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## **Onshoring trend not as strong and fast as expected**

*The International Textile Manufacturers Federation (ITMF) was founded in 1904 and is an international forum for the global textiles industry, dedicated to keeping its worldwide membership constantly informed through surveys, studies, and annual conferences as well as publishing considered opinions on future trends and international developments. Director general, **Christian Schindler**, gives us a glimpse of the happenings at ITMF annual conference 2018 in Nairobi and discusses key textile trends.*

## **What would be the highlights of ITMF's annual conference in Nairobi?**

What is special this year about the ITMF Annual Conference is that for the first time in its 114-year long history, it will be held in the heart of Africa. This conference took place in Africa earlier, namely Egypt, Mauritius, Morocco and South Africa. Therefore, this year delegates will have the opportunity to learn not only about global trends in the textiles and apparel value chain, but also about the developments of the textiles/apparel industry in Africa. Therefore, the ITMF Annual Conference 2018 in Nairobi, Kenya will be held back to back with "Origin Africa", Africa's unique textile and apparel exhibition which will be held from September 9-11 in Nairobi.

**Tell us more about the agenda and speakers for the upcoming conference.**

The general theme of the conference is 'Supply Chains & Business Models in Times of Rapid Change'. We have a lineup of 20+ experts from around the world who will speak on different topics. We will cover topics relating to raw materials, value chain, retail and technology. For example, Robin MacDonald from PCI Wood Mackenzie (Germany) will talk about the fibre markets, Veit Geise from VF Corporation (Hong Kong, China) will discuss how the value chains should adapt to new consumer trends, and Pete Santora from SoftWear Automation (USA) will provide his views on what impact technological innovation will have on the apparel industry. Furthermore, one session will be about the ITMF Audit Initiative. Here, various speakers will outline how the number of social and safety audits can be reduced.

**What are the prospects of Kenya as an apparel sourcing destination? What are the advantages?**

Kenya is already a significant apparel exporter in Sub-Saharan Africa. It can be expected that in the future sourcing from Kenya and East Africa will increase due to the geographic location at the Indian Ocean, the availability of labour and the relative proximity to Europe.

**Which other places in Africa are growing to be important sourcing hubs?**

Northern Africa is already an important sourcing hub (Egypt, Morocco and Tunisia) due its geographical proximity to Europe. In Southern Africa, two relevant apparel exporters are Mauritius and South Africa.

**What are the challenges that textile and apparel manufacturers are facing globally in times of trade wars and disruptive technologies?**

Textiles and apparel manufacturers around the world find themselves in a very complex and fast-changing business environment. Changing consumer habits (fast fashion, sustainability, etc.), new technologies (e-commerce, big data, higher level of automation, etc) or new trading environments (more free trade agreements versus looming trade wars) make business and especially investment decisions ever more complex and risky. At the same time, speed is of essence on both ends of the long textiles and apparel value chain. Product development and production cycles need to be much shorter than say 20 years ago. Zara has been at the forefront of this trend. At the other end, consumers want the product they desire (and order) immediately. Hence, availability and/or fast delivery of products ordered is equally important. Amazon and Alibaba have certainly been the most successful e-commerce companies in the past 20 years.

**With the thrust for homegrown products growing globally, do you see a trend in onshoring in a lot of countries?**

The trend of onshoring or nearshoring has not been as strong and fast as many had expected it to be. Looking at ITMF's International Textile Machinery Shipment Statistics it becomes evident that the bulk of investments are still happening in Asia in general and China in particular. Certainly, within Asia some countries have seen enormous increases in investments in the past 10 years like Bangladesh and Vietnam. In other regions of the world, investments in new textile machinery have been constant.

**Which sectors in the textiles sector do you see the adoption of Industry 4.0 rising?**

Industry 4.0 means a trend towards more automation and the use of data in manufacturing technologies such as cyber-physical systems, the Internet of Things (IoT), cloud computing, etc. This trend can be observed along the entire textile value chain-from fibre, textiles and apparel production to fashion and retail. In some segments, it is more obvious like in fashion (scanners) and retail (e-commerce). In other segments, it is less visible like the use of technology in cotton production in some countries like Australia, Brazil and the US or in the actual production of textiles (highly automated spinning or finishing mills) and apparel (highly automated systems). Nowadays, people can oversee and manage the production from their laptop, iPad or mobile phone.

**Where (in terms of geographies and sectors) is the investment in the textiles industry increasing?**

According to ITMF's International Textile Machinery Shipment Statistics, investments in new textile machinery are concentrated mostly in Asia (+/- 90 per cent of global shipments) and in particular in China (40-50 per cent of global shipments). One reason is certainly the high-level of productivity in Asian countries. For example, rising wages in China are offset by investments in more automated and more efficient machines that are faster, better and less energy and water-intensive. A second reason is the increasing demand for textiles and apparel in Asia and especially in China. According to Euromonitor, with a retail value of \$341 billion, China will be the largest retail market in the world by 2020 surpassing the EU and the US with a retail value of \$303 billion and \$289 billion respectively.

**What agenda will ITMF undertake in 2018-19?**

The ITMF will expand and improve the various statistical publications and will intensify its engagement through the ITMF Audit Initiative which has the objective of reducing the number of social compliance audits that textiles companies have to undergo every year. (HO)