

EXTRACT

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Slow market growth in China in 2011

DATE: 2012-01-19

In 2011, under the supporting role of the relatively stable domestic macroeconomic environment, the growing income and other factors, the overall domestic market of China's textile industry still maintained a steady growth momentum. According to the National Bureau of Statistics data show that from January to November 2011, total retail sales of social consumer goods reached 16.35 trillion Yuan, a year-on-year increase of 17 percent. Among them, clothing, shoes, hats and textile retail sales of 700.5 billion Yuan more than limit, a year-on-year increase 23.9%. Overall, China's domestic sales growth like clothing and shoes is still significantly higher than the growth rate of total retail sales of the whole country, yet since September, there is a clear trend of slowing down.

In the same period, China's large-scale textile enterprises realized sales value of 4839.781 billion Yuan, up 27.57 percent year on year, of which domestic output value is 4010.112 billion Yuan, up 30.32 percent year on year. Proportion from the data structure, the output value of China's domestic textile industry output accounted for 82.86 percent of the whole sales output value, compared with the same period last year continues to rise 1.75 percentage points. However, overall growth in the domestic market also shows a slowdown in performance. From January to November 2011, domestic output growth of China's textile industry was down 0.83 percentage points compared with the date 31.15 percent from January to October.

In 2011, China's major large-scale retail clothing sales data structure analysis shows that the growth rate remains high despite the amount of growth, but growth in the quantity is pretty slow. According to the China Business Information Center data, in November 2011, apparel sales increased 10.26 percent, setting a new low during the year 2011, apparel sales growth even performed negative growth, dropped 1.82 percent year on year. Seen by the domestic inflation, price increases and other factors greatly influence the product, textile and apparel end-consumer demand has been somewhat suppressed.

Textile and garment exports grow slowly

At the same time of the fall of China's domestic market growth momentum, China's export market has also been a downturn in the international market demand affecting, and showing a trend of slow growth. According to China Customs statistics, from January to November 2011, China's total textile

and apparel exports \$ 226.156 billion, an increase of 21.2 percent growth rate over the 10 months from January to October (22.8%), slowed down 1.6 percentage points, down 2.99 compared with same period last year. Overall, China's textile and apparel exports still maintain a rapid growth rate. Textile exports \$ 86.373 billion, up 23.97 percent year on year. Apparel exports \$ 139.782 billion, a year on year increase of 19.54 percent.

Behind the appearance of the export boom, we must see that the export price and volume changes in 2011. Different from previous years, in 2011, affected by many factors like product exports restructuring, costs rise, China's textile and garment total export increased fast, which was mainly supported by the price increase of textile and garment export. However, the export volume growth slow, orders from international market are not optimistic, which leads the concern about the industry. According to the estimation of Statistics Center of China Textile Industry Association that from January to October 2011, China's textile and garment export prices increased 21.19% year on year, of which textile export prices increased 22.51% year on year, garment export prices increased 20.32% year on year. Excluding the price factor, from January to October, textile and garment exports increased by only 1.14 percent.

Analyzed by category of export products, the export growth of textile was slightly faster than the growth of garment, but compared with the same period in 2010, textile export growth has come down significantly. This is closely related to the slow recovery of the global economy, the demands in main end-market in developed economies are slowed down. From January to November 2011, textile exports grew 23.97 percent over the previous year, dropped 5.65 percentage points over the same period last year; garment export grew 19.54 percent, dropped 1.62 percentage points over the same period last year.

Source: CNTEX

Luxury goods may sell in the same price with Europe

DATE: 2012-01-18

Recently, the Ministry of Commerce announced international commodity center information of a number of countries. These centers will introduce distribution model of famous commodity, lay GBF of famous brand sales square in provinces and municipalities in China, which means that domestic consumers do not have to travel abroad, you can buy high-end imports at the same price with Europe synchronously. The official website of the Ministry of Commerce announced the international commodity center information from Italy, France, Spain, the United States, Britain and other countries. These centers will launch a famous brand commodity distribution model, lay GBF of famous brand sales square in provinces and municipalities in China, aiming at solving the problem that prices for luxury goods in China are too high.

Different with the current popular form of commercial outlets, there are more high-end brands in GBF, mostly for international luxury brands. This project is currently participated by more than 30 international luxury brands including VERSACE COLLECTION, VJC, Moxoni, FERRE, Calvin Klein, CNC, CARAMELO, Cavalli, ANGELOGALASSO, ERMANNO, KENZO, VERSUS and so on, involving clothing, accessories, shoes, bags, home furnishings, food and wine and other industries. According to the promoter of the project in China, GBF famous brand direct square makes it possible for the Chinese consumers to enjoy a price even 10% lower than in Hong Kong, which is equivalent to 40% off in the domestic stores for new products. This solve the problem of lack of after-sales service by overseas purchasing and internet shopping.

Analysis of the industry, this model not only to subvert the traditional clothing retail industry and has become the backbone of the commercial real estate investment, it is also a superior mode of selling

which can not be beat by internet selling. 100% of the return system creates high profits for the brand agents. This indicates that new era of China's luxury market is coming!

Source: CNTEX

Stores see boost from 'traveling luxury consumers'

DATE: 2012-01-18

Chinese shoppers again greatly boosted the sales recorded by the British luxury goods giant Burberry Group Plc this past Christmas, the company said in its third-quarter trading announcement on Tuesday. Burberry, the luxury brand famous for its camel, red and black check pattern for textiles, reported revenue had increased by 22 percent to reach 574 million pounds (\$882 million) in the last three months of 2011. The same period saw its revenue from China increase by about 30 percent - the same rate that it had in the second quarter. The double-digit growth figures were announced amid a gloomy time for Britain's retail industry. The value of British retailers' sales in December increased by 4.1 percent year-on-year, according to statistics from the British Retail Consortium.

Stacey Cartwright, Burberry's finance director, said the "traveling luxury consumer" - a phrase referring to a Chinese tourist who spends more abroad than at home - gave Burberry a boost in London, Paris, Hong Kong, Las Vegas and other important markets for the company. Angela Ahrendts, Burberry's CEO, coined the term "traveling luxury consumers" to describe shoppers who believe that being able to say they had bought something in London adds prestige to their purchases. The benefits that come from such customers do not fall exclusively on Burberry. When Selfridges, a luxury department store in London's Oxford Circus, held a post-Christmas sale this past year, the store enjoyed the most profitable period in its history, raking in 1.3 million pounds in an hour. And much of the credit for those results went to Chinese tourists.

The World Luxury Association, an international non-profit organization specializing in the management of luxury brands and market research, noted that Chinese tourists spent 33 billion pounds in Europe in 2011. The brokerage and investment group CLSA forecasts that China will become the largest market in the world for luxury goods in five years. Recognizing the opportunities presented by the burgeoning Chinese middle class, Burberry took control of its franchised stores in China for 70 million pounds in 2010. The company expects its acquisition of 50 stores and other assets from its franchise partner Kwok Hang Holdings Ltd to add as much as 20 million pounds to its operating profits in the 2011-2012 financial year. Since the acquisition, Burberry has increased the number of stores it has in China to about 60. Meanwhile, economic conditions continue to present difficulties for most European retailers. Stephen Robertson, director-general of the British Retail Consortium, warned that "2012 is expected to be an equally challenging year" for most British retailers.

Fears of economic turmoil are prevalent in the eurozone after Standard & Poor's Financial Services LLC decided on Friday to downgrade the credit ratings of France and eight other eurozone nations. And even China, it seems, is not immune to the global downturn. Investors are growing increasingly concerned about the effect of current economic conditions on the confidence of the Chinese middle class. Cartwright, for her part, remains convinced that Burberry's sales figures will receive another boost from the Olympic Games that will be held in London in July. She said the company is on track to open its largest flagship store in the UK just ahead of the Olympics. It will be on Regent Street, London's fashion hub near Oxford Circus.

Source: China Daily via CNTEX

Continued slowdown of export growth in Oct.

DATE: 2012-01-18

According to customs statistics, in October of 2011, China's textile and apparel trade reached 21.53 billion U.S. dollars, up 11.1%, in which exports \$ 19.65 billion, a year on year increase of 10.4%, yet a month on month decline of 14.5%; imports \$ 1.88 billion, an increase of 19.6%, a month on month decline of 7.8%. From January to October period, China's textile and apparel trade reached 224.77 billion U.S. dollars, up 22.3%, exports 205.82 billion U.S. dollars, up 22.8%, and imports \$ 18.95 billion, up 17.1%. Cumulative surplus was \$ 186.87 billion, an increase of 23.4%. From the current grim international economic situation, the last two months of the year, textile and garment exports will remain low growth, the growth rate will continue to fall.

Garment export growth rate dropped

EU market: In all major markets, China's exports to the EU growth rate dropped rapidly. In October, exports to the EU market \$ 3.25 billion, an increase of only 0.5% compared to March, shrinking by 54 percent. Textile grew 7.7% while clothing fell 1.6%. Knitted and woven garment exports fell 17.7%, compared to September, a decline nearly 5 percentage points. The average export price rosed 18.2%. From January to October period, China exported \$ 45.05 billion for the EU, an increase of 23.9%, of which textile exports \$ 9.57 billion, up 19.8%, apparel exports 35.48 billion U.S. dollars, up 25.1%.

U.S. market: In October, China's exports to the U.S. market \$ 3.12 billion, a year on year increase of 1.7%, compared to September, shrinking 3.8%. Textile grew 13.4%, compared to September, the growth rate increased 4.2%. Apparel exports dropped 1.7%, the first time to drop in the year (except February). Knitted and woven garment exports fell 16.3%. The average export price rosed 13.3%. From January to October period, China exported \$ 31.61 billion for the U.S., an increase of 11.5%, of which textile exports \$ 7.84 billion, up 10.3%, apparel exports 23.77 billion U.S. dollars, up 12%.

Japan market: In October, China's exports to Japan \$ 2.59 billion, up 13.1%, dragged down by clothing, the increase dropped 12% compared to September, textile increased 0.7% compared to September. Among all categories of garment, knitted and woven garment exports fell 5.8%. The average export price rosed 17%. From January to October period, China exported \$ 22.47 billion for Japan, an increase of 23.8%, of which textile exports up 29.7%, apparel exports up 22.5%.

ASEAN market: Maintaining growth in exports to ASEAN, there are no obvious signs of slowing down on the main export products. In October, China's exports to ASEAN \$ 1.54 billion, up 21.4%, the export volume and average unit price of exports for yarn, fabrics achieved both year on year and month on month growth. From January to October period, China exported \$ 15.86 billion to ASEAN, an increase of 39.2%. Among them, Vietnam in ASEAN has become China's largest textile and apparel trade partner.

Negative growth of garment exports

In October, China's textile export \$ 7.45 billion, up 18.4%, garment export \$ 12.2 billion, up 6%, garment export growth rate dropped even more significantly, monthly export growth, for the first time of the year, dropped to less than 10% (except February). Textile exports is relatively stable, compared to September, the month export growth expanded by 1.8 percentage points. Among main export products, yarns, fabrics and knitted, woven garments exports were up respectively 16%, 20.6% and 4.1%, in which knitted, woven garments exports fell faster, down 11%, export unit price increased by 17%, the growth rate was narrowed continuously. From January to October period, the three categories of merchandise of yarn, fabric and knitted, woven garments exports reached \$ 10.16 billion, \$ 37.32 billion and 127.44 billion, respectively up 28.1%, 29.5% and 21.4%.

Source: TA Weekly via CNTEX

US CPI Preview: Apparel Prices Rise on Wages, Raw Materials

DATE: 2012-01-18

U.S. apparel prices rose in December and are likely to increase further this year in response to higher wages in producing countries, and rising costs for oil and some raw materials, although cotton costs are expected to moderate, trade associations and industry analysts said. Major brands have mitigated double-digit cost increases by suppliers in countries such as China and India but have passed some of the higher costs on to customers whose clothing bills may be rising by 5% or more, they said. Sharper apparel price gains are being offset by a slowdown in cotton prices thanks to a world surplus of the crop, although the Chinese government is preventing a further moderation by buying up much of the surplus. Manufacturers face costs that have risen 10-15% in the last 18 months, and are expected to rise another 10% in 2012, said Nate Herman, vice president of international trade for the American Apparel and Footwear Association.

About three to four percentage points of the cost increase is likely to be passed on to customers as manufacturers seek ways of cutting internal costs rather than raising prices at a time of uncertain consumer demand, Herman said. "They are afraid that consumers won't be willing to bear the price increases and that people will just stop buying altogether," he said, pointing to deep discounts offered by some retailers toward the end of this year's holiday shopping season. "Until the economy fully recovers, there's a concern that you just can't pass on cost increases," he said. The higher costs are being driven in part by higher wages in Asia, especially China, which supplies 40% of America's apparel, and where labor costs have tripled in the last three years. Vietnam, the second-largest supplier of clothing to the U.S. market, with 8% of the market, is also seeing higher wages amid rising inflation.

Until the end of 2009, low-wage economies in Asia helped to create deflation in apparel prices, which declined by 2-5% a year between 1998 and 2009, Herman said. With crude oil prices at an eight-month high, apparel manufacturers also face rising transportation costs and delayed deliveries of imports from Asia as shipping companies seek to reduce fuel costs by sailing more slowly across the Pacific. Apparel costs and prices are also being driven up by a broad-based rise in the cost of materials, including cotton and other fabrics. Although cotton prices are expected to moderate this year, they are still 60% higher than they were two years ago, boosting demand for polyester and other manmade fabrics that can substitute. Cotton Inc., a trade association, said world cotton prices, an important determinant of overall apparel prices, are expected to show a slower rate of increase in coming months in response to a surplus following over-planting in the 2010-2011 crop year, and weak economic growth in some consuming countries.

"There was a world-record crop," said the association's senior economist, Jon Devine. "That's the big reason why prices have dropped down." The group projects production will exceed consumption by 12.1 million bales, the third-biggest surplus on record, in the 2011-2012 crop year ending July 31. With broadly stable production, the expected surplus is largely driven by a projected 2.9-million-bale decline in world consumption, led by India, China, Turkey, Brazil, Bangladesh and the United States. March cotton futures on the New York Mercantile Exchange traded at 96.45 cents a pound on Jan. 11 compared with an all-time peak of \$2.43 in the benchmark "A Index" in March, 2011. Further price declines are being prevented by the Chinese government which has bought at least 8.8 million bales, Cotton Inc. said. "With this cotton being withheld from the market, Chinese government purchases likely have served as a mitigating force counteracting some of the downward pressure put on prices by the combination of a record global harvest and weak mill demand," the association said in a mid-December commentary.

Herman agreed, saying the Chinese government is believed to be buying cotton at an above-market \$1.10 a pound, underpinning prices. "They are buying up the surplus," he said. Cotton Inc. said although the Chinese purchases represent about three-quarters of the surplus, it may be difficult for them to support prices because demand is weak and some big producers like India are moving

increasing supply on to the world market because they have limited warehousing capacity. In the 2012-2013 crop year, prices may begin to recover as farmers plant less cotton in response to current low prices. The International Cotton Advisory Committee, an intergovernmental association of cotton producing, consuming and trading countries, projects an 8% reduction in planted cotton acreage during the year. Gary Raines, chief economist at FC Stone Fibers & Textiles, a commodity risk-management firm in Nashville, said he expects continued moderation in cotton prices this year but that could change if economic growth is faster than expected in consuming countries, especially in Europe.

Inventories are tight, and that means prices could jump if demand turns out to be stronger than expected. "Even a modest uptick in demand will be felt fairly quickly," Raines said. Bob Copeland, senior vice president for business development and product strategy at Tradecard, a supply-chain platform for brands, retailers and suppliers, said apparel costs and prices will rise further this year but at a slower rate because of the moderation in cotton prices. A growing middle class in former low-wage economies such as China and India -- which are themselves becoming markets for the apparel -- is bound to keep upward pressure on wages in those countries this year, said Copeland, whose clients include apparel brands such as Perry Ellis and Abercrombie. Some brands seek to keep costs down by moving manufacturing to Asian countries such as Bangladesh or Cambodia where labor costs are still low, while others sign longer-term contracts with suppliers in return for lower unit costs, Copeland said.

Through such measures, most companies manage to keep cost increases down to between 5% and 10% a year compared with the 10-15% that many face initially. But many have been unable to avoid passing the remaining costs to consumers, as shown by the 4.8% annual rise in the CPI's apparel index for November. Higher wages and materials costs will keep raising apparel prices this year although perhaps not as sharply as in 2011, thanks to the slower rise in cotton prices, Copeland predicted. "We certainly see continued pressure on labor costs and raw material costs," he said.

Editors' note: Reality Check stories survey sentiment among business people and trade associations. They are intended to complement and anticipate economic data and to provide a view into specific sectors of the economy. The U.S. Labor Department is scheduled to release the Consumer Price Index for December at 8:30 am eastern time on Jan. 19 The CPI is expected to rise 0.1% in December after holding steady in November, according to the median estimate in MNI's latest survey of economists. Energy prices are expected to decline further in the current month after plunging in November. The core CPI is expected to also rise 0.1%.

Source: Market News International via CNTEX

The Next Step To Sustainable Fibers (?)

DATE: 2012-01-18

The increased consciousness for the environment began some 20 years ago. Since then, many organizations and nongovernmental organizations have started campaigning for a healthier environment. In this context, the textile industry and mainly the producing sectors of the business were and are challenged to produce their articles in a more sustainable way. Even the Chinese government pays attention to this and has implemented rules in the last two five-year plans for a more sustainable finishing. "From cradle to cradle," "life cycle analysis" and "carbon footprint" are just a few key terms in this — one can say — marketing fight for understanding, acceptance and finally success of the products. To heighten the confusion, many organizations claim to have the key to success, but nobody knows which rules are the right ones.

A Hidden Controversy

In this rising global consciousness to support a sustainable production of textiles, fibers play an important role. For the neutral observer, it is extremely interesting to see what's going on in the fiber markets. Twenty-five years ago, the ratio between natural and man-made fibers was somewhat 50:50. These times are gone forever. Today, the market share of man-made fibers is heading to close to 73 to 75 percent of the global fiber consumption owing to the increased properties, technical textiles and, last, but not least, a growing world population. For quite some time, the producers of natural fibers, and here mainly cotton, tried to demonize man-made fibers. These times are, luckily, over too. Everybody agrees that one fiber can complement the other with inherent properties to build an even better product.

Viscose Is Booming

However, for the last one or two decades, there has been another fiber that is competitive to cotton: viscose, rayon, Tencel®, lyocell, or whatever it may be called. In the 1980s, viscose production was such a dirty job that many European producers stopped production because of soaring costs for a more environmentally safe production. Only Austria-based Lenzing AG remained as a global player and became the undisputed leader in the world, holding most of the international generic and brand names such as Lenzing Lyocell, Tencel, Modal® and others.

Viscose has enjoyed tremendous development over the last ten years. Virtually every year, a new fiber type has appeared on the market. And parallel with the development and the growing importance in the markets, the arguments for "clean production" became ever-more significant. And the marketing activities increased on both sides. Reduced water consumption and fertilizer usage, just to name two — the marketing strategy arguments are endless. Dr. Susanne Jary, head of marketing, home textiles, mentioned at the Lenzing press conference held last week at Heimtextil 2012 that in the year 2000, 30 million tags were distributed for products made with Lenzing Modal. Today, more than 200 million tags are required. She also mentioned that the yield of cellulose from beech wood is said to be twice as much compared to cotton.

New Cellulose Fiber

The next step to a cleaner fiber was presented at the press conference: Jary announced the home textiles market introduction of Lenzing Modal Edelweiss®, mainly for terry fabrics. "Edelweiss" is the German name of an alpine flower, which is the symbol in the Alpine nations for cleanliness and purity. She explained that the so-called Edelweiss effect should explain and communicate the purity of this fiber. Lenzing said that "the botanic feeling can be incorporated into remarkable terry goods. Beech wood proliferates by rejuvenation so no reforestation or plantations are necessary. More than half of the wood used at Lenzing is harvested in Austria, and the remaining raw material comes from neighboring countries."

However, it is not only the fiber's eco-friendliness that makes it so compelling. The fiber's performance properties such as color brilliance, absorbency, and softness make terry goods of Lenzing Modal that are said to be especially appealing to consumers. Also, the colorfastness seems to be on a high level. Gradual fading or graying is said to be no longer an issue with terry fabrics made of Lenzing Modal.

Paper Background

Chlorine is a very aggressive agent for bleaching. The paper industry, for example, has been selling chlorine-free paper for years. And cellulose fiber is made from the same raw material as paper: wood pulp. So the idea was to produce a chlorine-free fiber, based on oxygen bleaching. The Edelweiss treatment is said to offer new technological and environmental standards for the entire cellulose fiber industry. The production process involves oxygen-based chemistry. It is more environmentally friendly than conventional production procedures. At the moment, Modal Edelweiss is the only Modal fiber to satisfy the highest environmental standards, Lenzing reports.

It is produced differently from the conventional Lenzing Modal fibers, but the properties, such as softness and color brilliance, are the same. The fibers process identically at all points in the textile chain. Jary added at the press conference that "the fiber plant in Lenzing Austria is the only one in the world which is fully integrated and has all production steps, from pulp to the fiber, perfectly under control throughout the entire process."

It seems that Lenzing did a good job and took a step toward more sustainable products. To go from the environmentally disastrous production processes in the 1980s to creating a chlorine-free cellulosic fiber type was a long way. Let's see if it will pay off.

Source: Jürg Rupp (Textile World) via CNTEX

China helps Italian menswear makers snub doomsayers

DATE: 2012-01-17

A rise in menswear sales to Chinese consumers will give Italian designers Roberto Cavalli and Dolce & Gabbana a lift when they kick off the 2012 fashion season on Saturday. The luxury industry, resilient but not immune to crises, has tempered its optimistic growth forecasts for this year after consumer spending slowed in crisis-hit Europe before Christmas. However, fashion retailers foresee a less severe impact from a recession than in 2009, after widening entry-price offers and trimming costs. Top brands such as Prada and Salvatore Ferragamo have continued to open stores in Asia. "To make predictions now is not only difficult, but also dangerous: the risk is to create self-fulfilling prophecies, no matter how good or bad they are," Michele Tronconi, president of Italy's textile body Sistema Moda Italia (SMI) said this week.

Dolce & Gabbana, who show on Saturday, are folding their high street consumer D&G line into their top-named brand, which will now sell all their products from glamorous evening dresses to D&G-branded T-shirts. "When we started out in 1984 there was the crisis, in 1990 there was the crisis, then in 2000... but we try to ride it and we want to be able to offer different, quality things at the right price," Stefano Gabbana told WWD last month. Sales of Italian fashion, worth 52 billion euros (\$66.54 billion) in 2011, are expected to grow by 6 percent in the first half of 2012, SMI said. The trend looks stronger than in the second half of last year, but weaker than last spring, when the industry was still enjoying a healthy rebound from the 2009 meltdown.

Asian and Russian buyers, increasingly at home in the narrow fashion streets of Milan, helped lift sales of Italian fashion by 4.8 percent last year, according to SMI. However, this was below the 7 percent growth seen in 2010. "Asians and Russians are our main clients," a shop assistant at luxury shoemaker Bruno Magli said before Christmas, where a pair of crystal-encrusted shoes were priced at over 700 euros. The male-dominated Chinese market is lifting menswear sales by about 14 percent a year, nearly double that of luxury womenswear, consultancy Bain & Co. said. The trend is reflected in Italy, where menswear sales have finally returned to growth after three negative years, SMI said. Sales of Italian tailored suits, cashmere sweaters and leather accessories rose 3.4 percent to 8.4 billion euros in 2011, with only ties lacking appeal. The menswear sector, worth around 180 billion euros, accounts for 40 percent of the global fashion market, Bain said. The fashion marathon moves to Paris on Tuesday.

Source: Reuters via CNTEX

Rio 2012: what can the fashion industry do to become more sustainable?

DATE: 2012-01-17

Until the late 80s, fashion retailers and brands would typically have two main collections a year: spring/summer and autumn/winter. Then, in the 90s things changed dramatically. Increased competition saw retailers incentivising customers to visit their stores more frequently. To do this they expanded their product ranges. The latest fashions seen on runways and celebrities began to rapidly populate high-street retailers' ranges. Designers and trend seekers would turn a garment around from drawing to shop floor in just two weeks. The era of "super cheap and super fast" took off. Ever since, collections have become increasingly fragmented with three to five mid-season flashes in addition to the two main collections, and, in some extreme cases, there can be as many as eighteen collections a year. 'Here today, gone tomorrow' has become the norm.

Fashion retailers have changed how and where they buy

This new "fast fashion" model has considerably changed the role of fashion retailers in their supply-chains, specifically how and where they buy. In the past, lead times typically used to be between 90 and 120 days. These have come down to between 45 and 30 days, or even less. As a management briefing from Just Style in 2006 pointed out, instead of 40,000 garments being manufactured across four styles for 20 weeks at a rate of 500 per styles per week, now only the first five weeks are contractually confirmed (usually at four styles at 500 per style per week). This is equivalent to a total commitment of 10,000 garments. What happens to the remaining estimated 30,000 that will be needed? Their fate remains undecided until the first batch is already on sale in store.

The end of the 1974 Multi Fibre Agreement (MFA) in 2005, triggered a shift in market shares of garments from developing countries. Today, almost three quarters of world clothing exports are produced in developing countries with the top three exporters being Asia (54%), South America (14%) and Africa (6%). More than a quarter of the world's production of clothing and textiles now happens in China, nearly double its pre-2005 market share.

How has the role of fashion retailers changed?

Over the course of decades, large fashion retailers have acquired significant power as they are in direct contact with the end customer and can therefore influence preference. Retailers are also at the root of globalisation of consumers' tastes. Wherever one goes, people dress very similarly. Global retailers only minimally adapt what they sell in Moscow and London, Tokyo or Buenos Aires. The growing complexity of the supply chains and functions of large fashion retail chains has also meant that a company's activity is not restricted to the core business of retail distribution. As a result supply chains have become largely opaque and nearly impossibly to track.

Higher pressure on suppliers to the fashion industry

Buyers today are substantially larger in size than the suppliers they source from, and hence clearly hold the bargaining as well as the market power. And with shorter lead and process times, the pressure on suppliers to cut costs, if not corners, has increased. In Bangladesh, where 80% of the economy depends on the fashion industry, the minimum wage in 2006 was £7.16 a month. Taking into consideration inflation and subsequent real wage levels, that is two and a half times less than the £18 it was worth in 1994 when it was legislated. Meanwhile the price of essential commodities like rice, sugar, cooking oil and water have risen by 200%, making it virtually impossible for workers to support their families. Further, it is estimated that in cases where production is out sourced to a developing world country, workers' wages only account for between 0.5- 4% of the final retail cost of a garment.

Higher quantities and lower retail prices

Clothing is now cheaper than at any time in history. In the US, prices fell by 8.5% in the 1997-2010 period but prices of all other products rose by 57.3% in the same period. Expenditure on clothing increased (+300%) but the share of disposable income decreased dramatically. In 2009 Americans

bought \$326 billion worth of clothing using as little as 2.98% of their income, down from 4.78% in 1988 and 9% in 1950. In the UK, between 2003 and 2007 garment prices fell by an average of 10% and, in 2006, people bought a third more clothes than in 2002. As a direct consequence, textile production has doubled over the last thirty years. In 1977 the total demand amounted to thirty one million tonnes of fibre. In 2007, this figure had risen to nearly eight million tonnes.

Prices are lower and quality has decreased too

Cheap fashion uses cheap fibres, such as polyester and cotton. While polyester is an oil-based commodity, cotton on the other hand is not exactly the "good" crop it is usually perceived as. Cotton alone uses an estimated 22.5% of the world's insecticides and 10% of all pesticides many of which cause collateral damage in humans. Unsurprisingly, quicker production lowers product quality, and bad quality garments are easier to discard. It is estimated that more than 1 million tonnes of textiles are thrown away every year in the UK alone.

Is sustainability in today's fashion industry possible?

Twenty years ago sustainability was not on the agenda of the fashion industry's players. Today, sustainability forms part of their agenda, even though the degree of commitment of the different players varies considerably. Many bright initiatives are led by independent fashion entrepreneurs that are seriously driven by their ethical objectives and are trying to find solutions to integrate sustainability into their business. Interesting initiatives from bigger brands are harder to come by, but they do exist: Marks & Spencer, Patagonia, Levi and Nike are examples.

Most initiatives that involve global brands have launched in the last 10 years. For example, The Ethical Trading Initiative (ETI) was launched in 1998 but really only gained momentum from 2000, and Made BY and the Ethical Fashion Forum were both launched in 2004. Today there are more than one hundred different labels addressing consumers' health and environmental and social sustainability. But the key question is – will all of these efforts taken together really make a difference?

Ultimately, the drive has to come from the industry itself. While fashion companies still don't see sustainability as an integral part of their core business, change will be slow and difficult. For Rio 2012, there is really only one topic on the agenda for the fashion industry; how can they make their supply chains measurably more transparent? Once full-scale transparency is in place the resulting evidence will be too compelling to ignore.

Source: the Guardian via CNTEX

Global Textile Fiber Market to Reach 93 Million Tons by 2015

DATE: 2012-01-17

GIA announces the release of a comprehensive global outlook on the Textiles Industry. Global textile industry dynamics are shaped by a wide range of demographic factors such as disposable income levels, degree of consumer confidence and other general economic variables. Future growth would be driven by segments such as geosynthetics, filtration products and medical products that have survived the adverse economic conditions.

San Jose, California (PRWEB) January 13, 2012

Follow us on LinkedIn - Demand for textile and garments declined considerably in 2008 and 2009, particularly in the US, Japan and Europe due to the rising unemployment levels and decline in consumer confidence. While few consumers exhibited preference for low-priced products, several others sought to defer purchases. The recession urged industry participants to resort to cost saving measures such as work furloughs, line closures and staff reductions to survive in the competitive

Source: China Textile Network Company

environment. Several countries adopted protectionist policies in order to deal with social and political instability, decline in international trade, and closure of factories. The industry however recovered driven by the economic stimulus packages offered by various Asian countries. Governments of various countries implemented strong policy framework and provided support to intensify the pace of recovery. The global textile industry is also witnessing the sustained migration of manufacturing activity from the developed nations to developing countries.

China dominates the global textile market in terms of annual production capacity for cotton textiles, woolen fabrics and chemical fiber garments. In view of the recession, China adopted a different strategy to focus on domestic market, as against the earlier export-oriented operations. Improving economic conditions, coupled with favorable government support policies as well as industrial upgradations contributed to the increase in industry's production output. Domestic demand is expected to drive production, sales and exports growth in the Chinese textile industry. Factors such as favorable infrastructure, liberal labor laws, and social security are expected to contribute to the industry growth.

Cotton is a major raw material used in about 40-50% of textiles. In addition, cotton makes up for about 85% of all natural fibers, other than wool, hemp and linen. Cotton consumption is largely driven by population growth, as evident by the fact that consumption has tripled during the period 1950 and 2009. In addition, factors such as rising per capita incomes, stable or falling prices of cotton in comparison to other fibres, and extensive promotional campaigns of market participants have contributed to substantial growth in demand for cotton. India, China, Pakistan and the US dominate the global cotton production.

The global market for technical textiles is set to grow rapidly driven by the expanding use of the material in emerging markets. Asia, in particular, is expected to emerge as a force to reckon with in the technical textiles market due to rapid growth in local markets, and the rising installation of local production capacity. Asian countries such as Japan, China, Taiwan, India, and Korea are expected to drive global consumption of technical textiles. In particular, India is expected to emerge as a major player largely due to the abundance of raw materials, and availability of skilled manpower. The geotextiles segment is expected to register the fastest growth in view of climate changes that are increasing the threat of hurricanes, and floods, among other disasters. Germany, France, Japan, UK, Korea, India, China, and the US are the leading producers of technical textiles, globally.

The research report titled "Textiles: A Global Outlook" announced by Global Industry Analysts Inc., provides a collection of statistical anecdotes, market briefs, and concise summaries of research findings. The report offers an aerial view of the global textiles industry, identifies major short to medium term market challenges, and growth drivers. Regional markets elaborated upon include United States, Canada, Mexico, Japan, Belgium, Czech Republic, France, Germany, UK, Spain, Turkey, Ukraine, China, India, Pakistan, and Brazil, among others. Also included is an indexed, easy-to-refer, fact-finder directory listing the addresses, and contact details of companies worldwide.

Source: CNTEX