

ITMF PRESS RELEASE

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ITMF Annual Conference 2012 in Hanoi

Fiber Session Addresses the Sustainability of Cotton and Global Demand for Man-Made Fibers

The eyes of the textile universe were focused on Vietnam as the International Textile Manufacturers Federation (ITMF) held its traditional Annual Conference from Nov. 4 – 6, 2012. In the highly anticipated Fiber Session on Nov. 4, attendees packed the Grand Ballroom in Hanoi's Melia Hotel to listen to presentations from some of the top minds in both the cotton and man-made fiber industries.

The cotton-oriented portion of the Fiber Session focused on various aspects of sustainability, from its growing role in retail marketing, to the focus and meaning of the Better Cotton Initiative, to the multiple challenges the industry faces in developing a sustainable supply chain.

The first speaker, Robert Antoshak of Olah Inc., focused on the relationship between cotton and the textile industry. Although they are technically at the end of the long cotton supply chain, retailers are really where it all begins, Antoshak said -- even in the case of sustainability, which used to be regarded primarily as a concern for those who grow cotton, not those who sell it.

The ability to offer 'green' products is a critical success factor at the retail level these days," Antoshak said. "If retailers can label their products as being environmentally friendly, they have an undeniable advantage among consumers in the marketplace.

People can debate all day long about what "being green" actually means, but in the end, it doesn't matter because perception is reality. "Buyers believe in 'green,' and it doesn't really matter whether they're right or not," he concluded. "It's what they're going to demand."

The second speaker, Ecom Cotton Group's Antonio Vidal Esteve, gave an impassioned presentation about ways the Better Cotton Initiative (BCI) can eventually raise the bar on sustainability for the entire supply chain.

Esteve pointed out that it is still a common misconception that BCI is a non-governmental organization (NGO), when it was actually created by forward-thinking retailers such as IKEA, Levi's, Adidas, and H&M. "These companies don't actually need BCI today ... but they see that the day is coming when they will," Esteve said. "Sustainable production is not a 'cotton-only' issue, but it is an issue the cotton industry will have to find a solution for, just as other commodity supply chains have done. BCI is an industry-wide, umbrella solution."

One of BCI's biggest challenges has been the confusion about the use of the term "better." According to Andrew Macdonald, head of AMCON Consulting and moderator of the Fiber Session, "It's crucial that people realize 'better' doesn't refer to quality; it refers to improved production practices."

teve added, "The purpose of BCI is not to say that one type of cotton is intrinsically superior to another type of cotton. The purpose is to enable and promote sustainable best practices in all aspects of the cotton supply chain.

The final presentation in the cotton portion of the program was delivered by Bayer CropScience's Richard Shaw, who highlighted a number of challenges the industry faces in developing a sustainable cotton supply chain. Among them are the lack of universally accepted protocols and metrics; the absence of official standards for certification and documentation; and a lack of consensus on third-party verification

Shaw pointed out that addressing those and the other challenges cotton faces in becoming more sustainable won't be easy -- or cheap. "Due to the costs inherent in making major changes, additional compensation will be required at various points in the supply chain," he said. "That's something we simply have to accept, right from the start, if we want our industry to become more sustainable."

The second part of the Fiber Session focused on man-made fibers and began with an overview of the global demand for chemical fibers. PCI Fibres' Peter Driscoll stated that while part of man-made fibers' gains in overall market share are due to the growing number of uses for synthetics (above and beyond traditional textile applications), they are also the result of the extreme volatility that the cotton industry has experienced in recent years.

"That price volatility appears to have reflected a panic about the supply [of cotton]," he said. "A number of retail brands we've talked with said are making a concerted effort to move away from cotton products because they can't bear the thought of discontinuity of their supplies."

He said it took six to nine months for the man-made fiber industry to pick up the demand vacated when cotton prices spiked, but that lag is just part of the business. "Generally speaking, demand from consumers tends to be quite smooth," Driscoll said. "What isn't smooth is the fiber industry's reaction to that demand. A retailer might see an increase in sales of green shirts, decide that green is now 'in,' and order [a large number of green shirts] from the supplier. The market then becomes saturated because the anticipated demand was distorted. But that's the way this business works, and it always will, so we simply have to live with it."

Madhu Suthanan of Reliance Industries gave the final presentation of the day, focusing on the sustainability advantages offered by polyester fiber -- particularly those related to economics.

"Polyester is not only the most affordable of textile fibers, it has had the lowest levels of volatility in recent years," he said. "In addition, polyester supplies are easily scalable to varying levels of demand, a problem that is much more challenging" for natural fiber

He concluded by pointing out that there is a 98% correlation between GDP and fiber demand, and as the global economy continues on the road to recovery, polyester is expected to be the biggest beneficiary, accounting for 65% of the growth in incremental demand in coming years. Polyester filaments accounted for less than 10% of global fiber consumption in 1980, but that number will approach 50% of the total fiber market by 2020, he predicted.

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