

The Current Development of Taiwan Textile Industry and Opportunities to Collaborate with Korea

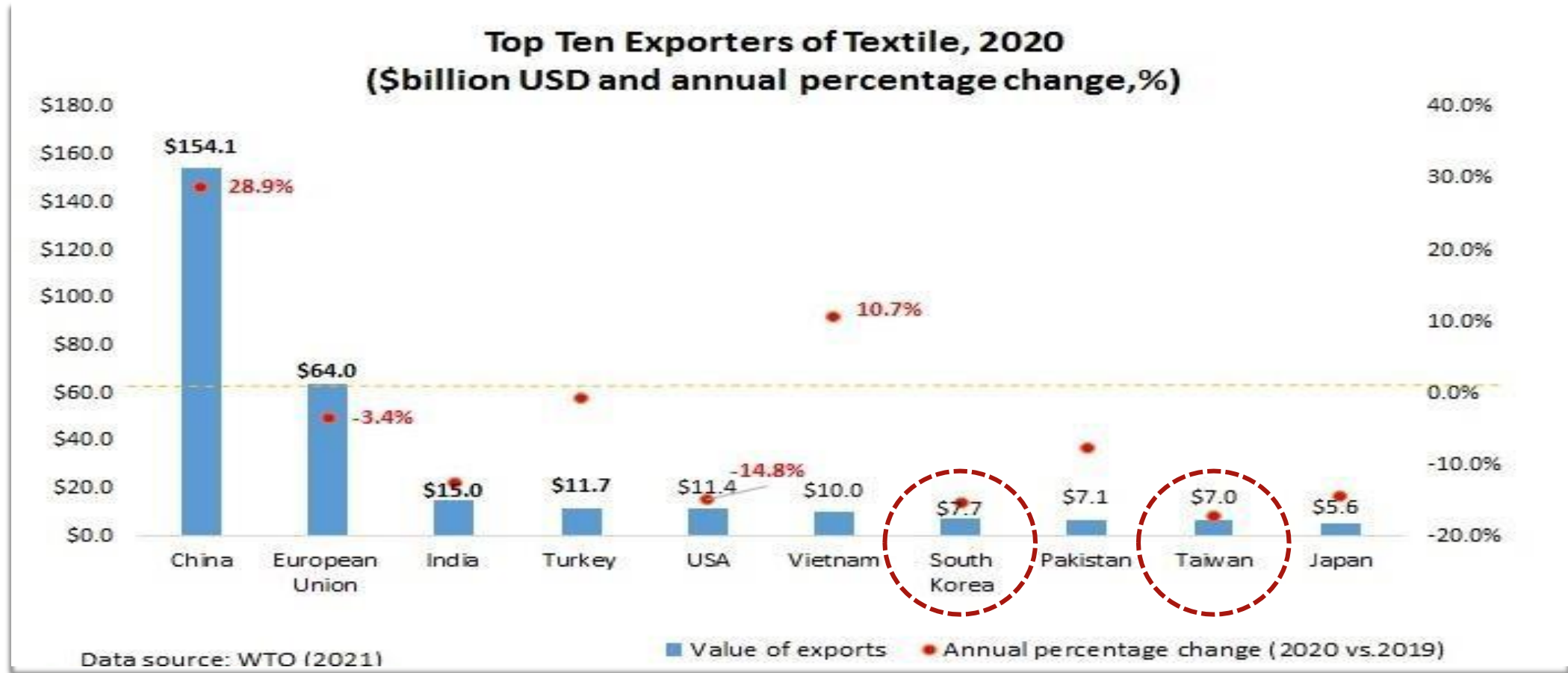


Justin Huang,
President,
Taiwan Textile Federation
Oct., 18th, 2022

I. Trade performance

Global Status - Taiwan vs Korea

- According to the WTO, Taiwan was the world's 9th largest textile exporter in 2020, accounting for 2% of the world's textile exports. Korea ranked 7th largest, accounting for 2.2% of the shares.



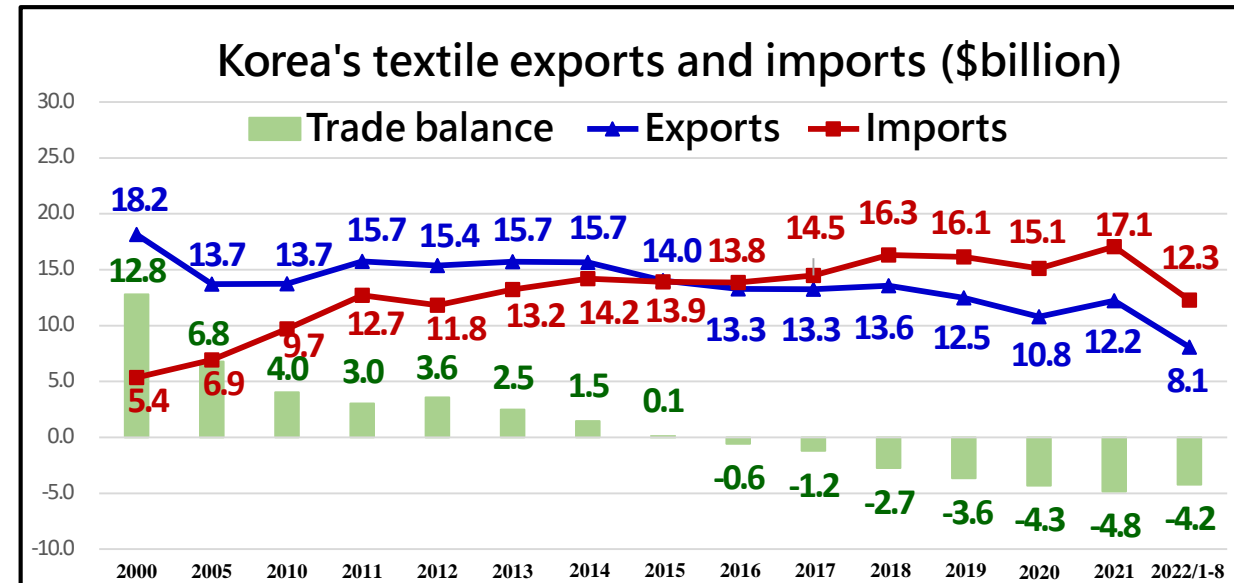
I. Trade performance

Trade Trends - Taiwan vs Korea

- Taiwan's textile industry is a strong export-oriented and foreign exchange-earning industry. In 2021, Taiwan's textile exports and imports reached US\$9.02 billion and US\$3.86 billion respectively, and contributed US\$5.16 billion of trade surplus, ranked No. 4 of Taiwan's industries.
- Korea's textile industry runs a trade surplus from 2000 to 2015. This trade surplus has turned into a deficit since 2016. In 2021, Korea's textile exports and imports reached US\$12.2 billion and US\$17.1 billion respectively, the deficit reached a record high of US\$4.84 billion.
- During the first 8 months of 2022, Taiwan and Korea enjoyed an increase in the textile exports, up 7.5% and 3% over the same period last year, respectively.



Source: Customs Administration, Ministry of Finance

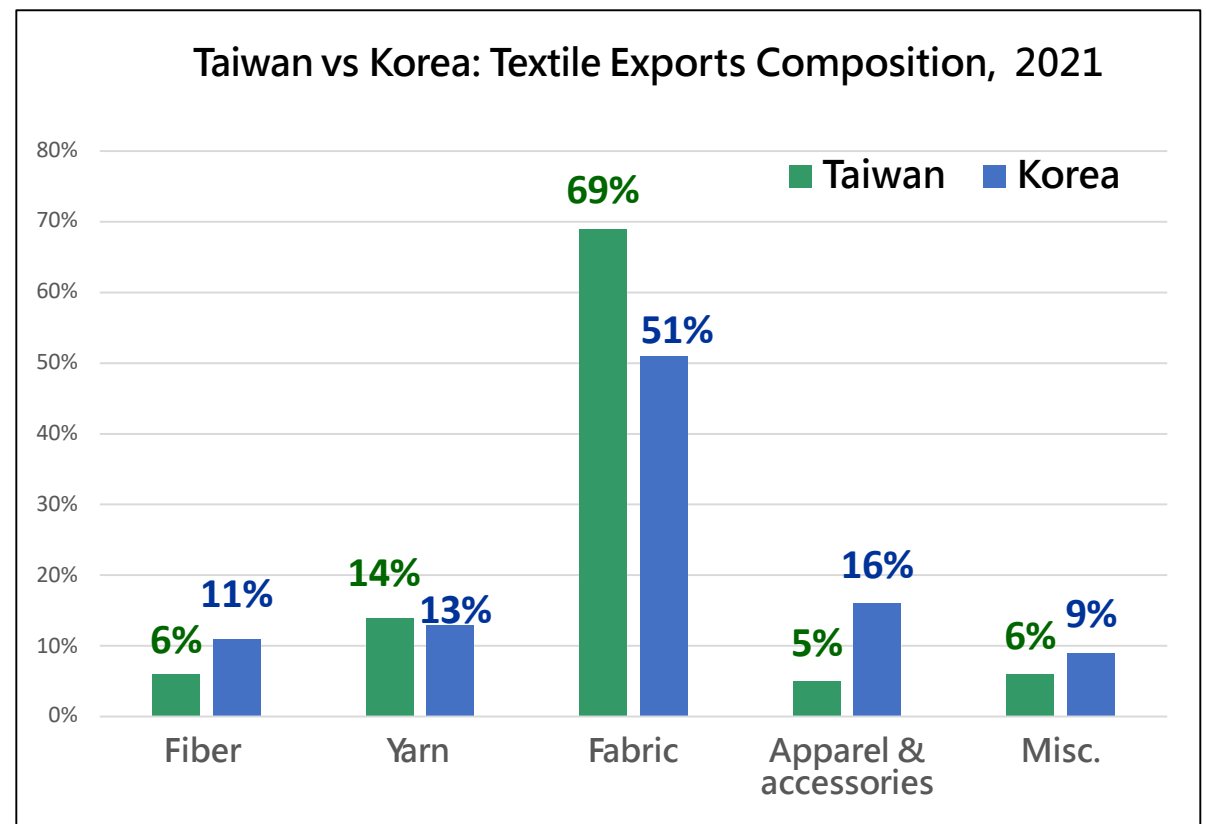
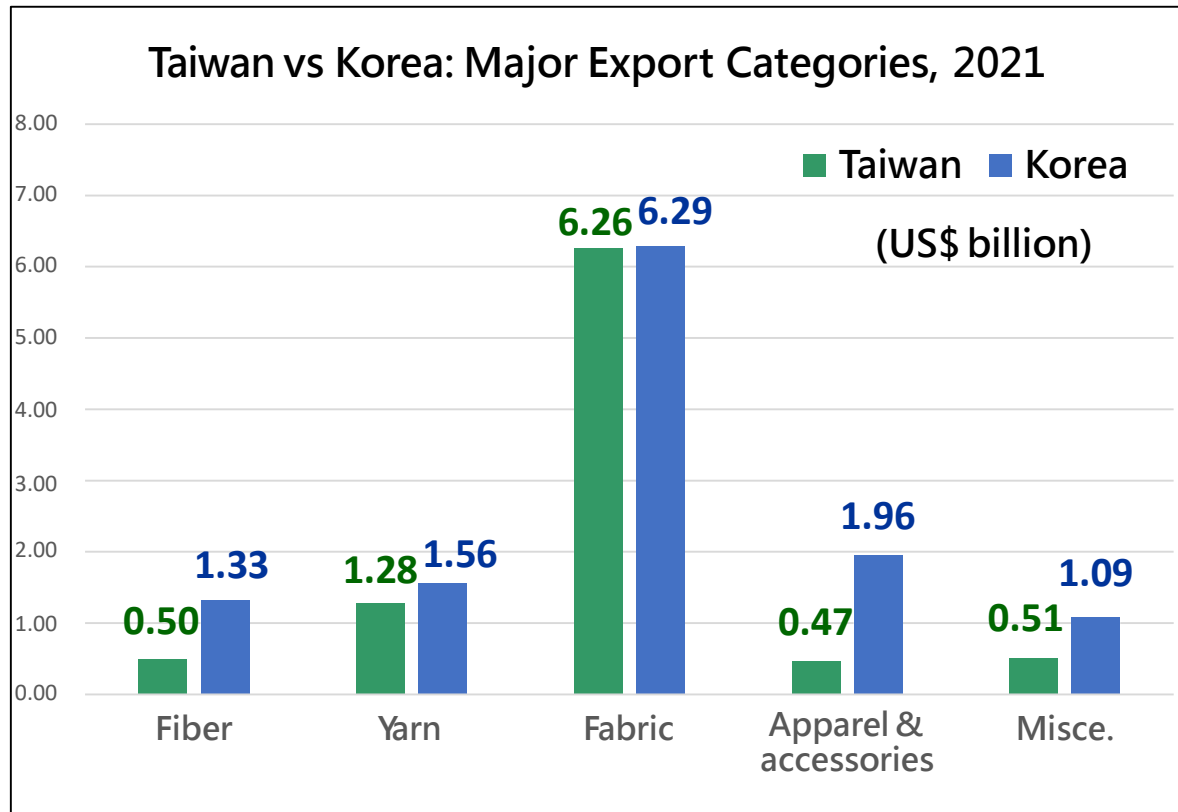


Source: Global TradeAtlas

I. Trade performance

Major export product - Fabric

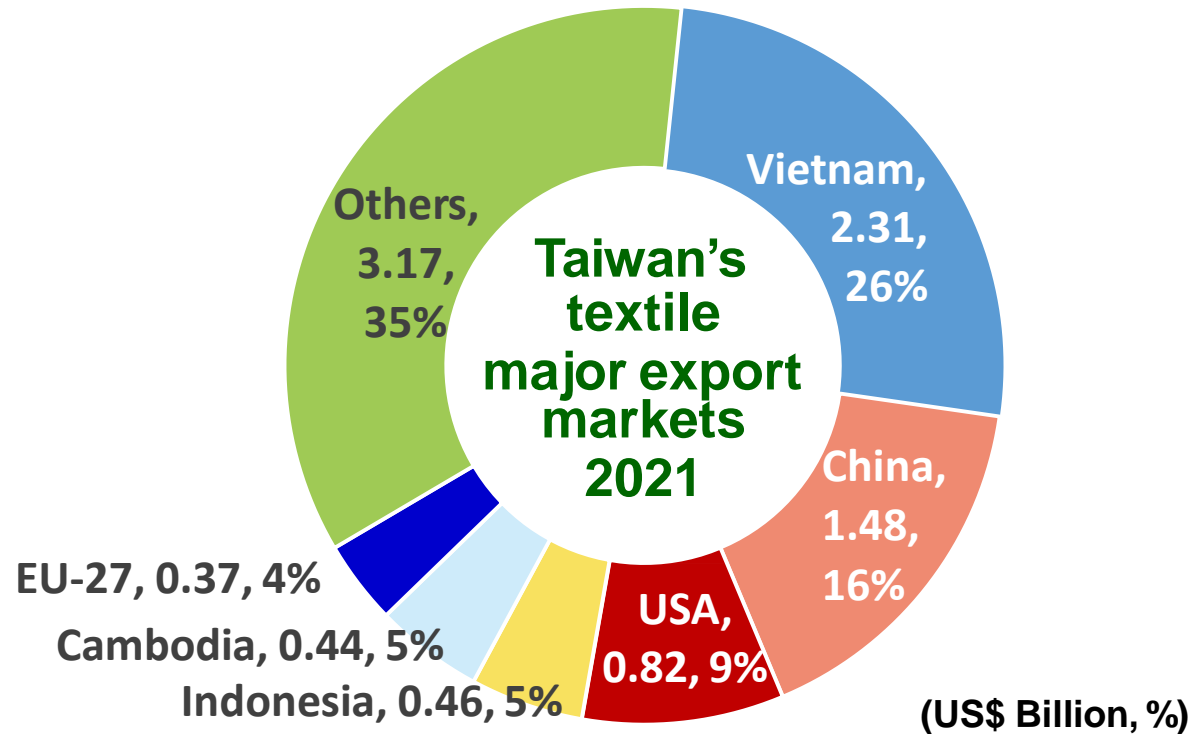
- **Taiwan:** the fabric is the main export item. The export value of fabric has increased from US\$4.4 billion in 1990 to US\$6.3 billion in 2021. The share of export has increased from 42% to 69%.
- **Korea:** the top export categories were fabric (US\$6.3 billion), followed by apparel (US\$2 billion). The share of fabric export has increased from 32% in 1990 to 51% in 2021.



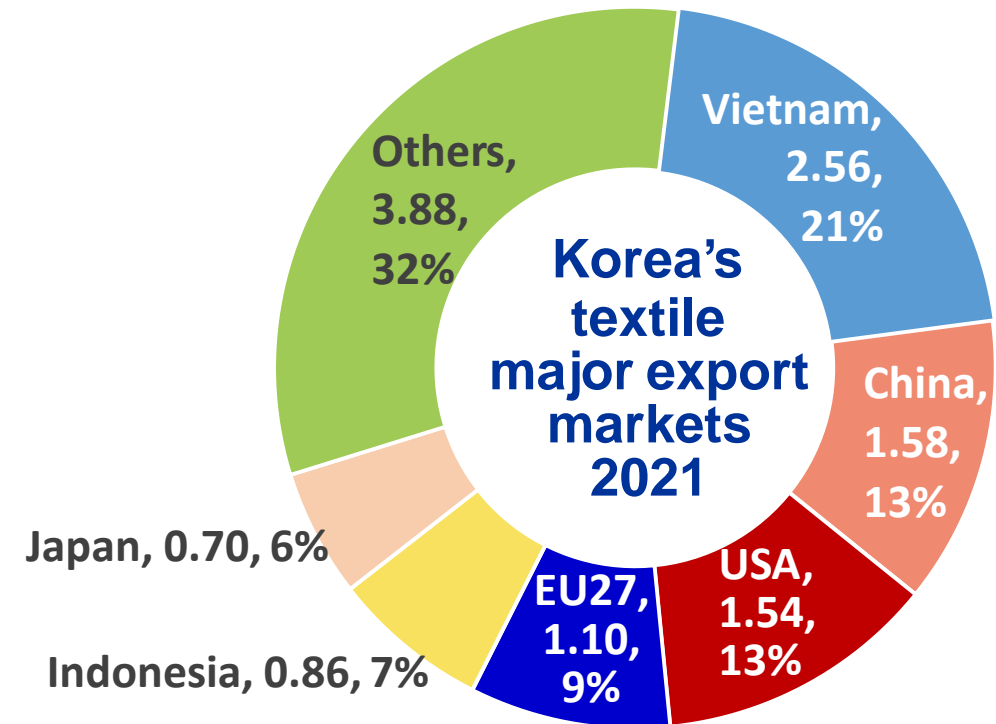
I. Trade performance

Main export markets - Vietnam ,China and USA

- In 2021, Taiwan's largest and second-largest export market for textiles were Vietnam and Mainland China, with covering 26% and 16% of total textile exports and valued at US\$2.31 billion and US\$ 1.48 billion, respectively.
- Korea's textiles were exported mostly to Vietnams (21%), Mainland China (13%), USA (13%) in 2021, totaling US\$5.68 billion and accounting for 47% of total textile exports .



Source: Customs Administration, Ministry of Finance

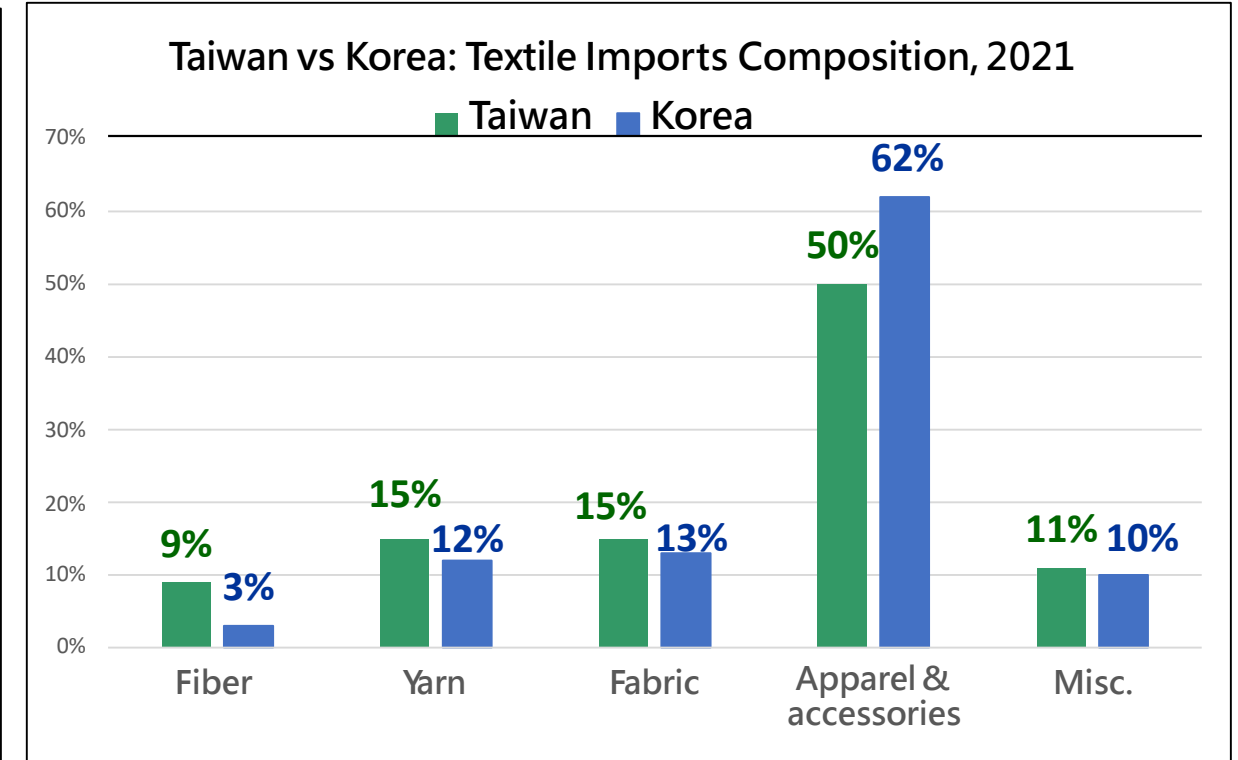
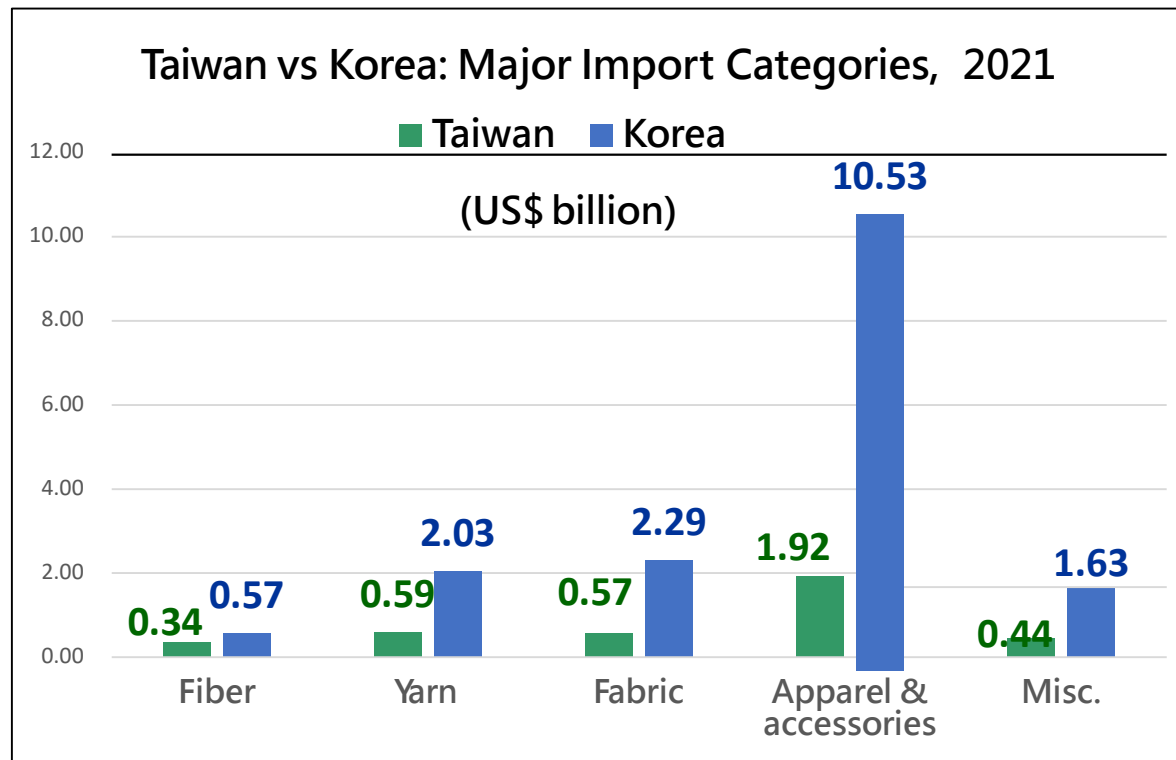


Source: Global Trade Atlas

I. Trade performance

Major import product - Apparel

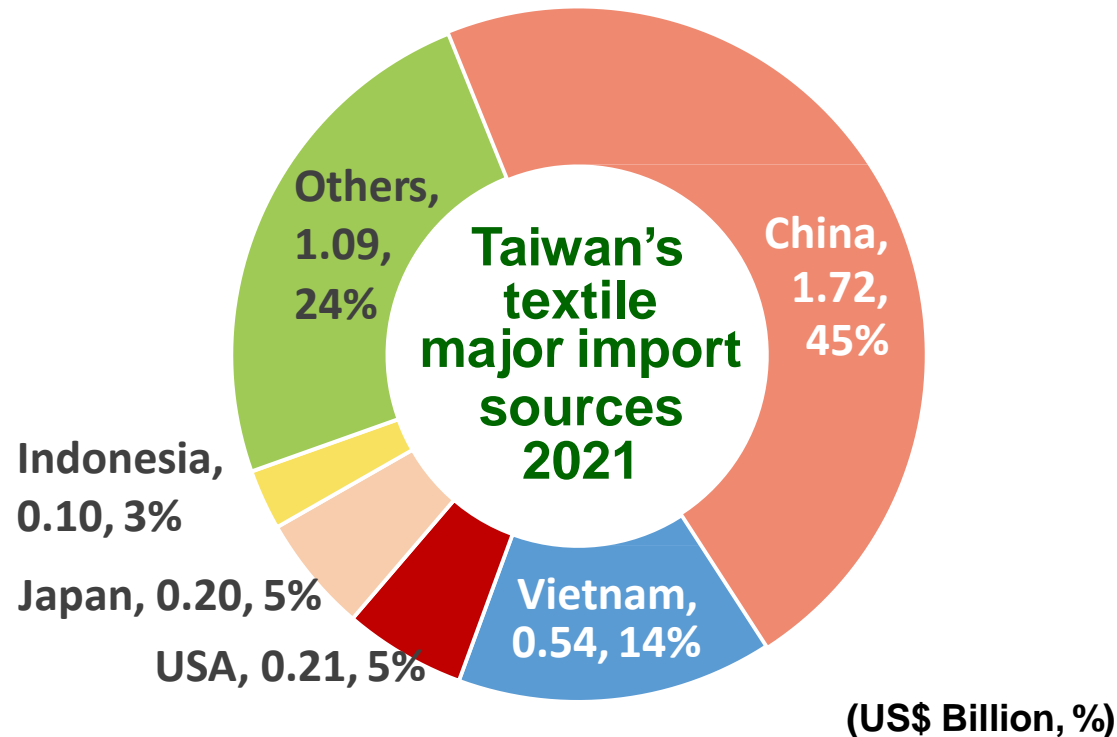
- **Taiwan:** the main import item was apparel & accessories, accounting for 50% of total textile imports in 2021.
- **Korea:** the top import categories were apparel (US\$10.5 billion), fabric (US\$2.3 billion), and yarn (US\$2 billion) in 2021, totaled accounting for 87% of the share.



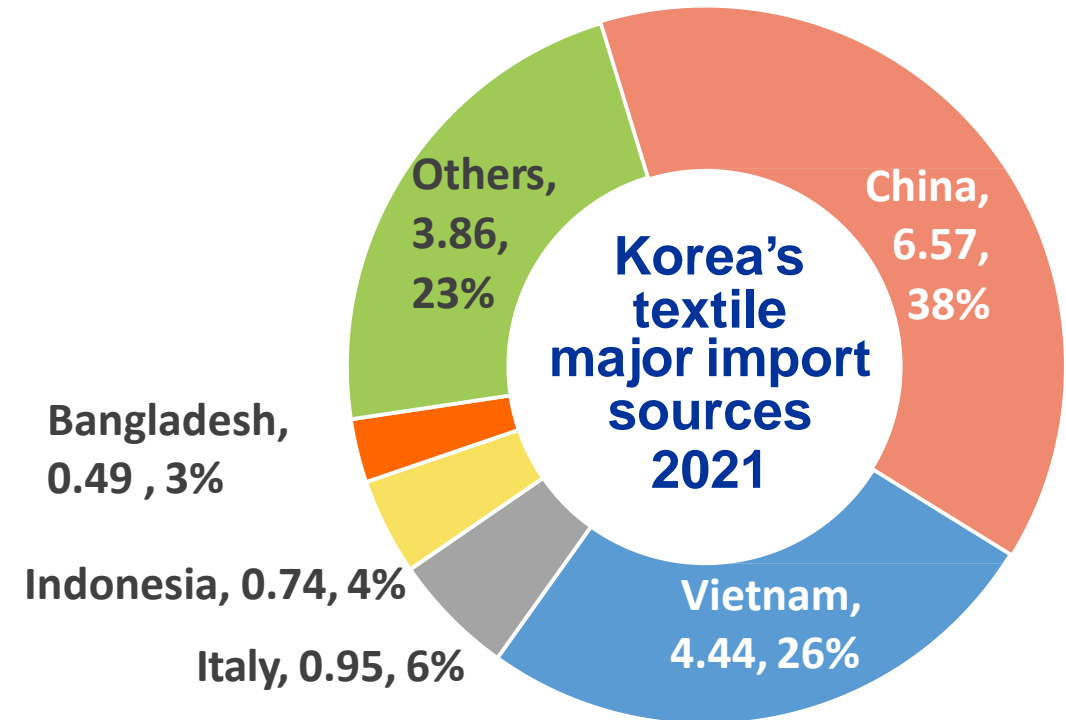
I. Trade performance

Main import sources - China & Vietnam

- The largest and second-largest sources of Taiwan's textile imports in 2021 were Mainland China and Vietnam, representing 45% and 14% of total textile imports and valued at US\$1.72 billion and US\$540 million respectively.
- In 2021, Korea's textile were imported mostly from Mainland China (38%) and Vietnam (26%), totaling US\$11.01 billion and accounting for 64% of total textile imports .



Source: CustomsAdministration, Ministry of Finance

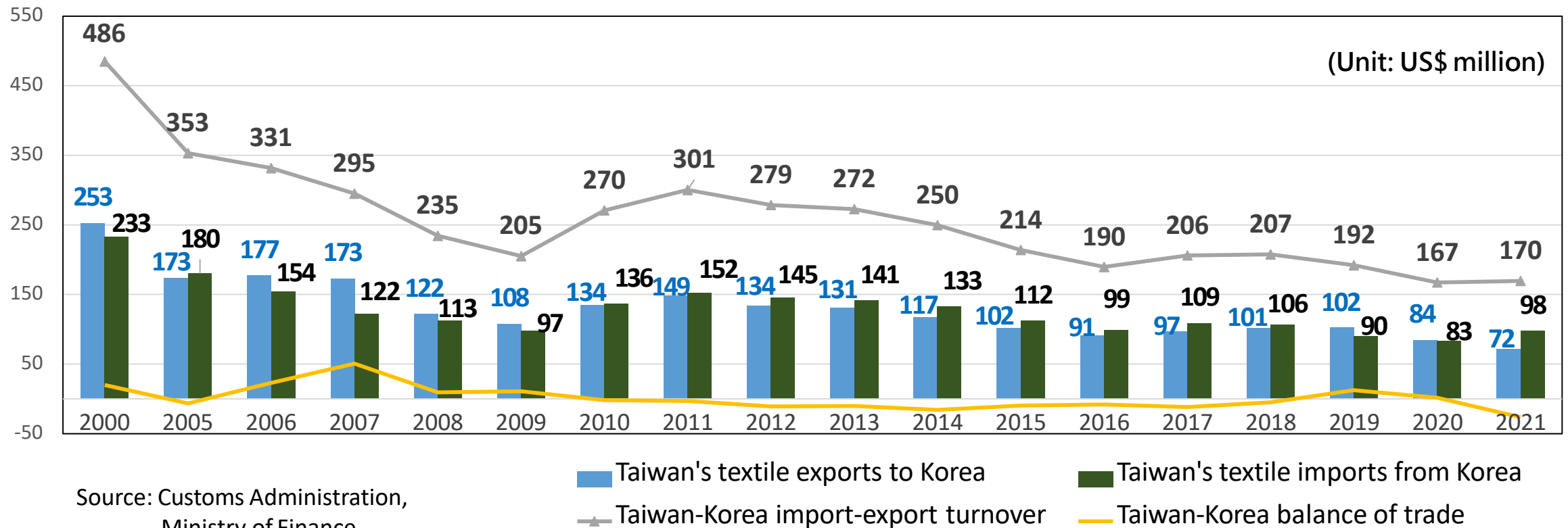


Source: Global TradeAtlas

I. Trade performance

Taiwan-Korea trade

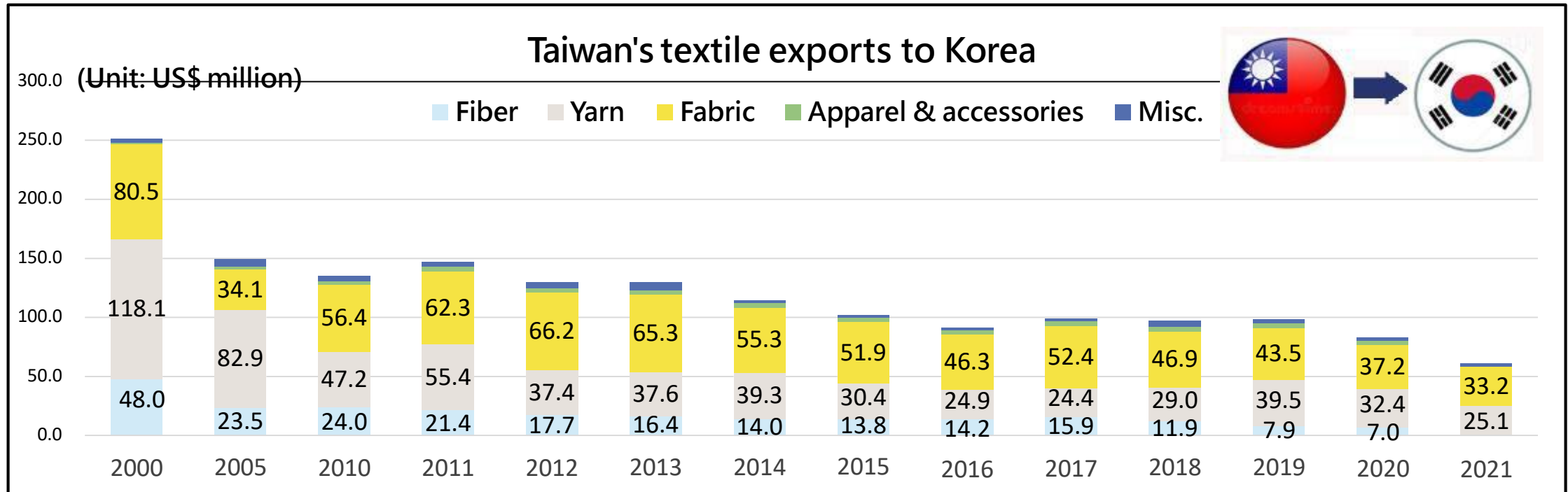
- The total turnover of textiles trade between Taiwan and Korea have shrunk from US\$486 million in 2000 to US\$170 million in 2021.
- In 2007, Taiwan textile trade surplus with Korea was US\$51 million. Since 2010, This trade surplus turned into a deficit. In 2021, the deficit reached US\$26 million.



I. Trade performance

Exports to Korea

- Korea was Taiwan's 15th largest textiles export market in 2021.
- In 2021, Taiwan exported textiles of value around US\$72 million to Korea, down 14.3% from 2020, and accounting for 0.8% of the total textile exports.
- The main export product of Taiwan to Korea was Fabric in 2021, accounting for 46% of the shares (was 32% in 2000).

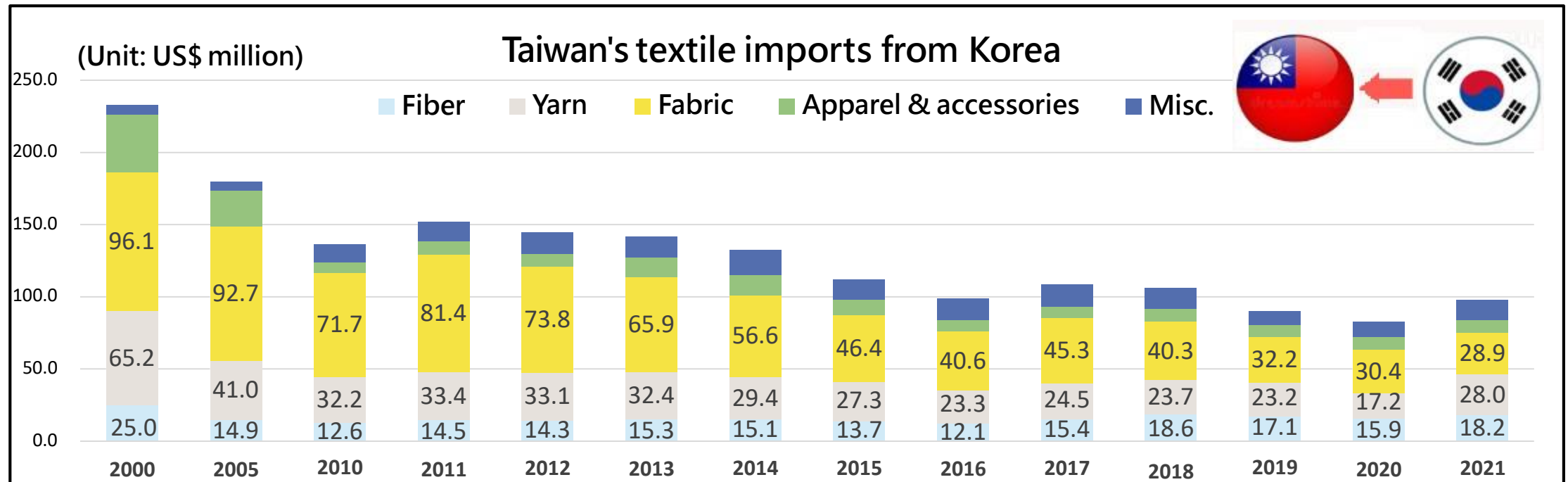


Source: Customs Administration, Ministry of Finance

I. Trade performance

Imports from Korea

- Korea was Taiwan's 8th largest suppliers of textile imports in 2021.
- In 2021, Taiwan textile imports from Korea totaled US\$98 million, up 18.1% from 2020, and accounting for 3% of the total textile imports.
- The main import categories of Taiwan from Korea were Fabric (30%), yarn (29%), and fiber (19%) in 2021.

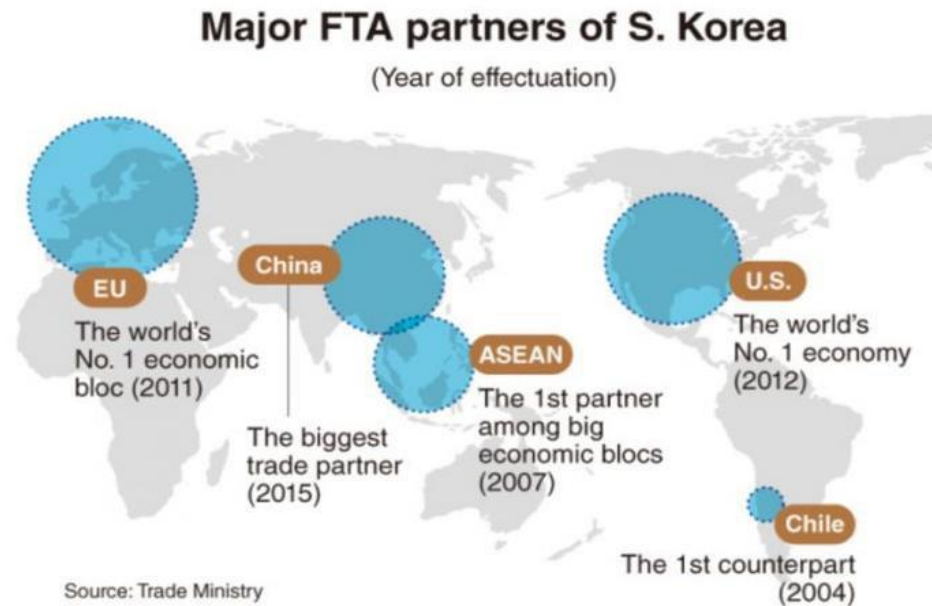


Source: Customs Administration, Ministry of Finance

II. Advantages of Korea Textile Industry

Korea's FTA Policy

- Korea's global FTA network is providing freer, speedier, and more competitive expressways for the global trade and investment community.
- Currently, The 18 FTAs have been concluded with 60 countries, including the ASEAN, USA, and EU as well as China.
- In April of 2022, Korea decided to start the process for joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), following China and Taiwan.



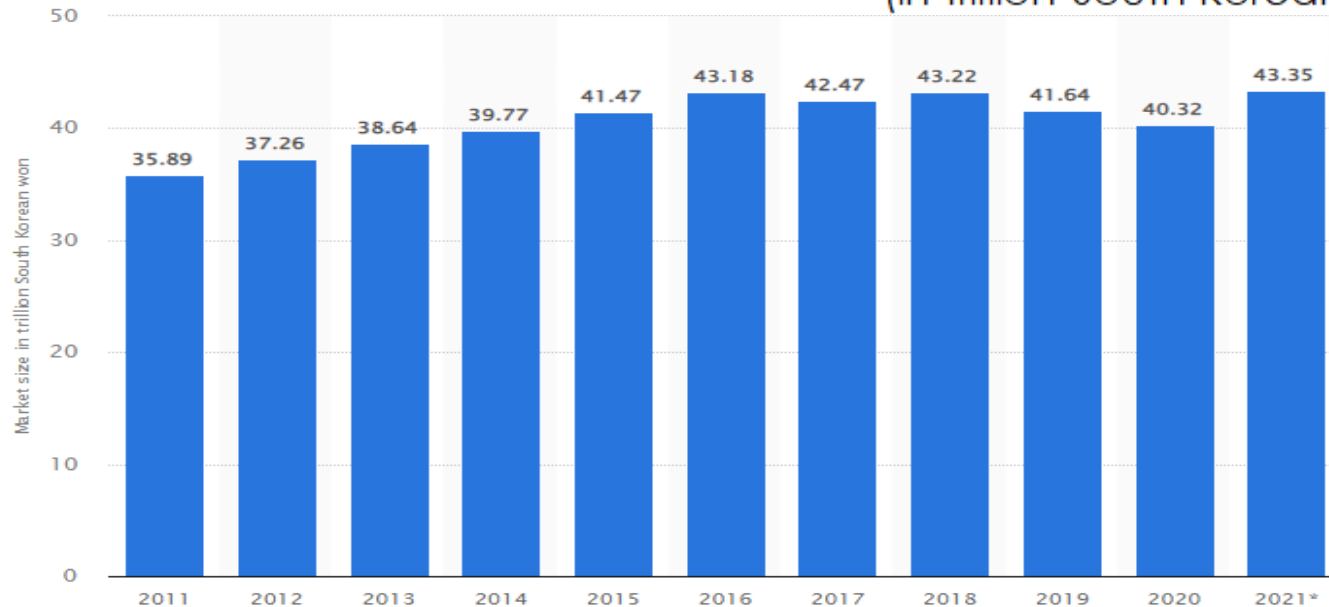
Source: Ministry of Trade, Industry and Energy

II. Advantages of Korea Textile Industry

Trends And Opportunities In Korean Fashion Industry

- Korea has a thriving fashion market of its own, and several local brands make up a sizeable share in the total fashion sales. The market size of the Korean fashion industry was forecasted to amount to around 43.35 trillion Korean won (US\$33.3 billion) in 2021. Impacted by the COVID-19 pandemic in 2019 and 2020, the fashion industry in the country recovered again in 2021.

Market size of fashion industry in Korea from 2011 to 2021
(in trillion South Korean won)



II. Advantages of Korea Textile Industry

New Deal Implementation Strategy

- In 2020, The Korean government announced the Korean version of the New Deal for the textile and fashion industry, the strategies are aimed at actively responding to environmental changes, such as Global value chain (GVC) reorganization and digital transformation, and using them as opportunities to take a new leap forward.
- The government plans to invest a total of KRW 160 trillion in projects (KRW 114.1 trillion from the government) and create 1.901 million jobs by 2025 based on two main policies – the Digital New Deal and Green New Deal- and an overarching policy support to strengthen employment and social safety net.
- Advancing the Industrial Structure Through Digital Transformation, and becoming a leading textile and fashion industry through green and digital innovation.



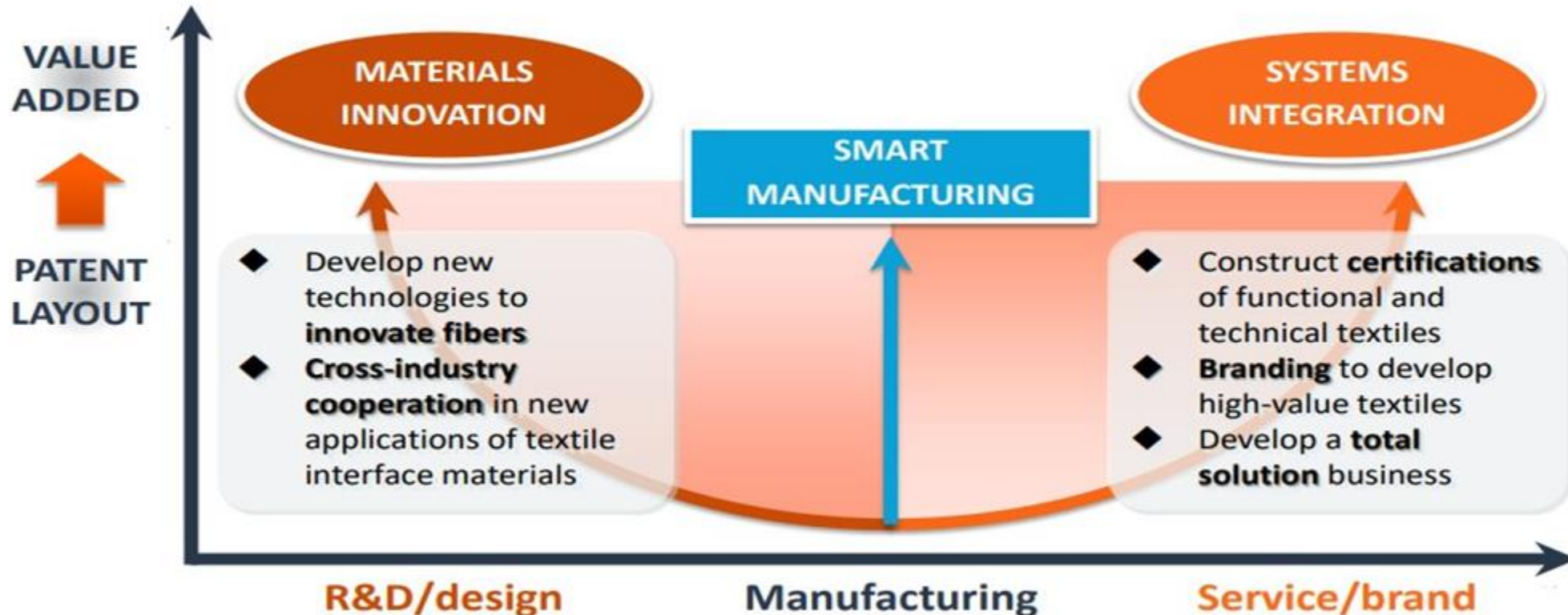
The Korean New Deal National Strategy for a Great Transformation



Source: Ministry of Economy and Finance (Korea)

III. Advantages of Taiwan Textile Industry

- Reshape the textiles and clothing industry value chain
- * Establish Taiwan as a Global R&D Center for Functional and Technical Textiles
- * Set up a Sustainable Design and Fashion Hub in Asia Pacific



III. Advantages of Taiwan Textile Industry

- There are 4,568 textile and apparel manufacturers employing more than 140,000 people in Taiwan.
- Enforced R&D in Taiwan in association with overseas manufacturing network.
- The Taiwan textile sector is now **a Trillion Taiwan dollars Industry** (US\$35.7 billion), generated by domestic and overseas production.



Info Source : Ministry of Economy Affairs, R.O.C.

III. Advantages of Taiwan Textile Industry

Responsive and flexible global strategies



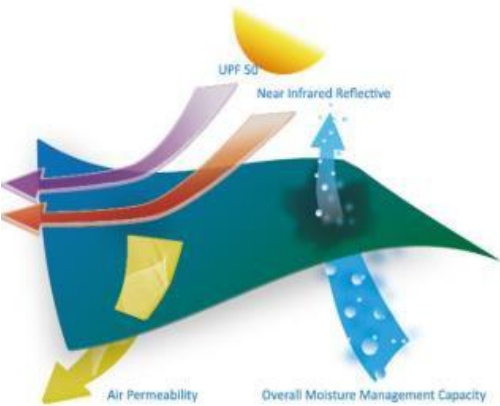
To consolidate upper-, mid-, and lower stream of textile industry as well as to collaborate with cross-industry technology integration providers so as to promote synergetic competitiveness in the global market

IV. Example of Sustainable Innovation and Development

- Innovated yarn & fabric mills in Taiwan are the backbones of the well-known brands in material R&D:



- FENC* is the major supplier for recycled PET products for NIKE, adidas, Decathlon and H&M as well as the pioneer of water-free dyeing technology for synthetic fabrics and other advanced technologies.
- To Nike, FTC* is recognized as the number one innovated woven fabric suppliers in the world.
- Eclat Textile Co., Ltd. specializing in knit fabrics and equipped with an integrated supply chain together with high quality R&D and technology is the key innovated partner of the main well-known brands like Lululemon, Athleta, Nike, adidas....
- Singtex successfully invented the S.Café® eco-friendly coffee yarn, made from plastic bottles and coffee grounds.



V. Conclusion

The situation between Taiwan and Korea textile industry is of cooperation and competition.

The on-going bilateral textile industry annual meeting has been alternatively hosted by TTF and KOFOTI for years.

This is indeed a good platform for entrepreneurs of both sides to meet and then explore due opportunities for cooperation. The next bilateral meeting will be hosted in Taiwan in 2023.

Furthermore, business opportunities shall be developed by organizing participating groups in textile and fashion trade shows in each country.



Thanks for your attention!

THINK TAIWAN FOR TEXTILES



Taiwan Textile Federation