

2022 NEW YEAR'S GREETINGS



Mr. Elgar Straub
Managing Director
VDMA Textile Care, Fabric
And Leather Technologies
(VDMA TFL)

The year 2022 is a year of hopes: we all hope for an end to the pandemic and a normalization at all levels. After two very difficult and challenging years, the desire for normality is great, also in our industry. In addition to travel restrictions, problems in logistics, supply bottlenecks for raw materials, electronic components, plastic parts and others shortages and rising prices for intermediate products and thus considerable shortages in supply chains worldwide are still being felt in particular; relief is still a long time coming. An easing of the pandemic would also help to improve the situation here.

In these tense times, especially for our industry, the industry is holding out great hope for the world's leading trade fairs for the sector, which will be held in 2022. Texprocess in Frankfurt, Texprocess Americas in Atlanta and JIAM in Osaka will hopefully give the industry the investment boosts that are so important. Never before have topics such as digitization, automation as well as sustainability been more important and more present: Pandemic dislocation and the commitment to sustainability are putting even more focus on flex-

ible, digitally automated and sustainable production structures. Adapted technological solutions are available and are increasingly in demand.

Hoping for physical meetings soon, VDMA Textile Care, Fabric and Leather Technologies wishes a successful 2022.



Mr. Michael McDonald
President
SPESA

And just like that, we welcome in a new year. Happy 2022 to all! There's always something special about the change in years. It seems to unveil a fresh start. And that's exactly how we intend to view 2022: a *fresh* start. We learned a lot, though, in 2021 which offers a roadmap of how best to navigate the new year.

Before we launch our journey into 2022, we wish to share gratitude for the year we had in 2021. While the Covid-19 pandemic maintained its presence in all of our lives, we began to experience some sense of normalcy (albeit a "new" normal). Our greatest hope for 2021 was to be able to gather with others again. And that we did. In August 2021, SPESA hosted its 10th Advancements in Manufacturing Technologies Conference in Raleigh, North Carolina. This was the first time SPESA gathered for an in-person event since February 2020, and after 18 months apart, it felt good to reunite

with familiar faces. The Advancements Conference, which was held concurrently with Techtex North America, served as a reminder that the sewn products industry thrives in an environment in which people work and learn together. This momentum continued during SPESA's Executive Conference, which was held in Boston just two months later.

One thing we learned during our events in 2021 helps set the framework for our outlook in 2022: the sewn products industry is showing no signs of slowing down anytime soon. Covid-19 catapulted the industry into a new chapter. The rush to produce personal protective equipment, paired with new consumer demands, required an industry that had the capabilities to evolve and innovate quickly. And so it did. Brands today are looking for manufacturers with the capability to adapt and mobilize quickly to meet consumer demands.

Just as we saw Covid-19 accelerate the sewn product industry's acceptance of change, we also saw the industry turn inward for support. Companies began working together to pivot production lines, share information with partner organizations, and lift each other up during a time when everyone needed it. In addition to seeking support from others in the industry, there was also a reexamination of internal processes. Fragmented supply chains were mended with the help of better communication tools and a broader understanding of each person (e.g. suppliers, manufacturers, contractors, etc.) and each person's role within the process. The better the communication, the more transparency there was, and the more transparency there was, the easier it was to analyze and measure success. It's our hope that these trends continue to prevail in the new year.

Here we stand at the Crux of new beginnings. We hope to continue to

push the needle and drive change across the industry. We hope to continue to see businesses supporting businesses, and processes being improved. We hope to reacquaint, once again, with familiar faces, most notably at the upcoming Texprocess Americas trade show in May 2022. And, more than anything, we hope that we can continue to be a reliable resource for our members and partners across the industry.

As we launch into our fresh start, we wish everyone across the sewn products industry a very happy new year. Here's to you, and your launch into 2022.



Dr. Christian Schindler
Director General
ITMF

A happy, prosperous and a healthy
New Year 2022

I would like to wish you a happy, healthy, and prosperous New Year 2022. The Corona-pandemic has shown that staying healthy is not only important for oneself. People that are catching Covid-19 and are staying at home for one or two weeks or possibly longer in case of long-Covid are suffering. But if many people

are infected at the same time as it is the case with the very contagious but less severe Omicron-variant suddenly the functioning of the so-called critical infrastructure like hospitals, police, public transportation, fire departments, utility providers, etc. is at risk too. Non-critical companies are struggling too to keep their production and services going if too many employees are infected at the same time and cannot work properly. The importance of health and hence of good health systems is a take-away from this pandemic.

The pandemic has taught us many other aspects that are important for this and future crises. What is key is to act quickly and with determination. For companies adapting pro-actively to new health, economic, social, or environmental circumstances reduces the negative impact and can turn a challenge into an opportunity. Furthermore, the pandemic has revealed that global supply chains are vulnerable to extraordinary events. The companies along the entire textile supply chain must become more resilient in cases of such external shocks. They must identify risks associated with external shocks such as natural disasters, trade disputes, financial crises, cyberattacks, terrorism, epidemics & pandemics, climate change, etc. The frequency of such events as well as the costs involved have increased significantly in the past two decades. A new balance between efficiency and resilience or just-in-time and just-in case needs to be found.

For example, paying attention to a sound balance sheet that does not only provide a company with the financial resources to overcome a crisis but that allows a company to emerge stronger by being capable to invest during and when coming out of a crisis, is just one example. Another example is to diversify the number of companies to source from. Companies should assess their

exposure to all sorts of risks and take provisions to reduce their negative impact.

Hardly anyone foresaw the logistical problems that disrupted the supply chains of literally all supply chains and hardly anyone was prepared for it. It will be crucial that companies along the entire textile value chain work with higher level of stocks to increase the level of resilience. This will come at a cost. Companies can pass on some of the related price increases to the end consumers. But certain parts of the cost increases need to be absorbed by increasing the level of automation and improving labor productivity.

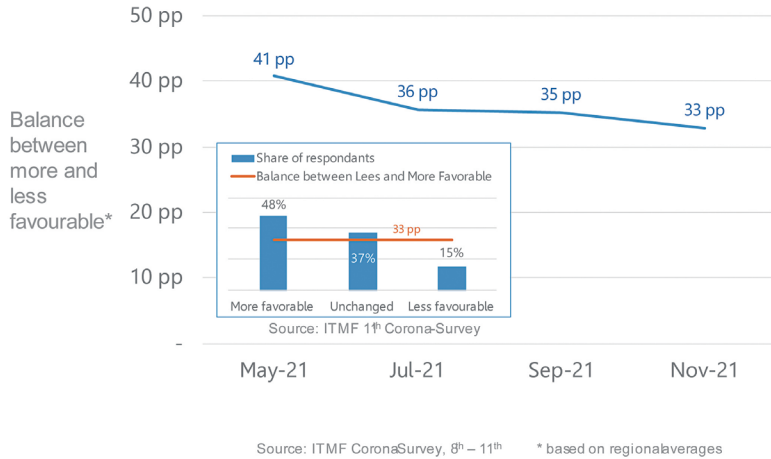
The logistical problems will remain a headache should the global economy remain overheated as it was for the most part in 2021. But since the extraordinary expansive fiscal policies in several countries, especially in the USA has come to an end and since also the expansive monetary policy is reversed cautiously, global demand is bound to grow slower, which should help to bring demand and supply back into balance. This is in line with the expectations in our industry. According to the 11th ITMF Corona-Survey conducted in November 2021, practically companies in the global textile value chain expect good business in the first half of 2022.

The first graph shows that the balance between “More favorable” and “Less favorable” business expectations in the next six months. From a very high level of 41 percentage points (pp) across all regions and segments in May 2021 the level fell slightly to 33 pp but remains still relatively high.

The second graph shows that almost all segments are expecting a good first half 2022. Especially those segments that were lagging like garments producers are more optimistic (42 pp) than six months ago as extended periods with longer

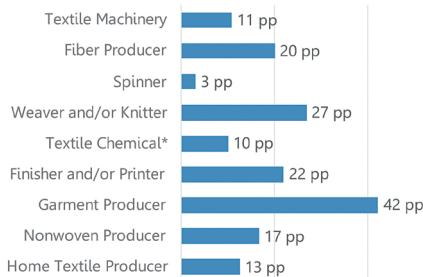
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What are your business expectations in 6 months?



What are your business expectations in 6 months?

Analysis by segment [June 2022]



*incl Dyes and Auxiliary Producer

Source: ITMF CoronaSurvey, 1st

travel and other local business and mobility restrictions seem to be over.

While the pandemic is probably coming to an end during 2022, extreme weather events as a consequence of climate change are likely to happen more often and with more intensity. With all the different weather extremes around the world during the year 2021, the awareness that climate change is not only a theoretical threat but a real and existential one has increased tremendously in all regions. Our industry is aware of the fact that business as usual is not an option. It is imperative that companies across the value chain invest more time and resources to become more sustainable and more circular as quickly as possible.

Leading brands and retailers have started numerous initiatives to identify ways and means to reduce their carbon footprint as well as of their suppliers. The most well-known initiative in this regard is the Fashion Industry Charter for Climate Action (FICCA) that was launched at COP 24 in Katowice, Poland in December 2018. Its mission is to drive the fashion industry to net-zero Greenhouse Gas emissions no later than 2050 in line with keeping global warming below 1.5 degrees. This means that textile and apparel producers around the world should increase their efforts to reduce their carbon-footprint as quickly and as much as possible. ITMF is a supporting organisation of the Fashion

Charter and promotes and supports their efforts.

There is no single solution to do reduce a company's carbon footprint. Each company must analyse its situation and draw conclusions. What is important is to start this process. But before companies can act, they must know where to start from. This requires reliable data. Therefore, it is important that companies digitize their production processes as much as possible. It is also important that they cooperate with partners and that they invest in inhouse and, whenever necessary, also external expertise.

Energy prices have risen tremendously during 2021 and remain on a very high level and thus cause many companies enormous economic problems. Should the global economy cool down as expected by most institutions like the IMF (global GDP-forecast for 2022 is 4.9% compared to 5.9% in 2021) and unless there are major geopolitical crises, the oil and gas prices should drop in the course of 2022. Nevertheless, these price increases also revealed that it is important for companies in the textile value chain to decarbonize their production and reduce the dependency of fossil fuels. This means that companies must analyze their energy supply and should develop strategies to transform from fossil to renewable energy resources. To constantly increase the share of renewable energy will require a long-term strategy and a coordinated effort with other industry partners and governments.

The pandemic also shed light on the fact that many brands/retailers pursue unsustainable purchasing practices. During the first lockdown period, too many brands/retailers cancelled or delayed orders, sometimes even orders that were already produced and shipped. Such purchasing practices are not acceptable and everything but sustainable because they often force suppliers to cut corners like asking workers to do more

overtime, subcontracting, etc. As a result several Asian textile association organized in the STAR-network and with the support of GIZ and the International Apparel Federation (IAF) sat together formulating in a white paper what sustainable purchasing practices are from suppliers' perspective. As a result of this effort the Sustainable Terms of Trade Initiative (STTI) was launched with the objective to discuss and then formulate with brands/retailers together sustainable sourcing requirements.

Another important finding of the year 2021 that will be relevant going forward is that transparency and traceability will play an increasingly important role in the future. The technology is available to trace products through the value chain both physically (tracers) and/or electronically (block-chain technology). Producing textile products in an ethical and sustainable way will be indispensable in the future. More and more countries are introducing legislation that requires companies to be responsible for the products they source. With the availability of new traceability and transparency technologies companies can reduce their risks of sourcing their raw materials and/or intermediary products from unsustainable sources.

The pandemic has clearly shown that the global textile supply chains are long and complex and that they can only be as strong as their weakest links. Therefore, I would like to encourage all of us to cooperate in 2022 and to work on sustainable win-win situations. The ITMF will continue providing a platform for players from the entire textile value chain to come together and discuss the challenges and the opportunities. The next opportunity to this will be at the ITMF Annual Conference 2022 which will be held in Davos, Switzerland from September 18-20, 2022, and will be co-hosted by Swiss Textiles and Swiss Textile Machinery. It does not come as a surprise that with outstanding

speakers will share their expertise and experience around the general theme "Climate Change and a Sustainable Global Textile Value Chain".



Mr. Alex Zucchi
President
ACIMIT

A particular year has come to an end. The year 2021 was still conditioned by the pandemic, but nevertheless represented, for most Italian textile machinery manufacturers, a year characterized by a great recovery. Indeed preliminary figures for 2021 show that Italian textile machinery production and exports will grow by about 30% compared to 2020. The value of Italian exports for the 2021 January-September period has already overtaken the pre-crisis value of 2019 same period. In addition, the order intake of Italian manufacturers for the first three quarters of 2021 marked a +95% compared to the same period in 2020.

Certainly, the pandemic has affected the way we live and think. It has challenged some of our certainties and made us discover how vulnerable we are. However, over the years we have faced financial and economic crises but, over time, we have always picked ourselves up and resumed our activities with more enthusiasm and initiative.

Today we are still living in uncertainty. We perceive the seriousness of what is happening in particular with regard to the uncontrolled increase in the raw materials and shipping cost, the difficulty in finding qualified human resources. We perceive the seriousness of these elements globally, but they affect us individually and will likely shape our future.

Despite the problems related with our day-by-day business and the resurgence of the Covid-19 pandemic observed in recent months, I remain hopeful and optimistic. Italian manufacturers have been able to be close to their customers even in this extremely difficult period. They have done so thanks to the new tools that technology has allowed them to adopt, but also through the human relationship with their customers that has never been lacking. Also in 2022 the commitment of Italian manufacturers to be valuable partners of the textile companies will not fail, especially in the field of sustainability and digital transformation of the textile production process.

However let me remind you that the Italian textile machinery industry is already preparing for the event that will mark the next two years, i.e. ITMA 2023, which will take place in Milan from 8 to 14 June, 2023. It will be a unique and not-to-be-missed opportunity to show the whole world the uniqueness of our technologies and the Italian creativity that the world envies us. Already now our entrepreneurs are working on technological innovations that international visitors to ITMA will be able to appreciate in the Italian exhibitors' booths. Quality, reliability, attention to the sustainability of production processes will still be the core of the Italian technological proposal.

Looking forward to welcoming all JSN International readers in June 2023 for ITMA Milan, I renew my personal wishes and those of the Italian textile machinery manufacturers for a healthy and profitable 2022.