STATEMENT FROM THE DELEGATION OF TAIWAN AT THE 81st PLENARY MEETING OF THE INTERNATIONAL COTTON ADVISORY COMMITTEE

Overview

Faced with restrictive domestic business conditions and intensified international competition, Taiwan's textile industry has been placing greater emphasis on design and R&D to enhance the added value of products and upgrade product differentiation. In other words, the industry has gradually changed its production focus from price to innovation. As a sector of the textile industry, Taiwan's cotton spinning industry has actively incorporated with other sectors to develop unique, refined and innovative products.

Two recent global consumption trends in fashion and home textiles are functionality and environmental sustainability. There have been no revolutionary breakthroughs in cotton spinning technology in recent years since the sector is technically very mature. The cotton spinning industry has instead placed an emphasis on investment in research and development to improve production processes and elevate facility automation and production efficiency.

Thanks to the fully developed textile value chain in Taiwan, the cotton spinning industry is able to work with the synthetic textile sector to develop high sensitivity, high-performance and high-value products to meet consumers' needs. Meanwhile, to protect the environment and consumers' health, many cotton spinners in Taiwan, including Far Eastern New Century, Formosa Taffeta, Everest and etc. have actively engaged in the production of organic cotton textiles.

Textiles using organic cotton and eco-friendly fibers will become important export items for Taiwan in the future. Taiwan's textile industry is considering ways to develop more eco-friendly functional textiles. This combination of advanced functionality and environmental sustainability is making the industry even more competitive and socially responsible.

Background on Taiwan's Textile Industry

Textile industry: Taiwan's fourth-largest trade surplus industry

Over the years, Taiwan's textile industry has steadily upgraded its operations from processing imported raw materials and exporting finished goods, to developing synthetic yarn and using imported raw cotton yarn and man-made staple yarn. During this period, Taiwan's textile industry has also become more vertically integrated.

Since the 1950s, Taiwan's textile industry has steadily invested in new machinery and has developed innovative products to meet changing global market demands. These efforts have led Taiwan as a major supplier of textile products to the world.

In 2022, Taiwan's textile industry comprised 4,511 manufacturers and 141 thousand employees; the production reached NT$400.9 billion in value. In the same year, the gross export and import values for Taiwan's textiles & apparel were US$8.8 billion and US$4 billion, respectively, and as a result, Taiwan's textile industry recorded a total trade surplus of US$4.9 billion, ranking it fourth among all sectors in Taiwan in this regard. Today, Taiwan is one of the world's leading suppliers and innovators of high-quality man-made fabrics. (Please refer to Table 1)

Because of the impact of COVID-19 pandemic and the instability in international affairs over the past two years, the ratio of total exports of textile and apparel to the production dropped to 73% over the past 10 years. However, it still shows the textile industry of Taiwan is highly export-oriented. In 2022, despite the easing of the COVID-19 restrictions, the outbreak of the Russia-Ukraine war has caused global inflation and increased interest rate pressures, weakening the recovery momentum. As a result, the industrial production value of the textile and apparel sector has been affected, and the number of the manufacturers and employees still contracted.

Table 1: 2013~2022 Taiwan's Textiles & Apparel Production Value, Manufacturers and Employees

Year	2013	2018	2022	2013	2018	2022	2013	2018	2022
	Production Value (NT$ billion)			Current Manufacturers			Employees		
Textiles	454	405.2	373.8	3,160	3,192	3,362	109,855	110,566	109,027
Apparel	30.6	27	27.1	1,129	1,163	1,149	33,316	31,978	31,528
Total	484.6	432.2	400.9	4,289	4,355	4,511	143,171	142,544	140,555

Source: Compiled by Taiwan Textile Federation (TTF) with data from Directorate-General of Budget, Accounting & Statistics, Executive Yuan (DGBAS); Department of Statistics, Ministry of Economic Affairs (MOEA).

Note: The Statistical Department of the Ministry of Economic Affairs (R.O.C.) conducted base period and item adjustments in May 2023. As a result, the output values in the table above have all been revised.

Taiwan Textile Exports

Taiwan textiles & apparel exports amounted to US$8.8 billion in 2022, went down by 2% compared with 2021. Fabrics exports amounted to US$6.4 billion in value, increased by 1.4% compared with the previous year. Yarn exports amounted to US$1.2 billion in value, decreased by 9.4%. Fabrics were the main export item, accounting for 71.8% of total textile exports. Yarn ranked second in this regard, accounting for a share of 13.1%. (Please refer to Table 2)

Table 2: 2021~2022 Taiwan Textiles & Apparel Exports

Items	Export Volume (10,000 Tons)			Export Value (100 million USD)			Share (%)	Unit Price (US$/Kg)		
	2021	2022	Growth Rate (%)	2021	2022	Growth Rate (%)		2021	2022	Growth Rate (%)
1.Fiber	38.8	32.4	-16.5	5.1	4.4	-13.7	5.0	1.3	1.4	7.7
2.Yarn	42.9	36.5	-14.9	12.8	11.6	-9.4	13.1	3.0	3.2	6.7
3.Fabric	69.7	65.3	-6.3	62.6	63.5	1.4	71.8	9.0	9.7	7.8
4.Apparel	2.2	1.9	-13.6	4.7	4.3	-8.5	4.9	21.5	22.8	6.0
5.Miscellaneous	7.1	7.6	7.0	5.1	4.6	-9.8	5.2	7.2	6.0	-16.7
Total	160.7	143.8	-10.5	90.2	88.4	-2.0	100.0	5.6	6.2	10.7

Source: Compiled by Taiwan Textile Federation (TTF) with data from Taiwan Customs Statistics.

Taiwan Textile Imports

In 2022, Taiwan's textile and apparel imports reached a total of US$4 billion, marking a 2.3% increase compared to the previous year. Among these imports, apparel dominated the market, accounting for 53.4% of the total, with imports amounting to US$2.1 billion, representing a growth of 9.9%. Fabrics followed closely behind, with imports totaling US$0.6 billion, showing a respectable increase of 3.5% and comprising 14.9% of the overall imports. Yarn imports, on the other hand, experienced a decline of 18.6%, amounting to US$0.5 billion, constituting 12.2% of the total imports. Miscellaneous textiles recorded a modest decrease of 0.5%, with imports amounting to US$0.4 billion, contributing 11% to the overall imports. Fiber imports also witnessed a decrease, falling by 2.9% to US$0.3 billion, making up 8.4% of the total imports (Please refer to Table 3).

Table 3: 2021~2022 Taiwan Textiles and Apparel Imports

Items	Import Volume (10,000ton)			Import Value (100 million)			Share (%)	Unit Price (US$/Kg)		
	2021	2022	Growth Rate (%)	2021	2022	Growth Rate (%)		2021	2022	Growth Rate (%)
1.Fiber	17.5	12.8	-26.9	3.4	3.3	-2.9	8.4	1.9	2.6	36.8
2.Yarn	13.0	10.1	-22.3	5.9	4.8	-18.6	12.2	4.5	4.7	4.4
3.Fabric	9.0	9.4	4.4	5.7	5.9	3.5	14.9	6.4	6.3	-1.6
4.Apparel	11.6	12.3	6.0	19.2	21.1	9.9	53.4	16.5	17.2	4.2
5.Miscellaneous	8.5	8.5	0.0	4.37	4.35	-0.5	11.0	5.14	5.12	-0.4
Total	59.7	53.1	-11.1	38.6	39.5	2.3	100.0	6.5	7.4	13.8

Source: Compiled by Taiwan Textile Federation (TTF) with data from Taiwan Customs Statistics.

Background on Taiwan's Cotton Spinning Industry

Raw Cotton Imports

Taiwan depends on imports for all of its raw cotton needs. Imports of raw cotton in 2021 were 110,139 tons, with a value of US$177 million. In 2022, cotton imports sharply drop to 76,085 tons and the value grew to US$177 million. These figures represented an decrease of 30.9% in weight, but the value remained virtually unchanged from the previous year. The United States was the largest supplier of raw cotton to Taiwan in 2022, providing 49% of the total imports by value, followed by Australia (12.6%) and India (12.5%).

The reasons for the contraction in raw cotton imports by value are as follows:

1. The conflict between Russia and Ukraine has caused global inflation and increased pressure on interest rates, resulting in a weakening of global demand.

   In 2022, global events such as the Russia-Ukraine conflict, soaring inflation, and mounting interest rate had a notable impact on the economy. This resulted in a slowdown in economic growth during the second half of the year following the initial post-pandemic recovery. Consequently, consumer demand for textile products decreased, subsequently affecting the demand for cotton yarn and cotton.

2. Impacted by the economic downturn in China.

China, Taiwan's primary export destination for cotton yarn, significantly scaled back its demand for cotton yarn from Taiwan in 2022, leading to a decline in our demand for cotton. This reduction had a cascading effect on our own demand for cotton. The principal reason behind China's decreased demand can be attributed to the implementation of the "zero-COVID" policy in 2022. This policy had adversely affected the economy and had a severe impact on both the supply and demand for textile products within the country.

Analysis of Cotton Yarn Production, Sales and Inventory

The production of cotton yarn (excluding CVC yarn) reached 373,967 bales in 2022, slightly dipped by 17.9% from 2021. Domestic sales accounted for 153,250 bales (a share of 41%), representing a 2% decrease from 2021; while the export volume amounted to 206,152 bales, experiencing a notable drop of 31.2% from the previous year. Ending inventories amounted to 64,019 bales, showing a significant growth of 31.1% over 2021 (Please refer to Table 4).

Table 4: 2013~2022 Production, Sales and Inventory of Cotton Yarn (Unit: Bales)

Year	Production	Domestic Sales	Export Volume	Ending Inventory
2013	965,507	532,673	424,696	71,980
2014	902,732	501,491	402,532	78,567
2015	660,604	285,446	377,567	77,747
2016	805,158	429,115	392,712	60,776
2017	664,340	305,602	373,637	45,071
2018	716,791	296,733	423,029	42,388
2019	696,077	277,633	427,421	33,077
2020	457,759	158,710	298,209	36,202
2021	455,772	156,306	299,669	48,841
2022	373,967	153,250	206,152	64,019

Note: 1 bale=400 pounds=181kg.
Source: Taiwan Spinners Association.

Taiwan's total production of spun yarn was 599,255 bales in 2022, a drop of 19.5% from 2021. Domestic sales (including for self-use) of spun yarn totaled 327,410 bales (a share of 55%), declined by 17.2% from the previous year, and the export volume amounted to 242,754 bales, decreased by 33.1%. Ending inventory for 2022 stood at 180,139 bales, a increase of 10.8% over 2021. (Please refer to Table 5).

Table 5: 2018~2022 Production, Sales and Inventory of Spun Yarn (Unit: Bales)

Products	Year	Production	Domestic Sales	Export Volume	Ending Inventory
Cotton (including CVC yarn)	2018	859,785	383,429	485,708	76,356
	2019	866,720	391,861	484,891	64,016
	2020	519,564	206,038	319,843	52,105
	2021	549,818	204,493	345,804	64,715
	2022	**443,568**	**186,439**	**236,115**	**86,284**
Man-made fiber yarn	2018	407,044	322,236	92,221	111,304
	2019	393,247	303,739	92,517	121,346
	2020	207,131	173,216	26,332	111,341
	2021	194,791	190,808	16,979	97,891
	2022	**155,687**	**140,972**	**6,639**	**93,855**
Total	2018	1,266,829	705,666	577,929	187,660
	2019	1,259,967	695,601	577,408	185,361
	2020	726,695	379,254	346,175	163,446
	2021	744,609	395,301	362,783	162,606
	2022	**599,255**	**327,410**	**242,754**	**180,139**

Note: 1 bale=400 pounds=181kg.
Source: Taiwan Spinners Association.

Analysis of Cotton Yarn Trade

In 2022, the export of cotton yarn experienced a substantial reduction, with volumes contracting sharply to 54.5 thousand tons, marking a significant decrease of 25.2% compared to the 72.9 thousand tons in the previous year, 2021. This decreased export volume was also reflected in the export value, which contracted by 18.5%, amounting to US$128.1 million. As a result, import figures for cotton yarn during the same period showed a significant downturn. Import volumes plunged by 24.7%, amounting to 18.9 thousand tons in contrast to the previous year. Additionally, the import value registered a decline of 12.4%, reaching US$74.1 million in 2022. (Please refer to Table 6).

Table 6: 2021~2022 Exports & Imports of Cotton Yarn

	Volume (1,000 tons)			Value (million US$)			Unit price (US$/Kg)		
	2021	2022	Growth Rate (%)	2021	2022	Growth Rate (%)	2021	2022	Growth Rate (%)
Exports	72.9	54.5	-25.2	157.2	128.1	-18.5	2.2	2.4	9.1
Imports	25.1	18.9	-24.7	84.6	74.1	-12.4	3.4	3.9	14.7

Source: Compiled by Taiwan Textile Federation (TTF) with data from Taiwan Customs Statistics.

Shaping Sustainability in the Cotton Value Chain

The Develpoment of "Sustainability" in Taiwan in Recent Years

As global environmental conditions continue to experience more volatility, consumers worldwide are becoming more and more eco-savvy. Therefore, governments in a number of countries have begun to stipulate more rigorous environmental regulations and standards. When environmental regulations and market demand coincide, brands and retailers adopt a positive response to “green sourcing” policies and are willing to set mandatory guidelines for their suppliers. Such a shift in trade symbolizes the advent of the “eco-economy”.

The organic textile market has gradually taken shape in Taiwan after years of promotion. Organic cotton production in Taiwan has a long history. Several companies have had their organic cotton products certified, such as Far Eastern New Century, Formosa Taffeta, Everest and etc. Organic certification bodies, such as the Institute for Marketecology (IMO) and the Control Union, have grown more prominent.

The global demand for environmentally-friendly fibers and yarns, driven by major brands, continues to surge. This has led to collaborations between these brands and textile manufacturers in Taiwan, with a primary focus on the research and development of eco-friendly fibers, yarns, and clothing. Notably, products arising from these collaborations have already made appearances at prestigious events like the FIFA World Cup and the Olympics, receiving positive reviews. Looking ahead, the development of environmentally-friendly textile products is expected to draw even more attention from both brands and markets. To maintain a competitive edge and stay relevant, the Taiwanese textile industry should remain vigilant about international industry trends and environmental regulations, aligning itself with global standards and demands. This strategic approach will further strengthen Taiwan's position within the international production and supply chain.

In fact, eco-textiles and related services are now a popular focus at international textile exhibitions. The Taipei Innovative Textile Application Show (TITAS), organized by the Taiwan Textile Federation, has devoted special sections to displaying eco-textiles and the relevant certification services (including their identification marks) to facilitate buyers' sourcing choices. The Taiwan Textile Federation (TTF) also publishes a “Taiwan eco-textiles selection” and promotes the products through its website, exhibitions, and other channels.

Digital printing and paper transfer printing can work directly on fabrics, reducing energy consumption and enabling the skipping of the wastewater treatment process. Companies in Taiwan specializing in such applications are thus considered eco-friendly. Advances in the related technology have greatly enhanced dyeing efficiency and printing speed.

The Role of the Government of Taiwan in Facilitating "Sustainability" of the Sector

Taiwan has implemented the VPC (Voluntary Product Certification) for organic textiles. In recent years, the importance of sustainability in economic and development work has been widely recognized internationally. Introducing innovations in the manufacturing process to meet ecology demands as well as environmental protection goals are prevailing trends in both the textile and apparel industries. Consumer groups have requested that the Taiwan government, establish an organic certification mechanism as a way to manage production of organic textile products. The range of materials included in the certification system covers organic cotton, organic wool, organic hemp, organic silk and organic leather. The products covered yarn, fabrics, clothing and household textiles categories. The validation process includes product testing and factory inspection, and is divided into four grades:

(A) The first level: the product contains more than 95% organic material or organic transition material.

(B) The second level: the product contains more than 70% organic material or organic transition material.

(C) The third level: the product contains more than 55% organic material or organic transition material.

(D) The fourth level: the product contains more than 5% organic material or organic transition material.

International Cotton Advisory Committee seminars

The ICAC International Seminar 2023, Taipei" was took place on October 18, 2023, at the Nangang Exhibition Center; Mr. Eric Trachtenberg, Executive Director of ICAC, attended the event in person. It included a keynote address by Mr. Mark Sussman, the Executive Director of the ICAC's Private Sector Advisory Council (PSAC). The seminar focused on the theme "Sustainability and Innovation in the Global Textile Value Chain" and involved in-depth discussions with industry experts.

Furthermore, in response to the ICAC's promotion of World Cotton Day on October 7th , and as a proactive engagement in international initiatives, a showcase of the outcomes in cotton sustainability and innovation solutions was jointly presented by the Ministry of Economic Affairs and the ICAC Secretariat. This exhibition was took place during the Taipei Innovative Textile Application Show (TITAS) in 2023, spanning from October 17th to 19th. The exhibition spotlighted innovative applications of cotton research and development technologies, emphasized successful instances of product design enhancement, and highlighted the optimization of value. The objective was to facilitate the global dissemination of sustainable and environmentally friendly cotton technologies and foster the integration of high-quality cotton products into international consumer markets.

Conclusion

Taiwan’s textile industry is developing many high value-added materials as a means of creating product differentiation. Facing the twin effects of over-supply and higher energy prices, the industry acts prudently by concentrating its innovative efforts on developing functional applications, including promoting the use of eco-fibers, as well as developing attractive, high-quality products.

In addition, the government has significantly assisted the textile industry to realize the vision set for the sector: namely to become a global R&D and production base for functional and technical textiles and a fashion design center in the Asia-Pacific region. Another objective is to shift from made-in-Taiwan (MIT) to designed-in-Taiwan (DIT) and branded-in-Taiwan (BIT).

In recent years, Taiwan’s textile industry is utilizing novel technology to produce high value-added and best quality products. In doing so, we raise the high-quality image of Taiwan’s textile products and broaden Taiwan’s competitive edge in the industry and in the Asia-Pacific region. We will continue to cooperate with member countries to enhance the added value of products through innovation, R&D and design orientation, and seek more application areas for cotton.