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**Special Edition 1**

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## EDITORIAL

By Dr Olivier Zieschank, economist, ITMF

The “new normal” is on everyone’s lips. But no one knows what it will be. It is too soon to understand how the textile industry will organize in the post-pandemic economy. One thing stands out, though: manufacturing plants and supply chains need to be resilient; they need to sustain local and global supply and demand shocks. The blueprint for the reorganization is already being drawn by textile manufacturers and implies re-thinking economic globalization, developing industrial social responsibility, and advancing industrial digitalization (Article 1).

The ways the industry will reorganize around the world and the priorities for textile manufacturers will nevertheless vary at each step of the textile value chain. There is no “one-fits-all” solution. It is widely accepted that the growth determinant for demand (i.e. demographics and size/wealth of the middle class) will continue to expand, but the distribution of production around the globe might change. Fiber production, spinning, texturing, weaving, knitting, finishing, and printing face different challenges (Article 2). Their production activities are embedded in different socio-political contexts, they react to different economic constraints, they are interlinked but independent. The “new normal” might need to be written in plural soon. We will stay alert.

## INTERVIEW WITH MR. RUIZHE SUN (PRESIDENT, CNTAC)

By Dr Christian Schindler, general director, ITMF

July 13<sup>th</sup>, 2020, Beijing

Mr. Sun is the president of the China National Textile and Apparel Council (CNTAC), vice president of the International Textile Manufacturers Federation (ITMF), board chairman of the China Textile Engineering Society, chairman of the Responsible Supply Chain Association (RSCA), and also director of the China Textile & Garment Brand Strategy Promotion Committee. He answers our questions on the current state of the textile industry.

**Christian Schindler:** In the first two quarters of 2020 the global textile industry has experienced an unprecedented global supply and demand shock. According to the ITMF Corona-Surveys the companies around the world are expecting turnover 2020 on average to be around -30% lower compared to 2019. Were export and domestic markets hit equally by the demand shock when looking at Chinese companies?

**President Sun:** The continued spread of COVID-19 is having a dramatic impact on the global economy and market demand. Chinese textile and apparel companies are suffering from weakness in both export and domestic markets.

As far as export markets are concerned, many Chinese companies are facing cancellation / postponement of orders and payments at a discount. For now, the prevention & control work is still going on. The demand cannot bounce back in a short time. It tends to be more difficult for Chinese

companies to get new export orders. The export volume also goes down. According to the statistics of China Customs, from January to May, the total export value of Chinese textile and apparel products was 96.16 billion USD, a year-on-year decline of -1.2%. The export value of apparel products was 38.21 billion USD, a year-on-year decline of -22.8%. The export value of textile products was 57.95 billion USD, a growth of +21.3% compared with last year. Exports of masks and other epidemic prevention supplies have contributed a lot to such growth. The “Fighting COVID-19 China in Action” white paper released by the Chinese government reports that from March 1st to May 31st China exported 70.6 billion masks to nearly 200 countries and regions – a strong support to the global fight against the novel coronavirus.

In terms of domestic market, there are some signs of pick-up thanks to the effective measures adopted by the Chinese government to address the impact of COVID-19. Smooth and steady progress has been made in resumption of work and production, prevention and control work and restoration of industrial operation order. However, pressures to reopen business activities and stimulate consumption still exist. According to NBS, the decline in China’s total retail sales of consumer goods has gradually slowed down since March. The decline was -13.5% in the first five months, a contraction of 7 percentage points compared with January and February. The retail sales of textile and apparel products also witnessed a rebound, but it is not as good as retail sales of fast-moving consumer goods like food and daily necessities. From January to May, the retail sales of clothing and footwear and knitted textile products fell by -23.5% while the retail sales of cereal and oil food increased by +13.4% and daily necessities by +2.5%. The decline of online retail sales of clothing was -6.8%, a contraction of 11.3 percentage points compared with January and February.

**Christian Schindler:** What were the 3 biggest challenges facing companies in China since the start of crisis?

**President Sun:** The first is the uncertainty of development prospects. Although the epidemic situations in Germany, Britain, France, Italy, Spain and other European countries as well as South Korea, Japan and other Asian countries have been effectively under control, there are no signs of obvious improvement in countries such as the United States, Brazil and India. It brings continued uncertainty to the recovery of the international market and the reshaping of the supply chain.

The second is the difficulty of reshaping a disrupted and imbalanced global textile and apparel supply chain. The outbreak of COVID-19 has intensified the basic characteristics of geo-economics, putting the global value chain cooperation under pressure. Also, disrupted production & sales channels and lower product prices have increased the pressure on capital turnover and the risk of capital chain breaks.

The third is the weak demand in domestic and foreign markets. Such weakness is hard to recover in a short time. Many export companies in China have adjusted their development strategies and shifted to domestic market. However, there is still a serious shortage of orders, which leads to a low utilization rate of capacity, inventory pile-up, increasing cost burden and pressure on business operation.

**Christian Schindler:** China was the first country that was hit by the crisis. It was also the first country where the partial lockdown of the country was lifted, and shops reopened. Other markets like Europe

or North America were hit much later by the pandemic. How did the Chinese textile and apparel industry weather the crisis since the end of the lockdown?

**President Sun:** Chinese textile and apparel companies have been carrying out creative practice in three aspects since the end of the lockdown.

The first is to resume production in an orderly manner, fulfil existing orders (production and delivery) and make new production plans. In this process, it is very important to take comprehensive prevention and control measures to avoid collective infection, including preparing enough masks for staff on duty, having temperature taken before entering, setting up temporary isolation and medical facilities, disinfecting regularly the workshop and public areas, adjusting the number of employees in dormitories, and taking turns for lunch or catering to the working positions.

The second is to tap the potential market demand to obtain new orders. Many Chinese textile companies have turned to online channels such as live-streaming shopping and online exhibitions to cover the shortage of offline sales. The e-commerce live-streaming, based on the supply chain of cost-effective products, can effectively stimulate consumption through enhanced interactive experience. In China, clothing products top the sales list of live-streaming shopping. The e-commerce live-streaming is seeing rapid growth with good business opportunities. Also, some companies have switched to the production of masks/protective suits and the development of new fibers/products with antibacterial and health functions. These companies have made good profits. Many export companies have made the adjustment of turning export to domestic sales.

The third is to strengthen the internal control to reduce cost. Chinese companies have taken measures such as streamlining the internal management processes, utilizing resources allocation and improving management on inventory and capital chain to increase operation efficiency and cost-effectiveness. Meanwhile, the relief policy of the Chinese government also helps to reduce burden on companies.

CNTAC - as a public service organization for China's textile industry - are making every effort to help Chinese textile and apparel companies deal with dramatic changes.

We perform special monitoring on the resumption of work and production of companies to know in time their difficulties. We coordinate the upstream and downstream resources of the industrial chain to help companies overcome difficulties. We also speak for companies with government departments. After companies resume work and production successfully, we strengthen the monitoring on their operation and make analysis and pay close attention to potential problems and difficulties.

On the other hand, we create conditions for companies in marketing and upgrading competitiveness. Our trade fairs, fashion weeks, technical seminars, training programs... all have been shifted online, providing services including promotion, business docking and negotiations through the internet platform.

**Christian Schindler:** In the 4th ITMF Corona-Survey, which was published in the middle of June, companies were asked when they expect to reach pre-crisis levels again. Most companies expect this to be in the first or second quarter of 2021. Do you share this view?

**President Sun:** Business activities are closely connected to the global macro-economic situation. The on-going COVID-19 pandemic, frequent abnormal climate phenomena, rise of protectionism, intensification of geopolitical conflicts... all these elements are changing the world economy and society in a profound way. There is much uncertainty about the world economy in the near future. Judging from recent economic data, hopefully the world economy will achieve positive growth in the first half of next year. However, it is hard to tell if it can return to the levels before the outbreak.

The operation of a company, to a large extent, depends on its development strategies, management and competitiveness. Some companies with core competitiveness can seize the opportunity after the epidemic prevention and control situation improves. Some even find new market space during the crisis. It is quite possible for them to recover earlier than the macro economy. Also, there are some companies that have suffered a big hit from the crisis. It is difficult for them to recover at an early time. In any case, companies need to have a global vision and strengthen cooperation for a quick recovery.

**Christian Schindler:** It was stunning to see that so many cancellations/delays were reported since the start of the crisis. According to the ITMF Corona-Surveys, orders have dropped by around -40%. Many buyers were referring to so-called "Force Majeure Clauses". Others were to the disadvantage working with so called "Open Accounts". In both cases the risks were distributed unevenly to the disadvantage of the suppliers.

What are options to prevent such a tsunami of cancellations/delays in the future?

**President Sun:** CNTAC has taken measures in two aspects to help corporate members deal with cancellation of orders.

One is to put forward suggestions for different situations. We suggest export companies standardize contract texts, take deposits based on contract and have export credit insurance for contract. We suggest some local governments and textile industry associations organize activities to provide pro bono legal assistance to export companies. For some export companies, we suggest turning to the domestic market.

The other is to issue a joint statement on supply chain. In April this year, CNTAC together with STAR (Sustainable Textile of the Asian Region) Network members including 8 industrial organizations from other 5 countries issued a joint statement calling for the responsible purchasing behavior amid the COVID-19 pandemic. We appeal to global brand owners, retailers and traders for their careful consideration about all potential impacts on textile supply chain – esp. the workers and small businesses - when making important purchasing decisions. We promote sincere performance of contracts, mutual understanding, negotiations and cooperation to weather the crisis together.

**Christian Schindler:** How were textile and apparel companies directly and indirectly supported by the government?

**President Sun:** The Chinese government has launched a set of measures to help all companies registered in China (Chinese, wholly foreign-owned and joint-venture companies) to cope with the impact of the COVID-19 pandemic. The measures for all industries include temporary exemption of some social insurance premiums, tax and social insurance payment deferral for companies short of liquidity, temporary reduction on industrial energy prices, etc. There are no measures specific to Chinese textile and apparel companies.

**Christian Schindler:** What are the medium-term and what are the long-term consequences of this crisis for the global textile and apparel industry?

**President Sun:** The turning point of this crisis may occur in 2020, or it may be in 2021. One thing for sure is people's demand for textile and apparel products will gradually return to normal as the situation improves. It is the fundamental driving force for the global textile and apparel industry. Despite the crisis, the trend of the global textile and apparel industry toward growth will not change and the trend of global cooperation will not change.

The medium-term and long-term consequences of the COVID-19 pandemic are reflected in four aspects.

*I. It will inspire the new thinking on economic globalization*

An important consensus brought by the crisis is that we, human beings, are a community of a shared future. A global issue needs to be solved through global cooperation. The well-being of human beings hangs on the development of globalization. Although the global value chain cooperation is under great pressure during the crisis, the basic framework and foundation for cooperation of the global textile industrial and supply chains have not changed. To cope with the crisis, many countries show stronger willingness for industrial cooperation, trade globalization and liberalization. In this context, new cooperative relationship will be established, and the global textile industrial and supply chain cooperation will get even closer.

*II. It will promote the new development of industrial social responsibility.*

As an industry important to people's livelihood and epidemic prevention supplies, the value of the textile and apparel industry for responsible development is further reinforced in the crisis. Globally, corporate social responsibility has been integrated at a faster rate into the production and innovation systems of the industry. It roots in every aspect of industrial and value chains and in the whole cycle from products to services. In future, the development of textile and apparel industry will be more human-centered, providing quality products for the well-being of all human beings; be more environmentally responsible, creating green, low-carbon and circular industrial and supply chains to address the world climate change; be more focused on market responsibility, advocating market-oriented and open development for the fairness and justice of the society and for the all-round development of workingmen.

*III. It presses the fast-forward button for the development of industrial digital economy.*

Digitalization, network technology and intelligence are the three major ways in which the global economy and technology will change in future. The COVID-19 pandemic has increased social distance and isolated markets which cause tremendous shock to traditional marketing channels. The world textile and apparel companies are forced to speed up their combination of online and offline business, realizing the connection between sources and markets through digitalization. On the one hand, companies supported by intelligent equipment and industrial internet turn to intelligent manufacturing, promoting the cost-effectiveness and flexibility upgrading of the supply chain. On the other hand, companies actively explore multi-channels and new business models, developing live-streaming marketing, social marketing and online exhibitions through e-commerce application platforms.

*IV. It will set off a new upsurge of science and technology innovation.*

Science and technology innovation are reshaping the development pattern and industrial boundary of the global textile and apparel industry. It also determines the international division of labor and competitive advantages. In the fight against the COVID-19 pandemic, the strategic value and position of science and technology have been fully displayed. Science and technology are the key factors for global industrial governance and corporate decisions. In the medium term, companies need to form a high efficiency, high quality, high responsibility and low-cost supply system to offset the impact of the crisis and create new market demand. In the long term, industrial basic research and original creativity, esp. the development of new fibers and intelligent equipment of strategic importance, will be strengthened to ensure the security and core strength of the industry.

**ITMF'S VIRTUAL INDUSTRY STATEMENTS**

By Dr Olivier Zieschank, economist, ITMF

**Saurer, Mr. Saur, The Spinning Industry, 30.06.2020**

"We have several indications that we will see less installations in 2020 compared to 2019", Mr. Saur says. There are different reasons underlying this statement for different regions of the world, but trends seem to be the same in almost all of the top countries, he adds. Three of these trends with pre-pandemic origins stand out: rotor over-capacities (especially in China); yarn abundance in the market; and financing difficulties/missing subsidies in the spinning industry. In 2020, spinners were additionally hit by COVID-19 in two ways: global lockdowns and order cancellations/postponements. Check out Mr. Saur's video on the [ITMF virtual forum](#) to learn more on the state of the spinning industry, especially on the perspectives for the near future.

**Oerlikon, Mr. Wissenberg, The Manmade Fibre Industry, 25.05.2020**

"Long before the Corona-Virus situation developed, the major manmade fibers manufactures in China have decided to reverse integrate their production chains into petrochemicals in order to expand their product portfolio, to target investments, to reduce dependence on a single product, to optimize their costs, and, ultimately, to acquire greater control over margins in a global volume business". Similar strategies are observed in Turkey and India, says Mr. Wissenberg. The "Oil-to-Yarn" business is the reason why the manmade fiber industry "is going against the flow of the rest of the textile machinery industry". Check out Mr. Wissenberg's video on the [ITMF virtual forum](#) to learn more on the state of the manmade fiber industry, especially on the perspectives for the near future.

**Picanol, Mr. Verstraete, The Weaving Industry, 19.05.2020**

"Some basics will not change." While the current situation is difficult for many, Mr. Verstraete keeps an optimistic attitude toward the future. "First of all, the world total population continues to grow, which means that the demand for textiles, for fibers in general, will continue grow. Second, we don't believe that the wealth of the people in the middle class, and the number of people in the middle class, will stop growing. Also, there, we assume that people will, on average, consume more textiles per head in the future. Third, clothing, housing, mobility, and healthcare will not disappear, even if their respective importance might change." Check out Mr. Verstraete's video on the [ITMF virtual forum](#) to

learn more on the state of the weaving industry, especially on the current world's potential growth pockets.

#### **Groz-Beckert, Mr. Schoeller, The Textile Value Chain, 27.05.2020**

"Up until April, we were very concerned about the manufacturing of textile; that the value chain holds, that there is enough yarn and raw materials, that the tools and machines can be shipped all around the world." According to Mr. Schoeller, many thought that (i) the dominant position of China was slowly deteriorating at the beginning of 2020 and that (ii) more and more neighboring countries were benefiting. "But all this is history now. The only working global value-chain for garments is China right now, and only China can fulfill whatever is needed in the market", he says. Check out Mr. Schoeller's video on the [ITMF virtual forum](#) to learn more on the state of the textile value chain, especially on the current world's potential growth pockets.

#### **Benninger, Mr. Meienberger, The Finishing Industry, 29.06.2020**

"Polyester is under pressure because of carbon emissions and microfibers coming out of home laundry machines and viscose fibers are getting higher market shares. This leads to the need for new machine concepts (...)", says Mr. Meienberger. New trends in knitting fabrics, digital printing, CPB dyeing processes, minimal applications by spray and foam, sustainability, value stream mapping and process optimization further fuel an increased demand for finishing machines, he adds. Check out Mr. Meienberger's video on the [ITMF virtual forum](#) to learn more on the state of the finishing industry, especially on the perspectives for the near future.

#### **Mr. Riva, Mouvent, The Printing Industry, 19.05.2020**

The digital printing market has grown from 6% to 9% in the last two years and was expected to reach 15% of all printed fabric by 2025. Now, everything is uncertain. "We have no idea if people will go back to the shops to buy and we don't know the demand in the near future." The traditional way to present end-products to customers, i.e. the fashion weeks in Milano, Paris, and Munich need to be reinvented. "We need to re-build our approach to the market", Mr. Riva says. "The main production for most of the customers today is for masks. You can make volume, volume, volume, but it is not high value productivity." "Everybody needs to work on a new way to approach the market". Check out Mr. Riva's video on the [ITMF virtual forum](#) to learn more on the state of the printing industry, especially on the current world's potential growth pockets.



## NEW MEMBERS

by Dr Olivier Zieschank, Economist, ITMF

In June/July, the ITMF welcomed 2 new members.  
We are delighted to welcome as a new Associate Member:

Country	Name
Spain	Amec-Amtex <a href="https://amtex.amec.es/en/spanish-textile-machinery/the-association-amec-amtex/">https://amtex.amec.es/en/spanish-textile-machinery/the-association-amec-amtex/</a>

Furthermore, we are very happy to welcome as a new Corporate Member:

Country	Name
Turkey	Diktas - <a href="http://www.diktas.com.tr">www.diktas.com.tr</a>

We are looking forward to welcoming more companies and organizations from the textile and allied industries in the future, which would strengthen the ITMF as a unique international platform for the global textile value chain.

## BILLBOARD

### Press release: VDMA - Textile machinery for mask production



#### Mask production: Nothing runs without textile machinery

Frankfurt, 21 July 2020 - Protective masks, everyday masks, disinfecting wipes and surgical gowns are goods in demand in times of corona. In their manufacture, textile machines are at the beginning of the production chain.

The production of the textile raw material is the first step of the usually multi-stage production processes. Members of the VDMA Textile Machinery Association are at the beginning of this technological chain.

The production of protective masks starts with the manufacture of the filter material, which for surgical masks as well as FFP2 and FFP3 respirator masks consists of fine-pored nonwoven fabric to intercept coronaviruses. In addition to the systems, machines and components used for this purpose, measurement and control technology ensures the highest quality of important parameters such as basis weight and air permeability. Nonwovens used for respiratory masks have to meet the same high-quality requirements as the masks – to ensure the protection of the mask wearer.

Members of the VDMA Textile Machinery Association have reacted to the new market requirements in a very short time and developed new technologies for knitted, warp knitted as well as woven mouth and nose masks that can be produced without the need for sewing. For surgical masks, FFP2 respirators and social distancing masks, a wide variety of other materials and combinations of materials are used (nonwovens, woven fabrics, knitted or warp knitted fabrics and laminates thereof). Elastic bands are required to wear the masks and several association members provide technologies for their production.

Materials for masks can be treated with textile chemicals to make them antiviral and antibacterial. For this purpose, the VDMA member companies offer application systems which apply the corresponding chemicals to fabric webs. As already mentioned, quality assurance is extremely important for medical products. For this purpose, member companies of the VDMA offer software systems with which each mask can be traced through the entire production process.

VDMA members also offer solutions for the assembly of respirator masks, some of which were developed at short notice. These solutions enable respirators to be produced that meet the relevant standards and the highest quality requirements of customers and market surveillance. This applies to systems for the production of surgical masks and FFP respirators. At the end of the production chain, machines are used to pack masks in single or multiple packs.

In pandemic times, the demand for protective gowns (so-called surgical gowns) also increases. The same applies to disinfecting wipes. For these textile products, too, VDMA members manufacture tailor-made machines for production through to packaging. The quality of the products is ensured by means of measurement and control technology.

An Internet article at <http://www.machines-for-textiles.com> provides detailed information on process steps and the range of services offered by the members of VDMA Textile Machinery. The overview is continuously updated. For research purposes, the manufacturers' directory at <http://www.machines-for-textiles.com> is also available, as are the industry experts by sending an enquiry to [txm@vdma.org](mailto:txm@vdma.org).

In the wake of the corona crisis, VDMA Textile Machinery has launched a new series of web events called "Textile Machinery Web Talk". Here, experts from up to four VDMA member companies present their innovative technologies on a specific topic in a maximum of 90 minutes and are available to answer questions from participants. The presentations are held in English. Participation in the web events is free of charge.

Topics of the first two web talks were:

- "Technologies for the production of melt-blown nonwovens for respiratory protection masks (FFP masks and surgical masks)."
- "Technologies for the production of respiratory protection masks (FFP masks and surgical masks)."

The format is well received. Around 180 people from more than 30 countries took part in the first two web talks. With this format, the VDMA reaches both textile and nonwovens manufacturers who already manufacture these products and companies that want to invest in new business areas.

The next web talk will take place on 23 July 2020 from 14.00 to 16.00 (CEST) on the current topic "Technology solutions to produce fully-fashioned community face masks." Experts from KARL MAYER, STOLL by KARL MAYER and Jakob Müller will be presenting their technologies for producing everyday textile masks to an international expert audience. Interested parties can register here:

<https://register.gotowebinar.com/register/2607744021751510284>

Further web talks are in preparation. Up-to-date information on this will be published at

[www.machines-for-textiles.com/webtalk](http://www.machines-for-textiles.com/webtalk).

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## Press release: JSN - International website has been renewed

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INTERNATIONAL JOURNALS FOR THE SEWING INDUSTRY

# J.S.N. International

### PRESS RELEASE

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JSN International website, [jsn-intl.com](http://jsn-intl.com), has been renewed.

JSN International website has undergone a major revision and reopening.

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Since its first publication in 1974, JSN International has been providing information to the world sewing industry for over 45 years. In addition to the traditional magazine edition, JSN International publishes an electronic edition (digital book) that meets the needs of the times to readers. We convey the latest information accurately and speedily. We have also redesigned our website.

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The electronic version can be easily viewed from multiple devices such as desktop PCs and mobile phones. The link function unique to the electronic version is convenient because you can instantly move to related pages.

#### July Highlight: Report on the current situation of the global garment industry in terms of the coronavirus disaster

- Mr. Han Bekke, President of International Apparel Federation IAF
- Ms. Anne Patricia Sutanto, Vice Chairman of Foreign Trade of the Indonesian Textile Association (API)
- Mr. Chalumporn Lotharukpong, Managing Director of VT Garment, Thailand
- Mr. Michael McDonald, President of SPESA

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