile.

The spokesperson said the government would sell only those textile enterprises that are experiencing financial difficulties (although he would not name these troubled companies) and which could be rejuvenated thorough investment after acquisition by private owners.

The government would, he said, mirror a programme used two years ago during the privatisation of some of the country's leading meat-processing and agricultural enterprises and their sale to investors from the US, Canada and some EU member states. Source: WTiN.