

Mr. Kihak Sung, ITMF President  
Opening Session  
Hybrid ITMF Annual Conference 2020  
(October 20<sup>th</sup>-22<sup>nd</sup>, 2020)

Dear Dr. Jun, Kwang-woo,  
Dear Mr. Sang Woon Lee,  
Ladies and Gentlemen.

Good morning, good afternoon and good evening everyone and welcome to this very special and indeed historic Hybrid ITMF Annual Conference 2020.

This year, we are convening for our annual gathering under very unusual circumstances. The Korea Federation of Textile Industries – KOFOTI – co-hosting this year’s conference, would have loved to welcome our colleagues and friends around the world here in Seoul.

As we all know, the Covid19 and quarantine situation have not changed, and it was a good decision by ITMF and KOFOTI to look for an alternative solution that would allow as many in-person meetings as possible. The local delegates are gathered here in Seoul and everyone else is joining this conference virtually.

Again, ITMF is very grateful that KOFOTI has agreed to co-host the conference under these difficult circumstances.

As announced before, the general theme of this year’s conference is “***The Corona-Pandemic: Re-Shaping the Global Textile Supply Chain.***” But ITMF did not wait until October to discuss the way forward. ITMF conducted surveys that revealed the extent to which companies around the world were negatively impacted by the pandemic. These surveys helped us to better understand the scale of the challenges, and the press releases received attention beyond the ITMF-membership. For example, the September survey revealed that it may take until 2024 for the global textile industry to recover from the losses suffered this year.

At the height of the pandemic, companies around the world suffered from an unprecedented avalanche of cancellations and/or delays of orders in the range of 40% on average. The lockdowns in Europe and North America caused a sudden stop of offline sales. While online sales surged, this was not enough to compensate for

the drop in offline sales. One reason for this was that many brands, retailers, and textile companies were not prepared enough for this digital challenge.

Therefore, companies around the world ranked the necessity to improve their digital capabilities higher than improving the balance sheet or offering a wider range of products in the 5<sup>th</sup> ITMF Corona-Survey last month.

This pandemic has shown the global textile industry is extremely interconnected and interdependent. Many apparel producers around the world depend on fabrics from countries in Asia. They suffered a supply shock when China had a lockdown. The ITMF-publication “International Textile Machinery Shipment Statistics” clearly shows that investments in new textile machinery predominately took place in Asia past 20 years. Over 80% of all new textile machinery were shipped to Asian countries.

The main drivers of this development were globalisation intergrating many Asian countries into the world economy and global value chain. The cost advantages were significant and attracted a lot of investments. The consumer markets in Europe, Japan and North America offered these countries ample opportunities.

The lower cost for textiles made the advent of fast fashion possible. Textile products became a commodity. For less money, consumers were able to afford more. Per capita consumption of fibres increased continuously in all regions of the world, especially in North America and Europe.

Last few years, globalisation has been slowed down significantly. There are different reasons for this. More countries became critical about free trade. The most conspicuous example is the negotiated Trans-Pacific Partnership (TPP) between 12 pacific countries, which was eventually not ratified by the USA and therefore never materialised in the original constellation. I am afraid the current trade war between the US and China is another example that shows free trade as we have known is a past history.

The Covid19 has forced us to question existing business models worked till last year are not suitable for the pandemic and post-pandemic period. Before introducing our sessions and speakers, I would like to share a few words of my own reflection from the recent months especially on textile industry's responsibility, business opportunities, and global development.

We at ITMF respect fair labor, social compliance, and human rights. As a matter of fact, the textile industry is more vulnerable than any others in labor and human rights issues given the labor intensive element of our industry and the dynamics within the host countries. Many of these countries are underdeveloped. Tackling these problems is not a small or simple task, and ITMF should help lead these rectification efforts. Helping member countries and companies to improve on human rights of laborers should be a serious responsibility of ITMF going forward. If we take them lightly, the future of our industry will certainly be jeopardized. Although regaining the stakeholder confidence on fair labor practices may take a long while, one should not lose patience.

As for conserving the nature, our textile industry is known to emit the second largest volume of CO<sub>2</sub> amongst all industries. We need to figure out how to reduce CO<sub>2</sub> emission in total quantity. National textile associations and corporate members of ITMF must take more interests in environmental issues by doing everything possible to minimize pollution and contamination caused by micro-plastics, dyeing the textile, or polyester overproduction.

Our industry is already developing technologies that can drastically reduce pollution, but even more R&D on green technology and techniques should follow. Preventive measures and proactive counter-actions to stop pollution should be applied to the entire supply chain. Then, we can turn this misfortune to our advantage of achieving sustainable textile, fashion, and consumption chain.

Digitalization, AI, and automation can also help reduce pollution as well as energy consumption. This technology advancement may reveal their blessings to our industry. Hugely beneficial business opportunities may arise while we try to fulfil environmental

obligation such as new improved machinery development and/or machine alteration requirements. Moreover, if we are able to find a streamlined solution for effective dyeing, finishing and laundry, we can even reduce the frequency of washing and the amount of water consumption by end-users as a result.

As for recycled fabrics, we are witnessing hyper growing demands, but we have to wonder if the recycled fabric supply is being genuinely executed. It seems that this popularity is being translated into over-commitment of using such fabrics. If overly pursued and perhaps mishandled, it may trigger industry scandals.

On the topic of synthetic fiber overproduction, worldwide today, there is huge overcapacity for polyester fibre production. I believe now is the right time to implement reduction of polyester fibre overcapacity as the global consumption of such fibre products has much decreased due to Covid-19.

On the other hand, one of our goals should be giving underdeveloped countries a chance at light textile and apparel industries. Countries in Africa, Asia, and Latin America do not have adequate resources to build other industries; however, they are suitable for sewing industries with plentiful labor. We should attempt to optimize global development by introducing the textile and sewing jobs to them. For the least developed countries, we have seen how apparel industries can be a foundation for economic growth, otherwise, impossible. Developed countries, major corporations, and their funds must support such initiatives by lending their hands.

If we work together on all of the above, I believe we may successfully elevate our industry to another level of sustainable growth and partnership.

At this time, I would like to extend my special thanks to our keynote speaker, Dr. Jun, Kwang-woo, the Chairman of Institute for Global Economics.

After working as Professor at Michigan State University and various senior positions at the World Bank, Dr. Jun served as President of

the Korea Center for International Finance, Distinguished Professor at Yonsei University, Chairman of the Financial Services Commission, and Chairman & CEO of the National Pension Service of Korea, which is one of the world's largest fund in terms of total assets under management. We are very honoured to have this eminent economist and scholar as our keynote speaker, and he will speak to us on “Reshaping of global economy and geopolitical dynamics in the Post Covid19 era: challenges and opportunities for textile industries.” Dr. Jun, thank you again.

We are also delighted that so many excellent speakers have agreed to share their vision and wisdom with us. We have planned sessions such as ***Korea's Textile Industry, Management & Data, Innovation & Technical Textiles, Fibre, Sustainability & Circular Economy, Collaboration, SLCP – A tool to end audit fatigue, and Fashion Industry Charter for Climate Action.***

Before closing, I would like to thank all the sponsors. Without your generous support this event would not have been possible. Therefore, please allow me to read them out to you:

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Now, let me conclude my opening remarks by wishing you an informative and interactive Hybrid ITMF Annual Conference 2020.

Thank you all very much.