

The Rupp Report

The Rupp Report: Transforming And Upgrading The Chinese Textile Industry

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Each year, the entire textile industry value chain meets at a global summit organized by the International Textile Manufacturers Federation (ITMF). This year, the event took place in Beijing from October 16-18. In 2009, the global textile industry met in China, and at that time in rival city Shanghai. China joined ITMF in 2008, and continues to be an increasingly important textile market.

China Is Moving Forward

Just a few first notes from the event, which truly revealed a new openness from the Chinese delegation, as well as provided a warning that textile markets are turning upside down because of fast growing e-commerce.

If one reads the delegates list, it is clear to see that the majority of attendees came from China. There are various reasons for this attendance pattern. The first reason is definitely the ease of attending an event in one's own country. Another reason, in spite of all recent rumors, is because China is leading the way to the top of the global economy, and its arrival at the top can be only a matter of time. Comments about this trend were heard in a few speeches at the ITMF global summit. Over past weeks and months, there have been articles in important global financial newspapers about China "slowing down." Given those articles, summit attendees expected a strong statement from the high-ranking Chinese delegates, including Wang Tiankai, president, China National Textiles and Apparel Council (CNTAC), defending their view. Wang is truly the head of China's textile activities.

Transformation Is Going On

With a virtually unbelievable openness, Wang addressed the audience and came straight to the main topic. With a smile, he said China is still on its way, however: "We are in a strong transformation. China is shifting from a mass production country to a place where we put much more emphasize on quality. And I can tell you the quality, and not only textiles, is getting better step by step. And therefore, if a country is transforming itself to another level, there are many bridges to cross and problems to be solved, both technically and mentally."

China's textile growth dropped from 10.8 percent in 2012 to 8.3 percent in 2013. In 2014, Wang expects the growth rate will further drop to 7.4 percent. However, one must know that in 2013 China was responsible for 37.1 percent of all textiles produced worldwide, and 80 percent of all man-made fibers also are delivered from China.

Problems To Solve

Everybody is aware that labor costs in China are rising, but by how much? Wang reported the cost of labor in China increased over the past few years by 10 percent annually. "We are today more expensive than our neighbors around us," he said. Even if many people in the Western world don't believe that China is striving to achieve a much better environmental balance, Wang made a strong commitment: "On the one hand, China is behind the Western countries regarding the efficiency to use the natural resources and the energy efficiency. We are still behind the expectations of the government regarding these issues and this puts a lot of pressure on us."

Targets

Wang also made several strong demands to further integrate and gain cooperation of the global textile industry to share and take more responsibility for all pending issues regarding resources and the environment. For the future of the textile and apparel market, he has clear visions.

According to Wang, a more diversified structure within the textile industry would help shape more balanced trading within the country. Fiber processing between apparel, technical textiles and home textiles must be optimized. For example, the share of technical textiles in China is steadily growing moving from 20 percent in 2010 up to 23 percent in 2013. Wang is convinced that in the near future China will be responsible for half of global fiber consumption. On the other hand, rising fiber consumption will fuel emerging markets to more growth.

“Free trade among the partners must be optimized with a much better communication quality,” Wang claimed. He virtually insisted that all countries, and particular the important textile countries of the world, including the machinery manufacturers, should be linked in better way.

Priorities

Wang clearly defined the priorities of the Chinese textile industry: To improve basic research and development projects; to bolster technical innovations; to improve environmental conditions for a better climate; and to establish consistent recycling of textile waste.

“You know other countries are taking away some production from us,” Wang said. “With this new situation, China came very much under pressure and we must react to this situation.” And then Wang mentioned a list of requirements aimed at the ITMF. For example, consensus on free trade agreements to facilitate trading, and the integration of industrial and supply chains for everybody to have access to the world markets. One must know that it was an open secret that as one of the ITMF vice presidents, Wang would become the new President. This is one of the reasons why the event took place in the capital city of Beijing. Looking at the Board of Directors of the ITMF Wang said: “The CNTAC is prepared to play a more important role in ITMF.”

Prosperous Future

At the end of his very open speech, Wang presented a few charts that show the positive future and future growth in Chinese industrial performance. “If a country of the size of China is transforming itself towards a new business culture, there are lots of sociological and other problems to overcome,” Wang said. “But with our own strength, a different attitude and the help of our global business partners, we are sure to achieve the targets.”

By the way: Wang Tiankai was unanimously elected as the ITMF president for the next two years.

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