

Cost of clothing to rise with cotton prices

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15 Nov 2010

Staggeringly high cotton prices will soon mean that South African consumers will have to fork out extra cash for their clothing.

"Because of a global rise in cotton prices the impact will be felt right through to the local wholesale and retail sectors - prices in clothing, linen, and towels are likely to increase," said Brian Brink, executive director of the Textile Federation (Texfed).

The price of raw cotton has almost doubled over the past year as devastating floods in Pakistan and north eastern China destroyed crops, and created supply constraints.

According to Brink, since 2002 South Africa has been importing "big chunks" of cotton apparel.

"China has been a dominant source for textile and apparel for South Africa," he said.

World Bank president Robert Zoellick said that the floods in Pakistan are likely to have destroyed crops worth around one billion dollars. Pakistan is the fourth largest producer of cotton in the world.

Seeking alternative supplies

Reaching 15-year highs last month, the surge in cotton prices is also due to India's monsoon and its decision to put a blanket ban on cotton exports as it tries to balance the interests of its textile industry, whose local mills face serious domestic scarcity.

This has forced buyers to look for alternative suppliers like Brazil and Turkey.

"There has been a very marked effect on production in India. They're trying to keep what they have for themselves," said Brink.

India is the second largest global producer of cotton and its textile industry employs an estimated 35 million people.

The supply and demand imbalance already has international high street retailers sounding alarm bells.

UK-based fashion retailer Next earlier this month warned that clothing prices could rise 8% or more in 2011 after it was

exposed to a further jump in the cost of cotton, while Debenhams cautioned that price hikes of between four and six percent could be on the cards in the months to come.

Stoking concern

The US's Jones Apparel Group Inc., whose labels include Anne Klein said price increase were likely to increase in the fourth quarter and would come on higher-ticket items such as embellished shoes and dresses.

Brands like H&M, Levi Strauss, Hanesbrands Inc., and Primark have also stoked concern, ominously warning of higher prices.

Brink said that retailers could change the blend in items to keep costs at bay.

"When prices increase like this, you'll see a shift to other blends. Retailers might use more polyester-rich blends. Its just a way for the market to adjust to the circumstances," he said.

Consumers should brace themselves for higher prices on cotton clothing as demand remains at an all-time high and cotton prices continue to soar at record levels.

"The more cotton manufacturers buy, the higher the price will go," said Brink.

"There doesn't seem to be any let up for South African consumers, who are already under pressure. If the price of clothing increases, the pressure remains relentless," added Brink.

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