

TEXTILES AND APPAREL INDUSTRY

The textiles and apparel industry consists of four segments, namely primary textiles (polymerization, spinning, weaving, knitting and wetprocessing), made-up textiles, textiles and clothing accessories, and made-up garments. A total of 662 major companies are involved in the four segments of the industry, while approximately 1,000 SMEs are mainly in made up garments manufacturing.

Production

In 2008, the production index of the textiles segment increased by 8.6% to 102.8 from 94.7 in 2007, while the production of the apparel segment decreased by 9.5% to 102.5 from 113.3. The major decline was in man-made fibre spinning and weaving of textiles, which decreased by 30.7%.

Table 1:

Production Index of the Textiles and Apparel Industry (2005=100)

Industry	2008	Change (%)	2007
Textiles and Apparel	102.6	-0.6	103.2
Textiles	102.8	8.6	94.7
Apparel	102.5	-9.5	113.3

Source: Department of Statistic, Malaysia

Factors which contributed to the overall slowdown in the industry production:

- Closure of three major textile producers at the end of 2007, which resulted in a loss of total annual production of about 8 million kg of yarns and 25 million metres of woven fabrics, equivalent to a reduction of 35% of the total production of primary textiles.
- Economic slowdown in the USA resulted in a decline in demand, as the USA was Malaysia's major export destination for the industry in particular, the apparel segment.

Sales

In 2008, sales of the textiles segment increased by 4.5% to RM4.6 billion from RM4.5 billion in 2007, while sales in the apparel segment decreased by 9% to RM2.8 billion from RM3.1 billion. In addition to the economic slowdown in the USA which resulted in reduced consumer purchasing power, the continuing increases in the costs of doing business due to higher prices of fuel, raw materials, utility charges and freight charges, also contributed to the drop in sales.

Table 2:

Sales of Textiles and Apparel Products

Segment	2008 (RM billion)	Change (%)	2007 (RM billion)
Textiles and Apparel	7.6	0.2	7.6
Textiles	4.8	4.5	4.5
Apparel	2.8	-6.3	3.1

Source: Department of Statistic, Malaysia

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Employment

Employment in the textiles and apparel industry declined by 14.3% to 53,071 in 2008, compared with 61,954 in 2007.

Table 3:
Employment in the Textiles and Apparel Industry

Segment	2008 (Persons)	Change (%)	2007 (Persons)
Textiles and Apparel	53,071	-14.3	61,954
Textiles	18,479	-21.3	23,494
Apparel	34,592	-10.1	38,460

Source: Department of Statistic, Malaysia

Productivity

The textiles and apparel industry registered an increased in productivity of 2.6% to RM24,100 in 2008, compared with RM23,400 in 2007. The industry recorded an improvement in labour cost competitiveness, reflected by a decline of 1.3% in Unit Labour Cost, while Labour Cost per Employee increased by 1.5%.

Table 4:
Productivity indicators for Textiles and Apparel Industry

Segment	Productivity (RM'000)			Labour Cost per Employee (RM'000)			Unit Labour Cost (RM)		
	2008	Change (%)	2007	2008	Change (%)	2007	2008	Change (%)	2007
Textiles and apparel	24.1	2.6	23.4	13.1	1.5	12.9	0.1131	-1.3	0.1146
Textiles	41.3	8.0	38.2	16.0	2.9	15.6	0.0752	-5.8	0.0798
Natural fibre spinning, weaving of textiles	9.8	-0.7	9.8	15.1	0.5	15.0	0.1364	0.1	0.1363
Man-made fibre spinning, weaving of textiles	44.3	5.4	42.0	15.9	-1.5	16.1	0.0521	-6.2	0.0555
Dyeing, bleaching, printing and finishing of yarns and fabrics (except batik)	63.2	2.0	61.9	21.3	6.3	20.0	0.1032	6.9	0.0965
Knitted and crocheted fabrics and articles	33.6	9.6	30.6	13.7	4.2	13.1	0.1086	-4.7	0.1140
Apparel subsector	14.9	-4.8	15.6	11.5	0.3	11.5	0.1810	8.5	0.1669

Source: Malaysia Productivity Corporation (Computed from the Monthly Mfg Survey & Annual Industrial Survey, Department of Statistic, Malaysia)

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Investment

In 2008, approved total investments decreased by 70.8% to RM408.4 million, compared with RM1.4billion in 2007. Domestic investments accounted for RM105.4 million, while foreign investments accounted for RM303 million. A total of 18 projects were approved in 2008, compared with 22 in 2007. Seven projects were approved in growth areas such as the production of integrated textile products (RM289.7 million) and man-made staple fibres (RM54.1 million). Major sources of investments were Germany with a value of RM102.4 million and the USA (RM82.1 million).

Table 5:
Investments in the Textiles and Apparel Industry

	2008	Change (%)	2007
No. of projects approved	18	-18.2	22
Total Investment (RM million)	408.4	-70.8	1,400.9
<i>Foreign (RM million)</i>	<i>303.0</i>	<i>-76.7</i>	<i>1,300.8</i>
<i>Domestic (RM million)</i>	<i>105.4</i>	<i>5.3</i>	<i>100.1</i>

Source: Department of Statistic, Malaysia

Exports

Exports of textiles and apparel products grew by 2.7% and 1.9% respectively in 2008 and accounted for RM10.5 billion of total exports. The growth was mainly due to the stronger US Dollar.

In 2008, exports to the USA and Turkey recorded declines. Exports to the USA, valued at RM2.5 billion, registered with a drop of 7.8% compared with RM2.7 billion in 2007, while exports to Turkey declined to RM732.9 million from RM748.7 million in 2007. Main export items were men and women clothing valued at RM2.7 billion, textile yarns (RM2.3 billion) and woven fabrics (RM1.3 billion).

Table 6:
Exports of Textiles and Apparel Products

Segment	2008 (RM billion)	Change (%)	2007 (RM billion)
Textiles and Apparel	10.5	2.3	10.3
<i>Textiles</i>	<i>5.4</i>	<i>2.7</i>	<i>5.3</i>
<i>Apparel</i>	<i>5.1</i>	<i>1.9</i>	<i>5.0</i>

Source: Compiles by Ministry of International Trade and Industry

Imports

Imports of textiles and apparel products decreased by 3.3% in 2008 to RM5.5 billion, compared with RM5.7 billion in 2007. The growth in imports was mainly due to the outsourcing of both textiles and apparel activities to more cost competitive countries such as Vietnam, the People's Republic of China and Cambodia.

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Major sources of imports in 2008 were the People's Republic of China with imports valued at RM2 billion or 37.4% of total imports of textiles and apparel, followed by Taiwan (RM489.2 million); Thailand (RM412.1 million); Indonesia (RM396.6 million) and Hong Kong S.A.R (RM298.1 million).

Table 7:
Imports of Textiles and Apparel Products

<i>Segment</i>	<i>2008 (RM billion)</i>	<i>Change (%)</i>	<i>2007 (RM billion)</i>
<i>Textiles and Apparel</i>	<i>5.5</i>	<i>-3.3</i>	<i>5.7</i>
<i>Textiles</i>	<i>4.0</i>	<i>-7.9</i>	<i>4.3</i>
<i>Apparel</i>	<i>1.5</i>	<i>11.8</i>	<i>1.3</i>

Source: Compiles by Ministry of International Trade and Industry

Developments

In terms of human capital development, GiatMARA through its 82 training centres, trained a total of 3,950 trainers in courses related to the textiles and apparel industry in 2008. A total of 360 trainers were trained by the Malaysian Textile And Apparel Centre (MATAC) in courses such as textiles manufacturing, garment designing, pattern making and manufacturing of garments. In addition, 89 students were enrolled by UiTM in textiles and apparel related courses.

A new training centre was established by MATAC in Batu Pahat, Johor, which began operation in April 2008. The centre is equipped with a textile testing and CAD/CAM training laboratories and a resource centre. Training activities by MATAC involve collaborations with international partners, such as JUKI Japan, NIKE Inc. USA, Groz-Beckert of Germany and Coats Plc., UK.

The Ministry of Entrepreneur Development and Co-operative Development (MECD), through MARA, had set up a Design Development Centre (DDEC). DDEC is a one stop design and product development centre to upgrade local SME products through design innovation and development. The centre operates as a service provider, making available technical research facilities, as well as branding and labeling products. To date, one textiles and apparel company had utilized the services provided by DDEC. The industry is urged to take advantage of the services provided by DDEC to enhanced products designs.