

International Production Cost Comparison 2016

Spinning/Texturing/Weaving/Knitting

The world's primary textile industry is engaged in a continuing modernization and restructuring process, spurred by the advent of entirely new or more sophisticated textile technology together with increasing competition for markets and products. Originating in the industrialized countries, the process has spread to newly industrialized and to developing countries, many of which are increasingly turning to the latest textile technology as a means of ensuring their competitive position, especially in export markets. This trend has been clearly evidenced by the survey on world textile machinery shipments conducted by ITMF since 1974 (International Textile Machinery Shipment Statistics).

ITMF's International Production Cost Comparison, first published in 1979, is designed to trace the implications of the growing capital intensity in the primary textile industry. Thus, the presentation in this study of manufacturing costs and of total yarn/fabric costs includes a breakdown into the various cost elements which allows for a better appreciation of the relative importance of these elements and their respective influence on the total costs.

When reading the report, the objectives of the study - as outlined above - must constantly be borne in mind. It should also be noted that international competition takes place between a much wider array of producers working not only with the most modern and highly capital intensive equipment of the type assumed in this study, but with depreciated old or second-hand machinery, leading to wide variations in manufacturing costs.

Attention is furthermore drawn to the fact that the cost pattern as emerging from this report reflects but one of the elements entering into the calculation of the final sales price for yarns and fabrics, others being overheads, incentive schemes, transport and insurance, import and export duties, etc. Moreover, competitiveness is determined increasingly by such factors as quality and style, reliability, promptness of delivery, flexibility, etc., which fall outside the scope of this study. An international comparison of this order can therefore never be more than an approximation to the real market situation.

Finally, the changing nature of macro-economic factors (wage levels, inflation, interest and exchange rates, tariffs, etc.) renders it difficult to make production cost calculations which are valid for a longer period. Hence, as no attempt is being made in this study to neutralize the effects of changes in the economic environment, the cost data presented are those valid at the beginning of the investment period, their validity for the later phases of the period being dependent on changes in macro-economic factors.

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