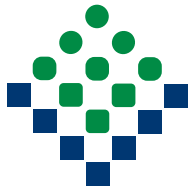


Taiwan Showcase



Taiwan Textile Federation

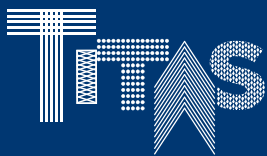
Taiwan textile industry is renowned for its integral supply chain. As one of the leaders in chemical fibres, Taiwan has developed various functional and eco-friendly textiles for the global market, thereby being recognised as an 'international sourcing hub' by major buyers around the world.

In order to assist the textile industry to cope with the threat of globalisation, the Taiwan Textile Federation (TTF), as commissioned by the Bureau of Foreign Trade, Ministry of Economic Affairs, implements the Textile Export Promotion Project (TEPP).

TEPP is uniquely designed to promote the Taiwan textile industry by attending international shows, organising trade missions and match-making meetings between brands and Taiwan producers, and bringing the advantages of Taiwan textiles to the forefront.



- Far Eastern New Century Corporation
- Four Elements Energy
- Hone-Strong Industrial Company
- Premiere Fashion
- TexRay Group
- Universal Textiles Co Ltd



FENC, Diversified products in global leading position

Far Eastern is one of the biggest conglomerates in Taiwan spanning over ten major industries. Far Eastern New Century Corporation, the group's core textile business, was established in 1949, and accounts for one-third of the group's total revenues. One of world's five largest polyester manufacturers, the company's products include PTA, polyester chip, polyethylene terephthalate (PET) bottles, PET films and polyester fibre, knitting fabric and garment. Four top officials of Far Eastern New Century Corporation speak to Fibre2Fashion about their competitors and future expansion plans.



Eric Hu
President, Textile Industry



Eric Huang
Senior Vice President, Filament Division, Polyester Industry

How does your supply chain network work? Which regions of the world are part of your supply chain?

Polyester being our main business, we have our own manufacturing facilities for its raw materials purified terephthalic acid (PTA) and monoethylene glycol (MEG). We polymerise polyester, which can be used in manufacturing of large containers, test dyers and sheets for packaging. Our annual capacity is 1.7 million tonnes and we rank among the top six companies in this field.

We cover all types of fibres for spun yarn, staple fibres filament, and industrial fibres for high strength goods. We are among the top 3 producers of nonwovens in the world, especially in the hygiene and diaper sectors. We also have a high reputation in the lining market. China is our competitor in the filament market. That is why we are focusing on functionality as well as sustainability to reach out to global brands. We are ranked fifth globally in the staple fibres market. We integrate high denier industrial (HDI) yarn from raw material to fibres and make fabrics with unique features. We are working on a yarn to make air bags.

We have incorporated sustainability into our operations. Our products include materials ranging from virgin polyester to recycled polyester. We are the second best in recycled polyester, which we supply to companies like Pepsi and Coke with quality certification from the US Food and Drug Administration (FDA) and the European Food Safety Authority (EFSA).

Our spinning units are in Taiwan and China, while procurement is done from China. We are expanding in Vietnam. We began manufacturing textile and garments this year.

Please elaborate on the various products of the company. Are there any new products in the offerings?

We normally work directly with brands, the final buyers like Nike and Adidas. They both dominate sportswear, activewear and athleisure wear and we have a close business relationship with them. We have also worked with Columbia Sportswear, one of the topmost US outerwear brands globally, the Canadian activewear brand Lululemon Athletica, and innerwear brands like Victoria's Secret.



Jeffrey Hsu

Manager, R&D Centre/Innovations, Marketing & Partnerships



Martin Cheng

Senior Manager, Knitting Fabric SBU

Our nylon 6,6 business is based in Taiwan and China. In the last five years, we have integrated ourselves with so many projects through our internal resources that we act as a total supply solution provider to the brands. There is no other company that fully integrates everything, from PTA, garment variation to a lot more, like we do in the textile industry globally.

In garment manufacturing, do you plan to enter the shirt division as well?

We have a small shirting division, but we are not planning to expand it. However, we have our own authorised Manhattan shirt brand and menswear brand HSM. We will come out with sportswear and athleisure wear in the future.

Which brands and retailers are you currently associated with? Who are the major buyers for your knitted fabric?

We are associated with sportswear brands like Nike, Adidas, Under Armour, Puma and for outerwear, we have ties with Columbia Sportswear. We also supply to casual wear companies like H&M.

What percentage of your production goes to big brands and to non-brands?

We are working only with brand customers at present.

Is your company taking initiatives for sustainable and eco-friendly textile production?

I think recycling is very important nowadays compared to five years ago. All leading brands have a milestone to work towards recycling, otherwise by 2020 or 2022, we might be running short of resources. Therefore, it has become important to save energy, reduce waste and reuse resources. Brands are driving their supply chain to convert their virgin polyester to recycled one or even use green bio-materials. But all this depends on the cost of the material compared to that of the new material and the virgin one as well. We should continue to take steps to make production in textiles more sustainable.

Do you have a specific department to look after sustainability or is it part of the management?

We have a specific corporate social responsibility (CSR) team. On the environment front, we are spread in three dimensions. First, we have reduced consumption in manufacturing by putting a lot of effort to save energy. Second, we are the only one in Taiwan to have an integrated recycling system. Taiwan ranks first in the recycled ring globally. Ninety five per cent of polyester bottles are being recycled, out of which Far Eastern has a 50 per cent share. Our internal division cooperates with all major brands for promoting this concept. Third, we are very strong in bio-based material in Asia, we serve several brand customers who are specifying bio-based polyester products.

As far as the performance and functionality of the fabric is concerned, we are not compromising on what already exists except zero waste destruction or zero toxicity. We provide solutions to our customers at affordable rates keeping sustainability in mind.

Who are your competitors in the international market?





We work with our competitors to solve each other's issues. We believe that every company has its strength and the goal is how to break market or industry barriers. Sometimes we are quite open. We are working with some players who are not capable of manufacturing some target products despite having the strength to procure the specific raw materials. Sometimes it is challenging to reach our annual milestones despite having the raw materials, and therefore, we cooperate with our competitors, who have the requisite manufacturing strength. Our competitors are mostly from China, and in India. China and India are major polyester supplying countries in the world.

How do you see your market segment growing in the next five to ten years, both locally and internationally?

Our major focus will be on the supply chain for the next five to ten years. Our next focus will be product innovation and approaching free trade companies without duty. Automation is also one of the targets. Sustainability will be another focus area for all businesses in the next five years.

We would also be focusing on functionality either in the form of very basic product or a stretched garment. Some steps are also needed for basic water management, cold sheet and internal odour management for smart textiles. That is a big focus and we are integrating many group companies internally for the same.

What is your current trade in India? Does India seem to be a potential

target market in the future?

Starting from upper stream material, we have sold a lot of polyester chips to India as a raw material. In the last five years, we have our sales segment and channel in India for staple fibres. We do not have much for filament yarn except a few small companies. But India definitely has Reliance, Indorama and we believe that India is an emerging market. Indian consumers want

high fashion but at competitive rates. All this depends on the brand review, market expectation and the kind of material used. India has a huge population, which makes it an extremely consumer-centric market.

How do you keep track of textile market trends and other related information?

From fabric onwards, we actually work directly with our customers. We also put in our product-based information that we get from our market analysis. Brands dominate the textile business whether you consider value, logistics or free trade. We are very clear about our goal. We are currently focusing on the upcoming trends for the next five to ten years. We need high-end R&D resources to keep an eye on many aspects for our businesses.

There is a commodity analysis team in our company and our major trading is done in cotton. Since we are based in China, Taiwan and Vietnam, it is important for us to know about the commodity prices in yarns and check the currency. We have a screen placed outside our chairman's and vice chairman's office to keep track of trends in the cotton markets and other commodities such as, PTA, MEG, benzene and naphtha.

What is the USP of your product?

Recycled yarn products are our USP. We are ranked topmost in terms of capacity and are treated as a global certified textile player due to our reduced water consumption and recycling efforts. We make recycled yarn, fabric and garments integrately.

We maintain high standards of sustainability and we have several projects lined up with brands. For Adidas, we make ocean plastic recycled yarns, which are formed of plastic waste obtained from the coastline of beaches. We are also tied with a non-governmental organisation called Parley, which focuses on ocean protection. They work with us as well as the government on recycled material.

Which are your major international markets? Are you planning to expand to any other region in the near future?

Most of our textile business is in Asia. We are doing well in Taiwan, China, ASEAN countries and also in some parts of the Americas. We also have some connections with European brands like Puma and Adidas. We will be focusing more in China on our fabric or yarn division and on working with a few US brands. We have a strong presence in the European market and will put more efforts in working with brands in China, Vietnam, some other parts of North America and, may be, India.

What is your R&D team like? How much do you annually spend on R&D?

Each division has its own independent zone to commercialise a product. We work with not just the filament or knitting, but with different methodologies and technologies for garment, staple fibre or polyester products. But properly handling the recycling process keeping its direction and function intact, while ensuring sustainability, is important. We have a R&D system working on these projects, whose time span is around five years and would consume 30-35 per cent of our time.

What are your expectations from the company for the next two years?

We have a presence across China and Taiwan and started with a new brand last year in Vietnam, where we plan to set up a new filament plant in the next two years. About 30-40 per cent of our plan is dedicated to textiles and we expect 30-40 per cent growth in the next two years.

Functional textile to be a popular future trend

*Four Elements Energy's multi-functional smart textiles combine biology and material technologies and use zinc oxide in manufacturing. The company incorporates elements emitting far infra-red rays, negative ions, microbe free and odourless elements, and ultra-violet resistance properties in its fabrics. Company sales representative **Vivien Lin** and general manager **Tony Kau** talk to Fibre2Fashion about expanding business internationally.*



Vivien Lin
Sales Representative

How does your supply chain work? Which regions are part of your supply chain?

Nowadays, we are focused on the domestic market in Taiwan. Last year, we initiated promotions to find customers abroad, and we have already sold our chip to customers in China and Thailand.

From where do you source the raw materials?

For production, we collaborate with Taiwan Textile Research Institute for part of our masterbatch, while for others, we make it ourselves. We handle and control the quality of our masterbatch and send to spindle manufacturers. We are unique in this work approach.

Do you purchase yarns locally for making of certain applications?

We now produce only filament-polyester and nylon yarns in Taiwan and that is the part we support. In order to sell yarn at a competitive price, we have collaborated with a yarn manufacturing factory in China to reduce the cost. We stock these spun yarns in China. If we get orders from countries like India, we are able to deliver to them directly from China, so customers will get quicker delivery. If we cannot control quality in China, we won't sell because once yarn becomes fabric, dyeing turns difficult.

Which brands and retailers are you currently associated with?

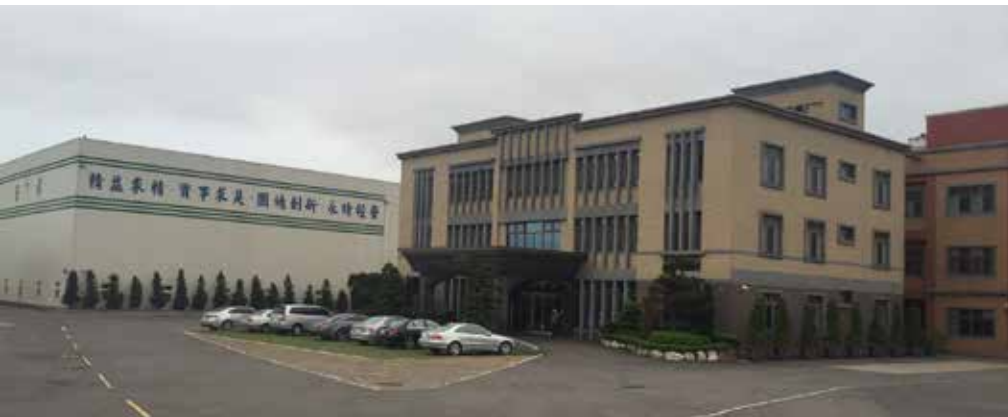
We support many brands, such as Amway, Wacoal, Triumph, Marks & Spencer, Mizuno and New Balance. Last year, we invested more in promotions, participated in various exhibitions and met new buyers, both from brands and manufacturers. However, we feel direct association with garment manufacturers is more efficient than with brands.

Is your company taking certain initiatives for sustainability?

We introduced customers to dope dye, which saves water as the yarn colour is from masterbatch, the plastic material of yarn. Ours generally is black in colour. Due to high price of other colours and colour limitation, there is not much demand yet for functional dope dye yarn in our market. We are still optimistic and looking for customers who would like to protect planet with Talent Yarn by combining dope dye with functions into yarn. Through functional dope dye, yarn will definitely be



Tony Kau
General Manager



more eco-friendly at dyeing process, irrespective of yarn or fabrics.

Our material performs a well cooling function. We don't need to turn on air conditioners to lower temperature because our nylon yarn can reduce the room temperature by around 3-4 degree Celsius, depending on fabrics construction; plane surface is usually appreciated. It helps reduce the heat and lowers energy consumption. If we wear this garment outside in high temperature, it is not easy to feel the cooling because of the hot environment. If the fabric is too heavy, it is difficult to feel cool.

Do you think that other companies are also into similar business concept?

Most of our competitors sell only one function yarn, i.e., they do not have a single yarn with combined qualities. Our yarn works as an auto coolant and is UV protective, microbe free and odourless. Customers using this yarn can have a different marketing strategy for selling. They don't need to change the yarn or worry about its quality. Earlier, we used to face challenges as people used to question us for not

using silver but we continued using zinc, which is safe.

What will be the future trend?

Functional textiles will be a popular trend in the future. There is not much business in the textile industry as it was before because of the economy. If the economy is not well, people will not buy garments of high quality.

Garment manufacturers are not our only buyers. Our selling market is huge and variant. Some customers buy yarn from us to make innerwear for older Japanese people. We also provide cooling yarn and far infra-red (FIR) yarn to Indonesian mattress manufacturers and stand out from other players in functional yarn.

Does India seem to be a potential market in the future?

We have been to South Asia, including India, Sri Lanka and Bangladesh, twice in the past two years. Price is a problem. Not only our company but other companies who have been to South Asia agree with us and are facing similar difficulties. Indian yarn manufacturers have found something interesting about our yarn; they want to blend yarn and work with us. May be by the end of this year, the Chinese Government will announce a policy. There will be a potential market not only in China but the entire Asia.

What percentage of your sales is through brick and mortar?

The most efficient way to do promotion is the traditional one. Customers do come from Taiwanese trade websites and we also have Alibaba, from where we get a small number of customers. The most efficient customers come from trade shows and our agents in the US and European markets know that. We go to China, Korea, Sri Lanka and India for trade shows. Our supply chain is very simple. We review it in a quarter or every six months to know the price of production. Our chairman Tony Kuo has a lot of experience and contacts in the industry. He has now been in the functional textile industry for almost 10 years. We highly welcome customers who would like to discuss this with us so as to collect first hand information from market quickly.

What is the USP of your products?

The yarn has a variety of applications and we use liquid zinc oxide in manufacturing which is different from using powder material. By using liquid zinc oxide, it can be embedded in to masterbatch equally and raise production rate at spinning, weaving, and also dyeing process. Our technology offers many benefits for our customers.

Which are your major international markets? Are you planning to expand to any other regions in the near future?

We still stick to the United States, Europe and are focusing now on China and South East Asia. We are still studying the Indian market. India is very big and we need more information to enter India. We need a reliable agent. We have decided to start with Sri Lanka.

What are your growth expectations from the company for the next two fiscals?

We are looking at 30-40 per cent growth. Last year, the rise was twice more because there was a big requirement and we got good business. This year, however, the textile industry is not doing well. We hope for good business next year.

We highly value sustainable environment conservation and CSR

Hone-Strong Industrial Company, founded in 1977, provides functional fabrics. It not only offers high quality fabrics to brands like GAP and PVH, but also supplementary services.

Chin-Fu Su, Chairman; Komi Su, General Manager; James Liu, Vice-President; and Miranda Huang, Project Administrator talk to Fibre2Fashion about their CSR activities and their supply chain network.



Chin-Fu Su
Chairman

How does your supply chain network work? Which regions are part of your supply chain?

Once we receive an order from a brand, we immediately process it through our supply chain. Some of them inform us about the estimates, and others about the probability of taking around 40 days to complete the order. As soon as the products are ready, the suppliers ship them, and then those are passed on to the buyers. Our environmental supply chain network is leading in Taiwan. Around 95 per cent of our vendors are from Taiwan, and 5 per cent from China.

Which brands and retailers are you currently associated with?

About 70 per cent of our products are procured by GAP and PVH; the rest 30 per cent are other brands.

Is your company taking initiatives towards sustainable textile production? How is your factory model supporting this?

We have planted over 4,000 small trees in our unit to ensure green cover. This keeps the temperature low around our factory and the air clean. It also makes for a favourable working atmosphere for our employees. Two years back, when one of the owners of Under Armour visited our company, he was surprised that the temperature was much lower compared to the weather outside, especially in the yarn-dyeing factory. Our units are dry and are not smelly because we use chemicals that do not cause air pollution and are not harsh on the environment. We have a recycling system at our plant that recycles water from showers and the residues from the factory. Our factory is self-monitored and this restricts the system well, and the emissions comply with international ISO standards. Our suppliers too cooperate in reducing water consumption, and we also follow the AATCC, ASTM, ISO and GB standards while operating sewage. Our affiliated company, Beauty-Strong, is the biggest yarn-dyeing factory in Taiwan. It meets EIA standards and operates a 24-hour-monitored system that allows supervision of the sewage. We also use recycled paper at our offices to reduce wastage. Being located in the northern part of Taiwan, where sunlight is scarce, harvesting energy using natural light is not possible.



How do you see your market segment growing in the next 5–10 years both locally and internationally?
 In terms of marketing, our target rate is to achieve 5 per cent growth every year. But in the coming 5–10 years, we will try to increase the target by 5–10 per cent.

Does India seem to be a potential target market in the future?
 We have not visited India; so, that means we don't really know about the Indian market. If we get the chance to visit India, we can probably do some market research. But at this moment, we cannot say anything. Only after a complete market survey and research, can we think of entering Indian market.

What per cent of your sales is through brick and mortar and what is through the e-marketplace?
 We want to focus on the re-branding of our company this year onwards. Thus, we are now active on LinkedIn, Facebook and also on our official website for our marketing strategies. We have put up an animated video of products on our site. We have been doing international exhibitions like we did one at Germany in May,

and we attended Avantex in Paris this September. We want to focus on exhibitions now and reach potential customers during the exhibition. We are using LinkedIn and Facebook to inform users that we are exhibiting at Avantex Paris and Techtextile in Germany.

How do you keep track of textile market trends and other related information?
 We have a team which continuously monitors prices and news pertaining to the industry. A dedicated team looks after such activities. They also refer to reports to get updates on industry insights.

What is your R&D team like? How much do you spend on R&D on yearly basis?
 Our R&D is a very busy team. They continuously check the price rate of the market and latest designs. Sometimes, they develop new knitting concepts and try many new possibilities for dyeing, knitting through our wide supply chain network.

Let's talk about your CSR activities.

Since the inception of the company, our chairman has believed in donating. We donate rice, blankets and clothes to charitable organisations. It is quite important for him, his team and his family. Last year, we made a donation of about \$5 million. Some of our donations include things for elderly people and students in need. We also provide internship opportunities to senior university students every year that allows students to gain more practical real-world skills from industry.

Every year, we pass on 10 per cent of our profits to charity, and we have doubled that for the latest two years. Our stakeholders take 20 per cent of their profits for charity every year. Our chairman himself donates 20 per cent of his own personal income to these foundations, which means when we earn \$3, we donate \$1 to CSR activities.

We take care of all our employees because we believe every employee is the most valuable person in the company. We offer 2.2 per cent of the profits after tax to employees, so that they can travel. We provide free health checks and free insurance to our employees too.

Tough to grow fabric business online

Taiwan-based Premiere Fashion offers a variety of customised finishes with stable quality. Doris Lo, Manger & Michael Lin, GM, Premiere Fashion talk to Fibre2Fashion about market trend and the company's strategy for online expansion.



Michael Lin
GM

How does your supply chain network work? What regions of the world are parts of your supply chain?

Our supply chain is only in Taiwan and we have 65 factories. We have 10 yarn factories and 20 knit factories to make different knitted fabrics like jersey, jacquard, fleece and construction fabrics. We also manufacture at 27 finished factories, including those for printing and lamination. We have a team of five quality control (QC) experts who visit these factories every day. Each factory has its own QC supervisor.

Do you source materials from outside Taiwan?

We import a special, rayon-type yarn from Japan. Generally, we produce in Taiwan but there are specific materials that we import from Japan and chemicals from Europe. Normally, we buy specialty products and chemicals from Taiwan and the Taiwanese agent buys from Europe or the United States, but our point of contact is in Taiwan.

Which brands and retailers are you currently associated with?

Our main customers are only leading big brands. We do not sell to small buyers.

Is your company taking certain initiatives for sustainable and eco-friendly textile production?

We are one of Bluesign partners and Bluesign panel checks every procedure and every chemical for sustainability. Our fabric is eco-friendly.

Who are your competitors in the international market?

There are many competitors in Japan, Korea and China. They make functional fabrics. Eclat is a competitor in Taiwan. They make yoga fabric. Their fabric is very similar to ours.

Do you forecast any change in the next five years?

Of course, there will be changes. Today you can see that some main items are popular but next year they will not be so popular. We discuss about new developments in the sales meetings. Products will change year after year.

Where do you see your product segment growing in the local and international markets?

Maybe the market would expand in the coming years. We have many new collections coming up with German brands. We also plan to sync the print



fabric with big brands. Earlier, the options were limited but with digital printing, the options are numerous.

Does India seem to be a potential target market in the future?

This year I went to India and saw that it has 7-9 per cent GDP increase every year. India is a hot country and it will require products that have certain features, including anti-bacterial, quick-dry, cooling and anti-mosquito properties. Pricing is very high in India. It will take time for us to know the market thoroughly. But we do have a hope in India.

What percentage of your sales is through brick and mortar and what through e-marketplace?

Around 99 per cent sales are from brick and mortar and only 1 per cent

is from the e-market because it is only last year that we went online with the launch of our new website. It is very difficult to grow our business online because fabric needs touch and feel, and this cannot be shown on the website. It is difficult, but we are trying. We have discussed with Alibaba last month but we still need time to expand online.

How do you keep a track of textile market trends and other related information in the international market?

We participate in exhibitions and fashion shows to understand market trends. Our sales team works with the buyers and they also share information. We also buy trend samples from Europe, use trend books from Italy and France, and check trends on the internet.

What is the new technology that you will adopt for fabric manufacturing?

We think the print pattern will be very popular. Our customers can select and choose their patterns. They can see and get an idea about what kind of print can be used on the fabrics. We are still working on this. Normally, they select the pattern and wait for one or two months to see what the garment will look like

but here we can show them the patterns.

What is your R&D team like? How much do you spend annually on R&D?

The research and development team comprises 40 per cent of the company's staff strength. This team visits exhibitions and shows and collects information. We do a review and discuss in the sales meeting along with the quality control department. We try to find out if any new developments can be worked out.

Which are your major international markets? Are you planning to expand to any other regions in the near future?

We hope to expand in India, Vietnam and Russia in the future. However, it will not be possible to enter these markets this year.

What are your growth expectations from the company for the next two fiscals?

We are hoping for a growth of around 5-6 per cent next year. Ours is a \$17-million company and our major sale is to the United States and Europe. We are not a big company and if we aim for higher growth, it might affect quality.



Smart clothing is the way forward

Taiwan-based TexRay Group is into global vertically-integrated textile manufacturing covering Asia, North America and Africa. It owns four subsidiary companies as well.

Tony Lin, Jason Lu and Angel Peng of TexRay talk to Fibre2Fashion about the need for investment in the R&D department.



Tony Lin

Manager, R&D & Marketing Department



Jason Lu

Senior Specialist, Marketing Division

How does your supply chain network work? Which regions of the world are part of your supply chain?

TexRay has three main manufacturing bases in different continents. In Asia, we have a vertically-integrated set-up in Yancheng, China, with knitting, yarn dyeing and garment manufacturing facilities. The other base is in Mexico, which is a strategic one as it helps deliver quick customer orders of the US market on time. The set-up has knitting, yarn dyeing, dyeing, finishing and garment manufacturing units. We have all kinds of facilities, including spinning, at our manufacturing base in Swaziland, which is a duty-free production site and helped exports to the United States. But as Swaziland lost the African Growth Opportunity Act (AGOA) benefit three years back, we had to turn our export business into one for regional production covering the south African zone.

We also have factories in Lesotho, Jordan, Cambodia and Vietnam. The latest garment factory was established in 2016 in Long An, Vietnam. We also have different factories in Taiwan, not wholly owned by TexRay. The yarn dyeing factory in Tainan is fully owned by TexRay and it is the first factory that we started in 1978.

In the beginning, we did suffer losses due to the shut-down of the export business. But in the last two years, our business in the domestic market is doing well. We saved many jobs.

It is tough for any company to run a vertically-integrated textile business in Taiwan. We have a yarn dyeing division for the last 40 years here.

How do you manage to monitor activities in all three diverse locations from Taiwan?

For monitoring the production and sales numbers, we have an internal network and we also use enterprise resource planning (ERP) along with different communication tools. Besides that, we also have monthly meetings to discuss strategies and business plans.

Which brands and retailers are you currently associated with?

It is a little complicated in our business since the process is segmented into divisions like yarn dyeing, fabric making, and garment manufacturing. Garment manufacturing is the main business for TexRay. The ratio of all the three verticals garmenting, fabric making and yarn dyeing is 6:3:1. The different offices at TexRay have different buyers. We are associated with sportswear brands, such as Under Armour, Nike, Adidas, Fila, and Columbia, along with other athleisure and fashion forward brands.



Angel Peng

Specialist, Marketing Department's Project Management Team

In price-sensitive Africa, we manufacture basic products like jerseys and T-shirts for domestic markets, and companies like Edcon Limited, Price Group and JC Penney for domestic consumption.

Is your company taking certain initiatives for sustainable and eco-friendly textile production?

We have Oeko-tex and bluesign certifications for quality and sustainable production respectively as well as those meant for environmental compliance. For sustainable production, the textile industry is shifting to waterless dyeing. TexRay will soon launch a series of products

for waterless dyeing with over 2,000 colours on offer. We are putting in efforts to fulfill our commitment to the Zero Discharge of Hazardous Chemicals (ZDHC) 2020 joint roadmap.

Our quality assurance team takes care of energy conservation in all manufacturing units and we are ISO 15001 certified. We also have plans to take the Higg Index of the Sustainable Apparel Coalition.

What are your thoughts on the ZDHC 2020 joint roadmap? Will companies indeed benefit from it?

What consumers think and feel has an effect on the brand and this definitely influences their buying behaviour. Some brands do use 'being eco-friendly' as a marketing tool. But at TexRay, we understand what is important for us and for brands. We try to find a balance between being totally eco-friendly, almost eco-friendly and somewhat eco-friendly for our brands. We do not do it for being titled as environment-friendly, it is a conscious decision. We tend to analyse ISO and other certifications and how they can benefit us and the brands we manufacture for. We keep it real. It not only benefits the environment but

cuts costs. But to achieve the ZDHC 2020 goal, everyone needs to work in alignment, right from consumers to brands to manufacturers. Only then can it be achieved, because it's a chain.

Who are your competitors in the international market?

We are a core integrated company. Yong Tai is our competitor for dyeing and finishing but the company is also a supplier for garments. In reality, we do not have any competitor. There are times when we buy fabrics from our competitors and there are times when our competitors buy fabrics from us. So, in that sense, there is no competition. But there are other vertically-integrated manufacturing companies that supply to the same brands that we do. But we find our own way to survive.

How do you see your market segment growing in the next 5-10 years both locally and internationally?

For TexRay, smart clothing will play a vital role in the next 5-10 years. We have two subsidiaries that specialise in manufacturing metallic yarn for smart sensed products that help make smart e-clothing. Smart clothing is the way forward for TexRay and that's going to be our strength. Along with that, we also see the potential for functional textiles growing. We will be displaying all our innovations at Titas, InterTextil Shanghai, the Outdoor Show, maybe in Premier Vision next year, and even Performance Days. Our members got to the other side of the world, like the Midwest Weaving Conference, to get first hand information and predict future market trends.

Does India seem to be a potential target market in the future?

Business in India is always a nice proposition because it has the second largest population. But India has its own rules. Already there are good players and competition in India. Without a decent partner in the country, it is hard for us to easily step into that market.



Smart clothing is the way forward



What percentage of your sales is through brick & mortar and what through e-marketplace?

For B2B, it is quite hard to sell through an online marketplace if you do not have a brand. We do not plan to do that at the moment; we will stick to supplying to brands. Having a brand of your own requires huge capital investment. We really need to be careful about when, where, and how to start a brand. Since we manufacture for brands, we wouldn't want to end up being their competitor.

How do you predict the price trend in the dynamic global yarn markets?

We actually have three different people who do this job. One of them is from our production department who overviews the price trends in all the countries we operate in. The other is the fabric department, which purchases the yarn too. It has a senior

specialist watching out. At the same time, our yarn dyeing factories have their own purchasing staff, who watch from their end. So these three departments gather information and prepare reports. We also use reports from the Taiwan Textile Federation and the American Cotton Association.

What is the USP of your products?

In the yarn dyeing segment, we used to be the largest mercerised yarn-dyed manufacturers in Taiwan. However, the demand for mercerised yarn reduced with the passage of time. We are leading yarn-dyeing manufacturers who are bluesign certified in Taiwan. We use the bluesign systems to upgrade our factory. We use chemicals and make sure the dyeing techniques used are as eco-friendly as possible.

In terms of fabric innovation, our R&D team is a pioneer. We can develop any fabric based on customers' requirements. On the garment manufacturing side, we have three different production facilities, as I mentioned earlier. Customers requiring quick response to orders opt for our Mexico site. If they need in large quantities, then our Asia site is preferred. If they want duty-free production sites, then the orders are routed to the Africa site. Manufacturing smart clothing is our strength.

Which are your major international markets? Are you planning to expand to any other regions in the near future?

Our primary market is the United States. China remains our main market in Asia. Besides that, the domestic African market is also important to us. We are trying and would like to explore Europe as well. In Europe, they use more mature chemicals and advanced machines. European markets have low quantities, high pricing and high quality. To enter Europe, we need to understand their markets better. We want to focus on our strengths and not be hasty in our decisions to enter new markets.

What is your R&D team like?

How much do you spend on R&D annually?

We have a R&D and marketing department at TexRay. Our new CEO is extremely careful about spending money. He analyses closely the output of spending on R&D, which is why we call it the 'conversationalisation department'. Every penny spent on R&D needs to have a solid outcome. So our human resources in the R&D team is extremely tight at the moment. The R&D team gets new materials, tries new techniques and machines to come up with unique innovations.

We have marketing people, who seek all sort of market information, work on customer analysis, and look for new technologies. They also gather information and news from around the world. There is also another team that participates in different exhibitions and public relations events. We also have a dedicated team working on special projects. R&D is the backbone of the company.

What are your growth expectations from the company for the next two fiscals?

It is hard to give a number. Some of our businesses are doing well. But due to an unfortunate fire accident at our China site last year, we lost a few goods. We did suffer quite a bit from that last year. But if I have to give an overview of the company, then TexRay is growing, especially in Africa. In the United States, it depends on the political decision to be taken by President Trump. Our China market is going strong. Therefore, we expect a 5-10 per cent overall growth in the next few years.

We focus on quality, so we survive

Universal Textiles Co Ltd is a professional fabric manufacturer in Taiwan devoted to quality assurance and innovation in fashion since 1969. Frank Liao, AGM of Universal Textiles speaks to Fibre2Fashion about their initiatives for sustainable textile production and services to clients.



Frank Liao
AGM

How does your supply chain network work? Which regions of the world are part of your supply chain?

Our main company is located in Taipei, and all of our units are located in Taiwan. Since we have customers across the globe, we buy special yarn from the latest yarnmakers to supply to these customers. Most of our suppliers are from Taiwan, and we also produce polyester yarn.

Which brands and retailers are you currently associated with?

At this moment, we mostly sell to the US. The two biggest brands that we are now selling to are Kasper and Perry Ellis. Nearly 28 per cent of our production goes to the US, 40 per cent to Middle East, 17 per cent in Asia, 9 per cent to Europe, and the rest is domestic.

Is your company taking certain initiatives for sustainable and eco-friendly textile production?

Since global warming is a growing concern, environmental protection and product safety are the most important issues in the world. In the 21st century, green design, production, marketing and consumption have become the trends. We produce recycled fabric from yarn. We also produce fabric made of coloured yarn without any pollution while dyeing.

Who are your competitors in the international market?

China is our biggest competitor. But we focus on quality and the value; that is why we survive. We believe that is the only way to beat China.

How do you see your market segment growing in the next 5–10 years both locally and internationally?

Now we are completely focused on Asia, especially Southeast Asia. We have been working with India for five years now, but the market changes so quickly there, it is a bit tough out there.

Which products do you sell in India and how much growth potential do you see there?

We attended the Intex South Asia 2017 to reach out to markets in those regions. At the moment in India, we are supplying to customers in Mumbai. We sell our products typically made for the Indian market. They are 100 per cent polyester and some are poly/viscose wherein we mix only 20 per cent viscose to maintain the quality.



What percentage of your sales is through brick & mortar and what is through the e-marketplace?

Vendors reaching us through the internet are less. They may be just 10 per cent. The rest of the 90 per cent is through agents and the exhibitions that we participate in.

How do you keep track of textile market trends and other related information?

The young generation looks after the procurement of the material. They have an online channel to keep an eye on the market, and then they pass on that information to us. So, the procurement is done based on these market trends.

What kind of services do you offer to your clients?

Our company was founded in 1969, and we reached the goal of being listed on the Taiwan stock market in 1981. We have the ISO 50001 certificate now. Over the next five decades, we will focus on polyester texture yarn and woven fabrics. We have a textured yarn mill, and our spinning machines are from Murata and TMT. We can produce 2,000 tonnes of polyester textured yarn every month. In our weaving unit, we use Picanol airjet and Tsudokoma waterjet looms. The weaving unit has the capacity to produce 3,000,000 yards per month. All our factories are located in Taiwan. We make different kinds of polyester textured yarn, e.g. cotton-like and linen-like. These apart,

we have uni-stretch, which is our new yarn product. Its stretch performance is extraordinary. We produce polyester, poly/spandex and t/r /spandex for shirting and suiting. And there are fabrics that control moisture, UV resistant, water repellent and wrinkle free functions. We have suiting fabrics by Euchine synthetic yarn from the South Asia market. Our company supplies good quality products that do not fade after washing. The most important feature is that it is a linen-like fabric—it is just half of the cost of the linen with regard to fabric. Last year, we attended the Intex South Asia in Sri Lanka. No other company was branding a fabric like this one. But it is must to see how the market trade works. We just got small orders from there. We are really happy to know that our services are being well received. So, in the future we would like to dwell in the Southeast Asian market. We will be participating in the Intertextil Shanghai apparel fabric show.



Do you have any new products in the pipeline?

For now, it is uni- stretch that we want to focus on.

Which are your major international markets? Are you planning to expand to any other regions in the near future?

We sell our products to Asia, Africa, Europe, Middle East, North America and South America, for providing better quality and services as per our company policy. We sell our products to more than 40 countries, and we plan to enter South Asia soon.

What is your R&D team like? How much do you spend on R&D on a yearly basis?

We have an R&D department which focuses on material development. To meet the needs of our customers in all the regions, our R&D team investigates the market demand and the latest trends. Through technical innovations in terms of raw material integration, weaving, dyeing, and multi-level processing Universal Textiles promptly responds to our customers' requirements. Designers pay close attention on crossing. They research on international fairs to get the latest updates regarding the market trends.

What are your growth expectations from the company for the next two fiscals?

It should be increased to 10 per cent, but it all depends on the market trends.