

# Textile World

## ITMF Meets In Shanghai

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**Global textile summit attracted textile industry leaders to hear expert presentations, discuss current and future issues.**

**Jürg Rupp, Executive Editor**

**F**or the first time in its history, the International Textile Manufacturers Federation (ITMF) Annual Conference convened in China. The global summit of the textile industry took place in the vibrant city of Shanghai in October 2009. Once more, the ITMF congress proved its importance, bringing together the top leaders of the global textile industry.

The ITMF congress is the highest-ranking international meeting point for networking. Leaders of the global textile machinery and textile industry meet not only to attend an excellent conference, but, even more importantly, to exchange and strengthen contacts among themselves.

Under the general theme, "Structural Adjustments in the World Textile Industry," experts from around the world mentioned that meeting the demand, improving quality, and sustainability are the main issues for the near future. The theme is based on the current situation of the world textile industry, which is challenged by various difficulties like structural technological adjustments in this traditional industry, the short supply of resources and the increasing consciousness concerning the environment. This report can only reflect a fraction of the information given in the presentations.

## Cotton In Focus

As is the tradition, cotton was one of the main subjects to be discussed. ITMF was founded in 1904, at a meeting held in Zurich, Switzerland, on the initiative of the British cotton spinning industry. That's why it still has a very close relationship with the whole cotton industry. However, ITMF's activities today cover the entire textile industry including nonwovens and technical textiles. Terry Townsend, executive director of the Washington-based International Cotton Advisory Committee (ICAC); and Gao Fang, secretary general, China Cotton Association, discussed current cotton trends. Since the mid-1980s, cotton consumption has increased from 6 to 18 kilograms per capita. It is not easy, Townsend said, but he is convinced the need for cotton will grow. Sustainable production, he continued, is of utmost interest for producers. In times of heightened environmental consciousness, it is also very important to relay the fact that cotton uses fewer chemicals.



**Terry Townsend, executive director, ICAC**

## Overcapacity

Gao Fang mentioned that 30 to 40 percent of all cotton processed in China is still imported. On top of that, the price of cotton has dropped by 20 percent, and the farmers virtually don't make any money. In the near future, China will support its cotton industry with subventions to be competitive, and, basically, to survive. On the other hand, the acreage will be further reduced. Another problem is the huge overcapacity of the textile industry. In general, China is facing increased prices for energy, raw material and labor, which must be faced and elaborated carefully.



**Gao Fang, secretary general, China Cotton Association**

## **Man-made Fibers Also Face New Challenges**

Not only cotton, but also cellulosic and man-made fibers are more and more in the focus of attention, and play an important part in the ITMF event: Friedrich Weninger, member of the Management Board of Austria-based Lenzing Group, made an interesting point. He said that consumers - triggered by consumer interest, policy makers and big retailers - are starting to ask questions about the production processes: What is the impact of your industry on the environment, or what is the ecological footprint of the products? And, of course, as a viscose producer, he raised the provocative question: Are cellulosic fibers more sustainable than man-made and/or natural fibers? However, as already mentioned above, the point is to relay the message to the consumer and to prove the ability to work in a more sustainable way.



**Friedrich Weninger, Lenzing Group Management Board member**

## **No Protectionism, Please**

Du Yuzhou, president of the China National Textile & Apparel Council (CNTAC), welcomed the global textile community and said CNTAC was honored to host the 2009 conference. He mentioned the power and the drive of Shanghai as a booster for the economy and said he is convinced the current recession is over. He regretted that in spite of the global crisis and the commitments to work together, countries again have started to erect barriers with the aim of protecting their local economies.

Gerhard Schröder, former Chancellor of Germany, was one of the keynote speakers. He also sharply criticized the protectionism of some countries. In addition, he is an advocate of open markets but a regulated financial system. "It can't be," he said, "that banks and insurance companies are working on a global scale but acting like local companies." The opening of markets would improve the situation of the Third World countries and result in a better understanding of one another. The fight against terrorism can only be won if the people have an alternative, Schröder said. The World Trade Organization is one thing, but the United States and Europe should help the Third World solve its problems, and countries like India should also abolish their high tariffs.



**Gerhard Schröder, former Chancellor of Germany, sharply criticized the protectionism of some countries.**

## Problematic Future

The other keynote speaker was Dr. Edmund Phelps, McVickar Professor of Political Economy at New York City-based Columbia University and director of Columbia's Center on Capitalism and Society, and winner of the 2006 Nobel Prize for Economics. Phelps mentioned in his discussion with Du Yuzhou that the United States has lost its dynamism in the last 10 years. He is sure that this fact pushed the financial industry to find new fields in which to make money, which eventually led to the sub-prime mortgage crisis. His speech was not very positive, as he warned that household costs will further increase, and it will take some 10 to 15 years to put the United States back on track. Less money at home means less expenditure, which is the driving force of any economy. As in Europe, the United States is investing less money, and this leads to an even weaker U.S. dollar. The drop in loans is dramatic, and this will further decrease the U.S. gross domestic product.

Like Schröder, Phelps also foresees new barriers and tariffs, which is very bad for the Chinese industry. He suggested that China should accelerate its indigenous innovations to become more autonomous. In the last 30 years, every product has been based on know-how transfer from the West. But not only China should do that: Every country is requested to invest more in spite of the crisis. Innovations are the only key to success in a future that is even more doubtful than ever, not only for textiles but for the world as a whole.



**2006 Nobel Economics Prize winner Dr. Edmund Phelps of Columbia University engaged in a lively discussion with CNTAC President Du Yuzhou.**

## China Textile City

As in every year, the day after the congress closes, the delegates have the opportunity to visit some important local textile companies or associations. This day-long trip became the true highlight of the event: a visit to the impressive China Textile City (CTC).

A three-to-four-hour car trip northeast of Shanghai, China Textile City - located in Keqiao, Shaoxing County - is huge - almost impossible to imagine. CTC was built in the open countryside some 20 years ago. Markets here gather together all kinds of fabrics, fibers, yarns, home textiles and, of course, apparel, but also more and more industrial textiles.



**China Textile City in Keqiao, Shaoxing County, is the largest textile trade center in the world.**

## **BIGGEST TEXTILE TRADE CENTER IN THE WORLD**

After some 20 years of development, the structure of the whole complex basically is founded on four textile trade platforms:

- Traditional Trade Zone;
- International Trade Zone;
- Market Innovation Zone; and
- Textile Raw Materials Trade Zone.

CTC is a textile distribution center of the very largest scale and presents the greatest variety of textile products in China. In addition, it is the largest textile professional market in Asia, and the biggest textile trade center worldwide. A massive array of big buildings forms a sort of cluster for the domestic textile industry. It covers a constructed area of more than 3.2 million square meters. At present, CTC includes more than 20,000 business rooms and 19,000 operating companies. According to its management, CTC makes transactions for tens of thousands of fabrics; the daily customer flow is more than 100,000 persons. There are more than 3,500 permanent overseas purchasers and more than 700 permanent overseas representative agencies.

Goods here are sold to virtually the whole world as well as to the Chinese regions. According to estimates, some 83 percent of the global man-made fiber production already is done in Asia. CTC management says one-quarter of global man-made fabrics are traded here. At present, it has also established business relations with nearly half of all national textile enterprises. Therefore, the complex has achieved an annual market turnover of more than 60 billion renminbi.

## **São Paulo, 2010 Venue**

As is done every year, the host country of the next ITMF congress was announced. The 2010 ITMF Annual Conference will be held in São Paulo, Brazil, October 17-19. The Brazilian Association for Textiles and Apparel is presenting its country with its Latin temperament. Again, **Textile World** and its sister publications, **Textile World Asia** and **Textiles Panamericanos**, have been selected as the official media partners for the 2010 conference.

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