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TFY 2022

WORLD SURVEY ON TEXTILES & NONWOVENS

THE FIBER YEAR CONSULTING

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1. Foreword

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About The Fiber Year

The Fiber Year GmbH, founded in 2010, aims to provide international expertise, analyses, strategy consulting and customized solutions to the international textile industry after 18 years in textile machinery manufacturing business with companies such as Barmag, Saurer Management and Oerlikon as senior manager for Oerlikon Textile International Business.

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

TFY2022 in its 22nd edition offers a comprehensive and continuously enriched range of information along the textile value chain.

Latest upgrading to emphasize global efforts for sustainability is the subdivision of the dynamic viscose staple fiber market into spinning processes. This report will for the first time ever differentiate into viscose process for standard and eco-friendly viscose, modified viscose process for modal fibers, lyocell technology and acetate process.

Further brilliant contributions refer to sustainability such as „Transition of Textile Industry to Embrace Circularity“ from Uday Gill, Chief Strategy Officer, Indorama Ventures Ltd, „Tailwind for Polylactic acid (PLA)“ and „How the EU aims to transform its textile industries“ both from nova-Institut GmbH.

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 in helping me to make the textile yearbook.

Yours sincerely,

Andreas Engelhardt

1.2 Executive Summary

The year 2021 was another challenging year that ended on a generally positive note with an estimated 6.1% global growth as revealed by IMF's World Economic Outlook in April. Optimism was quickly dampened following Russia's war against Ukraine, renewed disruptions in supply chains that heat up further commodity price pressure, geopolitical instability, further course of pandemic and heightening uncertainty on reliable energy supply essentially in Europe.

Risks and supply disruptions from pandemic, lack in logistics, freight costs at elevated level and port congestions were perceivable through the entire year. Labor shortage and Americans quitting their jobs at a record pace with more than 47 million last year, the pandemic-era trend known as the "Great Resignation", entered its second year. It was additionally supported by record job openings with better pay but economic headwinds will probably diminish this trend that, finally, worsened profitability of companies due to temporarily shuttering spinning lines and spending more money to seek and train workers.

Yet another concern arose from inflation that was high throughout most of 2021 and further climbed early 2022 to rates not seen since the early 1980s. Cotton price measured in Cotlook A-Index arrived at 11-year high mid-May at US$3.60 per kg and feedstocks, fibers, chemicals, additives, dyes and all other utilities sharply went up in prices.

Apparel demand has witnessed improvements but last year's development certainly was not a broadly based recovery. Deep discounting and unsold merchandise from previous year brought into stores affected manufacturing. Strong U.S. demand prevented something worse with increasing apparel import demand to 8% above pre-pandemic level in volume terms while EU region, UK, Japan, Korea and Taiwan jointly remained 12% below 2019 level.

The global chip shortage, shutting down automotive production lines last year, and the current supply shortfall in Europe for cable looms sourced in Ukraine will continue to impact automotive production rates and consumption for automotive end-uses. Good news from U.S. perspective was that Senate in March approved US$52 billion in subsidies for semiconductor chips manufacturing and the first billion-dollar chip factory just opened in upstate New York in May. A cautious improvement of textile orders can already be felt.

Outsized demand from home textiles and hygiene in recent two years began to show signs of weakening in late 2021. Any expansions are not expected for 2022 just as demand from construction as a gradual increase in interest rates may slow activities as recently seen in the U.S. after mortgage rate in April reached new high in more than a decade.

In a nutshell, return of the global fiber and spunlaid industry to its long-term growth path appears ambitious for 2022. It would necessitate 6.1% growth at global stage in 2022 but adverse conditions prevailing make this target rather disputable. Hence, world business may lose at least three years of growth after an already accumulated loss of more than 5 million tonnes in the recent two years.

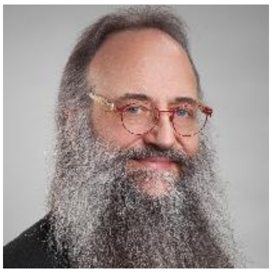
In 2021, upstream market was driven by manmade fibers that rose at fastest pace in 11 years while natural fibers and spunlaids decreased. Total volume expanded less than 4% to 127 million tonnes. A moment of history arose for the filament industry as it took over the majority share in primary spinning stage. Furthermore, global filament and spun yarn output skyrocketed at fastest pace in the century to surpass the magic threshold of 100 million tonnes.

1.2 Executive Summary

The volume from spinning segment entering the fabric processing stage grew at much faster pace in consequence of cotton destocking and considerably lower manmade fiber inventory accumulation than in 2020. Detailed information will again be presented in a webinar in cooperation with Groz-Beckert in September.

For more detailed information please visit www.thefiberyear.com and step in contact with us at info@thefiberyear.com or by phone +41 71 450 06 82

1.4 Contributions from Industry Experts



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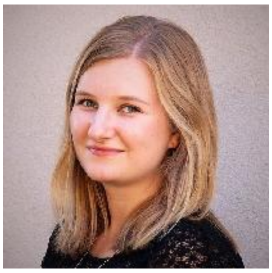

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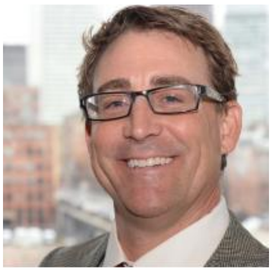

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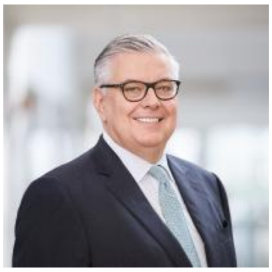

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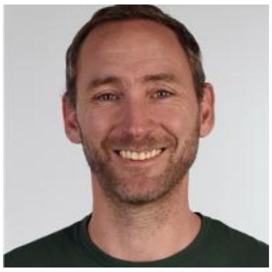

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