

Taiwan: Textile and Apparel Industry

<Industry Overview> Important industry with the 4th largest trade surplus

Taiwan's textile and apparel industry is an important sector, ranking ninth in the world in terms of export value (2021). It has the fourth largest export surplus among Taiwanese industries (NT\$157.1 billion, approx. 734 billion yen, in 2022).

The industry is complete with a vertically integrated supply chain from upstream raw materials to spinning and weaving to downstream apparel. The industry was fostered as a mainstay industry during the postwar reconstruction period and was formed by the significant development of chemical fibers in the 1970s.

While the apparel sector has been relocating mainly to China, Southeast Asia, and other regions with lower labor costs since the 1990s, Taiwan has developed highly functional clothing by introducing advanced technologies. Taiwan has developed high-performance apparel by introducing advanced technologies. It now accounts for approximately 70% of the global market for sportswear and other functional apparel.

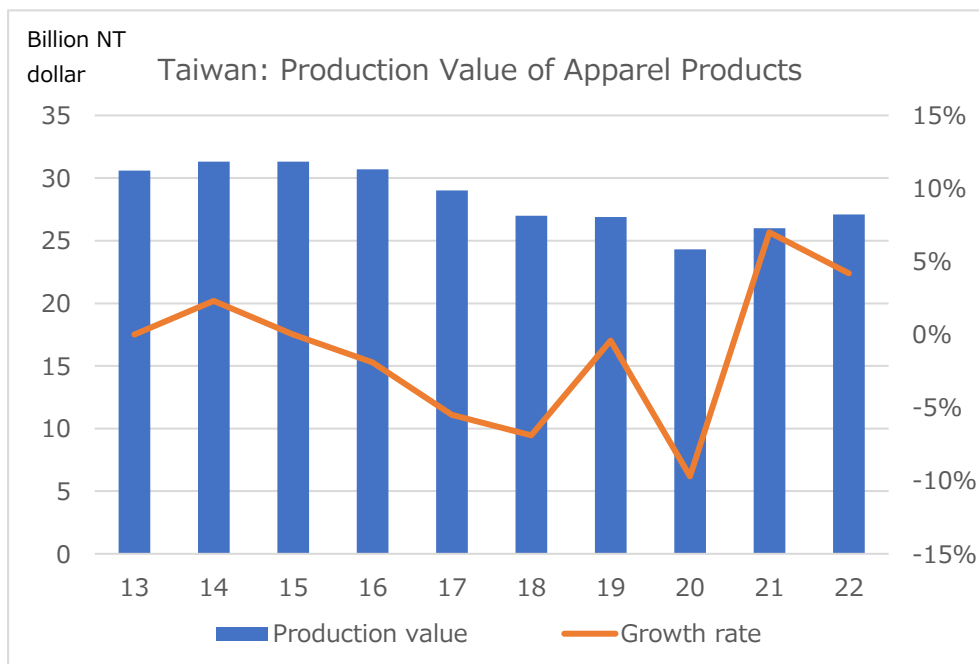
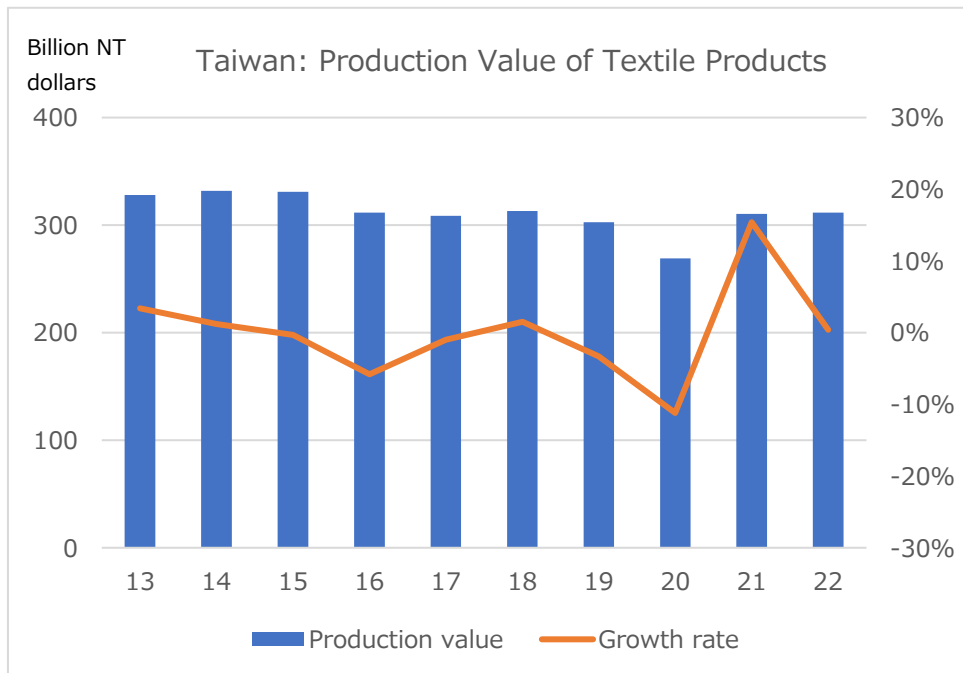
At the 2022 World Cup Soccer tournament in Qatar, nine of the 32 participating teams, including Japan, Germany, and Argentina, used functional materials supplied by Taiwanese manufacturers for their uniforms. The teams showed the world the excellence of Taiwanese products.

<Output> Long-term shrinking trend due to overseas transfers

The production value of textile products in Taiwan peaked in 1997 and has since been on a long-term shrinking trend due to the overseas transfer of manufacturing bases. 2022 production value will be NT\$311.5 billion (approximately 1.45 trillion yen), up 0.4% from the previous year, shrinking to approximately two-thirds the 1997 level.

The apparel production value in 2022 is NT\$27.1 billion, up 4.2% from the previous year. This is the second consecutive year of positive growth. Although it dropped sharply by 9.7% in 2020, when the new coronavirus epidemic began, it is increasing as economic activity resumes. Compared to the peak year of 1987, it has shrunk to one-eleventh the size of 1987.

Major textile companies have established a division of labor system, with research and development (R&D) in Taiwan and production in Southeast Asia.



(Source: Taiwan Textile Federation)

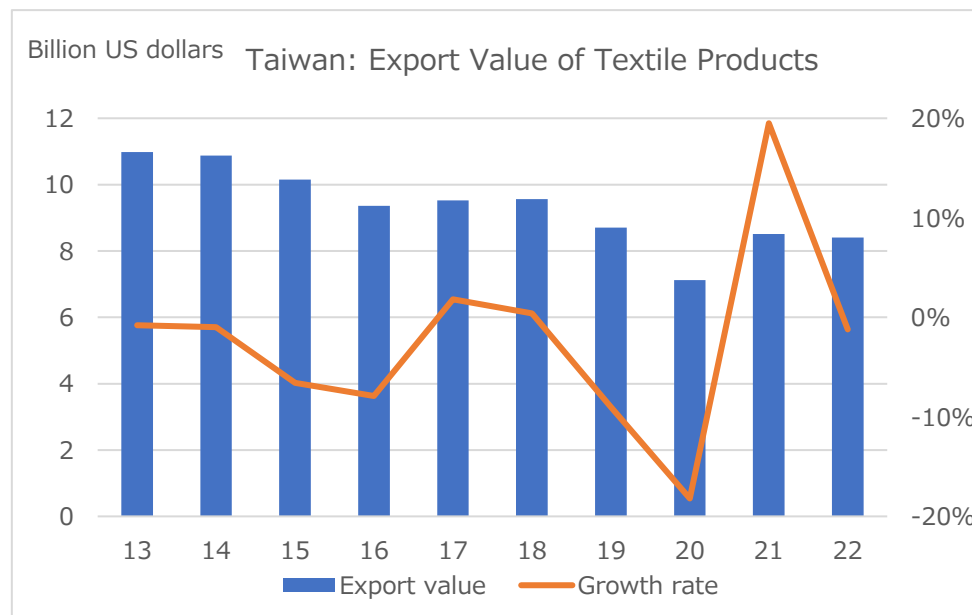
<Export value> Declining trend, Vietnam is the largest export destination

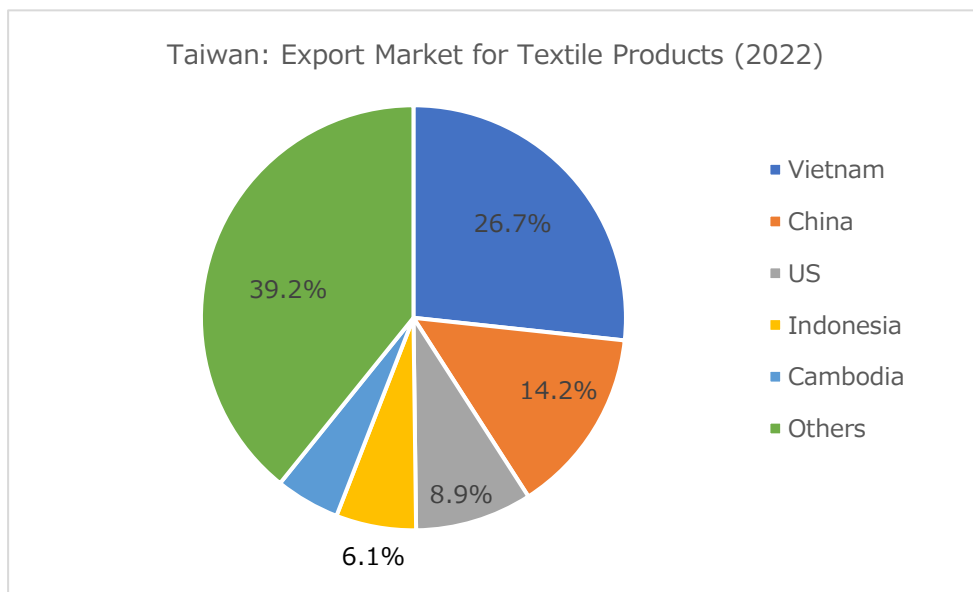
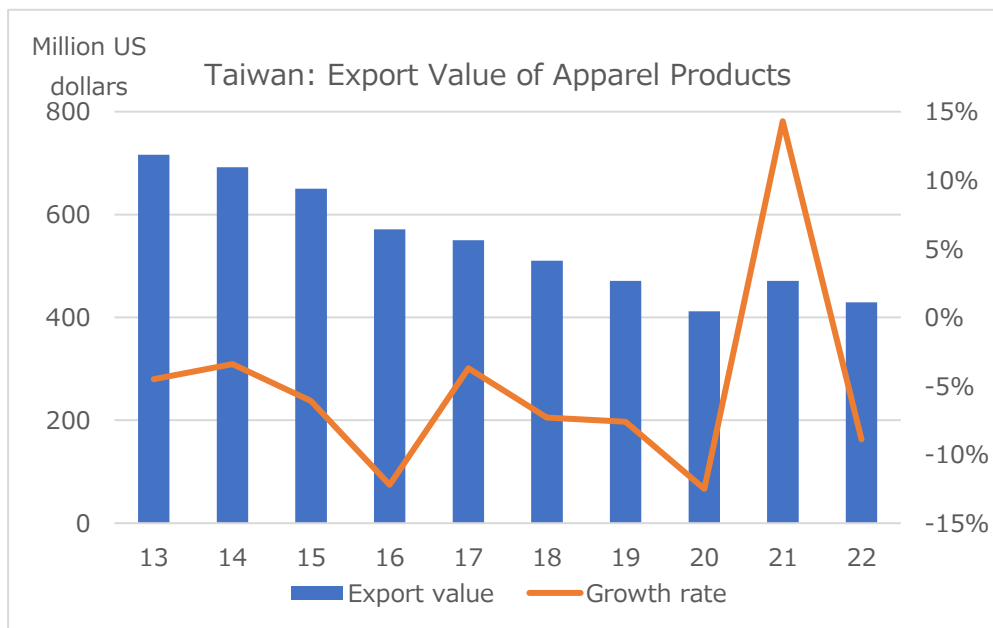
Export value is also on a long-term downward trend due to the transfer of manufacturing bases overseas. Exports of textile products in 2022 were US\$8.41 billion, down 1.2% from the previous year. Although the previous year, 2021, recorded the highest growth rate in 11 years, up 19.5% to US\$8.511 billion, due to the rebound from the Corona epidemic, the value of exports turned downward for the first time in two years. The rate of decline over the past 10 years has reached 24%.

The main export items are fabrics and yarns, and the largest export destination is Vietnam, where Taiwanese apparel contract manufacturers have established bases, followed by China. Both countries account for more than 40% of total exports.

The value of apparel exports in 2022 was US\$429 million, down 8.9% from the previous year, and has been in negative growth since 2012, with the exception of 2021, which saw positive growth on the heels of a significant contraction the previous year due to Corona. Compared to 1986, the peak year, it shrank to a level of only 5%.

Meanwhile, total imports of textile and apparel products in 2022 totaled US\$3.945 billion, up 2.3% from the previous year. This was a new record high following the previous year.





(Source: Taiwan Textile Federation)

<Industry Map>Famous companies in each field

Internationally renowned companies operate upstream, midstream, and downstream. The largest upstream player is Far Eastern New Century, a subsidiary of the large conglomerate Far Eastern Group, which is the largest supplier of PET chips in Asia and the fifth largest in the world. Nanya Plastics (NPC), under the Taiwan Plastics Group, is a major supplier of nylon 66 and polyester.

In Chuanzhong, there is Formosa Taffeta, a major industrial fabric manufacturer under the Taiwan Plug Loop, and Tainan Spinning, the largest spinning company in the country. In the downstream apparel contract manufacturing sector, the top two companies are Ekla Textile and Juhyang Industrial. Ekla's main products are sportswear for Nike, Adidas, and others. No. 4 Nenxing Boshoku is the world's largest contract manufacturer of jeans.

Taiwan: Major Textile and Apparel Companies

enterprise	Characteristics
Far Eastern New Century	A core company of the Far Eastern Group, Taiwan's leading large conglomerate, Far Eastern Corporation supplies polyester, nylon, and other chemical fibers, and is the top supplier of PET chips in Asia and fifth in the world. 263.9 billion NT\$ (about 1.23 trillion yen) in sales in 2022, the largest in the Taiwanese textile and apparel industry.
Eclat Textile Company	The largest apparel contract manufacturer. Clients include Adidas, Nike, and yoga wear brand Lululemon, with sportswear accounting for more than 50% of sales. Apparel products are manufactured in southern Vietnam, with an Indonesian factory set to begin operations in 2022.
Makalot Industrial	Second largest apparel contract manufacturer. U.S. customers such as GAP, Kohl's, and Target account for nearly 80% of sales. More than 70% of its products are fashionable apparel. The company has production facilities in four ASEAN countries including Indonesia and China.
Formosa Taffeta	A subsidiary of Formosa Plastics Group (FPG), a major Sino-Japanese manufacturer of nylon fabrics, tire fabrics, and special industrial fabrics. The company supplies nylon fabrics for apparel, umbrellas, bags, and other products. Its customers include Adidas, Nike, and Puma.
Everest Textile	Manufacturer of woven fabrics of long and short fibers. Also handles processed yarns. The company supplies functional materials to Nike, Adidas, North Face, Under Armour, and others, and also offers its own brand, Ever Smile.

(Compiled based on some media reports)

(Ashu Research: January 2024)