

Switzerland's ITMF traces production costs in primary textile industry

June 02, 2022 - Switzerland

The manufacturing costs of different textile products in the primary textile industry have been broken down into various cost elements at each stage of the textile value chain, according to a new report published by the International Textile Manufacturers Federation (ITMF). The federation published the new edition of International Production Cost Comparison (IPCC).

The 2021 edition added Central America and Mexico to the historical cost analysis in Bangladesh, Brazil, China, Egypt, India, Indonesia, Italy, Korea Rep., Pakistan, Turkey, US, and Vietnam. Cost factors, manufacturing costs and total production costs are available for different textile products in the segments of spinning, draw texturing, weaving, knitting, and finishing.

The publication has revealed that producing one metre of woven fabric from cotton 1-1/8" in a continuous open width process (COW) cost \$1.36/m on average in 2021 (range between \$1.11/m in India and \$1.91/m in Italy).

Spinning the yarn needed to produce this metre of a finished woven fabric costs 19 per cent of the fabrics' total production cost on average worldwide (range between 15 per cent in Korea, Rep. and 22 per cent in Central America). Weaving this yarn adds an extra 19 percentage points (pp) on average to the total production cost of the fabric (range between 14 pp in Egypt and 26 pp in Italy). Finally, finishing this metre of woven fabric increases the final production cost by 31 pp (range between 26pp in Egypt and 33pp in the US, Turkey and India).

The study has further revealed that the average cost of raw materials needed to produce this metre of woven fabric was 31 per cent of the fabric's production cost. It was relatively cheaper in Italy (22 per cent) and most expensive in Egypt (40 per cent).

The publication also showed that Mexico and Central America are comparatively more dependent on energy cost for spinning NE/30 yarn than the other countries in the panel. The cost of power represents 28 per cent and 25 per cent of manufacturing costs in both countries, respectively. In contrast, the US and Egypt benefit from relatively low energy costs (10 per cent and 11 per cent of manufacturing costs, respectively).

Dependency on labour costs is very high in Italy and the US with shares of 40 per cent and 38 per cent of manufacturing costs. This cost element represents only 2-3 per cent of total manufacturing costs in India, Pakistan, Bangladesh, and Egypt. Spinners of NE/30 yarn in Egypt, Central America and Pakistan further face high capital cost (over 40 per cent of their manufacturing costs). The cost of capital is much lower in Italy and Korea, Rep., where it reached 21 per cent in 2021.