Overview of Taiwan Textile Industry-2019

Taiwan Textile Federation

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Contents

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A. Status of Taiwan Textile Industry

At the beginning stage, Taiwan textile industry imported raw materials for processing and exported most of the finished goods to overseas markets. Later, the sector turned to using materials derived from petrochemicals, and concurrently also imported raw cotton yarn and man-made staple yarn. Gradually, the industry became vertically integrated, eventually joining all the links in the supply chain, including the manufacture of man-made fibers, yarn spinning, weaving and knitting, dyeing and finishing, and apparel and accessories industries.

From its origin, the Taiwan textile industry has steadily invested in new machinery and developed novel products to meet the global market demand. As a result of these efforts, the textile industry has built a comprehensive production system, making Taiwan a major supplier of textile products to the world.

(A) Overview of Taiwan Textile and Apparel Industry

a. Scale of production, manufacturing and employment

The cloth and apparel industry of Taiwan is highly export-oriented. The export value accounts for more than 75% of total textile and apparel production in the recent 10 years. Textile and apparel industry's production value, manufacturers and the employees all declined in the past 10 years. The production value of textile and apparel in Taiwan was NT$360.7 billion in 2019, went down 28% from NT$498.9 billion in 2005, there were 4,255 manufacturers in 2019, and employment declined from 164,606 in 2005 to 142,018 in 2019, shrank 13.7% (please refer to Table 1).

Table 1 Production Value, Manufacturers and Employees of Taiwan's Textile and Apparel Industry

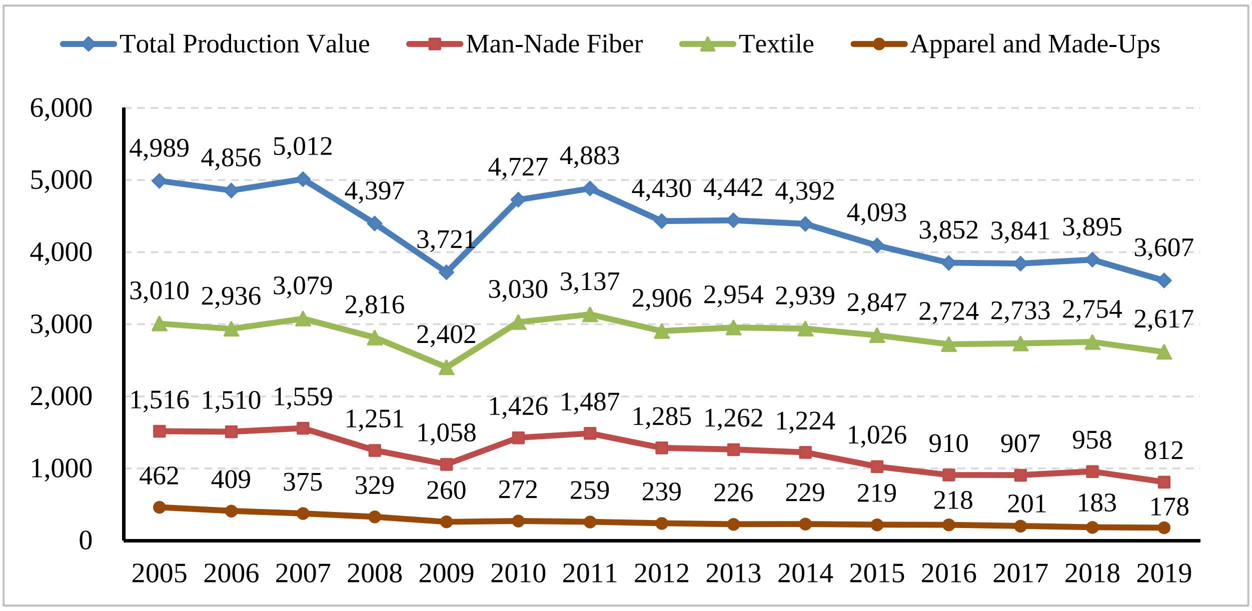
Item		Year			
		2005	2010	2015	2019
Production Value (NT$ 100 million)	Textile	4,526	4,455	3,874	3,429
	Apparel	462	272	219	178
	Total	**4,989**	**4,727**	**4,093**	**3,607**
Manufacturers	Textile	3,614	3,134	3,163	3,115
	Apparel	1,244	1,119	1,144	1,140
	Total	**4,858**	**4,253**	**4,307**	**4,255**
Employees	Textile	125,378	95,736	110,943	110,124
	Apparel	39,228	31,271	32,071	31,894
	Total	**164,606**	**127,007**	**143,014**	**142,018**

Sources: Directorate General of Budget, Accounting and Statistics, Executive Yuan (employees), Dept. of Statistics, MOEA (production value). (Central Bank of Taiwan: for year 2018, US$1= NT$30.9250).

The textile and apparel industry's production value includes three sub-segments, i.e. man-made fiber, apparel and made-ups, and textile. During the past 15 years (2005~2019), the production value of textile declined 13% and apparel and made-ups decreased 61%, while the man-made fiber dropped 46% (please refer to Fig. 1).

Fig. 1 Production Value of Taiwan's Textile and Apparel Industry in 2005~2019

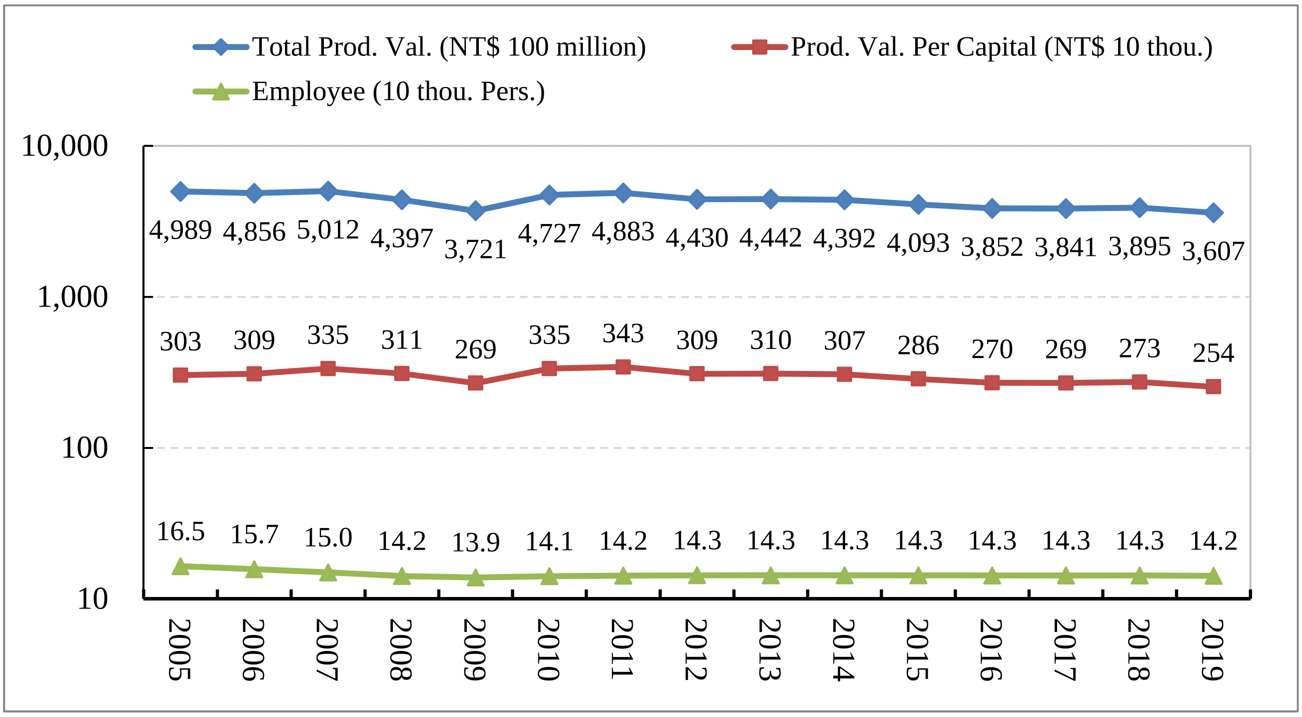
(Unit: NT$ 100 Million)



Sources: Dept. of Statistics, MOEA.

Considering the production value per capita, the average value dropped from NT$3.03 million in 2005 to NT$2.54 million in 2019, with a growth rate of -16%. However, the production value per capita in 2019 is less than that in 2017 and 2018. It revealed that the impact of the US-China trade war and the outbreak of "Coronavirus disease 2019 (COVID-19)", happened in mainland China at the end of 2019, hit the global supply chain. Moreover, since the epidemic has spread rapidly across the world and caused disruption of the global supply as well as a shrinking consumer market, it is expected that the global economy will be facing severe challenges in this year. (Fig. 2).

Fig. 2 Production Value Per Capita of Taiwan's Textile and Apparel Industry in 2005~2019



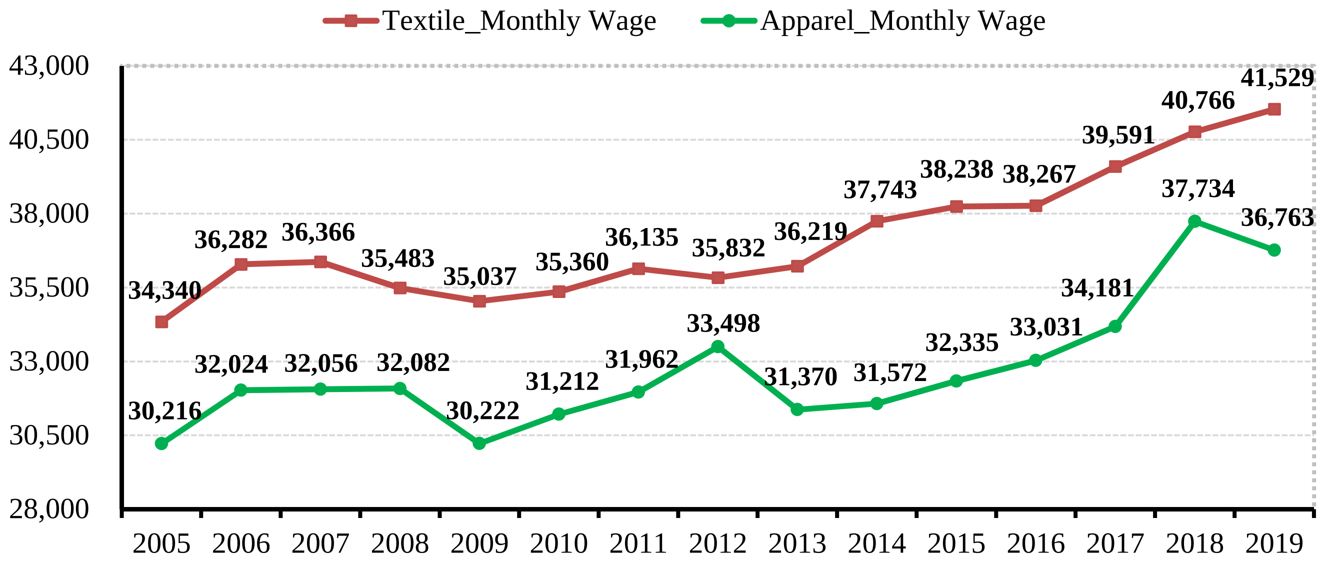
Sources: Dept. of Statistics, MOEA.

b. Taiwan's labor cost of manufacture industry

According to labor statistics from the Directorate-General of Budget, Accounting & Statistics, Executive Yuan, from 2005 to 2019, the monthly wages of textile industry and apparel industry grew from NT$34,340 and NT$30,216 to NT$41,529 and NT$36,763 respectively, the average growth rate of 1.40% and 1.44%. (Fig. 3).

Fig. 3 The Average Monthly Wage of Textile and Apparel Industry

(Unit: NT$/month)



Sources: Directorate-General of Budget, Accounting & Statistics, Executive Yuan.

c. Textile and apparel industry: The fourth largest foreign exchange earner segment in Taiwan.

In 2019, the gross export and import values of Taiwan textile products were US$9.2 billion and US$3.6 billion respectively. In that same year, the textile and apparel industry recorded a total trade surplus of US$5.6 billion, which marking it Taiwan's fourth largest trade surplus industry. (Table 2).

Table 2 The Export and Import Value/Trade Surplus of Textile & Apparel Industry from 2005 to 2019

(Unit: US$ 100 Million)

Item / Year	Export Values (A)	Import Values (B)	Trade Surplus of Textile & Apparel Industry (C=A-B)	Trade Surplus of Total Trade (D)
2005	118.3	26.4	91.9	158.2
2010	113.1	29.4	83.7	233.7
2011	127.1	36.3	90.8	268.2
2012	118.4	34.4	84.0	307.1
2013	117.3	33.8	83.5	355.4
2014	116.2	35.0	81.2	396.7
2015	108.0	34.6	73.4	515.6
2016	99.3	33.5	65.8	494.6
2017	100.7	33.6	67.1	578.8
2018	100.7	36.8	63.9	494.0
2019	91.8	35.5	56.3	434.8

Source: Compiled by TTF with data from Dept. of Statistics, MOFA.

(B) Taiwan's Textile and Apparel Exports

a. Export proportion

The export value of Taiwan's textile and apparel stood at US$9.18 billion in 2019. Fabric category exports amounted to US$6.23 billion, went down 6.43%; export volume was 784 thousand tons, decreased by 7.91%, comparing with the year 2018. Yarn exports amounted to US$1.44 billion, dropped by 14.15%; export volume was 528 thousand tons, went down by 10.1%. The fabric was the main export item, took up 67.86% of total textile exports, indicating that fabric not only play an important role in the full stream of textile production, but also a major export item. Yarn with the share of 15.68% took up the second place. (Table 3).

Table 3 2019 Taiwan's Textile and Apparel Exports

Items	Export Volume (10,000 Tons)			Export Value (US$ 100 million)				Unit Price (US$/Kg)		
	2018	2019	18/19 (%)	2018	2019	18/19 (%)	Share (%)	2018	2019	18/19 (%)
1. Fiber	50.27	43.54	-13.39	8.06	6.04	-25.06	6.58	1.60	1.39	-13.50
2. Yarn	58.72	52.79	-10.10	16.75	14.38	-14.15	15.68	2.85	2.72	-4.50
3. Fabric	85.18	78.44	-7.91	66.55	62.27	-6.43	67.86	7.81	7.94	1.60
4. Apparel	2.65	2.45	-7.55	5.10	4.71	-7.65	5.13	19.24	19.19	-0.25
5. Miscellaneous	8.66	8.34	-3.70	4.28	4.36	1.87	4.75	4.93	5.23	5.93
Total	205.48	185.56	-9.69	100.74	91.76	-8.91	100	4.90	4.94	0.86

Source: Compiled by TTF with data from Taiwan Customs Statistics.

b. Major export markets

Taiwan's major export market is Vietnam, which represented 24.25% of the total export value, amounting to US$ 2.23 billion in 2019, went down by 1.94%; followed by China at 17.26% (US$1.58 billion), decreased by 18.14%; followed by the United States at 7.62% (US$0.7 billion), decreased by 2.65%; followed by Indonesia at 5.24% (US$0.48 billion), declined by 12.7%, and Hong Kong at 4.87% (US$0.45 billion), went down by 13.37%. The five major export markets accounted for 59.24% of total textile exports. (Table 4).

Table 4　2019 Taiwan's Main Markets of Exported Textile Products – by Country

Country	Export Volume(10,000 Tons)			Export Value (US$ 100 million)				Unit Price (US$/Kg)		
	2018	2019	18/19 (%)	2018	2019	18/19 (%)	Share (%)	2018	2019	18/19 (%)
Global	205.49	185.56	-9.70	100.74	91.75	-8.92	100	4.90	4.94	0.86
1. Vietnam	38.24	37.03	-3.16	22.69	22.25	-1.94	24.25	5.93	6.01	1.25
2. China	44.68	37.19	-16.76	19.35	15.84	-18.14	17.26	4.33	4.26	-1.67
3. USA	10.27	10.25	-0.19	7.18	6.99	-2.65	7.62	6.99	6.82	-2.50
4. Hong Kong	6.81	6.47	-4.99	5.51	4.81	-12.70	5.24	8.08	7.43	6.16
5. Indonesia	7.36	5.51	-25.14	5.16	4.47	-13.37	4.87	7.00	8.11	0.24

Source: Compiled by TTF with data from Taiwan Customs Statistics.

The ASEAN 10 countries were the biggest area with the export amount of US$3.77 billion, taking the share of 41.0%. Of all export markets, China and Hong Kong, accounted for 22.14% of total exports, amounting to US$2.03 billion. In the past years, the main markets such as North America Free Trade Area (America, Canada and Mexico) and the EU has lost their shares in the export markets year by year, with the share of 9.36% and 4.75% respectively in 2019. (Table 5)

Table 5　2019 Taiwan's Main Markets of Exported Textile Products – by Area

Area	Export Volume(10,000 Tons)			Export Value (US$ 100 million)				Unit Price (US$/Kg)		
	2018	2019	18/19 (%)	2018	2019	18/19 (%)	Share (%)	2018	2019	18/19 (%)
Global	205.49	185.56	-9.70	100.74	91.75	-8.92	100	4.9	4.94	0.86
1. ASEAN 10	68.06	63.57	-6.60	39.11	37.65	-3.73	41.03	5.75	5.92	3.08
2. China+H.K	51.49	42.71	-17.05	24.86	20.31	-18.30	22.14	4.83	4.75	-1.5
3. NAFTA	14.60	14.49	-0.75	8.88	8.59	-3.27	9.36	6.08	5.93	-2.59
4. Japan+Koren	12.28	11.68	-4.89	4.73	4.41	-6.77	4.81	3.85	3.77	-1.94
5. EU 28	14.69	13.14	-10.55	4.96	4.36	-12.10	4.75	3.38	3.32	-1.78
6. Middle East	10.85	9.81	-9.59	4.52	4.28	-5.31	4.66	4.17	4.36	4.65
5. Others	33.52	30.17	-9.99	13.69	12.17	-11.10	13.26	4.08	4.03	-1.25

Source: Compiled by TTF with data from Taiwan Customs Statistics.

(C) Taiwan's Textile and Apparel Imports

a. Import proportion

The import value of Taiwan's textile and apparel was US$3.56 billion in 2019, decreased by 3.42% over 2018. Apparel & accessories, imports amounted to US$1.95 billion (54.73% of the total, went up by 0.78%), fabric amounted to US$495 million (share of 13.94%, decreased by 1.39%), fiber was US$413 million (share of 11.63%, went down by 19.18%), miscellaneous textile was US$367 million (share of 10.32%, went up by 7%), and yarn was US$334 million (share of 9.39%, decreased by 15.23 %) (Table 6).

Table 6 2019 Taiwan's Textile and Apparel Imports

Items	Import Volume (10,000 Tons)			Import Value (US$ 100 million)				Unit Price (US$/Kg)		
	2018	2019	18/19 (%)	2018	2019	18/19 (%)	Share (%)	2018	2019	18/19 (%)
1. Fiber	26.35	22.71	-13.81	5.11	4.13	-19.18	11.63	1.94	1.82	-6.05
2. Yarn	10.21	8.67	-15.08	3.94	3.34	-15.23	9.39	3.86	3.85	-0.2
3. Fabric	8.49	8.24	-2.94	5.02	4.95	-1.39	13.94	5.91	6.02	1.71
4. Apparel	12.60	11.96	-5.08	19.31	19.46	0.78	54.73	15.33	16.27	6.18
5. Miscellaneous	7.77	8.15	4.89	3.43	3.67	7.00	10.32	4.42	4.5	1.81
Total	65.42	59.73	-8.70	36.81	35.55	-3.42	100.00	5.63	5.95	5.8

Source: Compiled by TTF with data from Taiwan Customs Statistics.

b. Major import market

Taiwan's biggest import market was China (41.83% of the total import, amounting to US$1.49 billion), decreased by 4.98% over 2018, with major import items of apparel and made-ups. Other major import sources are Vietnam (with major import item of apparel and made-ups), USA (cotton), Japan (fabric), and Italy (apparel). (Table 7)

Table 7 2019 Taiwan's Main Market of Imported Textile Products—by Country

Country	Import Volume(10,000 Tons)			Import Value (US$ 100 million)				Unit Price (US$/Kg)		
	2018	2019	18/19 (%)	2018	2019	18/19 (%)	Share (%)	2018	2019	18/19 (%)
1. Global	65.42	59.73	-8.70	36.81	35.55	-3.42	100	5.63	5.95	5.80
2. China	24.66	23.30	-5.52	15.65	14.87	-4.98	41.83	6.34	6.38	0.60
3. Vietnam	7.66	7.17	-6.40	4.51	4.77	5.76	13.42	5.89	6.65	13.01
4. USA	11.84	9.86	-16.72	2.93	2.47	-15.70	6.95	2.48	2.5	0.99
5. Japan	1.67	1.84	10.18	1.84	1.97	7.07	5.54	11.03	10.71	-2.89
6. Italy	0.122	0.118	-3.28	1.30	1.50	15.38	4.22	106.57	127.43	19.58

Source: Compiled by TTF with data from Taiwan Customs Statistics.

B. Overview of Global Textile and Apparel Industry

After the textile trade was liberalized in 2005, the production was shifted to emerging economies such as China, India, Pakistan, Bangladesh and Vietnam. Meanwhile, the trade of textile and apparel flourished more than in the era of quota restraint. The WTO data reveal that the trade of textile and apparel kept on growing during the past 10 year. The average growth rate for textile and apparel between 2005 and 2018 was 3.9% and 5.0% respectively. (Table 8)

Table 8 Growth of Global Textile and Apparel Export

(Unit: US$ Billion)

Product	2005	2010	2015	2018	2005-2018 Growth Value	2005-2018 Growth Rate	Average Growth Rate
Textile	203	252	291	313	-0.6%	110	3.9%
Apparel	279	354	453	494	-0.6%	215	5.0%
Total	482	606	744	807	-0.6%	325	4.5%

Sources: WTO.

(A) The Statistics of Global Textile and Apparel Trade

The global textile trade amounted to US$313 billion and US$494 billion for apparel trade in 2018. (Fig. 4).

Fig. 4 2000~2018 Global Textile and Apparel Exports

(Unit: US$ Billion)

Sources: WTO.

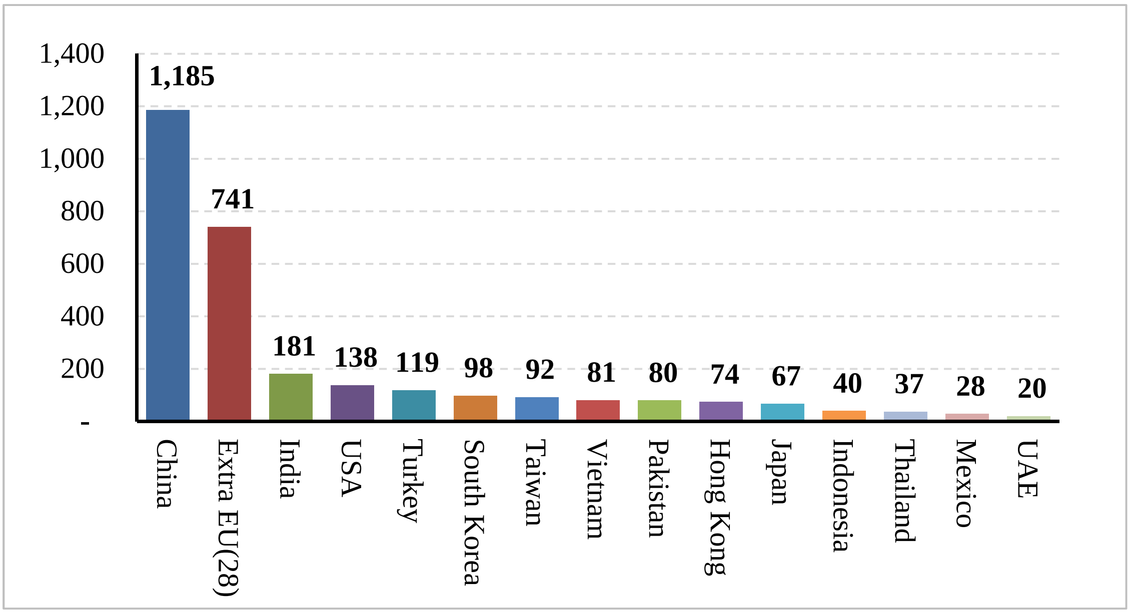
(B) The Leading Textile and Apparel Exporting Countries in 2018

a. The leading textile exporting countries in 2018

In 2018 the global trade of textile industry amounted to US$313 billion. China was the biggest textile exporting country with the export amount of US$118.5 billion, accounting for 37.9% of the global textile trade. Taiwan was the 7th biggest country with the export amount of US$9.2 billion. (Please refer to Fig. 5).

Fig. 5 The Leading Textile Exporting Countries in 2018

(Unit：US$ 100 Million)



Sources: WTO.

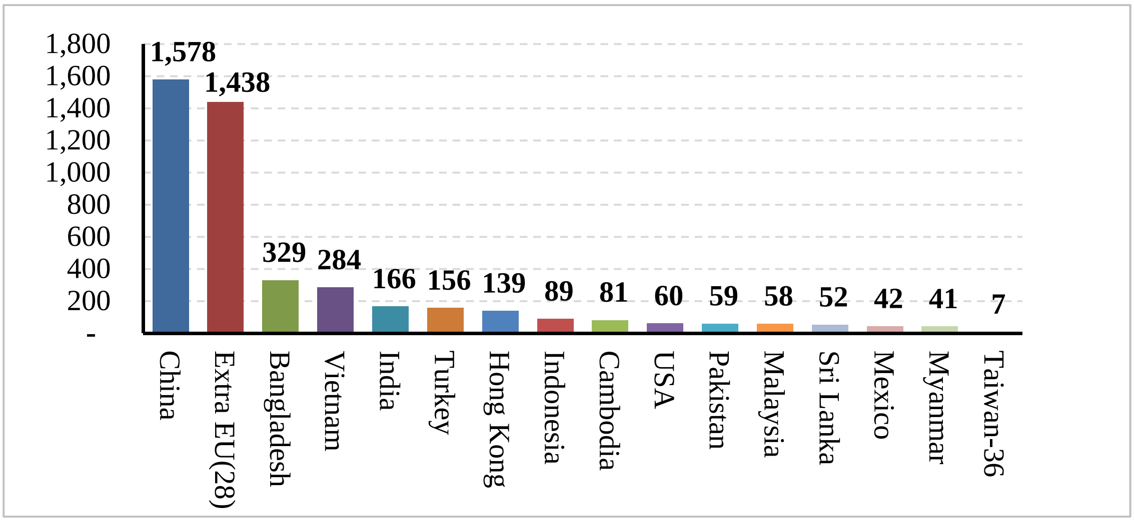
b. The leading apparel exporting countries in 2018

In 2018 the global trade of clothing industry amounted to US$494 billion. China remained the biggest clothing exporting country with the export amount of US$157.8 billion, accounting for 31.9% of the global clothing trade.

Because of the labor intensive characteristics and labor cost issues, the Taiwan apparel industry was obliged to move to the low cost countries. The Taiwan apparel industry has relocated production bases to overseas for many years, and manages their headquarters as well as logistics offices in Taiwan. However, apparel producers which stay in Taiwan still utilize domestic good quality, low price yarn and fabrics to produce garments for orders of small quantity and complicated style or orders with short delivery time. In 2018 Taiwan is the 36th leading apparel exporting countries (please refer to Fig. 6).

Fig. 6　The Leading Apparel Exporting Countries in 2018

(Unit：US$ 100 Million)



Sources: WTO.

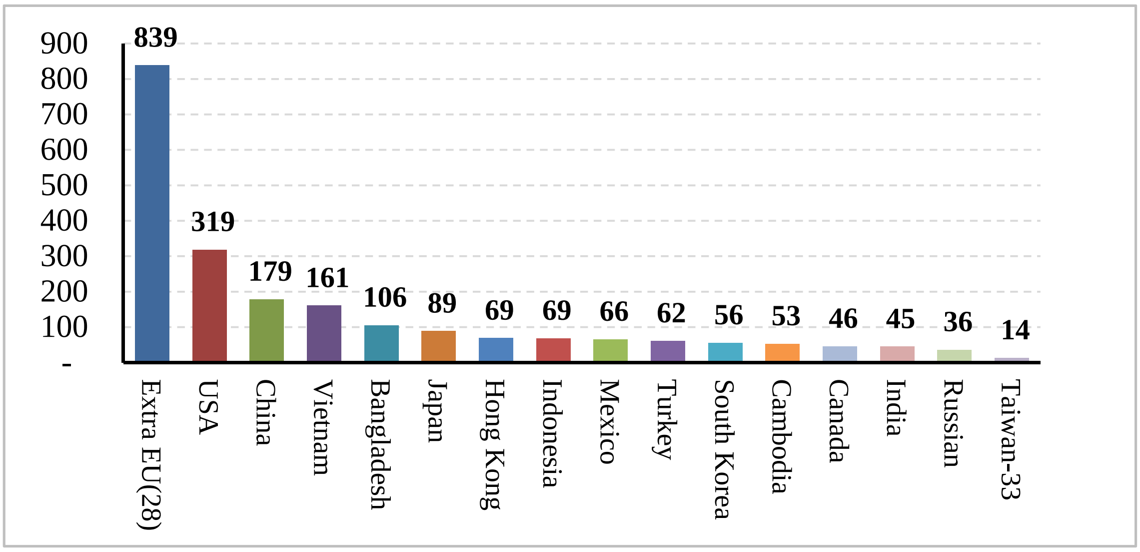
(C) The Major Textile and Apparel Importing Countries in 2018

a. The leading textile importing countries in 2018

Instead of US, the EU became the biggest textile importing country with amount of US$83.9 billion in 2018. US placed the 2rd leading textile importing country with the importing amount of US$31.9 billion in 2018 followed by China, with the importing value of US$17.9 billion. In the same year, Taiwan was the 33th leading textile importing country with the importing amount of US$1.4 billion. (Please refer to Fig. 7).

Fig. 7　The Leading Textile Importing Countries in 2018

(Unit：US$ 100 Million)



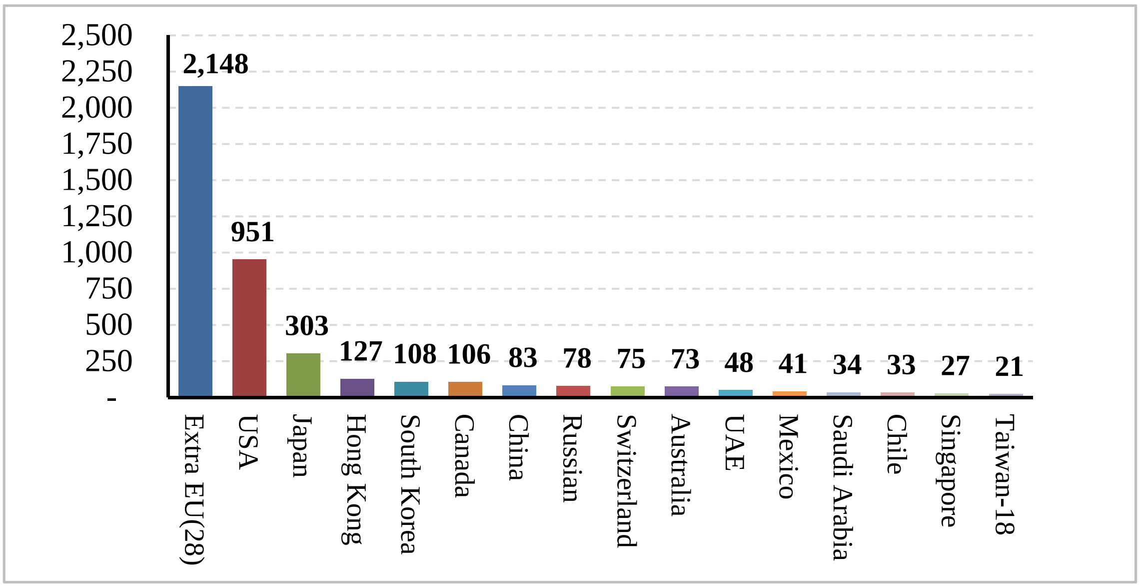
Sources: WTO.

b. The leading apparel importing countries in 2018

The EU, the U.S. and Japan were the three major leading apparel importing countries with the aggregated import amount of US$340.2 billion in 2018. Taiwan imported apparel worth of US$2.1 billion and is the 18th leading apparel importing country in 2018. (Please refer to Fig. 8).

Fig. 8 The Leading Apparel Importing Countries in 2018

(Unit：US$ 100 Million)



Sources: WTO.

C. The Vision of Taiwan Textile Industry

Since the start of the US-China trade war at the end of 2018, the global supply chain has been changed, including the textile and garment industries, which have been transferred from China to Southeast Asian countries for production or investment. Although the order-transfer effect at the beginning of the US-China trade war increased rush orders to Taiwan's textile manufacturers, they are still under pressure of competition. The main reasons are as below. First, more orders from global brands have been transferred to Southeast Asia. Second, one-stop supply chain service of textile industry in Southeast Asia will have been developed and mature. Third, China's chemical fiber manufactures are expanding their capacity faster.

Until the end of 2019, the United States and China finally reached the first phase of the trade agreement, but they still could not completely eliminate investors' uncertainty about future development. Brands' purchase decision would become conservative, and the order-transfer effect would still exist. At the same time, " Coronavirus disease 2019 (COVID-19)" broke out in mainland China. The epidemic has affected not only the economy of mainland China, but also has caused disruption of the global supply chain. Moreover, the epidemic has spread rapidly across Europe and the United States, and has threatened seriously global economy and consumer market. According to the IMF's forecast, the global economy will contact by 3% in 2020 due to the coronavirus. If the second outbreak hit, the global economy will be worse.

Looking forward to 2020, the COVID-19 has impacted the global economy and retail market, but some countries, including Europe and USA, have gradually started resuming economic activities in May. Will it cause the outbreak again? It reminds to be seen. However, under these impacts, Taiwan's textile industry is not without space for development, and still has its advantages. It is recommended to develop towards the following points:

(A) Creating high-value and differentiated products

In recent years, Taiwan has successfully differentiated its textile products with their outstanding quality and added value which helped to enhance its global image. Taiwan's products have far surpassed the products made in other Asian countries, keeping pace with those of Europe, the United States and Japan, etc. Taiwan's textile manufacturers can further differentiate themselves by creating added value from selection of unique materials through technology and alertness to fashion trends to develop functional materials and garments for more business opportunities.

(B) Developing Supply Chain for Eco-Friendly Materials

Global warming continues to threaten our ecosystem, forcing governments to take measures to address the issues. Eco-friendly textile products are becoming a mainstream in the market. Numerous manufacturers in Taiwan have increasingly invested in the development of such materials, including recycling nylon, dope dyed fiber, bio-based Eco-Textiles, waterless dyeing processes, marine yarns, and more. Among these, renewable PET fabrics made by recycled plastic bottles have become well recognized. As preservation of our earth is a common goal, eco-friendly materials will continue to be a major trend. Taiwan's textile industry should master the trends in global business and environmental regulations to consolidate and strengthen a global production-distribution supply chain.

(C) Developing Textiles for Function plus Fashion

Consumers become more discerning to quality of textiles, the rising trend in sports and growing extreme weather which contribute to open up market potential for functional textiles. At the same time, consumers are also more alert to fashionable taste. The customer preference is inclined to a lifestyle in a combination of sports, work and quality of life. As the result, the demand for the textiles with function and fashion continues to grow. Taiwan has already established itself as the main base for R&D and the production of global functional textile products. In view of the growing number of international major brands introducing sportswear, Taiwan's textile industry should leverage on the opportunity to further expand its market.

(D) Enhancing the capacity for design and branding

Taiwan's yarns and fabrics are highly recognized in the global market. Leading international brands have already placed orders on textile materials from Taiwan, in particular functional products. However, it still requires more work in developing fashion items and branding to get higher profit from the consumer goods. In addition to better monitor fashion trends to further enhance the quality of design, branding is also an important direction to take. Branding not only can create synergy for better business opportunity, but also to enhance the quality and innovation of yarns and fabrics. In order to detonate again its growth potential, the Taiwan textile industry has to consolidate the overall production and supply chain from materials and brands for a long term success.

(E) Developing high-potential smart textiles

Smart textiles and wearable technology have been emerging as one of the development priorities in the textile industry in recent years, and the future of this sector looks highly promising. In addition to the demand from the sports and fitness wear, market potential of smart textiles in the health care field is also set to grow in response to the aging populations around the world. Smart textiles featuring multiple functions such as performance, comfort, sensing and monitoring, and intelligent interpretation will be the key products and technologies. While backed by advanced IT industry and innovative biomedical industry, along with advantages in component manufacturing, Taiwan's future success will depend on the ability to innovate through cross-disciplinary collaboration.

(F) Intellectualizing textile supply chain

Industrial upgrading and transformation, corporate social responsibility and business sustainability are the major concerns today of Taiwan textile industry for further development and higher competitiveness. With the support and assistance from the government, the industry intends to develop lean manufacturing, maximize production efficiency and productivity by bringing in IoT (Internet of Things), Big Data and cloud technologies.