

**STATEMENT FROM THE DELEGATION OF TAIWAN
AT THE 82nd PLENARY MEETING OF THE
INTERNATIONAL COTTON ADVISORY COMMITTEE**

Overview

In recent years, the global economy has been impacted by inflation and interest rate hikes, posing significant challenges to the textile industry due to shrinking demand for end products and excessive inventories among brand companies. To adapt to international market fluctuations and intense competition, Taiwan's textile industry has gradually shifted from competitive pricing to innovation, R&D, and design-oriented approaches. This transformation has enabled Taiwan to establish one of the most comprehensive production systems within its industrial structure.

At present, functionality and environmental sustainability are the two major global trends in apparel and home furnishing textiles for consumers. Functionality emphasizes ergonomics and utility by offering safer, more comfortable, and more health-conscious products. Meanwhile, environmental sustainability focuses on low pollution, energy efficiency, and recycling in order to reduce burdens on the planet. Taiwanese companies, through the blending of natural and synthetic fibers, have developed high-sensitivity, highly functional, and high value-added products to meet modern consumer demands. Numerous cotton textile manufacturers in Taiwan have also actively engaged in the production of organic cotton textiles, achieving commendable sales results.

In response to the global trend toward a circular economy, which seeks to protect the natural environment, alleviate burdens on the earth, and mitigate risks associated with resource scarcity, sustainable and recyclable resources have garnered significant attention from international brands. In line with this trend, Taiwan's textile industry has incorporated environmentally friendly elements and technologies into the development of functional textiles, thereby creating innovative eco-friendly fabrics, such as coffee yarn, which have gained the trust and recognition of major international brands. Taiwan will continue to monitor international environmental regulations, strive to develop textiles that are both eco-friendly and functional, and contribute to the advancement of sustainable development.

Background of Taiwan's Textile Industry

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

Taiwan's textile industry initially began by processing imported raw materials for export, but has since evolved into a comprehensive production system primarily utilizing petrochemical raw materials, alongside imported natural cotton and man-made fibers.

Since the 1950s, over the span of nearly 70 years, Taiwan's textile sector has continuously developed new products and upgraded its equipment to meet the demands of the global market. These efforts have enabled Taiwan to become a major supplier of textile products worldwide.

In 2023, Taiwan's textile industry employed 140,185 workers among 4,469 manufacturers, generating nearly US\$10.07 billion in production value. The industry also achieved a significant trade surplus, with exports of textiles and apparel totaling US\$6.64 billion, while imports amounted to US\$3.66 billion. This US\$2.98 billion surplus positioned the textile industry as the fourth most profitable sector in Taiwan. Additionally, Taiwan has established itself as a global leader in the supply and innovation of high-quality man-made fabrics (see Table 1).

The export-driven tendency of Taiwan's textile industry is evident, with an average of 72% of production value dedicated to exports over the past decade. However, 2023 presented several challenges. The U.S. Federal Reserve's interest rate hikes, coupled with global political instability and uncertain economic recovery, eroded consumer confidence. As a result, weakened purchasing power in the apparel market led to a reduction in textile product orders and slower inventory clearance, which negatively impacted production levels, the number of manufacturers, and overall employment within the textile and garment industry.

Table 1: Taiwan's Textiles & Apparel Production Value, Manufacturers, and Employees in 2023

Items	Production Value (billion US\$)	Current Manufacturers	Employees
Textiles	9.42	3,317	108,710
Apparel	0.65	1,152	31,475
Total	10.07	4,469	140,185

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

Note: 1. The Department of Statistics under the MOEA conducted base period and item adjustments in May 2023. As a result, the output values in the table above have all been revised.

2. As announced by the Central Bank of Taiwan on January 2, 2024, the exchange rate for 2023 was US\$1 = NT\$31.5.

Taiwan's Textile & Apparel Exports

In 2023, Taiwan's textile and apparel exports reached US\$6.64 billion, marking a 25.1% decrease from the previous year. Of this total, fabric exports were valued at US\$4.69 billion, reflecting a 25.9% decline compared to 2022. Yarn exports were valued at US\$870 million, showing a reduction of 25%. Fabrics were the largest export category, comprising 70.6% of the total textile exports, while yarn was the second-largest category, representing 13.1% of the exports (see Table 2).

Table 2: Taiwan's Textile & Apparel Exports in 2022 and 2023

Items	Export Value (billion US\$)				Export Volume (10,000 tons)			Unit Price (US\$/kg)		
	2022	2023	Growth Rate (%)	Share (%)	2022	2023	Growth Rate (%)	2022	2023	Growth Rate (%)
1. Fiber	0.44	0.39	-11.4	5.9	32.4	30.2	-6.8	1.4	1.3	-7.1
2. Yarn	1.16	0.87	-25.0	13.1	36.5	28.9	-20.8	3.2	3.0	-6.3
3. Fabric	6.33	4.69	-25.9	70.6	65.0	50.7	-22.0	9.7	9.3	-4.1
4. Apparel	0.44	0.34	-22.7	5.1	1.9	1.4	-26.3	23.0	23.8	3.5
5. Miscellaneous	0.49	0.35	-28.6	5.3	7.9	6.2	-21.5	6.1	5.6	-8.2
Total	8.86	6.64	-25.1	100.0	143.7	117.4	-18.3	6.2	5.7	-8.1

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

Taiwan's Textile & Apparel Imports

In 2023, the total value of Taiwan's textile & apparel imports was US\$3.66 billion, for a decline of 7.3% compared to 2022. The value of imported apparel amounted to US\$2.21 billion, for a slight increase compared to the previous year, while the value of imported miscellaneous textile products was US\$470 million, for a decline of 11.3% from 2022. Apparel accounted for the largest share of imports at 60.4%, indicating that most Taiwanese apparel manufacturers had relocated to countries with lower labor costs. Miscellaneous textile products accounted for 12.8% of the imports (see Table 3).

Table 3: Taiwan's Textile & Apparel Imports in 2022 and 2023

Items	Import Value (billion US\$)				Import Volume (10,000 tons)			Unit Price (US\$/kg)		
	2022	2023	Growth Rate (%)	Share (%)	2022	2023	Growth Rate (%)	2022	2023	Growth Rate (%)
1. Fiber	0.33	0.29	-12.1	7.9	12.8	12.9	0.78	2.6	2.3	-11.5
2. Yarn	0.48	0.3	-37.5	8.2	10.1	7.9	-21.8	4.7	3.8	-19.1
3. Fabric	0.5	0.39	-22.0	10.7	9.1	7.8	-14.3	5.5	5.0	-9.1
4. Apparel	2.11	2.21	4.7	60.4	12.3	13.3	8.1	17.2	16.6	-3.5
5. Miscellaneous	0.53	0.47	-11.3	12.8	8.8	8.1	-8.0	6.0	5.8	-3.3
Total	3.95	3.66	-7.3	100.0	53.1	50.0	-5.8	7.4	7.3	-1.4

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

Background of Taiwan's Cotton Spinning Industry

Slight Increase in Raw Cotton Imports

Raw cotton is a crucial raw material for Taiwan's cotton spinning industry, so it is fully dependent on imports due to the absence of domestic production. In 2023, Taiwan imported 79,000 tons of raw cotton, for a 3.9% rise over the previous year's 76,000 tons. The United States continued to be the leading supplier, contributing 48.6% of the total import value, followed by India at 22.7% and Australia at 9.1%.

Analysis of Cotton Yarn Production, Sales, and Inventory

In 2023, Taiwan's production of cotton yarn (excluding CVC yarn) amounted to 288,085 bales, marking a 23% decrease from the previous year. Domestic sales, which include internal use, plummeted to 46,543 bales, representing 16% of total production, and a substantial drop of 69.6% compared to 2022. In contrast, export volumes increased by 7.1%, reaching 220,745 bales. Year-end inventory levels climbed to 81,651 bales, for a 27.5% growth over the previous year (see Table 4).

Table 4: Production, Sales, and Inventory of Cotton Yarn from 2021 to 2023 (Unit: bales)

Year	Production	Domestic Sales	Export Volume	Ending Inventory
2021	455,772	156,306	299,669	48,841
2022	373,967	153,250	206,152	64,019
2023	288,085	46,543	220,745	81,651

Note: 1 bale = 400 pounds = 181kg.

Source: Taiwan Spinners Association

In 2023, Taiwan produced a total of 484,587 bales of spun yarn, for a 19.1% decrease from the previous year. Domestic sales, including self-use, amounted to 212,065 bales, which represented 44% of the total and showed a significant decline of 35.2% compared to 2022. In contrast, exports reached 253,199 bales, marking a 4.3% increase. By the end of 2023, the inventory had risen to 196,512 bales, for an increase of 9.1% over the previous year (see Table 5).

Table 5: Production, Sales, and Inventory of Spun Yarn from 2021 to 2023 (Unit: bales)

Products	Year	Production	Domestic Sales	Export Volume	Ending Inventory
(1) Cotton yarn (including CVC yarn)	2021	549,818	204,493	345,804	64,715
	2022	443,568	186,439	236,115	86,284
	2023	328,196	68,439	242,877	99,598
(2) Man-made fiber yarn	2021	194,791	190,808	16,979	97,891
	2022	155,687	140,972	6,639	93,855
	2023	156,391	143,183	10,322	96,914
Total production of spun yarn (1+2)	2021	744,609	395,301	362,783	162,606
	2022	599,255	327,410	242,754	180,139
	2023	484,587	212,065	253,199	196,512

Note: 1 bale = 400 pounds = 181kg.

Source: Taiwan Spinners Association

Analysis of the Cotton Yarn Trade

Taiwan's cotton yarn export volume in 2023 totaled 53,000 tons, for a 3.5% drop from the 55,000 tons shipped in 2022. The export value followed suit, falling by 9.2% to US\$116 million compared to the previous year. Meanwhile, cotton yarn imports grew in volume to 21,000 tons, for a 12.2% rise over the 19,000 tons imported in 2022.

Despite this increase in volume, the import value declined to US\$65 million, marking an 11.7% decrease from the US\$74 million recorded in 2022 (see Table 6).

Table 6: Exports & Imports of Cotton Yarn in 2022 and 2023

	Volume (1,000 tons)			Value (billion US\$)			Unit price (US\$/kg)		
	2022	2023	Growth Rate (%)	2022	2023	Growth Rate (%)	2022	2023	Growth Rate (%)
Exports	54.5	52.6	-3.5	0.128	0.116	-9.2	2.4	2.2	-8.3
Imports	18.9	21.2	12.2	0.074	0.065	-11.7	3.9	3.1	-20.5

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

Taiwan's Participation in the Global Cotton Spinning Value Chain

The Current Global Sustainability Landscape in the Cotton Spinning Industry and Taiwan's Role

Climate change is increasingly affecting cotton production, with extreme weather conditions, such as droughts and floods, leading to reduced yields. As sustainable development becomes a major global trend, governments worldwide are actively promoting stringent environmental regulations and sustainability standards across supply chains, from cotton cultivation to finished product manufacturing. These regulations include measures like carbon emission taxes and water usage restrictions. In line with this, the government in Taiwan has implemented the "Voluntary Product Certification (VPC)" for organic textiles, such as organic cotton and organic wool, to ensure that products in the market meet environmental standards.

Additionally, to stay ahead of international industry trends, Taiwan's textile industry has adopted digital printing technology, which significantly reduces energy consumption and pollution in traditional dyeing processes. This technology enhances both printing and production efficiency, while innovations in dope dyeing techniques effectively minimize water consumption and wastewater discharge, positioning Taiwan as a leader in eco-friendly textile production globally. Several Taiwanese textile manufacturers, such as Far Eastern New Century, Formosa Taffeta, and Eclat Textile, have also actively invested in the production of organic cotton textiles, with their products receiving international certifications and achieving strong sales.

The upcoming Taipei Innovative Textile Application Show (TITAS), scheduled for October 15-17, 2024, will focus on the theme of "Innovative Sustainability," highlighting three key areas: Sustainability, Functional Applications, and Intelligent

Manufacturing. The event will showcase innovative technologies in the cotton spinning industry, aiming to promote sustainable development in the sector.

Taiwan and the International Cotton Advisory Committee

Since 2005, Taiwan has collaborated with the International Cotton Advisory Committee (ICAC) on hosting the "ICAC Taipei International Seminar" eight times. The Taiwan Textile Federation (TTF) has often co-organized or participated in this event. The ICAC International Seminar 2023 took place in Taipei on October 18 at the Nangang Exhibition Center. ICAC Executive Director Eric Trachtenberg attended and the keynote address was presented by Executive Director Mark Sussman of the ICAC's Private Sector Advisory Council (PSAC). The theme of the seminar was "Sustainability and Innovation in the Global Textile Value Chain," during which industry experts discussed the integration of cotton and man-made fibers in order to enhance the value and improve the benefits of cotton.

Furthermore, in response to the ICAC's promotion of World Cotton Day on October 7 as designated by the United Nations and to actively participate in related international activities, Taiwan organizes World Cotton Day events annually in coordination with the ICAC. This year, eastern Taiwan has been hit by successive earthquakes and typhoons, affecting the lives of local residents. Therefore, we specifically chose to hold the World Cotton Day event in eastern Taiwan this year, in collaboration with organic cotton brands. Local school children were invited to participate in a handmade cotton bag activity. This event not only promoted World Cotton Day along with the applications, innovations and sustainable development of our cotton textile industry but also allowed underprivileged children in rural areas to experience the pleasure of making their own new bags, thereby deepening the significance of World Cotton Day.

Conclusion

In the context of globalization, effectively integrating Taiwan's textile industry with global cotton spinning supply chains will be crucial for future success. Given the rising consumer demand for high-quality textiles, the growing trend of sportswear, and the impact of extreme weather, the development of functional textiles presents significant market opportunities.

Taiwan's advanced textile technologies and extensive R&D resources will help to enhance the added value of cotton textiles and expand the range of their functionality and applications. Looking ahead, Taiwan aims to continue building close partnerships

with the ICAC, international corporations, and relevant organizations, thereby further strengthening its connection to the global cotton spinning industry value chain.