# Briefing on Taiwan Textile Industry & Impacts of Covid-19 Pandemic

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# Contents

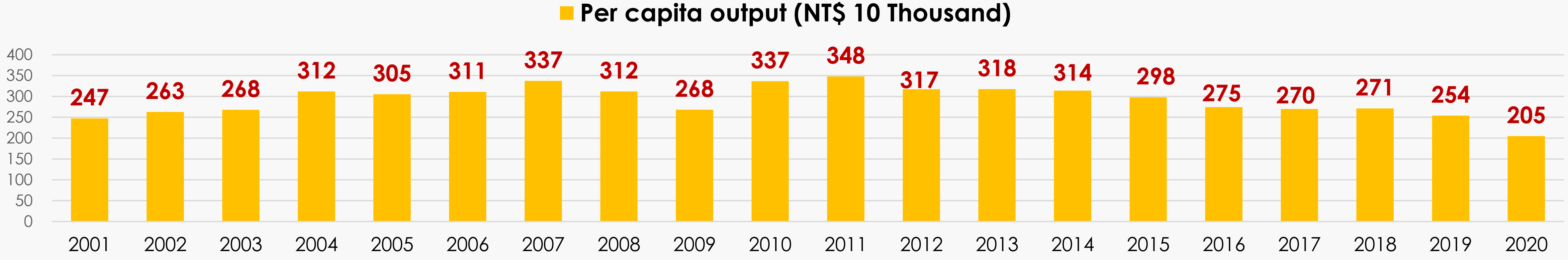
# 1. Introduction on Taiwan Textile Industry

(1) Taiwan's textile industry mainly focuses on upper and mid-stream sectors. Vendors in the lower-stream sector are mostly located overseas as support to other sectors.

(2) As of 2020, there are more than 4,500 factories in textile and garment manufacturing, employing over 141,000 employees. Total production value is approximately 289.3 billion NT dollars (9.78 billion USD). Value of upper and mid-stream sectors takes up 95% of total value.

(3) Due to COVID-19 pandemic, Taiwan’s textile industry is highly affected, the production of textile has down by 20%.

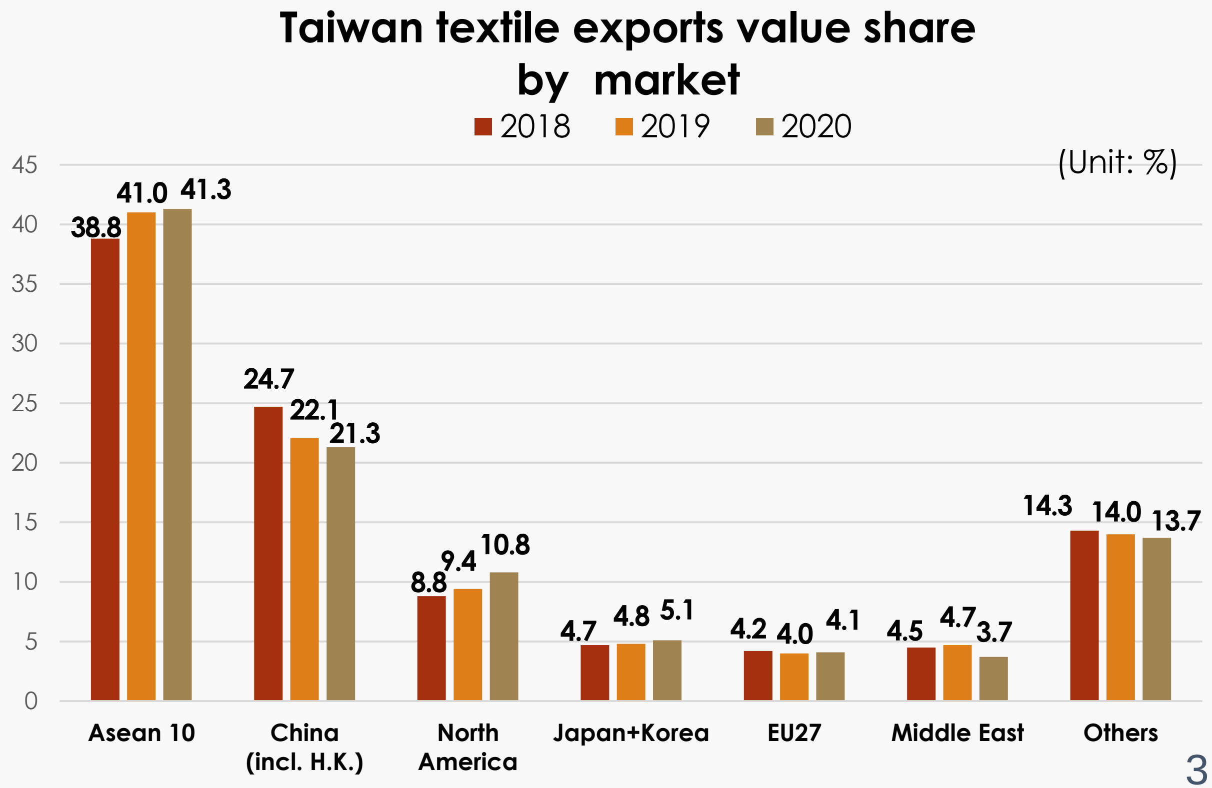
| Year | 2001 | 2010 | 2018 | 2019 | 2020 | 2001 | 2010 | 2018 | 2019 | 2020 | 2001 | 2010 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | No. of Manufacturers | | | | | Employees | | | | | Production Value (NT$ billion) | | | | |
| Textile | 3,949 | 3,181 | 3,159 | 3,115 | 3,414 | 154,666 | 109,890 | 110,566 | 110,124 | 109,584 | 451.9 | 447.1 | 371.2 | 342.9 | 273.6 |
| Apparel | 1,477 | 1,119 | 1,158 | 1,140 | 1,165 | 54,330 | 31,271 | 31,978 | 31,894 | 31,658 | 68.5 | 28.2 | 18.3 | 17.8 | 15.7 |
| TOTAL | 5,426 | 4,300 | 4,317 | 4,255 | 4,579 | 208,996 | 141,161 | 142,544 | 142,018 | 141,242 | 520.4 | 475.3 | 389.5 | 360.7 | 289.3 |



# 1. Introduction on Taiwan Textile Industry

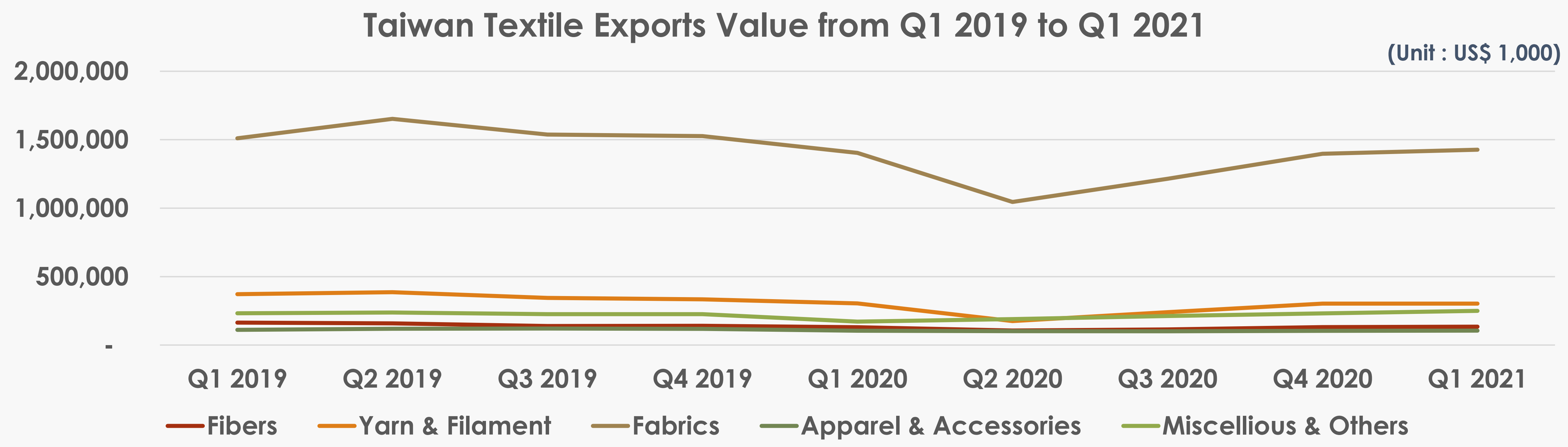
(1) Taiwan's textile exports has dropped to a record low of US$7.5 billion in 2020 impacted by the COVID-19 pandemic. The largest category was fabrics with an export value of US$5.1 billion, occupying 68% of all textile exports.

(2) In 2020, Taiwan's largest export market for textiles were Vietnam and China, covering 25% and 17% respectively of Taiwan's textile exportation.

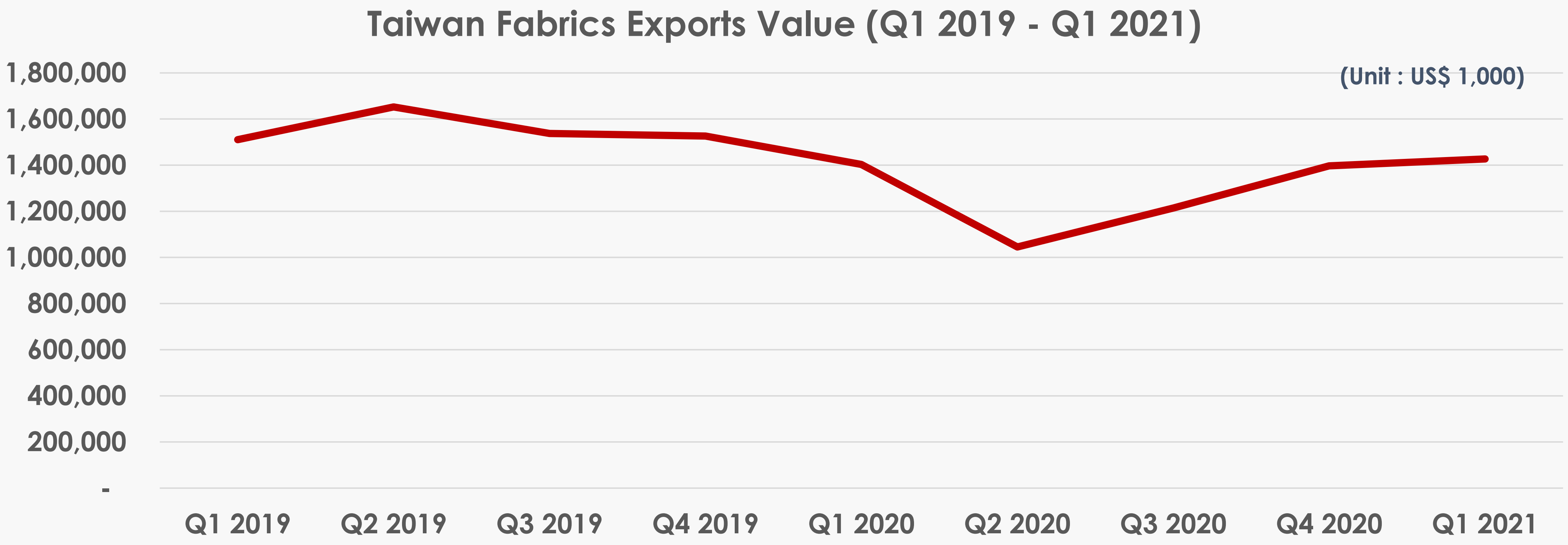
# 2.Impacts of COVID-19 Pandemic

| Exports Value | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Fibers | 164,185 | 158,751 | 139,808 | 140,885 | 130,408 | 106,324 | 114,320 | 131,138 | 143,748 |
| Yarn & Filament | 372,347 | 386,664 | 344,928 | 334,334 | 304,379 | 175,862 | 240,640 | 303,178 | 310,539 |
| Fabrics | 1,510,687 | 1,652,291 | 1,537,451 | 1,526,156 | 1,403,297 | 1,045,319 | 1,214,171 | 1,397,201 | 1,405,137 |
| Apparel & Accessories | 111,821 | 119,681 | 121,115 | 118,337 | 104,826 | 101,708 | 100,884 | 104,233 | 103,725 |
| Miscellious & Others | 232,209 | 238,026 | 226,291 | 226,374 | 171,418 | 190,030 | 212,684 | 231,395 | 142,516 |
| Total | 2,391,249 | 2,555,413 | 2,369,593 | 2,346,086 | 2,114,328 | 1,619,243 | 1,882,699 | 2,167,145 | 2,105,665 |



# 2. Impacts of COVID-19 Pandemic

Fabrics stand for Taiwan's major export strength, occupying 68% of all textile sectors.
During Q2 2020, it dropped 36.73% than the same period of 2019.
In Q4 2020, fabrics exports gradually grew up, only 8.45% less than Q4 2019.
It was resulted by retailers and brands increasing their orders to balance their inventory.



# 2. Impacts of COVID-19 Pandemic

Owing to the outbreak of the pandemic in Europe and the US from March 2020, retailers and brands therefore cancelled or postponed their orders, textile as well as garment suppliers fell into difficulties. Moreover, the oil price was dramatically dropped during the first half of 2020. Chemical fiber companies had no choice but decreased their production volume and selling price.

(1) Many textile mills and garment manufacturers applied for financial reliefs, according to government relief measures.

(2) Some closed their staple yarn spinning facility in Taiwan, such as Tainan Spinning, Tah Tong, Tai Yuan, Tri-Ocean, etc.

(3) Many dyeing companies decreased their weekly working days during Q2 2020.

(4) Many fabric mills even decreased expenses of workers, including managerial staffs.

(5) A number of garment manufacturers shifted their production lines to produce cloth masks and protection gowns.

(6) Textile mills thus developed and supplied anti-bacteria fabrics to cloth mask manufacturers.

(7) Only nonwoven fabric mills worked over time to supply to medical masks manufacturers.

# 3. Impacts of Xinjiang Cotton Issue

## Background Note

1) Xinjiang produces approximately 90% of the country's cotton lint and China is expected to import 2.4 million tonnes to meet their mill-use needs this year.
2) Global apparel and textile exports are dominated by China with China exporting 15% of the world's cotton yarn and 50% of the world's cotton fabric to other countries in the value chain.
3) Chinese cotton products have a broad reach into the global market. If fully enforced, the restriction would be a very difficult burden of proof placed on companies throughout the supply chain if taken to the full scope of the statute.
4) Although short-term impacts on the market for this issue have not yet appeared, a more long-term concern is that cotton apparel and textiles are increasing being placed under greater pressure to demonstrate identity, production practices and chain of custody, while competing textiles including those made with synthetic fibres do not face the similar standards.

Resource：Cotton this month, ICAC, May 2021

# 3. Impacts of Xinjiang Cotton Issue

**(1) There is hardly cotton or cotton yarn imported from China to Taiwan**

**(2) Not many overseas Taiwan Companies using Xinjiang cotton**

After consulting with Taiwan manufacturers in Vietnam & mainland China, they stated that there is no Xinjiang cotton being used in their mill (most of cotton was imported from US, Brazil and India ); and few players informed that some of Xinjiang cotton was used to supply the domestic market in China.

**(3) Taiwan cotton mills should benefit from this issue**

The buyers of US brands may relocate their production and supply chains to avoid the risk of the Xinjiang cotton ban. According to reports in China, although Chinese companies would like to obtain American or Indian cotton, they may face difficulties because of political tensions and conflicts.

# 4. Challenges of Taiwan Textile Industry

## In short term:

(1) Intercontinental shipping space is highly in shortage. In particular, Asia Pacific Region is **lacking of containers**.  Shipping expenditure has been growing a lot since last October.

(2) Oil price has been rising unexpectedly in the last months.  Sever climate in China and the US, caused the petrochemical industry decreased or stopped their operation process.  **EG, PTA, CPL, PTMG, MDI,** etc. have been produced **insufficiently**.  Polyester, Nylon, and spandex therefore cannot supply enough to meet demands.  Price uprises dramatically.

(3) **CPDI**, the only CPL supplier in Taiwan, will initiate their **yearly equipment maintenance** in this **April and May**.

(4) **Immigrant labors** from Vietnam, Indonesia, and the Philippines **cannot supply sufficiently** in time owing to the restriction of COVID-19 quarantine.

(5) **Water resource shortage** in middle and southern Taiwan.

# 4. Challenges of Taiwan Textile Industry

**In long term:**

Competition with other industries for recruiting IT and cross-domain talents

Shortage of electricity owing to expansion of Semiconductor industry

Shortage of immigrant labors and basic technicians

Risk of sources of imported used PET bottles and its chips

Lacking of FTAs with major Nations & Regions

Difficulty in recruiting skillful labors and expansion MFG land in Vietnam

# 5. Summary

## The pandemic is a crisis, but it’s also a turning point.

As affected by the pandemic, using this **opportunity to strengthen product research and development** to meet buyer’s demand for more sustainable and functional products.

The pandemic has deepened consumer demand for personal protection, home sports, and leisure textile, and industry can **develop antibacterial, elastic and comfortable textiles.**

Major players have the advantages of orders and obtaining raw materials, driving the SME enterprises as cooperating factories. **The textile supply chain as a whole will benefit from the cooperation.**

***Thanks for listening!***