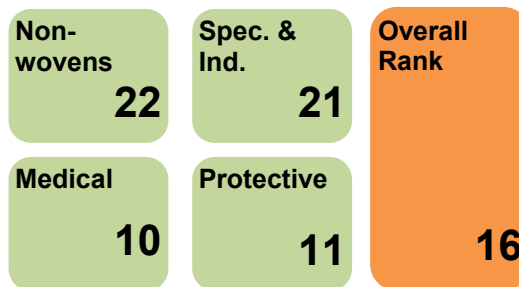




## 2016 Top Markets Report **Technical Textiles** Country Case Study

### Singapore

In terms of value, the Asia-Pacific region, including Singapore, is the fastest growing market for technical textiles, accounting for 39 percent of the global market share in 2014. If U.S. producers are strategic in how they enter the Singapore market, this could be a promising market for U.S. producers.



The 2004 implementation of the U.S.-Singapore Free Trade Agreement has led to an increase in both trade and economic integration between the U.S. and Singapore.<sup>1</sup> In 2015, the U.S. exported \$95 million in technical textiles to Singapore.

Today, Singapore’s textile and apparel industry is very diverse, consisting of not just manufacturers but also distributors and retailers as well. Singapore is ranked second, after Hong Kong, as a textile and apparel and business sourcing hub in the Asia-Pacific region. Currently, the textile and apparel industry in Singapore is made up of about 5,000 companies, comprising of about 500 manufacturers and 4,500 wholesalers and retailers.<sup>2</sup>

In 2013, Singapore’s textile and apparel industry was worth about \$6.3 billion.<sup>3</sup> In recent years, while textile and apparel companies have kept their headquarters in Singapore, manufacturing has moved offshore to mainly other countries in the region, forcing the textile and apparel sector to reinvent itself and focus on research and development, such as the creation of “inno-facturing”, basically the marriage of innovation, design and manufacturing.<sup>4</sup>

By focusing on the research and development, developing innovative textiles and developing a new production technique, Singapore is positioning itself to stay competitive in the global market.

#### Overview of the Technical Textile Market

On a year-on-year basis, Singapore’s manufacturing output has steadily decreased in recent years, due to increased labor costs. Singapore based companies have moved their manufacturing operations to other countries in the region (i.e. Vietnam), forcing Singapore’s manufacturing sector, including the textile and apparel sector to become innovative in not only the development of textiles and apparel but also in how the textiles and apparel are produced.

The Singapore Institute of Manufacturing Technology (SIMTech), a research institute of Singapore’s Agency for Science, Technology and Research (A\*STAR) in 2010 launched the Nanotechnology in Manufacturing Initiative (NiMI) to explore new market opportunities in the global nanotechnology market, including developing cheaper, greener, and smarter

manufacturing processes that will also add further value to Singapore's advanced textile industry.<sup>5</sup>

Furthermore, U.S. and foreign textile such as Toray, DuPont, Huntsman, Pidilite and 3M are taking advantage of Singapore's geographical location as a gateway into the China, India and the rest of Southeast Asia. They have established operations in Singapore that have contributed to the growth of Singapore's technical textile industry.<sup>6</sup>

### **Challenges and Barriers to Technical Textile Exports**

The technical textile market in the Asia-Pacific Region has matured significantly in the past few years and is projected to be the fastest growing technical textile market at a CAGR of 5.63 percent in terms of value from 2015 to 2020.<sup>7</sup> Entering the market may be challenging.

Singapore remains one of the most market-oriented and open economies in the world; however, it can be a challenging market to enter due to China's dominance in the region.

The ASEAN region is China's third largest export market due to the China-ASEAN Free Trade Agreement, and is fastest growing export market for Chinese textiles (30 percent year-on-year in 2013).<sup>8</sup>

Because of China's dominance in the region, this competitive disadvantage may affect U.S. exporters' ability to compete in this market, and therefore U.S. exporters need to apply strategic thinking when entering this market. Products that are not readily available in Singapore may find the most success.

### **Opportunities for U.S. Companies**

Singapore ranks as the 13<sup>th</sup> largest overall export market for the United States. It is the United States' 17<sup>th</sup> largest trading partner, and since the U.S.-Singapore Free Trade Agreement went into effect in 2004, U.S. total exports to Singapore have grown by 50 percent.<sup>9</sup>

Furthermore, once the TPP is implemented, special provisions for small and medium-sized businesses will make it easier for these businesses to participate in regional production and supply chains.

U.S. exporters may find export opportunities for textile components in the following sectors:

aerospace, construction and infrastructure, medical, environmental controls, and the oil and gas industries.

### Non-wovens

In 2015, Singapore was the 22<sup>nd</sup> largest market for U.S. non-wovens. Exports of non-wovens have grown at annual rate of 15.5% from 2008 to 2015. In 2015, the U.S. exported \$17.3 million, which is a 175 percent increase over the \$6.3 million that was exported in 2008. It is projected that exports of U.S. non-wovens will grow to \$23.1 million in 2017.

The increase in demand for non-wovens can be attributed to Singapore's well-established manufacturing sector, a rising middle class and a higher standard of living. The increase in demand has also been seen in the purchasing of convenience items that are using more non-woven fabrics (i.e. disposable diapers and disposable wipes).

### Medical Textiles

In 2015, Singapore was the 10<sup>th</sup> largest market for U.S. medical textiles. Exports of medical textiles have grown at an annual rate of 7.2 percent from 2008 to 2015. In 2015, the U.S. exported \$26.1 million, which is a 63 percent increase over the \$16 million that was exported in 2008. It is projected that exports of U.S. Medical textiles will grow to \$30 million in 2017. Medical textiles products include:

- Disposable Diapers: Disposable diapers volume sales reached 158 million units in 2015, or 837 per child (aged 0 to 36 months) per year. In comparison with other developed countries in the Asia Pacific (i.e. South Korea and Taiwan), Singapore still lags behind in terms of usage.

Trends: Internet retailing is expected to grow in Singapore.<sup>10</sup>

- Adult Disposable Diapers: With an active elderly population in Singapore, light incontinence products are increasing in popularity. Consumers suffering from incontinence are more receptive to wearing products that are thinner and appear less bulky.

Trends: With a slow but growing acceptance of incontinence wear, the sale of incontinence

products is expected to grow at CAGR of 6 percent in 2016.

- Sanitary Protection: Singapore recorded sales of 278 million sanitary protection units in 2015. This figure is much lower than those of other developed countries, such as Japan and Taiwan, where sales of sanitary protection products were much higher.

Trends: To be successful in this market, companies will need to continue to incorporate innovative features in their products if they want to capture this demographic.

### Protective Apparel

In 2015, Singapore was the 11<sup>th</sup> largest market for U.S. protective apparel. Exports of protective apparel have

grown at an annual rate of 4 percent between 2008 and 2015; the U.S. exported 19.1 million in 2015, which was a 112 percent increase over the \$9 million that was exported from the U.S. into Singapore in 2008. It is projected that exports of U.S. protective apparel will grow to \$23.8 million in 2017.

Technical textiles have become an important application in the manufacturing of protective apparel in the Singapore apparel sector. U.S. exporters interested in exporting protective apparel to Singapore need to keep in mind that the Singapore apparel market is very sophisticated. Therefore, protective apparel that is innovative (i.e. smart textiles and apparel) is very competitive in this market. For example, technical and high-performance apparel are examples of protective apparel that may be very well-received by consumers in Singapore.<sup>11</sup>

---

<sup>1</sup> USTR Resource Center, Singapore FTA.

<sup>2</sup> Global Outlook: Ethical fashion in Singapore, March 13, 2103

<sup>3</sup> Top clothing brands; Singapore connection, The Straits Times, December 24, 2015

<sup>4</sup> Singapore textile and apparel sector remains connected with top clothing brands, March 2016

<sup>5</sup> Singapore: A Textile Gateway, Textile World, June 2011

<sup>6</sup> Singapore: A Textile Gateway, Textile World, June 2012

<sup>7</sup> Technical Textiles Market: Asia-Pacific to play a major role, Trade News UK, February 18, 2016

<sup>8</sup> Key Industries for Investment in ASEAN, ASEAN Business News, 2015

<sup>9</sup> On the Singapore-U.S. trade relation and the TPP, Singapore Business, January 4, 2016

<sup>10</sup> Euromonitor International, 2015.

<sup>11</sup> Top Clothing brands Singapore connection, The Straits Times, 2016