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Andreas Engelhardt, President, The Fiber Year GmbH

Good afternoon everyone! Thank you very much for the nice introduction and the opportunity of sharing latest market developments, which we just published early June.

World economic growth recorded its slowest pace since financial crisis a decade ago following intensifying trade uncertainties and barriers, slowdown in major economies and geopolitical tensions that weighed on business sentiment and resulted in machinery investments and household consumption to decelerate.

Adverse business conditions affected global textile industry and the entire textile value chain suffered from significant deceleration last year before a dramatic contraction began after coronavirus outbreak.

Supply from natural fibers growing, manmade fiber and spunlaid production slowed to 2.8% growth from almost 7% expansion in the year before. The volume change of materials entering processing grew but meant another steep slowdown from nearly 5% a year ago. Demand at retail stage based on the projection of 17 markets slowed to 2%.

The performance in 2019 was characterized by output of natural fibers falling 3%, which was the tenth yearly decline in the century. Manmade cellulosic fibers continued to outperform the market after growing more than 6% and synthetics, predominantly polyester, advanced 5%. Spunlaid nonwovens slowed to the lowest growth rate in the century at nearly 4%.

The long-term development of supply shows that this industry is a growth model despite sporadic setbacks, for example quite pronounced during financial crisis a decade ago. The world fiber and spunlaid output arrived at 120 million tonnes, which translates into an average consumption of almost 16 kg per capita.

The manmade fiber industry has definitely driven growth in recent decades, essentially synthetics, following massive investments in polyester spinning capacity and their feedstocks with economy of scale leading to advantages in price. Recent dynamics have changed in favor of manmade cellulosic fibers when considering expansions in the century.

Manmade cellulosic fibers, essentially referring to dynamics in viscose, modal and lyocell fibers, accelerated their annual speed of growth to more than 5%, just a blink of an eye faster than the expansion of synthetics.

Dynamics will continue for this segment together with biopolymers like mainly PLA and are even believed to accelerate in the years to come.

My confidence bases on six good reasons:

1. global investments in the pipeline
2. superior properties of these fiber types including their biodegradability

3. increasing media response to plastic waste from oil-based fibers
4. improved security of supply over natural fibers
5. sheer limitless raw material supply
6. and growing awareness of consumers for environmentally safe clothing.

However, to be honest, consumer perception at point of sales often simply seems to have forgotten the intention to buy sustainable products. How else can growing fast fashion be justified? Nevertheless, expectations in foreseeable future suggest current dynamics to remain in place after arriving at a „new normal“.

Latest apparel trade information for some selected countries indicate the unprecedented collapse with a deficit of USD8 billion in one single month for just these countries listed.

It is quite obvious that the world will not return to what life was like before January but rather adjust to a „new normal“, which will be on a lower level we all got used to.

The impact on globalization remains to be seen as countries realized the importance of being able to supply themselves. Shortfalls in particular became evident for personal protective equipment with several hundreds of companies starting operations. Will it lead to a revival of local manufacturing?

Latest retail trade data for European Union and United States reveal the dramatic situation, plummeting in EU by 63% and in U.S. by even 90% in April.

What we are facing right now is unprecedented for all of us. Global uncertainties and the unknown course of coronavirus will change our awareness. Essentials became the focal point of interest and consumers will attach greater importance to savings in the light of growing concerns for job security. The simultaneous crisis of supply and demand poses an extreme burden for the entire world and economic activity is not expected to normalize on short notice despite policy support.

Like Winston Churchill said “never waste a good crisis”, time has come to set ambitious targets and define realistic milestones for ecologically harmless technologies along the entire chain to produce environmentally sustainable articles. This should be the guideline for future investments for both expansions and possible relocation of existing capacity. It is up to us to draw the right conclusions from this crisis in an attempt to make the world a greener place worth living for next generations.

Thank you very much for your attention!

Contact us at info@thefiberyear.com to get the charts by mail.