

Taiwan's Textile Industry in 2017

Background

Taiwan textile industry dates back to the 1950s, when raw materials such as cotton were imported for yarn spinning. Later with the development of local petrochemical industry, man-made fiber and finished goods became core products of the industry. And after sixty years of development, the textile sector in Taiwan today enjoys a full and integrated product chain from fiber, yarn, fabrics, dyeing and finishing down to apparel and accessories.

Over the years, the industry has also evolved with the global textile market. Mass production replaced by innovation and low cost by technology, the textile sector now possesses the most complete product and value chain among the island's whole industrial structure. And today Taiwan is one of the leading functional textile suppliers in the world.

Current Status

- Scale of production, manufacturer and employment

According to government statistics, in 2017, Taiwan had more than 4,300 textile manufacturers employing over 140,000 people. Their total production reached NT\$375.1 billion in value, of which the textile and clothing segment accounted for 95% and 5% respectively.

Textile industry's production value, number of manufacturers and employment all declined over the past ten years. However, the average productivity value per employee has grown during the period of 2005~2015, indicating that the nature of the industry has changed from labor intensive to technology and finally capital intensive. The effect of transformation and upgrading has been substantiated.

The per-capita production value of employee has declined in 2016 and 2017 mainly due to the slow growth of the global economy, especially

the weakening demand in China caused by its economic slowdown, as well as the decline of crude oil prices.

- **Trade surplus**

More than 79% of the total textile production in the last ten years went for export. In 2017, Taiwan's textile exports and imports reached US\$10.07 billion and US\$3.36 billion respectively. By generating a trade surplus of US\$6.71 billion, the fourth largest one among all the major industrial sectors, the textile industry proves again its status as one of the most important players and foreign exchange earners in Taiwan's export-led economy.

According to WTO data, in 2016, Taiwan was the 8th textiles exporting country and the 34th clothing exporting country in the world. Taiwan has also become a major global provider for functional and eco textiles in recent years.

- **Major export categories**

Taiwan's textile exports recorded US\$10.07 billion in 2017. The largest category was fabrics with an export value of US\$6.81 billion, making up 68% of all textile exports. Yarn products ranked the second with an export value of US\$1.53 billion and made up 15% of all textile exports.

- **Main export markets**

Textile exports to the ASEAN countries and mainland China (including Hong Kong), the two major foreign markets in 2017, stood at US\$3.83 billion and US\$2.59 billion respectively. Together they accounted for 64% market share of Taiwan's textile exports.

- **Major import categories and sources**

Taiwan's textile imports recorded US\$3.36 billion in 2017, of which apparel and accessories was the major category with the value of US\$1.74 billion, accounting for 52%. The largest textile supplier was mainland China, representing 43% of the total imports and valued at

US\$1.45 billion. Nearly 63% of products from mainland China was apparel and accessories valued 0.91 billion. Other major import sources in 2017 included Vietnam (mainly apparel and accessories), USA (cotton), Japan (fabrics), and Italy (apparel and accessories).

Outlook

The global economy showed signs of recovery from the fourth quarter of 2016. The positive trend continues in 2017 due to normalization of global monetary policies implemented in major countries which contributed to the steady growth. The overall encouraging financial policies and the recovery of economy had led to a slow rise in prices of petroleum and raw materials, further making major economies get rid of recession caused by deflation. With boosted consumer confidence, the economy growth is now very positive.

Looking forward to 2018, the economy outlook continues to be optimistic, although factors such as US trade policies, Brexit, and other uncertainties may have impact. With existing advantages, the outlook for Taiwan's textile industry remains positive. The following are possible directions to take in the future:

- **Creating high-value and differentiated products**

In recent years, Taiwan has successfully differentiated its textile products by their outstanding quality and added values 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, United States and Japan, etc. Taiwan's textile manufacturers can further differentiate themselves by creating added values from selection of unique materials through technology and alertness to fashion trends to develop functional materials and garments for more business opportunities.

- **Developing Supply Chain for Eco-Friendly Materials**

Global warming continues to threaten our eco system, 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 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.

- **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 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.

- **Enhancing the capacity for design and branding**

Taiwan's yarns and fabrics are highly recognized in 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, Taiwan textile industry have to consolidate the overall production and supply chain from materials and brands for a long term success.

- **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.

- **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.