

Cairo, the capital city of Egypt — famous for its pyramids — hosted the ITMF annual conference for the sixth time.



ITMF

Global Textile Summit

The 2007 annual conference of the International Federation of Textile Manufacturers (ITMF) recently took place in Cairo, Egypt. This gathering of the global textile and textile engineering industry is one of the most important annual events in the textile industry. A high-class audience had the opportunity to attend an impressive seminar presenting top papers. The topic of this year's conference was "In an Integrated World."

This conference report can only be an overview of a broad variety of papers given at the event. But one thing is for sure: times have changed in the consciousness among the top league in textiles. Whoever mentioned the gentle use of resources, ecology and environment within the last few years and even spoke about it in public was often called a "green dreamer." These topics were hot for

ITMF's recent textile summit in Egypt focused on the theme "In an Integrated World."

By Jürg Rupp,
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environmental activists and other environmental advocates, but hardly for the agenda of an ITMF conference. This has changed drastically for several reasons now because it is about nothing else than the future of the planet. Many speakers referred to this other way of doing business and appealed to the new environmental consciousness.

Sixth Time In Cairo

ITMF President Walter Simeoni welcomed some 140 participants from 27 countries to the Egyptian capital. The as-usual very-well-organized conference took place in Cairo for the sixth time in the 103 years of the Federation's existence. Simeoni, General Manager of the South African Frame Textile Group, mentioned the return to Cairo underlines the importance of the Egyptian textile industry for the world. He also described the title and general theme of the conference, "Textile Competitiveness in an Integrated World," as a wake-up call for the continent with its 912 million inhabitants in 47 countries and a textile industry that had been flourishing some four decades ago.

Simeoni said there is one important aspect that Africa can learn from China: China does not permit the

importation of second-hand clothing. One of the major reasons for the destruction of the textile value chain within the African continent was and still is the free and unabated flow of second-hand clothing. If the newly created African Union could pass a directive to ban the importation of second-hand clothing into the continent, hundreds of thousands of new jobs could be created.

The International Cotton Market And China's Role

Ray Butler, managing director, Cotlook Ltd., England, opened the fiber session, which was chaired, as usual, by Andrew Macdonald. He gave a very broad view of the actual situation by mentioning that the interdependence of the international market and China's cotton market is growing. China is by far the biggest cotton producer and consumer and the biggest importer. Despite persisting difficulties, China is increasingly engaging itself in relation to the cotton and textile sectors. This involvement surely will increase as the door is open now for foreign trading companies to engage in China's domestic cotton trade.

Butler mentioned there has been a sharp rise during the last three seasons in world cotton consumption. Cotton consumption grew during the decade ending in 2003-04, and in fact declined in some seasons. The 2004-05 season saw a virtually unprecedented leap of around 10 percent, and subsequent seasons have witnessed above-average growth of 4 percent per season.

Although cotton prices have been historically cheap, the increase in consumption has probably resulted more from strong worldwide economic growth, from investment trends established prior to China's accession to the World Trade Organization and before the Agreement on Textiles and Clothing expired, and the anticipated subsequent removal of quota restrictions. The year 2004-05 was an exceptional agricultural year, in that world cotton production attained what was



Dr. Christian Schindler, director general, ITMF, reported the latest textile machinery investment trends to conference attendees.

then a new record of more than 26 million metric tons. Something other than merely the weather was at work, since production in 2005-06 fell back only modestly, and 2006-07 saw another record.

World yields have increased enormously — the average so far this decade has been 18 percent more than during the second half of the 1990s, and estimated yield in 2006-07 was 773 kilograms per hectare. In the recent past, India has witnessed an increase in yield of more than 70 percent; Brazil, around 60 percent; China, 40 percent; and the United States, 33 percent. In cotton, the period has witnessed another "green revolution," driven by the adoption of better farming practices and, specifically, the impact of genetically modified cotton strains. India, with the world's largest cotton area, has an average yield that is still only about two-thirds of the world average, with potential for further yield gains. Also, Brazil has the land available to increase plantings of cotton and cotton's main competitor crops.

The focus today is on sustainable cotton production, cotton being a renewable resource with advantageous fiber properties. Genetically modified seed varieties are contributing towards that goal, as they reduce pesticide use and thereby lower farmers' costs.

Butler also mentioned that new



Walter Simeoni, ITMF president and general manager of the South African Frame Textile Group, welcomed attendees to the ITMF conference.

Chinese statistics indicate the global cotton market changed a lot. "For years, the cotton world has relied on data published at intervals by China's National Bureau of Statistics, both for cotton production and for yarn output, from which fiber consumption estimates have traditionally been calculated," he said. "These have increasingly come into question, particularly during the 2006-07 season, when the Chinese market did not behave as most people anticipated."

For Ray Butler, the key question may well be not production, but consumption. The 2008-09 season could see consumption outstrip production by another large margin, thus taking the world into territory that one has not witnessed for many a year. Butler summarized his paper by saying that the interdependence of the international market and China's cotton market is growing.

China's New Cotton Face

John Cheh, vice chairman and COO, Hong Kong-based Esquel Group, emphasized in his presentation, "The new Face of China's Cotton Industry," that the renminbi's value had increased by 10.5 percent since July 2005 and is forecast to rise



Ray Butler (right), managing director, Cotlook Ltd., opened the 2007 ITMF conference fiber session, which was chaired by Andrew Macdonald (left).

ITMF At A Glance

The International Textile Manufacturers Federation (ITMF) is one of the oldest non-governmental organizations in the world. It was founded in 1904, at a meeting held in Zurich, Switzerland, and convened at the initiative of the British cotton spinning industry. That's why it still has a very close relationship to the whole cotton industry.

ITMF is probably the most important and high-ranking textile association around the world. Members are associations and other constituted organizations of textile manufacturers. There can be only one member association from each country. Associate members include

not only associations and other constituted textile manufacturers' organizations in countries already represented by a member association, but also associations allied to the textile industry.

More recently, it has been possible to become a corporate member of ITMF. These corporate members are manufacturers of textiles or of products allied to the textile industry, including textile machinery and retailers.

More information and the papers from the 2007 conference are available at www.itmf.org. The next ITMF conference host will be the island of Mauritius in October 2008.

by 5 to 10 percent per year during the next two years, according to economists' estimates. In 2005, minimum wages rose by 20 to 40 percent, and social security expenses by 30 to 60 percent. At the same time, tax rebates for textiles and garments were reduced from 17 percent to 13 percent in 2004, and to 11 percent in 2007. Another burden was the new deposit for the processing industry: Now the companies need to pay a deposit of tariff and value-added tax for imported materials processed and exported as final goods from China.

Cheh still considers China to be the leading source for garments, but Vietnam has already caught up.

Further sessions mentioned supply chain management, retailing in a globalized world, energy and renewable resources, and Egypt's place in the textile marketplace. Dr. Christian Schindler, director general, ITMF, reported on the latest textile machinery investment trends. At the end of the conference, participants had the opportunity to visit Setcore, a spinning mill in Alexandria, Egypt.

Egyptian Cotton

Ayman Nassar, president of Egypt Textile Cotton, gave an overview of technology requirements for the 21st century. In his vision, he mentioned textiles and apparel innovation is based on a safe and comfortable environment, effective protection and health care, innovative mobility, transport and energy solutions, the efficient



use of natural resources and protection of the environment. The industry will consolidate and the companies will restructure with cut costs and become leaner due to the rising global competition.

Everybody, including Egyptian companies, is looking for higher-added-value products, and therefore, research and innovation become more important than ever. New applications for textiles — such as transport, engineering, construction, agriculture, medical, and power and environmental technologies — were just a few examples Nassar mentioned.

The Egyptian textile industry is changing, leaving the ivory tower to enter real life. Cotton production must be re-engineered and yield criteria re-evaluated; and efficient management of total acreage is required. Nassar is convinced that in the future, Egyptian cotton will be harvested by machines to withstand the global pressure from other cotton growing countries.

Organic Cotton

Organic cotton has become synonymous with environmentally friendly cotton production in the last few years. Peter Tschannen, deputy managing director, Remei AG, Switzerland, has worked in the organic cotton field for many years. He said that organic cotton is more than a niche market, in spite of the small world market for organic cotton. World cotton production in 2006-07 was 25.3 million tons, and organic cotton production reached 49,959 tons, less than 0.2 percent of the total.

The organic cotton business is based on four principles: health; ecology; fairness; and care. Since 1995, Tschannen's company has partnered with one of the biggest retailers in Switzerland. To be successful, one needs reliable partners, working together along the whole production process. Tschannen said the integrated chain needs new skills:


- Production must be managed with available raw materials.

- Stocks must be available at every crucial point — just-in-time manufacturing.
- Price, ecology and social compliance must be balanced out — norms define the standards.
- Partners are not easily exchangeable.
- Innovation should be focused to strengthen partners.
- There must be continuous risk assessment throughout the chain.

Shortening the production chain means rationalization resulting from a sustainable approach. On a global scale, a breakthrough occurred when Wal-Mart started selling organic cotton in 2005. Other brands then followed.

In his conclusion, Tschannen said organic cotton is more than a niche market. It is an advantage for agriculture and the individual farmer, the industry along the chain, innovative entrepreneurs, consumers, and the environment. However, it needs a strong chain with a visionary network manager, and social transparency is a must.

The Consumer Decides

The attitude of the modern customer has changed dramatically. As some speakers reported, today, the power of the customer is stronger than ever, and environmental consciousness is rising permanently. After surveys, consumers want to know always more — they know more about what goods are made of and by which means their clothing is produced. Global labels that stand for environmentally compatible and socially conscious production are enormously important for the big brands to survive. Products produced in an environmentally harmless manner — so that mankind can live in an integrated world and the future has a future — enjoy the sympathy of consumers. 



John Cheh, vice chairman and COO, Esquel Group, discussed China's cotton industry.



Ayman Nassar, president, Egypt Textile Cotton, spoke about technology requirements.



Peter Tschannen, deputy managing director, Remei AG, spoke about organic cotton.