INSIGHT | Natural Fibres & Yarns | Man-made Fibres & Yarns | Knitting & Weaving | Effects | Technical Textiles | Nonwovens
INTELLIGENCE | Markets | Digital Textiles

Insight

Brazil must “invest and innovate to export and survive”

By Kakie Roubaud
15 June 2016

Brazil’s textile sector needs to boost exports by producing quality products to survive the current recession, a major industry conference has been told.

Panel discussion at the International ABIT Congress

Brazilian textile and yarn makers must invest, innovate and globalise if they want to ride out the recession, according to the majority of speakers addressing the International ABIT Congress, organised by the Brazilian Textile and Apparel Industry Association (ABIT – Associação Brasileira da Indústria Têxtil e de Confecção), staged in São Paulo on 1-2 June.

Some delegates noted that the industry had been protected by Brazil’s huge domestic market of 200 million until now. But with the country’s economy continuing to contract (projected to decline by 3.88% this year), the industry needed to seek overseas sales to protect its profits.

The 400 delegates attending were told that the roughly 33,000 companies in the Brazilian textile and yarn sectors need to accelerate their development plans and invest in innovation. Participants were also optimistic that government policy might help them thrive, now an interim centre-right government has been set up in Brasilia, following the suspension of President Dilma Rousseff, of the Workers’ Party, who is facing impeachment.

ABIT statistics cited at the conference stress Brazil’s innate strengths as a textile and clothing manufacturer, but its weaknesses in terms of trade. They claim Brazil is the fourth-largest clothing manufacturer worldwide, with 2.6% of global production; and the fifth-largest fabrics producer, accounting for 2.4% of worldwide production. But Brazil remains a dwarf as regards to imports – number 24 globally; and exports – number 33.

Generating US$58.4bn in sales during 2012, before the recession really kicked in, delegates were told how Brazil’s textile and yarn production chain is self-sufficient because of its major cotton production, as well as chemical and industrial plants North to South, in Rio de Janeiro, São Paulo, Minas Gerais, Paraná, Rio Grande do Sul and the North East.

Until the recession, which really kicked into gear during 2013, Brazil’s growing middle-class – which Brazilian sociologists and economists claim includes 95 million people – have been willing and able to snap up the output of this major textile and clothing industry. But the recession has put paid to this rosy situation, with 98,000 job losses among the yarn, fabric, textile finishing and clothing sectors and their suppliers within the past year. Clothing imports collapsed between April 2015 and 2016 by 60%, according to ABIT statistics, with China supplying half of the sales. It was the largest fall in imports since the year 2000.

ABIT president Rafael Cervone, however, sought to reassure the industry when speaking at the event. “No crisis comes for ever,” he said. “Someone now is by your side thinking of how to innovate and prepare for the new Brazil.” He argued there were signs that exports are starting to pick up, at least in volume terms, revealing the rate of clothing exports have risen by 11% this year compared to 2015. Fibre exports are up 13%, fabrics up a significant 29%, bed and bath textile products up 43%, and yarn exports up a major 137%. Meanwhile, job losses in the fabric and clothing sectors are falling – with just 600 in April (2016), compared to 5,000 in April 2015. Cervone explained most Brazilian textile and clothing companies were plan to maintain their employee level within next few months, and 7% intend to hire more staff in June.

Top WTiN Stories

1 Lubrizol acquires Diamond Dispersions
2 New dry textile treatment method removes use of chemicals
3 Textile firms rethink business in Bangladesh after terror attack
4 Kiian Digital ink series certified by Nike
5 LG Innotek unveils flexible textile pressure sensors

Looking ahead, speakers stressed that innovation is critical for Brazil’s textile sector to thrive. “In a permanently changing world, eight ongoing trends will deeply impact the global supply chain,” said Giuseppe Gherzi, a textile sector consultant based in Switzerland.

He claimed cotton markets will stagnate; sales of [alternative] fibres will increase; sales of mixed yarns will grow; nonwoven fabrics should win market shares; functionalisation of textile products will expand; consumer habits will change; and distribution become more complex as free-trade agreements (FTA) multiply.

Giuseppe Gherzi

Gherzi noted that in 1982, when Italy beat Brazil 3-2 in the football World Cup final, all players were dressed in cotton. At that time, the world was producing 14 million tonnes of cotton and 4.5 million tonnes of polyester. Nowadays, annual production of artificial fibre amounts to 50 million tonnes, and cotton is stagnating at 25 million tonnes.

The need for some market segments is more pronounced than others, notably viscose and functional fibres, according to Gherzi. “In the future, we’ll need them,” he said. “And nonwovens as well, because they are light and cheap.” He also stressed shifting consumer motivation, with textile producers needing to take their desire for sustainability into account: “In 1980, people wanted the Product,” he said, “In 2012 they asked for the People. In 2020 they will need the Planet”.

Vicunha Têxtil, a Brazil company making 15 million metres of denim and other indigo fabrics each month, with 9,000 employees, is one such company that has had to reinvent itself due to a growing demand for sustainable manufacturing. In 2007, Ricardo Streinbuch, CEO and owner, explained the company had to refocus its core business, automating plants and translating consumer requirements into action – less water consumption, less environmental impact, more recycled materials, renewable energy sources, and better social and economic sustainability through sourcing cotton from producers involved in the Better Cotton Initiative (BCI).

And other companies are following, according to Brazilian Market Intelligence Institute (IEMI), data cited at the conference. These statistics suggest investment in new technologies, production expansion and training within the Brazilian textile chain amounted to USD1.9bn in 2012, 40% up on 2008 investment.

Gherzi explained the industry needs to maintain this performance, despite the recession, notably because there are now so many strong new technologies on the market. These include 3D printing patterns, digital printing, RFID and more. If the textile business does not integrate these technologies, the producers of the technologies could themselves move into the textile market. “Let’s imagine Apple selling a T-shirt on a cell phone…The Brazilian retailer would get into trouble,” said Gherzi. Instead, smart textiles and wearable technologies could help the Brazilian textile industry bounce back.

Fernando Cunha

One example of an initiative in this area highlighted at the conference was Fibernamics, an international initiative run by Portugal’s University of Minho researching new fibres and uses of such fibres. Researcher Fernando Cunha explained at the conference how smart fibres can be effective in humidity absorption, electrical conduction, shape memory, electrospinning, body heating, cut and laceration prevention, or even integration in architecture.

Also, the Rio de Janeiro technology and innovation centre, Senai Cetiqt, launched a book at the event, exploring how Brazil’s garment manufacturing sector can make the most of potentially disruptive new technologies. The idea of The Fourth Industrial Revolution – Textile and Clothing, organised and co-written by Flavio da Silveiro Bruno, is to help companies make the most of new opportunities such as fast-fashion, the end of low-cost clothing and convergence between consumption and production.

One example of progress within the book is an automated and integrated production machine prototype, named Minifabric. It enables manufacturers to integrate order processing, design, modelling, double-face dying, labelling, laser cutting, robotic handling, automatic sewing, finishing and packaging. The customised production that it enables can boost profits two or even three fold compared to mass production, according to the publication.

The system can lower risk if manufacturing excess stock, and limits environmental costs. Da Silveiro Bruno said the Minifabric’s use of “purchase-activated manufacturing” (PAM) systems “brings the industry to the internet time”. He said this is a strength that Brazil’s textile and clothing sector needs to develop given Brazil is a highly web-connected country, the second global market for Facebook, first for Twitter and the fifth for online business after China, the US, Japan and India.

Flavio da Silveiro Bruno

Speakers at the conference stressed that Brazilian companies need to consider new business models such as "machinery sharing" to make the most of these new technologies, and stressed that international tie-ups would be more available as Brazil becomes part of more free-trade agreements – such as the deal currently negotiated between the European Union and the Mercosur trade bloc, of which Brazil is a key member. That said, Nicole Bivens Collinson, who leads the international trade and government relations practice of trade advisors Sandler, Travis & Rosenberg, explained textile companies needed to tread warily with some older agreements signed by Brazil, which were poorly worded and unreliable.

She also stressed that Brazilian companies need to carefully monitor their labour policies to make sure they are not accused of conducting forced labour, which would severely limit the international co-operation they can conduct. Officials at the Brazilian Trade and Investment Promotion Agency (Apex-Brasil), however, stressed it had worked hard to persuade foreign monitors that Brazil's textile sector avoids forced labour, and has worked closely with the country's ministry of labour and social welfare to ensure higher employment standards pertain across the industry.

Nicole Bivens Collinson

The conference also highlighted some success stories within the industry, as good practice examples. Coteminas, in Minas Gerais, Brazil, is one company that has been pushing into export markets. With 11 Brazilian manufacturing plants, it produces yarns, fabrics and clothing as well as its specialist output, bedroom and bathroom fabric products. Delegates were told how, 10 years ago, Coteminas bought Springs Inc, a US company that was a global leader in the bath and bed segment. The combined company has pushed ahead in Argentina (brands including Arco-Íris, Fantasia, Palette), as well as Canada and the US (brands such as Springmaid, TexMade, Wabaso). Its market share in Brazil for bedroom, table and bathroom textile products grew from 25% to 50 % within the last seven years.

Maybe a better Brazilian foreign entrepreneurship story told at the conference was about Adriana Degreas, a Brazil luxury beachwear brand. Its strategy involved first targeting New York and Miami, followed by Paris, a symbol of fashion and luxury. Degreas is now also making sales in Germany and Africa.