



# THE GLOBAL TEXTILE INDUSTRY WILL BE DIFFERENT AFTER THE CORONA-CRISIS



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In January and February 2020, the COVID-19-pandemic was still regarded as a regional epidemic in China and then possibly in Asia. It was hard to imagine that only a few weeks later all regions in the world would find themselves in some sort of lockdown and all sorts of restrictions with the primary objective to slow down the spread of the virus and thus to save lives. As a consequence, public life and large parts of the economy came to a standstill.

The textile industry is one of the industries that was affected by the crisis in two ways. First, all those companies in the global textile value chain that were sourcing in one way or another directly or indirectly from China were faced with enormous difficulties in

the first phase of this crisis. When supply from China was interrupted or at least disrupted due restrictions in China, companies depending on Chinese raw materials, intermediate products or finished goods were struggling to meet customers' deadlines. This supply shock forced many companies to look for alternative sources which were difficult to identify, if at all. Second, this limited supply shock was suddenly developing into a global demand shock. Once governments in Europe and then later in North America eventually realized that it was too late to contain the virus with conventional means (testing, tracing, isolating), they had to apply measures like lockdowns and the closures of shops, restaurants, etc. Suddenly and for most people unexpectedly, offline

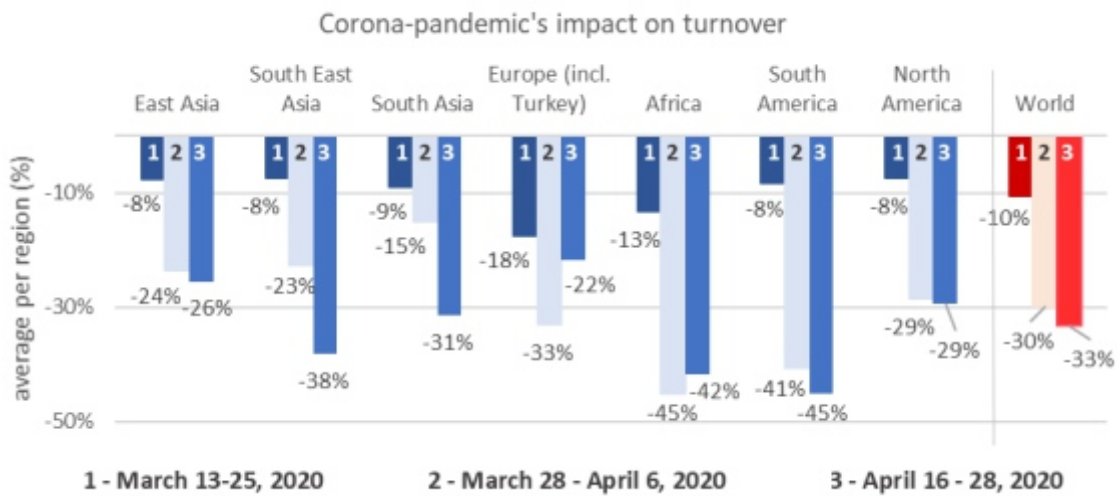
demand of apparel and home textile products plummeted to zero. While online sales increased in many cases, they could not by far compensate for the loss in offline sales.

**1st ITMF Corona-Survey**

Just a few days before the lockdowns in Europe took effect, the ITMF started the 1st ITMF Corona-Survey on March 13th. This survey should be repeated twice in

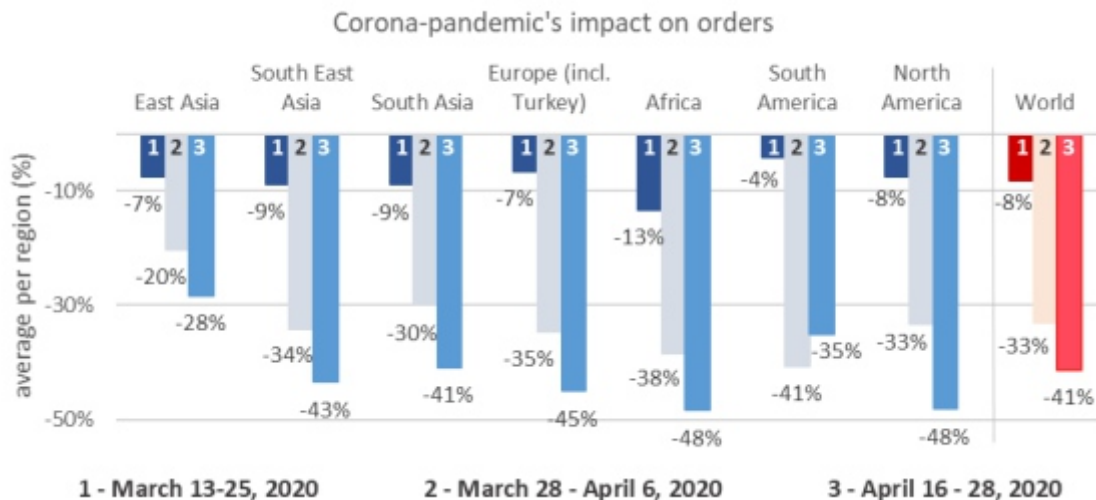
the coming weeks until the end of April. The questions referred to orders impacted by the pandemic and to the expected turnover 2020 compared to 2019. Most companies expected orders to be cancelled or postponed. Nevertheless, in some regions like South East Asia a few companies were not affected by the supply shock and not yet by the demand shock. Globally, on average due the Corona-crisis orders were cancelled and/or postponed by -8% and turnover 2020 was expected to fall on average by -10% compared to 2019 (see graphs 1 and 2).

**Graph 1: Impact of the Corona-pandemic on orders**



Source: ITMF Corona-Surveys 2020

**Graph 2: Impact of Corona-pandemic on expected turnover 2020 vs. 2019**



Source: ITMF Corona-Surveys 2020