THE FIBER YEAR CONSULTING

Issue 21, May 2021

TFY 2021

# WORLD SURVEY ON TEXTILES & NONWOVENS

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# Foreword

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**About The Fiber Year**

The Fiber Year GmbH, founded end of 2010, provides international expertise, analyses, strategy consulting and customized solutions to the international textile industry after 18 years in textile machinery manufacturing business at Barmag, Saurer Management and finally Oerlikon as senior manager at Oerlikon Textile International Business.

Numerous presentations at international conferences and several publications prove the company's understanding of the textile market forces. Corresponding views appeared in various print media like for example AVR, Bio-based News, Bloomberg, Chemical Fibers International, China Textile Magazine, China Textile Leader, Der Spiegel, Der Standard, eco Institut, Frankfurter Allgemeine Zeitung (FAZ), Fibre2Fashion, Finanz und Wirtschaft, Forward Textile Technology, Indian Textile Journal, International Fiber Journal, Knitting Trade Journal, Kohan Journal, Melliand, Nonwovens Industry, Neue Zürcher Zeitung (NZZ), Schweizerische Umweltstiftung, Sustainable Nonwovens, Technical Textiles, Tecoya Trend, textile network, TEXTILplus, TextilWirtschaft, U.S. Congressional Research Service, WirtschaftsWoche, Zeit Online and others.

TFY2021 in its 21st edition profits from last year‘s two decisive enhancements: 1) distinct differentiation between fiber supply and the volume entering textile processing at fabric stage and 2) upgrading supply by spunlaid nonwovens.

1) Changes in supply did not reflect pandemic-induced losses as manmade fiber business just recorded minor softening with the world without China suffering from double-digit contraction while official data from Beijing showed robust growth. Subsequent processing at fabric stage revealed steep contractions in both knitting and essentially weaving operations. Hence, inventory accumulation considered to be critical factor and ongoing container shortage and surging freight costs will continue to shorten fiber exports through most of 2021.

2) Spunlaid nonwovens, skipping a production stage as the polymer-based technology directly delivers a finished fabric, meet more than 1 kg per capita textile demand by now. Their volume is now part of supply and last year‘s high demand for medical, hygiene and PPE resulted in skyrocketing quantities. Ultimately, dynamics in spunlaid production overcompensated the minor drop at fiber side and brought world supply into positive growth territory.

All issues from 2011 have been produced thanks to support of Lenzing Group in many aspects. All market data, however, are result of the independent research by The Fiber Year GmbH. Hence, statements and conclusions do not necessarily reflect the assessment of the Lenzing Group. Furthermore, I want to address sincere thanks to all companies, associations, colleagues and friends that have helped me to make the textile yearbook.

Yours sincerely,

# Executive Summary

Pandemic pummeled the international fashion industry and most textile-related applications. Economic slowdown, lockdown measures and several extensions, shuttered factories, lay-off of millions of workers in garment supply chains, store closures, collapse in consumer spending and changing purchasing patterns due to stay-at-home orders had a terrible impact on fibers.

Forecast from TFY in September 2020 for an article for Oerlikon's Fibers & Filaments magazine indicated 14% decrease in fiber quantity entering fabric processing stage compared with finally 13% contraction as result of intensive research for this report and slightly better-than-expected performance due to moderate recovery in the second half of last year.

Fiber and yarn supply forecast at the same time was projected 10% down and finally came in tolerably stable after unexpected strong official production data from Beijing indicating speculative rebound from mid-2020 with substantial stockpiling.

World fiber supply was razor-thin in the red. Natural fiber output recovered, essentially cotton, but is projected to decrease in 2021. Surprisingly robust manmade fiber production in PR China while remaining industries contracted at double-digit rate. Synthetics were tolerably stagnant thanks to growth in polyester and spandex whereas remaining synthetic fibers were in the red. Stunning growth of cellulosics during recent two decades came to a temporary halt after sharp contraction of small-scale filaments and decline of viscose staple fibers while acetate tow confirmed its rebound from one year ago. Dynamics in spun-laid production overcompensated the minor drop at fiber side and brought global supply into positive growth territory.

To clarify first of all, TFY does not question the unexpected growth of Chinese manmade fiber manufacturing but took a closer look from different angles to put into perspective the higher-than-expected fiber supply volume. Ample capacity installed in Chinese industry easily enabled the rebound in the second half of the year with the only exception for viscose fibers as output data in November and December by far exceeded local capacity. At global fiber stage, however, this inconsistency is of minor relevance. Secondly, declining manmade fiber and filament exports do not call for expanded manufacturing and ongoing container shortage and surging freight costs will continue to shorten fiber exports through most of 2021. Finally, TFY has access to national fabric volumes thanks to long-term cooperation with Groz-Beckert as presented in a webinar (The Fabric Year 2020) last year with an update planned for September to structure main processing industries into knitting, weaving and nonwovens.

The widening gap between upstream supply and demand at fabric stage came as surprise because manmade fibers quickly can be controlled to match demand while cotton planting decision was already taken before pandemic. Supply as an indicator for market sentiment seemingly lost relevance in 2020 and holistic approach is increasingly gaining weight even if imponderabilia such as changes in inventory and size of waste volumes remain.

The material flow from upstream spinning industry to subsequent fabric processing together with trading activities on national level allow to arrive at justified conclusions for changes in inventory, available for world cotton industry thanks to ICAC but missing so far for manmade fiber business at global stage.

Further down the line, final demand at retail stage based on 15 markets with joint population of 3.1 billion fell by about 12% in volume terms. The true value might be even more depressed as excess inventory from 2020 collections was estimated significantly higher than average levels but corresponding data are not at hand.

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Deep discounting and bringing unsold merchandise into stores in 2021 will impact recovery following fulminating collapse in volumes and even steeper drop in prices last year. Feedstock prices for the most part in 2020 faced downswing, often faster than fibers, but 2021 seems to reveal an opposite trend according to movements early 2021. Alarming surge of force majeure declarations and technical issues continued into 2021 causing temporary shutdown of spinning lines across all synthetic fibers.

Trade-driven industry, shipping fibers across the globe to travel ready-made garment same way back despite growing awareness for sustainability, experienced a severe setback. The export value of 60 countries in statistical appendix is predominantly characterized by double-digit contractions.

Chinese export growth, driven by face mask shipments multiplying tenfold to around US$55 billion, lifted trade surplus to the second-highest in history at US$268 billion despite apparel deliveries continuing their multi-year decrease, short about US$50 billion from their peak in 2014. Brazil also succeeded to expand exports as result of raw cotton shipments following bumper crop and stocks at record high necessitate future sales with 2020/21 inventory predicted to even surpass output.

Imports into most Asian countries contracted at double-digit pace as direct response to depressed overseas apparel orders whereas Pakistan faced strong growth due to cotton crop failure and another considerable contraction predicted for 2020/21 season makes the country a promising fiber sales destination. Apparel imports into the largest single market, United States, tumbled by almost a quarter, steeper than 14% cutback into 27-nation European Union from outside the region. Interesting to note that unit value in both EU import categories - knitwear and woven garment - managed to increase contrary to U.S.



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