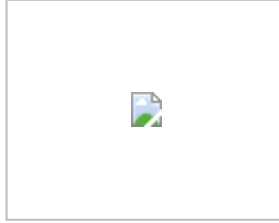


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Recent news relating to issues of interest to the Textile and Apparel industry.

INTERNATIONAL TEXTILE INDUSTRY NEWS

"GLOBAL COTTON STOCKS SEEN PILING EVEN HIGHER"

The latest projections from the US government suggest global cotton stockpiles in the current season will be even higher than forecast just a month ago - with the expected rise putting even more downward pressure on world prices.

In its monthly cotton crop report released this week, the US Department of Agriculture (USDA) increased its estimate for world ending stocks to a record 76.5m bales in the 2012/13 season, which began on August 1st. This is up 9.5% from a year ago, and nearly 2m bales higher than last month's forecast of 74.7m bales.

The gains are attributed to a combination of the weak global economy, competition from man made fibers, low levels of consumption, and imports by China.

Global cotton production is set to decline 8% from the previous season as farmers switch to other crops yielding higher demand and prices.

USDA estimates also see cotton consumption by the world's mills down 600,000 bales from last month in 2012/13. But while this represents a rise of 3% on last season, it still remains the second lowest in nearly a decade, USDA warns.

As production outpaces consumption, calculations suggest this would be the third year in a row in which global mill use is less than global production.

Driving much of the decline in world consumption for the past several years has been contraction in China, which alone accounts for 35% of the total. The country is expected to consume their lowest in nearly a decade, according to the USDA report. China's price support and national reserve policies continue to erode margins for domestic cotton spinners, resulting in a loss of market share.

In its review of the figures, Cotton Incorporated suggests one potential reason for the decline in Chinese mill-use in recent years is reduced export orders for finished apparel goods from developed economies like the European Union and the US, where the combination of slowing economic growth and rising apparel prices have lowered import volumes.

Indeed, for the 12-month period ending in July 2012, total US apparel imports were down 6.4% year-over-year in volume terms.

In addition to these macroeconomic factors, Chinese government policies may also be impacting consumption. A combination of import quotas that regulate the amount of cotton fiber that can be imported, as well as a price guarantee to domestic cotton farmers, means many Chinese mills pay higher prices than their international competitors.

One consequence of the higher fiber prices faced by Chinese spinning mills has been a higher volume of cotton yarn imports, which are not subject to quota, Cotton Incorporated says. In July, the latest month with data available, China's cotton yarn imports were the highest on record.

Another potential consequence of high prices in the world's largest cotton consuming country could be a loss in cotton's market share as firms switch to alternative fibers.

"FACTORY SAFETY UNDER THE SPOTLIGHT FOLLOWING PAKISTAN FIRE"

As information continues to emerge on the devastating fire that killed more than 260 workers at a garment factory in Pakistan last week, brands sourcing from the country are being urged to undertake immediate reviews of their suppliers.

The Ali Enterprise factory in Karachi, which burned down on Tuesday, September 11, was believed to be supplying goods to the European market

The International Labor Organization (ILO), has set out a series of measures to try to strengthen workplace safety, to prevent a similar tragedy from happening in the future.

Following what is one of the worst industrial incidents ever to have happened in Pakistan, local unions are calling for the arrest of the factory owner of Ali Enterprises. Demands are also being made for government officials who have acted negligently to be prosecuted.

Early reports suggest around 1000 workers were working in the Ali Enterprises factory at the time the fire broke out. There was no fire fighting equipment inside the factory, and the high death toll has been attributed to the fact that workers were trapped inside the factory. Only one fire exit was available, windows on most of the floors were barred and stairways were blocked. A number of workers were killed jumping from windows. It is believed many more workers died of suffocation in the basement after it became flooded with water. Unions say identification of the dead has been hindered by the fact that workers did not have contracts.

The ILO is calling for the restoration of labor inspections in all factories and has pledged to help build the capacity of Sindh Labor Department in order to improve inspections. It will also help employers and workers develop a code of conduct and will promote the idea of self-regulation by employers.

The National Trade Union Federation in Karachi says the factory fire is not an isolated one but a regular occurrence in an industry that is poorly regulated and largely non-unionized.

In Bangladesh for example, whose industry has suffered from a spate of similar fires involving brands such as H&M, Zara and Gap, a memorandum of understanding was signed earlier this year by trade unions, labor rights groups and PVH, which owns the Tommy Hilfiger and Calvin Klein brands.

The agreement provides for independent inspections, training, and workers committees on health and safety issues.

"NEW TOOL TO HELP FIRMS VERIFY PRODUCT CONTENT CLAIMS"

A new tool designed to help companies track and verify the raw materials contained in a final product has been launched by not-for-profit organization Textile Exchange.

The so-called Content Claim Standard is aimed at manufacturers, brands, retailers and certification bodies - and is intended to help confirm that items contain the right percentage of materials requested from suppliers, or to support claims on organic or recycled elements.

The tool does not validate any claims about a product beyond the amount of a specific material that is in it, but instead sets a chain-of-custody to help companies ensure the integrity of the materials along the supply chain from source to finished product.

It uses transaction certificates (TCs), which track the input and output at each step, allowing for a mass balance calculation to ensure the accuracy of percentage claims.

The standard has been written by Textile Exchange, and has been reviewed by the certification community, the Outdoor Industry Association (OIA) and the Materials Traceability Working Group (MTWG).

Click on the following links to view the [Content Claim Standard](#) and the [CCS Implementation Manual](#).

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