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"CICCA reminds that the core principles of collaboration and communication, as well as a shared commitment to fulfilling contracts are more important than ever in these challenging times. If we do not sustain these principles, then the future for many friends and colleagues across the sector will be in doubt."

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The purpose of the Interpretation Guideline is to encourage understanding of instrument testing, thereby leading to greater efficiency in all areas of the cotton textile value chain.

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EDITORIAL

by Dr Olivier Zieschank, economist, ITMF

The results of the 3rd ITMF survey on the impact of the Corona-Pandemic provide associations and companies around the world with a trustworthy assessment of the negative impact of the virus on the textile supply chain (see Article 1). The subsequent unprecedented disruption of the textile industry led the Committee for International Co-operation between Cotton Associations (CICCA) to call companies involved in the cotton supply chain to respect contract sanctity in order to protect all parties from unilateral changes (see Article 2).

In this regard, ITMF also signed a Joint-Industry Statement with more than 60 organizations from the textile value chain to present a set of principle aiming at fostering recovery from the currently unwinding health and economic crisis (see Article 4). One of the many negative consequences of the pandemic is exemplified by the American omnichannel retailer Kohl's cancellation of "apparel orders across the board", a decision that led KOFOTI's Chairman, Mr. Sung, to ask the group to reconsider its commitment to manufacturers across the globe (see Article 5).

While times are difficult, successes must not be forgotten. ITMF is proud to announce the publication of the HVI / SITC Interpretation Guide by the ITMF International Committee on Cotton Testing Methods (ICCTM) and ICAC Task Force on Commercial Standardization of Instrument Testing of Cotton (CSITC). Releasing this document represents the culmination of many years of hard work done by researchers around the world on the use and interpretation of instrument test results. ITMF expresses its special thanks to:

- Jean-Paul Gourlot, CIRAD, UPR AïDA, F-34398 Montpellier, France, and AïDA, Univ Montpellier, CIRAD, Montpellier, France.
- Axel Drieling, Faserinstitut Bremen e.V. (FIBRE) / ICA Bremen, Bremen, Germany.
- Mona Qaud, Uster Technologies, Uster, Switzerland.
- Stuart Gordon, CSIRO, Geelong, Australia.
- Jimmy Knowlton, USDA AMS, Memphis, USA.
- Malgorzata Matusiak, Lodz University of Technology, Lodz, Poland.
- Marinus van der Sluijs, Textile Technical Services, Geelong, Australia.
- Vikki Martin, Cotton Incorporated, Cary, USA.
- Karsten Froese, Bremer Baumwollboerse, ICA-Bremen, Bremen, Germany.
- Chris Delhom, USDA-ARS-SRRC, New Orleans, USA.

This guide aims to improve efficiency and profitability in all areas of the cotton textile value chain (see Article 3).

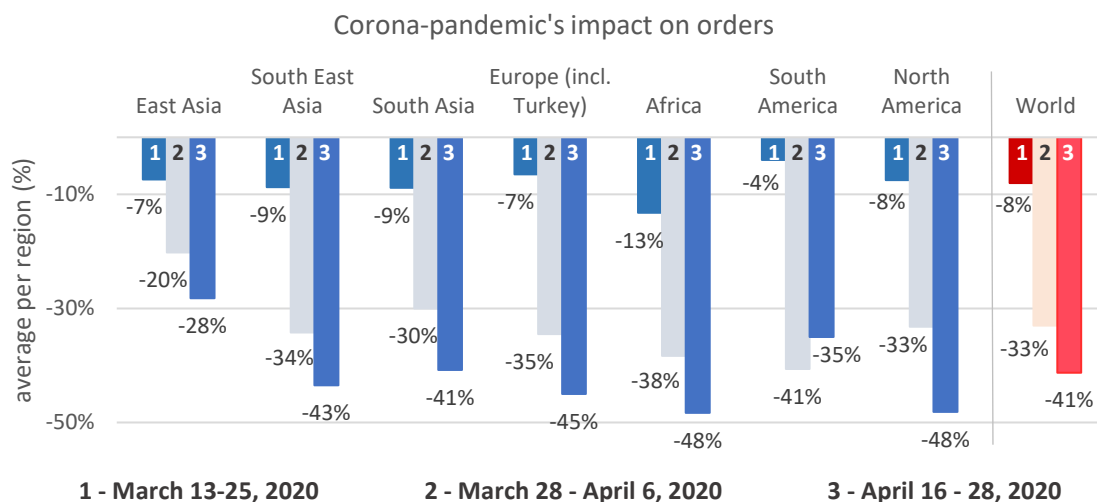
1. RESULTS OF THE 3RD ITMF CORONA SURVEY

by Dr Christian Schindler, director general, ITMF

Period: April 16-28, 2020
 Participants: approx. 600 companies
 Regions: Africa, Americas, Asia, Europe (incl. Turkey)

This 3rd ITMF Corona-Survey took place during a period of restrictions for persons and businesses in almost all countries around the world. Most relevant for the global textile industry is that (i) many textile companies could not produce and (ii) all sorts of 'offline' stores were closed. Since the middle of March offline sales of textile products in most parts of the world just did not happen, especially in important markets such as in Europe and the USA. In many countries it was unclear how long this situation would last. Consequently, the business environment in which this 3rd ITMF Corona-Survey took place was one of extreme disruption of the supply chain and extreme uncertainty about the future of the business. Against this backdrop, we have asked companies around the world about the impact this Corona-crisis has on orders and expected turnover for 2020. What are the main challenges companies are currently faced with? Do opportunities remain in these dramatic times? Furthermore, we have asked companies whether they receive support and if so, what kind of support it is.

Q 1: Do you experience that orders are cancelled, or do you receive additional orders as a direct consequence of the Corona-pandemic?



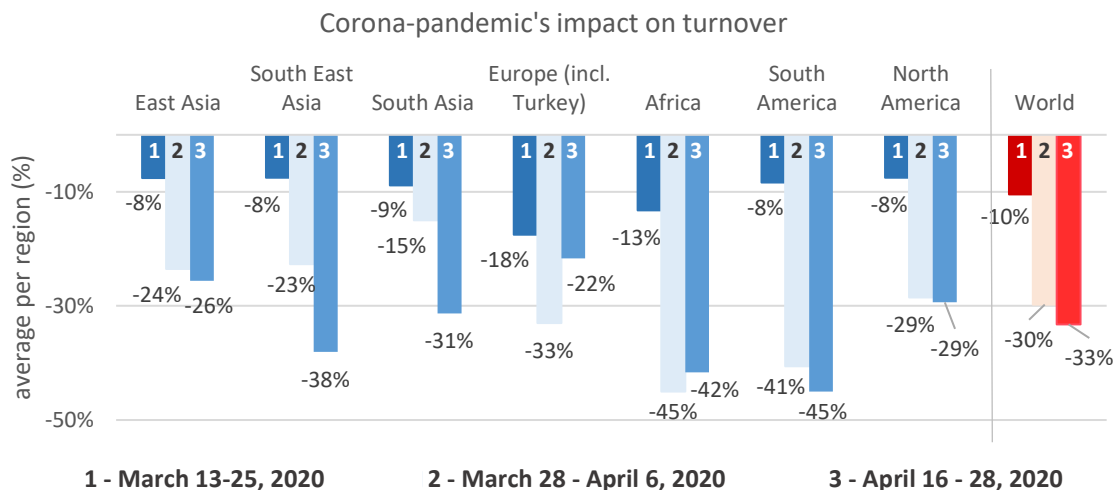
Source: ITMF

Since the 1st ITMF Corona-Survey in March the amount of cancelled and/or postponed **orders** globally dropped from -8% to -41%. This third survey confirms what was expected from the first and second investigations, namely that the crisis is global and deteriorated in the last four weeks. Companies in all regions have reported massive cancellations/postponements of orders. Only very few companies were able to adapt quickly and produce personal protective equipment (PPE).

It is interesting to note that orders in East Asia dropped visibly less (-28%) than in all the other regions (-41% and more). It can be assumed that this region, which was hit first by the Corona-crisis, is also

recovering first from it. Especially China and Korea were able to contain the epidemic successfully. In the last few weeks, most Chinese textile companies have ramped up production significantly. Likewise, off-line retail stores have reopened, and consumption is picking up again in East Asian countries. It remains to be seen what the consumption behaviour will be like in China, Korea and other places once shops are open again.

Q 2: What are your expectations for the company's turnover for the year 2020 compared to 2019?



Source: ITMF

Companies around the world are expecting an average **turnover** drop of -33% in 2020 compared to 2019. The outlook worsened since the period of the second survey.

When it comes to the differences between regions, companies in Europe are expecting turnover in 2020 to be down by “only” -22%, a figure significantly better than the -33% reported in the second survey. Companies in East Asia are expecting turnover to be down by -26%, which is close to what was reported in the second survey (-24%). Companies’ turnover expectations in South East Asia and South Asia on the other hand have deteriorated significantly. These regions were hit later by the Corona-pandemic and hence the full impact was felt with a delay. Compared to 2019, expected turnover for 2020 is down to -38% in South East Asia and to -31% in South Asia.

Turnover expectations in Africa, South America and North America have not changed much since the second survey.

Q3: What are the biggest challenges/opportunities in the current situation?

Challenges: How long will it last, when will the trade flows come back to normal?

It does not come as a surprise that, on the one hand, securing enough **liquidity** is the biggest concern for most companies. With many customers cancelling and/or postponing orders, producers along the supply chain are not getting paid by their respective suppliers. On the other hand, **supply chain disruption** is still an issue as not all companies are up and running again. In the medium- and longer-term, **uncertainty** about the future is a big concern. Many companies wonder what the post-pandemic-time will look like. What shape will the recovery take? Will there be a speedy recovery with consumers

spending as they did before? Or will consumer behaviour have changed as a result of this crisis? The uncertainty about the future is weighing heavily on the companies as they cannot predict how long this crisis will last. Many orders are cancelled or postponed, and new orders are rarely placed. Will there be a second wave of infections with COVID-19 in the fall/winter and consequently a second lockdown?

As a consequence of increasing uncertainty, production is difficult to plan and retaining jobs (including talents) is getting harder. Some producers fear not to be ready when demand comes back and thus not be able to keep otherwise loyal customers. The current lack of sales furthermore means excess inventory for many firms and a likely negative pressure on future prices; a pressure which might well be strengthened by the uncertain outlook on future trade flows. Also, the current dependence on foreign supply and/or demand emphasises the local difficulties in most countries. Finally, companies are expecting concentration, which will change the current landscape of the textile supply chain.

Opportunities: re-think the current industrial organisation

Many companies are increasingly thinking about diversification, currently focusing on medical textiles. Indeed, the enormous demand for Personal Protective Equipment (PPE) offered a few companies a new market. Also, the crisis forces companies to (i) streamline their organisation and production processes and (ii) accelerate the reassessment of their existing supply chains. Firms express a need to accelerate digitalisation and invest in sustainable production, citing circular economy measures as an example.

There is also a trend toward re-thinking the dependencies on global supply chains and a push to perceive local/regional supply chains as increasingly important.

Q4-6: Are you offered any sort of support and if so, what kind of support?

Many companies around the world receive little to no help, even if their government has set support policies. Those who receive help are offered **loans** with low interest rates and deferred repayment. In some cases, special loans are made available only to finance the salaries and wages of employees.

In many countries **tax payments** are delayed. In some countries **social security payments** are deferred.

A very important instrument used to support companies in Europe is **short-work schemes**. The basic principle is that companies that are lacking demand can reduce the working hours. A certain percentage of the salaries/wages of the reduced working hours is paid by the unemployment insurance. Companies keep their employees, companies pay only the salaries/wages of the reduced working hours, and the employees receive a relatively high share of their previous income.

In a few countries where **electricity** is provided by the government, companies can delay their electricity payments.

The biggest relief would be, if no retailers/brands were cancelling orders unilaterally but would instead discuss with their suppliers how to adapt together to this new business environment.

2. CICC A LETTER TO THE COTTON AND TEXTILE SUPPLY CHAIN



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| | | | | | | | | |
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| Alexandria Cotton Exporters' Association | Asociación para la promoción de la Producción Algodonera | Association Française Cotonnière | Belgian Cotton Association | Bremer Baumwoll- börse | China Cotton Association | Cotton SA | International Cotton Association Ltd | Japan Cotton Traders' Association |
| American Cotton Shippers Association | Association Cotonnière Africaine | Australian Cotton Shippers Association | Bolsa Brasileira de Mercadorias | Centro Algodonero Nacional | Cotton Association of India | Gdynia Cotton Association | Izmir Commodity Exchange | Karachi Cotton Association |

25 April 2020

Dear Cotton Colleagues,

TO ALL INVOLVED IN THE COTTON AND TEXTILE SUPPLY CHAIN

We are all aware that the impact of COVID-19 extends worldwide and across all sectors. During this challenging time, our thoughts in the Committee for International Collaboration between Cotton Associations (CICCA) are with all those who are affected by the virus around the world. We extend our thoughts and best wishes to all those whose lives are affected both by the virus and by the economic effects on the livelihood of so many people internationally.

The rapid expansion of the COVID-19 pandemic has presented an unprecedented and unpredictable global trade environment and we acknowledge the extreme business conditions that confront us all. We all share the anxiety of not knowing how this will play out in the coming weeks and months but we must focus on present circumstances and work together to ensure that we achieve the best possible outcome for all the stakeholders in the global cotton trade.

CICCA was established in 1975 to promote safe trading and cooperation between cotton producing and cotton consuming nations and CICCA's purpose has never been more important than it is today. We are committed to the principles that underpin safe trading and contract sanctity – these are the principles of trust and cooperation between parties, adaptation of the detailed contractual terms to meet the needs of all parties but an enduring commitment between the parties to execute in accordance with the intent in the original agreement.

Since its inception CICCA has witnessed a changing market- place and no more so than in recent years. The cotton supply chain is varied and has a complex mix of participants. We believe that our core principles of collaboration, communication, and a shared commitment to fulfilling our contracts are more important than ever in these challenging times. If we do not sustain these principles, then the future for many friends and colleagues across the sector will be in doubt.

Contract sanctity is a key part of our trade environment and is defined as the ideal that once parties enter a contract they are bound by and must honour the terms and obligations of the contract. This principle allows for commercial certainty, where parties are aware that non-fulfilment of obligations constitutes a breach of contract. Parties involved in the contract incur the inherent responsibility to manage the risks associated with their contractual commitments. Commercial parties to contract may choose to amend or alter the terms of their existing agreements, but only by mutual consent. By definition, a contract is simply a mutually agreed upon set of terms that are binding and enforceable. Therefore, it is the right of parties to change their agreements with mutual consent, although no party is under obligation to do so. Further, any revision of contracts will retain the same enforceability and binding nature, and should not imply liberty to deviate from explicit performance. It is acknowledged that in certain circumstances these contractual changes will occur

and it is imperative to state that this does not dilute the overarching themes of contract sanctity or justify any non-performance of contracts.

In the cotton sector, associations trading rules provide some protection to cotton producers, shippers, agents and spinners (be they yarn producers or integrated mills producing finished goods). Yet there is no such protection between the manufacturer and the retailer. We are concerned to see the struggles of spinners and garment manufactures in many developing countries. These businesses, like many others, are faced with a market place that has changed dramatically in a period of weeks and the position is exacerbated by a rapid global fall in demand.

The nature of the cotton textile and apparel industry is fragile, with a long supply chain and the employment of many. The cancellation of downstream orders has inevitably increased industry risks. It is disappointing to note that certain retailers and brands are now renegeing on contractual commitments and the actions of these companies is creating a ripple effect through the supply chain that is having a dramatic impact on the lives of many who rely on the textile industry for survival.

The actions of all market participants during this difficult time will leave indelible marks that will be long remembered. While the current situation appears unsurmountable, the collective impacts of stimulus, markets, domestic support programs, the temporary nature of this catastrophe and other factors of influence will bring this to an end and restore business confidence. What we need consider is how to overcome this difficulty and avoid any unreasonable measures in the international cotton market.

In response to this global pandemic there has been unprecedented response from governments to mitigate the health and economic impacts caused by COVID-19. Financial packages designed to assist businesses focus on sustaining employment have been introduced around the world. We request our members that they highlight to their respect governments the risks and impacts that are occurring within our industry. It is to government that the cotton trade needs to highlight those businesses within their community that are setting examples of leadership and recovery, but just as importantly those that are not.

We believe that the reach and collective influence of CICCA members worldwide has huge potential to help set the conditions for the future of cotton. Each of our members has unique access to affiliated groups who can actively contribute to comprehensive supply chain contract sanctity. Furthermore we believe that the fundamentals of the cotton sector remain strong and the attractiveness of this uniquely attractive and sustainable fibre will endure. We ask member organisations to use your networks, influence and voice to contribute to cotton's future collectively.

With best wishes,



Cliff White
CICCA Chairman



Georges Toby
CICCA Vice-Chairman

3. ITMF ICCTM & ICAC CSITC RELEASE THE HVI / SITC INTERPRETATION GUIDE

by Dr Olivier Zieschank, economist, ITMF

The Cotton Testing Guideline, first published in 2012 and revised in 2018 jointly by the International Textile Manufacturers Federation and the Task Force on Commercial Standardization of Instrument Testing of Cotton, answers many questions about how to test cotton using high-volume testing instruments.

The Interpretation Guideline - released in April 2020 - explains **how to use and interpret instrument test results**. The purpose of the Guideline is to encourage understanding of instrument testing, thereby leading to greater efficiency in all areas of the cotton value chain, with a resulting improvement in efficiency and profitability. Here is a summary of its content.

Natural variability in fiber properties and measurement

Information on the use of instrument testing data to manage cotton inventories and processing within the limits imposed by the natural variation in measurement results is provided. The distribution of results from instrument testing can be used to advantage because it represents an accurate description of the characteristics of bales in sales lots and laydown.

Micronaire as a combination of fineness and maturity

When comparing samples of cotton of the same growth, differences in micronaire reflect differences in maturity. However, when comparing samples of different growths but similar levels of maturity, differences in micronaire reflect differences in fineness. This has consequences of different nature for growers, traders, spinners and for processing.

Fiber length, Uniformity Index (UI) and Short Fiber Index (SFI)

Length is one of the most important parameters used in all segments of the cotton value chain. Classers assign staple lengths in 32nds of an inch whereas instrument results are given in hundredths of an inch or millimeter.

Fiber strength

Strength is the most important property for Open End (Rotor) and Air-Jet spinning. Fiber strength and length influence yarn strength, which is crucial in weaving yarns.

Color

Cotton can change in color from white to grey or yellow, depending on how it was grown and harvested, whether it rained during harvest, how much moisture was in the seed cotton and how long it was stored prior to ginning. Classers assign a single color grade to a sample. Instrument results are a combination of reflectance (Rd) and yellowness (+b). Grey or yellow cotton will generally be weaker than white cotton. In processing, color is important for dyeing and the homogeneity of dyeing.

Trash

Trash consist mainly of leaves from the cotton plant and is influenced by harvesting method (hand, spindle or stripper). It dominantly impacts ginning, but also negatively impacts textile processing. The non-lint content of bales has a negative effect on prices.

Neps, Stickiness, Spinning Consistency Index (SCI), Moisture etc.

Neps (fiber entanglement) influences the yarn appearance negatively. Stickiness - caused by white fly or aphid infestation - interferes with the spinning process, particularly in drafting. Very sticky cotton can bring a textile mill to a halt. The Spinning Consistency Index is a summary parameter determined by micronaire, strength, length, length uniformity and color in high volume testing instruments. Fiber moisture affects processing (dry fiber is prone to higher rates of breakage).

For more information, please visit [ITMF](https://www.itmf.com).

4. ITMF SIGNS COVID JOINT-INDUSTRY STATEMENT, APRIL 2020



April 22, 2020

The undersigned organizations, representing the full spectrum of the textile, apparel, footwear, travel goods, and fashion industry across the globe, are coming together in these unprecedented times to make a joint appeal to our governments, our stakeholders, and our supply chain partners.

The COVID-19 Pandemic is a major health crisis that requires the united and undivided efforts of billions of people - including first responders, health professionals, policy makers, essential service providers, and citizens. Many in our industry have been playing their part by suspending/limiting

operations to keep their workers and consumers safe consistent with global health guidelines AND empowering or repurposing facilities, factories, and supply chains to produce and distribute items of personal protective equipment and other urgently needed medical materials.

Working with our friends, families, and our communities, together we can AND will stop this deadly Pandemic.

But this health crisis has also triggered a potentially deadly economic crisis. As businesses have closed, revenues and cash flow have dried up. The resulting liquidity squeeze has adversely hit many companies, their workers, and multiple layers of suppliers all around the world. Contracts are being cancelled, workers are being furloughed, and factories and businesses are being closed. With each passing day, this damage is compounding and harming more and more stakeholders. We need to coordinate and accelerate our efforts to limit and mitigate this damage, and make sure it is not irrevocable. As we continue to dedicate our efforts to fight this Pandemic, we must also come together to fight the economic crisis that has also been created.

It is with this in mind that we issue this general appeal and set of principles.

- Governments, with the support of international financial institutions, must enact temporary stimulus measures to ensure liquidity.
 - These measures must be as flexible as possible so that employers across the supply chain can gain access to relief as quickly as possible.
 - These measures should benefit both employers and their workers.
 - Although temporary, these measures should be easily extendable, and quickly extended, should the crisis prove more durable than may be currently expected.
- Governments should undertake temporary duty deferral and tariff relief to support liquidity and cash flow, and keep workers employed.
 - At a minimum, governments should immediately defer collections of duties for a period of 180 days.
 - Where appropriate, such as in the case of items of personal protective equipment or items used by lower income consumers, government should also suspend duties.
- Governments should refrain from imposing new trade restrictions and should not impede production or delivery of PPE, its intermediate products, and raw materials.

We welcome the G-20 [statement](#) that speaks to many of these items, but it is now up to individual governments – and others who are not part of the G-20 – to implement and follow through on these commitments. Words mean a lot, but the actions will determine how fast and how well we can emerge from this crisis.

In that vein, supply chain partners need to do their part too. Individual companies should take action that minimize disruptions, facilitate payment for work that has been undertaken, and ensure workers continue to be treated with full respect while ensuring their health and safety. Companies need to continue working, alone and with their supply chain partners, to ensure that supply chains are best positioned to weather this crisis.

These actions in the next 90 days will not only help dictate how fast we can recover, but also will say a lot about who we are as an industry and as a people. Our industry literally touches everybody on the planet, and we have an on-going commitment – to our workers and consumers – to ensure that the industry that emerges from this crisis is responsible, sustainable, viable, and healthy.

List of national and regional signatories:**Accessories Council**

Karen Giberson, President

American Apparel & Footwear Association

Steve Lamar, President & CEO

American Bridal and Prom Industry Association

Stephen N Lang, President

The American Chamber of Commerce in Cambodia

Allen Dodgson Tan, President

Apparel Export Promotion Council

Dr. Arumugam Sakthivel, Chairman

Association des Industries d'Haiti (ADIH)

Georges B Sassine, President

Association of Textile Indonesia (API)

Jemmy Sastraatmadja, Chairman

Bangladesh Garment Manufacturers and Exporters Association

Rubana Huq, President

Bremen Cotton Exchange

Jens D. Lukaczik, President

British Fashion Council

Caroline Rush, CEO

California Fashion Association

Ilse Metchek, President

Cambodian Federation of Employers and Business Association (CAMFEBA)

Sandra D'Amico, Vice President

Canadian Apparel Federation

Bob Kirke, Executive Director

China Chamber of Commerce for Import and Export of Light Industrial Products & Arts-Crafts (CCCLA)

Zhongqi Wang, President

China Chamber of Commerce for Import & Export of Textile & Apparel (CCCT)

Jiachang Cao, Chairman

China Council for the Promotion of International Trade, CCPIT (CCPIT TEX)

Yingxin Xu, President

China Home Textile Association (CHTA)

Zhaohua Yang, President

China National Garment Association (CNGA)

Dapeng Chen, President

China National Textile and Apparel Council (CNTAC)

Ruizhe Sun, President

Confederation of Wearable Exporters of the Philippines (CONWEP)

Maritess Jocson-Agoncillo, Executive Director

Council of Fashion Designers of America

Steven Kolb, CEO & President

Denizli Exporters Association

Huseyin Memisoglu, President

Egyptian Chamber of Apparel and Home Textile (ECAHT)

Hany Kadah, Executive Director

The European Apparel and Textile Confederation (Euratex)

Dirk Vantyghem, Director General

European Branded Clothing Alliance (EBCA)

Ignacio Sierra Armas, President

European Footwear Confederation (CEC)

Carmen Arias, Secretary General

Fashion Accessories Shippers Association

Sara Mayes, President & CEO

Fashion, Jewelry & Accessories Trade Association

Sara Mayes, President & CEO

Fondazione Del Tessile Italiano

Simone Canclini, President

Footwear Distributors & Retailers of America (FDRA)

Matt Priest, President & CEO

Foreign Buyers Association of the Philippines

Robert Young, Chairman & President

Garment Manufacturers Association in Cambodia

Mr Van Sou Ieng, Chairman

Gemini Shippers Group

Sara Mayes, President & CEO

German Association of Finishing, Yarn, Fabric and Technical Textiles Manufacturing Industries (IVGT e.V)

Dr. Klaus-Jürgen Kraatz, Director General

Halloween & Costume Association

Michele Buggy, CAE, Executive Director

The Hong Kong Exporters' Association

Benson Pau, Chairman

Hong Kong General Chamber of Textile

Raymond L F Chu, Chairman

International Apparel Federation (IAF)

Matthijs Crietee, Secretary General

International Textile Manufacturers Federation (ITMF)

Mr. Kihak Sung, President

Istanbul Apparel Exporters Association (IHKIB)

Mustafa Gültepe, Chairman

Juvenile Products Manufacturers Association (JPMA)

Kelly Mariotti, Executive Director

Korea Federation of Textile Industries

Kihak Sung, Chairman

Mediterranean Apparel Exporters' Association (AKIB)

Hayri UGUR, Chairman of The Board

Mediterranean Textile and Raw Materials Exporters Association (ATHIB)

Fatih DOĞAN, Chairman of the Board

North American Association of Uniform Manufacturers and Distributors (NAUMD)

Steve Zalkin, President

Pakistan Knitwear & Sweater Exporters Association (PAKSEA)

M. Siddique, Secretary General

Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA)

Ijaz A. Khokhar, Chief Coordinator

Pakistan Textile Exporters Association (PTEA)

Khurram Mukhtar, Patron in Chief

Promotional Products Association International

Paul Bellantone, CAE, President and CEO

Spinners & Weavers Association of Korea (SWAK)

Joon Kim, Chairman

Sports & Fitness Industry Association (SFIA)

Tom Cove, President & CEO

Sri Lanka Footwear & Leather Products Manufactures Association

P G D Nimalasiri, President

Sustainable Apparel Coalition
Amina Razvi, Executive Director

Swiss Textiles
Carl Illi, President

Taiwan Textile Federation
Justin Huang, President

Textile Council of Hong Kong, Ltd
Henry Tan, Chairman

Thai Garment Manufacturers Association (TGMA)
Yuttana Silpsarnvitch, President

Travel Goods Association
Michele Marini Pittenger, President

Turkish Textile Employers' Association
Att. Basar Ay, Secretary General

Uludag Apparel and Clothing Exporters' Association
Nuvit Gundemir, Board Chairman

Uludağ Textile Exporters' Association
Pinar Tasdelen Engin, Chairman of the Board

U.S. Fashion Industry Association
Julia Hughes, President

Uzbekistan Textile and Garment Industry Association "O`zto`qimachilik sanoat"
Ilkhom Khaydarov, Chairman

5. KOFOTI CHAIRMAN, MR. KIHAK SUNG, URGES KOHL'S NOT TO HALT ORDERS

by Kate Nishimura, published in Sourcing Journal, April 24th, 2020

Korean Textile Group cries foul as Kohl's cancels \$100M in placed apparel orders



CREDIT : Shutterstock

The Korea Federation of Textile Industries (KOFOTI) is hitting back, demanding the store chain reconsider its commitments to manufacturers across the globe. The decision puts the livelihoods of about 200,000 workers at risk, the group said in a statement to Just-Style.

While the group appreciates the devastating impact that the pandemic has had on the textile industry, Kihak Sung, KOFOTI's chairman, said Kohl's has a responsibility to its suppliers, and shouldn't leave them high and dry even as consumer demand plummets.

"We recently became aware of Kohl's unilateral decision to cancel orders already produced and in production without prior consultation which has caused an unprecedented disruption to the supply chain," he said, which puts hundreds of thousands of jobs at risk in countries like Indonesia, Vietnam, the Philippines, Guatemala, Nicaragua and Haiti.

The economic damages are being acutely felt by fabric mills in Korea, Sung said, which supply materials to manufacturers worldwide. So far, the sector has incurred more than \$100 million in damages due to cancelled orders or payment term extensions. About 150 Korean fabric mills, accessory mills, vendors and sample rooms have been affected.

Kohl's informed its partners of the halt in production without prior consultation, and left "no room for any negotiation" when it came to payment terms on orders already in process or even those that were fully finished, Sung said. As COVID-19 closed stores in March and forced Kohl's to furlough 85,000 staff, by CNBC's count, the retailer said on March 30 it was "managing inventory meaningfully lower to align with anticipated sales."

Sung suggested that Kohl's look to the [recent about-faces](#) from [H&M](#), [Primark](#) and [Zara](#), which resulted in the fashion firms agreeing to pay textile workers after intense media scrutiny. The matter with Kohl's could be resolved amicably, he said, urging the company not to leverage force majeure clauses in its agreements to get out of making payments.

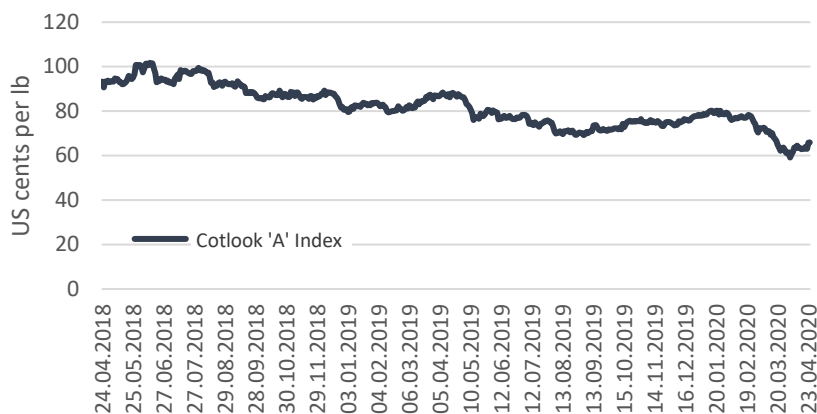
"Now more than ever, all stakeholders in the supply chain must [cooperate more closely](#) and look for more creative solutions to [survive this crisis together](#)," he added .

Neither Kohl's nor KOFOTI responded to requests for comment.

6. MONTHLY CHART UPDATE

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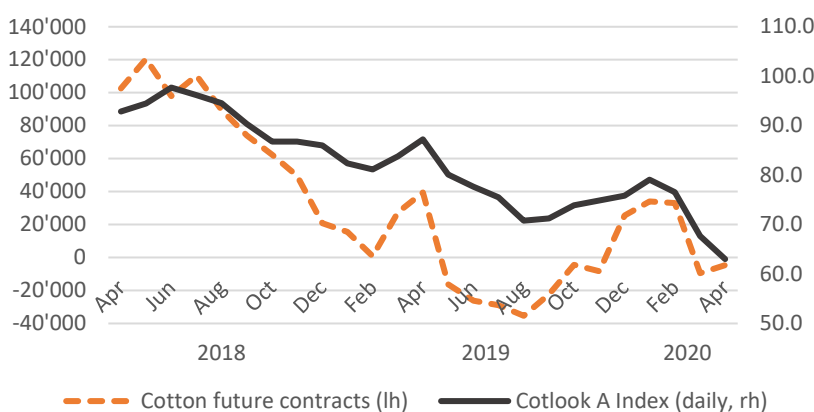
Chart 1: Cotlook 'A' Index



The Cotlook 'A' Index strongly decreased in February and March but seems the trend seems to reverse in April.

Source: Cotton Outlook

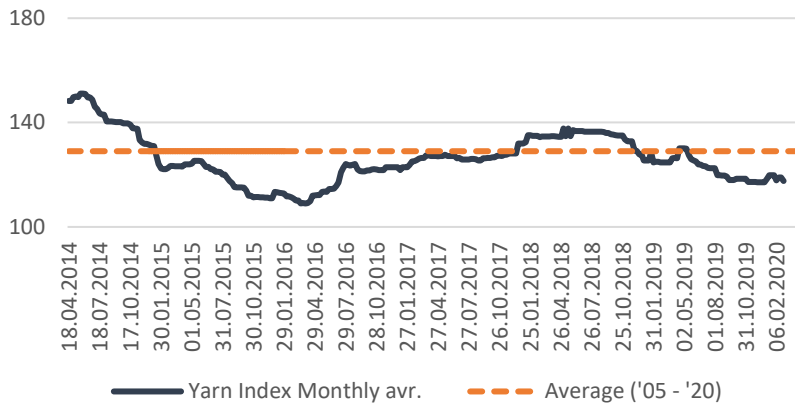
Chart 2: Cotton price and future contracts



The net-long positions of non-commercial traders and the Cotlook 'A' index strongly decrease since February.

Sources: Cotton Outlook, Commodity Futures Trading Commission, and own calculations

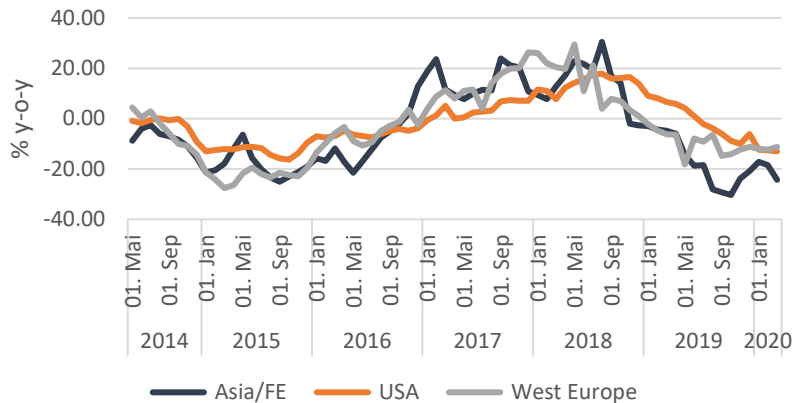
Chart 3: Cotlook Yarn Index



Cotlook Yarn Index has been oscillating around the long-term average of 129 since mid-2016 and follows a downward trend since Mai 2019. This trend seems to be reinforced by the current situation.

Source: Cotton Outlook

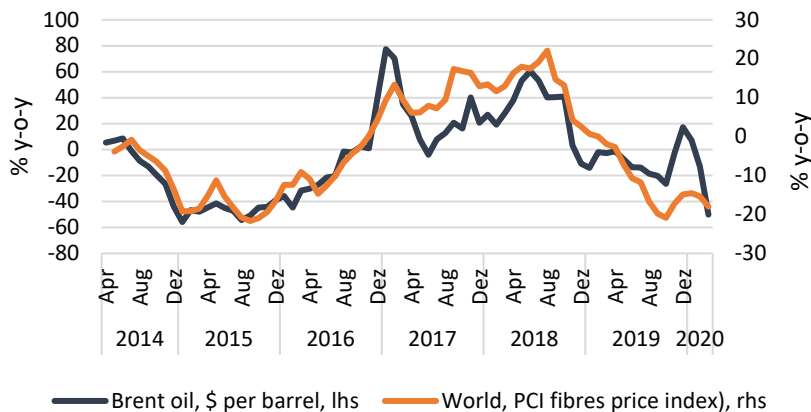
Chart 4: PCI synthetic fibres indices



The fibre indices track the relative movement of prices for major synthetic fibres. Prices are decreasing since mid-2018 in all examined regions. The Asia/FE region is hit stronger than the USA and Western Europe.

Sources: PCI Fibres & own calculations

Chart 5: Oil price* and PCI fibres price index



In March, oil prices decreased by 50% year-on-year to a level of 32.01 USD per barrel.

* Europe Brent Spot Price FOB (Dollars per Barrel)