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## Insight

### Made to measure: sizing up the textile industry

By WTiN

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Founded in 1904, the International Textile Manufacturers Federation (ITMF) is an international forum for the world's textile industries, aiming to inform its worldwide membership about all matters affecting the industry, including future trends and international developments.

Christian P Schindler joined the ITMF on 1 October 2004 as an economist and, on 1 January 2007, he was promoted to the position of director general of the Federation by the ITMF Board.

#### WTiN: What are the biggest challenges facing the textile industry?

Christian P Schindler: The biggest challenge is always lack of demand or over-capacity – which are, of course, two sides of the same coin. It is also challenging to cope in a global economic environment that is not living up to the hopes and expectations of the industry, with GDP growth much lower than hoped for and expected. Low global demand is causing a challenge to the entire industry, whether in home textiles, apparel or technical textiles. In terms of risks, there are of course also different ones in each country.

#### WTiN: What is the impact of sustainable development on the textile industry? For example, does it make it harder for businesses to be profitable?

CS: Yes and no. For those who see sustainability only as a source of additional costs, it makes it harder to remain profitable. If companies see sustainability comprehensively and as a chance to move forward and develop new products that are produced at lower cost, with the help of technology, and if they look to increase demand for sustainable products, I think it can make companies more profitable. In other words, companies that see sustainability as an opportunity to improve their processes, to invest and to innovate, it is certainly an opportunity rather than a risk.

#### WTiN: What international trade regulations will bring the biggest changes for the textile industry?

CS: International trade agreements between countries and regions always have a huge impact. Currently, everyone is talking about the Trans-Pacific Partnership (TPP), which will have a significant impact as it will lower tariffs in the countries involved and have huge repercussions for the global textile industry's value chain simply because TPP covers a large economic area, a large market, both on the demand and the production side. Competition will be even more fierce for the countries that aren't part of free trade agreements. You can read, for example, in the news that Indian companies are looking to invest in countries affected by TPP, due to the benefits from the preferential trade agreement. Companies producing in Vietnam have a significant advantage over countries outside the agreement, such as China and India. These agreements are going to have a huge impact on the global textile industry.

#### WTiN: Do you believe China will retain its position as a leader in textile manufacturing?

CS: I think China will remain the dominant producer of textiles for the foreseeable future. It has such a huge industry, as well as excellent textile clusters around the country that can serve anyone inside or outside China. It has – and will have – a competitive textile and garment industry because it is investing a lot in automation which is necessary due to rising labour costs in China. While labour costs are rising quickly – the growth rate is 15-20% each year – this can be offset partially with new machinery. Of course, the investment boom of the last 10 years will not continue – we are seeing that investments are coming down in China – but their investments are still by far the largest. Furthermore, these investments are focusing more and more on higher value addition throughout the textile supply chain. China will therefore remain a major player in both textiles and apparel.

#### WTiN: What do you think about sustainable development in China? Are people in China concerned with sustainable development?

CS: Absolutely. People that live in cities with strong air pollution are very much concerned, so sustainability and environment issues will continue to be an important issue for China. The government has been looking at these issues for some time and has instigated regulations to improve the quality of the air in cities, and also the quality and standards of production in textiles.

#### WTiN: What is your view of India's position in fabric production?

CS: India is an important producer of yarns and fabrics, so many investments are taking place. The size of the industry is considerable, but it's divided. One half is organised – usually integrated companies that are mainly producing for exports. The other is non-organised, producing mainly for the domestic market. The more innovative and productive companies in the organised mill sector only represent around 10% of fabric production in India – so there is huge potential for India to invest in fabric production, but this will involve lots of changes within India regarding regulation and infrastructure, which will take some time. The same is true of apparel – India is lagging behind countries such as Bangladesh, even though they should have the potential to grow faster and stronger than many other countries. Due to regulations, restrictive labour laws, insufficient infrastructure and so on, India is underperforming – but the potential is there for India to benefit from a certain amount of outsourcing of production coming from China. We will see how India can benefit from the shifts of textile production from China to other Asian countries.

#### WTiN: Many companies from Europe and the US are moving production back to their home countries. Do you see this trend continuing?

CS: Our statistics on shipments of new textile machinery show very clearly where investments are going. We have certainly observed that investments, especially in spinning, are going back to the US. While this is good news for the US, for the wider textile industry – especially the cotton and spinning industries – it will affect the global value chain only marginally, as the bulk of investments is still going into China, India, Vietnam and other Asian countries. As an example, in recent years the US has been the second biggest investor in rotor spinning, simply because the labour share in rotor spinning is lower than in ring spinning, and energy and capital costs are very low in the US compared to any other country. But, overall, nobody is expecting great volumes of traditional textile

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production – for example, apparel or home textiles – to come back to the US, Europe, Korea or Japan, simply because it is too expensive. In technical textiles, where we have big industries in Europe, the US and Japan, these industries will grow further, but they will also grow in Asia, where this segment is lagging behind and where demand is growing strongly.

**WTiN: What have been the biggest and most impactful developments in textile manufacturing and technology in recent years?**

CS: There have been significant innovations in sustainability – reducing water and energy consumption, which are vital developments for the benefit of the environment and saving costs. Environmental and economic considerations go hand-in-hand, and have been the driving force for the last few years. This is very good news in areas such as finishing, where water consumption and pollution was a particular issue. In this context, another important development is the rise of digital printing, which doesn't require water. Digital printing is not only an environmentally friendly technology, it also offers opportunities for re-shoring because it can produce small lots of printed fabrics. The impact of this new technology will be very important for the downstream industry.

**WTiN: What are the most exciting developments on a textile product level?**

CS: Wearable technologies – there are many different companies and research institutes working on ways to integrate fabrics and technology. For example, Levi's is working with Google on a product to investigate implementing electronics into garments. There will be a lot of new wearable technology products coming up in the future.

**WTiN: What do you believe is most exciting about the future of the textiles industry?**

CS: The textile industry is not only constantly improving existing products, but is also developing new products and applications in the segment of technical textiles. While there will always be apparel and home textile products, which will become even more sophisticated, with additional functions, the number of applications are growing in other areas of textiles that many people knew nothing about many years ago. In the segment of technical textiles – whether it is in mobile phones, in surgery, aviation etc – there is a tremendous potential for new applications.