

High flying cotton prices hinders apparel

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BCA urges RMG manufacturers to negotiate additional prices on products

As the cotton prices in the global market is flying high – Bangladesh Cotton Association (BCA) urges readymade garment (RMG) manufacturers to negotiate additional prices on their products.

BCA leaders said that at a press conference in Dhaka. Leaders opined the cotton prices are unlikely to fall anytime soon as the market overheated during the harvesting time.

Reading out a written statement, BCA president Muhammad Ayub claimed that cotton is agricultural produce but it is massively used as an industrial raw material while its pricing is done based on New York Futures.



“The price of cotton started showing an uptrend on September 28, and it is still showing the same trend,” Ayub added.

The cotton price index hit an all-time high in a decade as it is selling at \$126-127 cents or \$1.26 to \$1.27 per pound after an on-call fixation system.

The per-pound cotton price was below one US dollar on September 1, 2021, which is now selling at \$1.20 per pound in the global market, the BCA president said.

Though the harvesting is on in almost all cotton-producing countries, the price of cotton is increasing and the market analysts cannot assume when it will come down, the BCA president said.

Considering the situation, he urged the Bangladesh Garments and Textile Manufacturers to negotiate additional prices in line with the cotton rate as the global buyers are also concerned over the price hike of cotton.

Earlier, the spinners asked the RMG exporters to negotiate the prices of apparel items with buyers keeping the price in mind as it was showing an uptrend in the global market.

BCA leaders also said cotton import cost has also risen by \$2 to \$3 cents in Bangladesh due to the delay in unloading the cotton from ships at Chittagong port. C&F charges at the Chittagong port are also high, making cotton import costlier from Bangladesh.

They also urged the government to take steps to ensure early unloading of imported cotton at the Chittagong port and reduce C&F charges.

At the press conference, a delicate relation among the textile mill owners, RNG manufacturers and terry towel exporters came to the limelight.

Shahadat Hossain Sohel, Chairman of Bangladesh Terry Towel Manufacturers and Exporters Association, urges the lifting of the current 37% import duty on yarn to put a break in the prices.

Differing this, Monsoor Ahmed, a representative of the Bangladesh Textile Mills Association (BTMA), said if the duty is lifted, local industries will face difficulties.

Fazlul Hoque, Vice-President of BTMA, said to media after the press briefing that if the apparel exporters are unsuccessful to negotiate with the buyers to increase the prices, they will be in trouble as cotton prices are rising in the international market.

Among others, Md Shahidullah Azim, vice president of Bangladesh Garment Manufacturer and Exporters Association (BGMEA) and Mohammad Hatem, executive president of Bangladesh Knitwear Manufacturer and Exporters Association (BKMEA) were also present at the press briefing.