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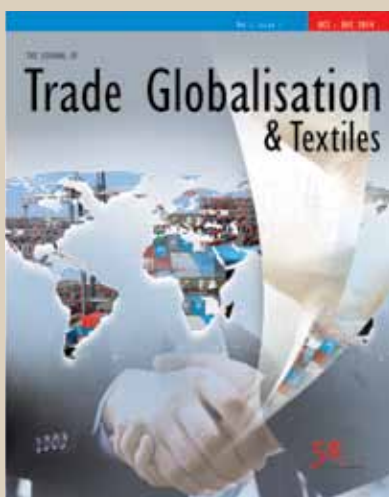
Trade Globalisation & Textiles



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Dr P Nayak

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Editor

T.K. Rout

Deputy Director (MR)

Editorial Team

Prachi Vaidya

Rajeev Kumar

Pradeep Dash

Jeya Prakash

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Textiles Committee

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Handlooms, Textiles & Handicrafts Department, Government of Odisha



Yash Birla
Chairman

वस्त्र समिति
भारत सरकार, वस्त्र मंत्रालय
Textiles Committee
Government of India, Ministry of Textiles

P. Balu Road, Prabhadevi Chowk,
Prabhadevi, Mumbai - 400 025
Tel. : (022) 6652 7506
Fax : 91-22-6652 7509
E-mail : yash@yashbirlagroup.com
Website : www.textilescommittee.gov.in



Message

The Textiles Committee has always been pursuing sustainable research efforts in the area of globalisation, WTO & trade facilitation etc. The interventions in form of research & studies and Trade Related Capacity Building (TRCB); has provided necessary fillip to the policy, research fraternities and industry in Textiles & Clothing (T&C) sector. The TRCB has addressed issues to mitigate the adverse effect of globalisation. During last five years, the Committee has published several research reports on Intellectual Property Rights (IPR), export competitiveness, Non-Tariff Measures (NTMs), Non-Agricultural Market Access (NAMA) negotiations, Impact of Free Trade Agreements (FTAs), etc. Similar efforts have been taken up on domestic policy related issues, such as impact of GST, Excise duty on manmade filaments, domestic demand of textiles, etc. are received wide appreciation among the policy makers, researchers and the industry.

I am happy to note that the Textiles Committee has come out with "The Journal of Trade Globalisation & Textiles" for the quarter, October to December 2014 containing some of the current issues.

I hope the Journal will help in addressing the concerns of the stakeholders and Textiles & Clothing industry with respect to the international trade and support enhancing the textiles export competitiveness of the country.

I am sure Dr P Nayak, Secretary and his team of officers will continue their best efforts to make this publication relevant to all concerned.

Place : Mumbai
Date : 10.12.2014

(Yash Birla)



वस्त्र समिति
भारत सरकार, वस्त्र मंत्रालय
Textiles Committee
Government of India, Ministry of Textiles

P. Balu Road, Prabhadevi,
Mumbai - 400 025
Tel: 91-22-6652 7507/510
Fax: 91-22-6652 7509
E-mail: secytc@gmail.com
drpnayak@gmail.com
Website: www.textilescommittee.gov.in

Dr. P. Nayak, M.A. (Stat.), Ph.D (Eco)
Secretary



Message

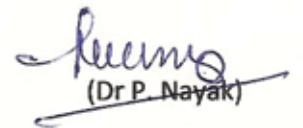
The pace of global trade integration is growing leaps and bounds during last few years. The countries are not only negotiating in multilateral forums like WTO, for better market access but also entering into Free Trade Agreements (FTAs)/Regional Trade Agreements (RTAs)/Comprehensive Economic Partnership Agreement (CEPA), etc. at bilateral and regional levels for strengthening their export in a more holistic way. The present structure of international trade is going to influence the overall trade performance of the countries in future. Hence, there is a need to address the issues on international trade both at Micro and Macro level through extensive research and analysis. Such analyses are vital for converting the opportunities into tangible benefits.

I am also delighted to inform you that to facilitate better interaction among the researchers and to provide a shared platform for the research findings for meaningful policy decisions, the Textiles Committee is publishing the "The Journal of Trade Globalisation & Textiles" for October-December 2014 and will be a regular quarterly publication for the policy makers, researchers and the industry.

I take this opportunity to record my appreciation to Shri T.K. Rout, Deputy Director and the team of officers who have made this happen and shouldered the responsibility to sustain the publication quarter after quarter.

I hope this issue will be informative and interesting to the readers. Errors/Omissions in the content is our sole responsibility.

Place : Mumbai
Date : 10.12.2014


(Dr P. Nayak)

Trade Facilitation & Research to address the emerging issues on International Trade

*Dr P Nayak**

1.0 Introduction

The international trade in the post GATTs regime is being facilitated under the framework of the WTO. The ministerial and secretarial rounds of negotiation form the base platforms for negotiations on the different issues for better market access. Under the framework of NAMA negotiations, the issues of Tariffs & Non Tariff Barriers (NTBs) became an important point of discussion for better free international trade. With the reduction of tariffs by the member countries of WTO, the issues like NTBs have emerged as an impediment for the countries, like India.

Apart from providing foreign exchange, merchandise export plays a vital role for an economy in terms of generating employment, income and accelerating industrial growth. At present, the Textiles and Clothing (T & C) sector contributes nearly 15% of the foreign earnings by way of exports and the sector is increasingly experiencing the problem of NTBs particularly from the important destinations like EU & US. These countries impose NTBs in the pretext of Quality, Social and environment, ethical Compliances and other standards. The implementation of Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) by the EU is the latest addition to this series of barriers. While many foreign buyers are projecting these as business & market promotion tools, the international non Govt. organisations are also pushing for other social and environmental standards. The recent research & studies conducted by various institutions indicate that the NTBs imposed by the buyers or the countries are acting as important impediments in free international trade and the

products lose its competitiveness in the international market. The exporters and manufacturers are also spending a substantial money and time for complying these barriers. Further, the growing influence of bi-lateral and regional trade issues like Free Trade Agreements (FTAs), Regional trade Agreements (RTAs), Preferential Agreements (PTA), Comprehensive Economic Pact Agreement (CEPA), along-with the issues like Rules of Origin (RoO), Trade diversion has continuously creating new dimension to the arena of international trade. India being one of the major players in textiles & clothing is bound to be affected by such issues on trade facilitation. One of the important issue that has threatened the potential of the T & C sector during last few years is Non Tariff Barriers (NTBs) being imposed by the major export destination of the world.

These NTBs are multifarious in nature, as some are buyer specific and some others are country specific. In textile and clothing sector, NTBs have been imposed in each production chain and acts as an important trade distorting measure.

Of late, the Doha Development Agreement (DDA) has incorporated NTBs as one of the area of negotiation amongst the member countries under Non-Agricultural Market Access (NAMA) besides tariff. The decision to include the issue might have been taken by the member countries keeping the intensity of NTBs as emerging trade barrier in mind. The NTBs differ from country to country and very complex to address. Due to the diversity and intensity of these barriers on the overall trade performance of the countries, there is an urgency to classify and corroborate the facts relating to it besides studying the true implication of it on the sector.

* The author is Secretary, Textiles Committee, Govt. of India

1.1 Existing Mechanisms

Among the other international organizations, the World Bank, Organisation for Economic Co-operation and Development (OECD), The International Trade Centre (ITC), have been working on this critical area for bringing out some firsthand solutions to the problem. Further, most of the developed countries have their own agencies/mechanism to address such issues. In European Union, the European Commission (EC) has set up many agencies and the organisations like OTEXA of US is trying to develop sector specific Non-Tariff Measures (NTMs) for protecting their domestic market and protect export interest in the international market. Similar may be the case for other trade related issues.

However, the Bureau of Indian Standards (BIS) is the only organisation mandated to formulate product specific standards in the country. Similarly, some other sector specific organisations may be working on standard specific issues. "The Centre for WTO Studies of IIFT, New Delhi", an independent think tank under the Ministry of Commerce and industry has been undertaking studies on issues relating to WTO & international trade. However, for addressing the trade related issues with reference to the T & C sector, a gap still persists in the country. As such, there is a need to develop a specific mechanism to provide research based feedbacks and consultancy on real time basis to the Ministry of Textiles and Trade & Industry for achieving the optimal growth trajectory for T&C sector, with special emphasis in exports.

1.2 Proposed Mechanism

As a step in this direction, the Textiles Committee has been working on the emerging issues like NTBs during last few years with an objective to support the sector to mitigate the adverse effect of it. The organisation has prepared a classification of NTBs applicable to T & C sectors on the basis of the United Nations conference on Trade and Development (UNCTAD), Geneva classification.

Since, the issue is a matter of concern to the sector as a whole and more than \$18 billion T & C exports are affected by such barriers out of about \$30 billions of export, it is imperative to have a dedicated mechanism to address the issue in a more systematic and sustainable way. The mechanism therefore, inter-alia supports the government and trade & industry by providing need based real time feedbacks to

the govt. for policy decision and the stakeholders for mitigating adverse effects.

The institutional mechanism proposed for the purpose would be a autonomous research and consultancy think tank under the Ministry of Textile on International trade, globalization and issues relating to trade facilitation like Non Tariff Barriers (NTBs).

2.0 Guiding Principles

The centre will act as one point research and consultancy organisation on international trade pertaining to textiles and clothing sector and foster innovation in order to address the critical research on issues relating to export, import and WTO. The C-TFRT will be an independent research think tank to be created on a number of guiding principles and contributing to several goals for the development of the sector.

To support the T & Sector and Government to realise optimal export growth of textiles through research and consultancy on issues pertaining to international trade like Non Tariff Barriers (NTBs), tariffs, trade facilitation and issues relating to WTO.

2.2 Vision

The centre as a permanent repository on international trade information for textiles provide independent analytical feedback to the Ministry of Textiles (MoT) on the issue of international trade to help develop positions in the various trade negotiations both at bilateral and multilateral level including in WTO forums for facilitating accelerated export grow and inclusive growth of the country.

2.3 Objectives: The main objectives of the centre are

- Build stakeholders institutional and human resource capacities on international trade to mitigate the adverse effects or issues out of and provide desirable policy inputs to the policy makers for the better interest of the sector.
- To build national and sub-national core expertise to address the implications of the Non-Tariff Barriers (NTBs) and formulate negotiating position on the basis of a good understanding of the

Mission

To support the T & C Sector and Government to realise optimal export growth of textiles through research and consultancy on issues pertaining to international trade like Non Tariff Barriers (NTBs), tariffs, trade facilitation and issues relating to WTO.

product specific issues and market reality vis-à-vis the requirements of the importing countries.

- Enhance national and sub-national capacity to formulate export strategies through real time dissemination of the trade related issue.
- Facilitate enhanced global competitiveness of the T & C sector by addressing the issues relating to barriers (both Tariff and NTBs) both at country & market level.
- Support in addressing the challenges of import surge of textiles and facilitate the development of suitable trade defense measures.
- Conduct researches/studies and share the key finding with the government of India and key stakeholders like Export Promotion Council (EPCs), Trade & Industry, Associations, etc.
- Disseminate key information on NTBs and other related trade issues amongst the stakeholders for better informed policy decisions.
- Provide necessary technical guidance to the trade and industry on different issues pertaining to international trade.
- Undertake research and find out the ways and means for rationalizing and mitigating the negative effects of NTBs on the sector.

- Development of suitable trade defense measures for safeguarding the domestic industry from import surge in textiles.

2.4 Objects Ancillary to the Attainment of Main objectives:

- Undertake research on FTA, RTA, PTA, CEPA and other bilateral & multilateral trade agreements and its implication on T & C sector of India.
- Capacity building of the stakeholders on issues relating to international trade, globalization and how to optimize the gains arising out of it.
- Competitiveness analyses both at product and country level, including identifying the products for interest for India.
- Research consultancy on trade facilitation, identifying sensitive products for multilateral and bilateral negotiation.
- Dissemination on trade related issues among the stakeholders etc.
- Creating one point reference centre for the stakeholders on the emerging issues of international trade and trade facilitation.
- Co-operate with Govt. and other organizations in the country and abroad with a view to further promotion of exports on T & C.
- To laid down standards and quality of packing in respect of textiles intended for export.
- To prepare, edit, print, publish, issue, acquire and circulate books, pamphlets, papers, periodicals and other literary undertakings having a bearing upon industry, trade or commerce relating to textiles and clothing.
- To collect, classify, circulate statistics and other information regarding any trade, commerce and industry in relation to the main objects.
- And generally to do all other lawful things as are incidental or conducive to the attainment of the above objects or any of them.

2.5 Conclusion:

No doubt, with the greater integration of global market and rapid reduction of tariffs under the arena of NAMA negotiation under WTO, the issues of NTBs are more visible nowadays. It is expected that many countries more specifically the developed countries may accelerate the use of NTBs as a market protectionist measure in the years to come, it may ultimately hamper the export interest of the countries like India. As such, the institutional mechanism would act as an important research centres for trade facilitation pertaining to the sector. For achieving such a broader objective. The centre will help in building a network of existing trade related institutions for providing essential support services to exporters i.e trade policy information and commercial intelligence, export promotion and training services, etc. and these collaborative activities will help in formulating adequate policy framework to strengthen and protect the export interest of the country as well as domestic industry.

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Textiles Exports in India - An analysis of its Performance and Future Directions

Ramakushna Panigrahi*

I Introduction

The textiles sector in India is the second largest provider of employment opportunities after the agricultural sector with an estimated 45 million in direct employment and opportunities for many more million livelihoods indirectly. The share of Textiles as percentage of total exports earnings has been around 11 per cent in recent years and with growing competitive advantage of Indian textiles sector, its share in total exports is likely to go up in coming years. Also, Textiles sector accounts for 4 per cent of the Indian GDP and 14 per cent of the Industrial Production in India. The Government of India has launched various schemes like TUFs, SITP, TWRFs, TMTT to strengthen the textiles sector India by making the sector globally competitive which have yielded results and these efforts are like to pay very rich dividends for all the stakeholders in the years to come. In this paper, we make an attempt to analyse the performance of Textiles sector of India in the context of International trade and export earnings in a fiercely competitive global economic environment.

From an exports receipts of \$1.6billion in the year 1950-51 to a whopping \$44.6 billion in the year 2000-01 has been an impressive one for India.

II Performance of Foreign Trade Sector in India

The growth in trade volumes have risen tremendously in India since Independence. From an exports receipts of \$1.6billion in the year 1950-51 to a whopping \$44.6 billion in the year 2000-01 has been an impressive one for India. However, in terms of percentage, total exports as a percentage of GDP was just 6.5 per cent in the year 1950-51, which has grown to 9.9 per cent in the year 2000-01. Soon after the Independence, India suffered heavily in terms of competitive advantage in the international markets. It did not help

in India's cause that it heavily depended on imports of food and oil for which there was very little choice to make by policy makers. Import of oil was necessary to fuel rapid industrialization which was the priority for policy makers to get India out of its vicious circle of underdevelopment. Import of food was again of paramount importance as food is always associated with lot of emotions apart from it being the most basic necessity. Food availability and related starvation has always been viewed emotionally worldwide in history across regions and countries. To facilitate such huge imports, India had to undersell its products in international markets and till early 1970's, due to heavy dependence of food imports, India had to suffer a lot on trade front with piling up of trade deficits. However, after green revolution, with decreased dependence on food imports India gained some competitive advantage

in International markets and to great extent spared from underselling its products. Also, the emphasis on Industrialization and production of improved quality of merchandise helped India export more to foreign countries after late 1970s. The real growth in exports came after India liberalized its economy in early 1990s with impressive export earnings. For comparison, India's export earnings grew from a mere \$2.03 billion in the year 1970-71 to \$18.14 billion in the year 1991-92. It recorded a 900% rise in 20 years time. Compared to that, in the next two decades, the export earning, however, rose for 18.14 billion to \$304.6 billion in the year 2001-12 registering a rise of 1600 per cent. These statistics reveal the competitive advantage India gained specifically in the last two decades. The following figure explains the trend in growth of export earnings from the year 1973-74 to 2011-12.

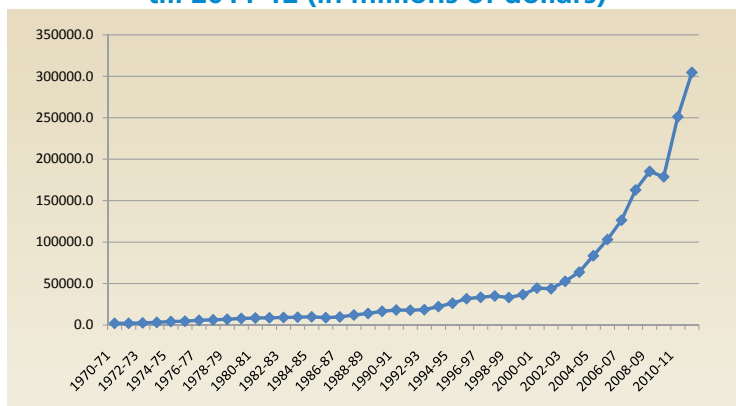
From the above figure it is evident that, within first decade of liberalization, the export earnings have grown significantly as compared to the previous two decades whereas the growth has been exponential in the second decade post liberalization. A very high growth rate of GDP that India experienced post liberalization helped a significant rise in export earnings from the country which also explains the rapid competitive advantage India is gaining in international markets.

III Trade Deficits in India

As discussed earlier the trade deficits in India are on a rise due to excessive import dependence. It may be noted that except for the year 1976-77, the trade balance has been negative and growing much faster upsetting the gains achieved through enhanced export earnings. Historically, India has suffered from BOP problems with rising trade deficits which were made good through capital

Fig 1

Trends India's Total Exports earnings since 1970s till 2011-12 (in millions of dollars)



* The author is working as Associate Professor, IMI, Bhubaneswar

account surpluses. However, in recent years, software exports as well as exports of other services have grown significantly and due to that trade deficits are under control to some extent. Currently the trade deficits stand at \$184.8 billion which needs to be reduced to reasonable limits by aggressively promoting export earnings so as to have a stable BOP situation. Though in percentage terms, the trade deficit as percentage of GDP has remained stable over the years, its absolute size is alarming considering the fact that India has never been able to achieve a current account surplus historically and the gap is only increasing. Considering the size of textiles sector and its relative share in total exports, it would be apt to promote this sector aggressively to gain control over BOP problems both in short run as well as long run. In the following section we make an attempt to highlight the importance of software export earnings from India.

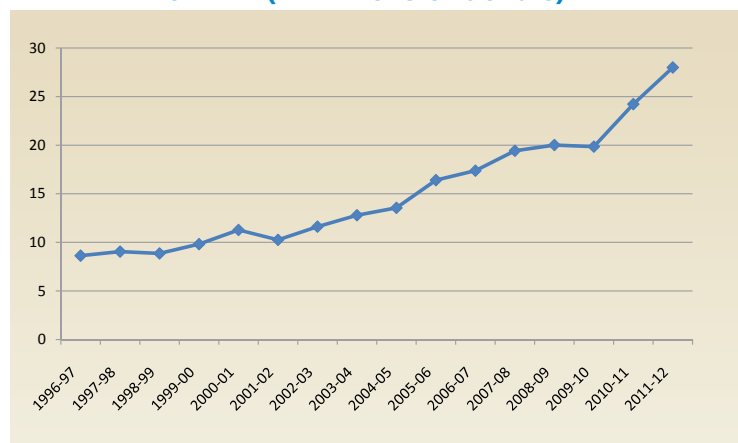
IV. Textiles Sector in Export Earnings in India

The textiles sector is one of the major sectors of the Indian economy and in the context of international trade currently it accounts for 11 per cent of total export earnings. The exports and clothing products from India has increased steadily since the turn of new millennium. From a mere \$8.6 billion in the year 1996-97, it has grown to \$27.99 billion in the year 2011-12 accounting for a simple growth rate in excess of 20 per cent in these years. However, as percentage to total export earnings, the share of Textiles has dropped from 25.69 per cent in the year 1996 to only 9.2 per cent in the year 2011-12. The total export earnings during this period had increased significantly mainly due to a huge presence of software and financial services after mid 1990's. While total export earnings experienced a growth rate of 56 per cent per annum, Textiles could grow only around 20 per cent during the same period. This explains falling share of Textiles sector in total export earnings. Also, it may be noted that aggressive marketing by China associated with its cost competitiveness has had thrown a gigantic challenge to Indian Textiles exports in the global markets. However, the share of textiles export from India to world market has remained around 4 per cent despite huge enlargement of world market in textiles in recent times. The following figure explains the growth of textiles exports in India from 1996-97 to 2011-12.

From the above figure, it is clearly evident that, the export earnings form Textiles sector experienced very low growth rate from 1996-97 to 2003-04. However, a very high growth in Textiles export earnings is evident in from the year 2004-05 till 2011-12. It is evident that

Fig 2

Trends in India's Export Earnings during 1996-97 to 2011-12 (in millions of dollars)



textiles exports are strongly correlated to total exports from India in recent years. For the period 1996-97 to 2011-12, the correlation coefficient between textiles exports and total exports is 0.99 which is considered very high. We make an attempt to explain the correlation and trends in textiles exports and total exports for the period 1996-97 to 2011-12 in the following figure.

From the above figure, it is very much evident that both textiles exports as well as total exports were growing at a slow pace till 2003-04, whereas total exports have grown exponentially since 2003-04 while textiles exports have registered a very high rate of growth. This growth in textiles export earnings could be attributed to measures taken by the authorities to promote textiles sector by regaining the competitive advantages that India had enjoyed in earlier days.

V. Ecosystem supporting the Textiles Exports

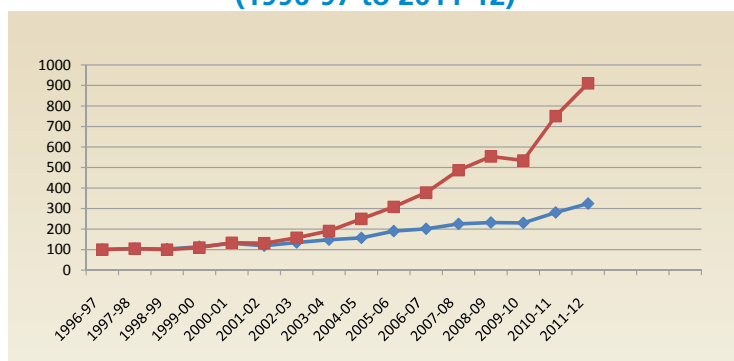
For a robust and sustained growth in the textiles sector, a strong ecosystem needs to be in place. The authorities have come up with schemes to facilitate larger production capabilities at comparable and competitive cost so as to ensure that Indian textiles sector enjoys competitive advantage in the international markets. There are several schemes like Technology Upgradation Fund Scheme (TUFS) and Scheme for Integrated Textiles Park (SITP) to support the cause of stakeholders in the textiles sector. Such pro-activeness has helped the textiles sector grow rapidly in recent times and also as evident from figure 2, the export earnings have gone up significantly during the same time period. However, considering the gigantic size of textiles industry in India, an end to end ecosystems is required where procurement raw-materials, technology during production to ensure quality products and markets for output should be facilitated in a centralized and efficient manner so that economies of scale could be attained to make textiles exports internationally competitive. The authorities must ensure such an ecosystem so that weavers and manufacturers do not find their profitability is severely compromised. The textiles sector is certainly under threat in terms of competitiveness from countries like China and Thailand where labour cost is far too less as compared to India. Poor transport infrastructure coupled with high raw-material costs at sources raise the material costs too high to remain competitive. The estimates reveal that the cost of textiles manufacturing is 40 to 60 per cent cheaper in China as compared to India mainly due to low labour cost and economies of scale. Also, in small and marginal manufacturing units, attaining economies of scale gets ruled out for which India loses its potential competitiveness in international markets as compared to its competitors in textiles sector.

VI. Directions of Textiles Exports from India

The major textiles items exported from India are fabrics, readymade garments and carpets which make up to 90 per cent of the textiles export basket. The major destination countries for export of cotton fabrics include Sri Lanka, US, Bangladesh, United Arab Emirates, Senegal and Italy. The export of cotton fabrics to these six countries account for over 40 per cent of total cotton fabrics exports from India. Similarly, export of man-made fabric to major countries includes Pakistan, United Arab Emirates, Afghanistan, Saudi Arabia and Bangladesh. These five countries account for 65 per cent of the total manmade fabric exports of India. Apart from these two, export of woolen fabrics to major countries includes Dominic Republic, Italy, China, Vietnam, Saudi Arabia and UAE which accounts for 53 per cent of total woolen fabric exports. The destination for Knitted or

Fig 3

Index Number of Total Exports and Textiles Exports (1996-97 to 2011-12)



Corcheted fabrics is Sri Lanka, USA, Bangladesh, Nepal, Italy and Thailand. These six countries account for 80 per cent of total exports of Knitted or Corcheted fabrics exported from India. However, articles of Apparel and Clothing accessories constitute a very large percent in export basket of Textiles exports accounting for more than a third of total textiles exports. Major destinations for apparel and clothing accessories are USA and UK, Germany, France, Spain and UAE accounting for over 70 per cent of apparels and clothing accessories. However, in the case of Carpets and other textiles floor coverings, exports to USA, Germany, UK, Italy and UAE account for more than 65 per cent in recent years. From the exports statistics, it is quite evident that Indian textiles exports are mostly directed to UK, USA, Germany, UAE, France and Saudi Arabia. To keep pace with overall exports growth in India, the textiles sector must look beyond these countries and aggressively market is products in the face of Chinese competition to remain competitively relevant in international markets.

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VII. Government Policy and Performance of Textiles Sector

The performance of textiles sector in India has been impressive one in recent years though it pales in comparison with China and other competing countries in international markets. The Government of India has provided subsidies, training and implemented various schemes to help all the stakeholders associated with textiles sector. There are special schemes floated and successfully implemented by Indian government especially in the case of weavers and small scale manufacturing units where inherited family skills are primarily used to remain competitive. However, India requires a coordinated approach to combat its international competitors to remain competitive and boost textiles exports. The coordination must happen at a country level starting from providing quality inputs at appropriate prices, skill development and training, implementing a support price system for input producers and provision of incentives to reap greater benefits in the long run. The recent depreciation of rupee will certainly help India's cause and provide competitive edge over China and other competitors in international export markets. India should not waste away this advantage and should very aggressively promote textiles exports to counter Chinese challenges in the short run and adopt sustainable strategies to outsmart Chinese firms in textiles sectors in the long run. Also, growth in textiles exports would reduce trade deficits to a large extent and put India on high growth pedestal considering the vast size of agricultural sector in India and domestic textiles market which constitutes a sixth of the world current population.

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Impact of Indo-Sri Lanka Free Trade Agreement (ISFTA) on Textiles & Clothing Sector: empirical analyses through gravity model approach

T. K. Rout, Amrita Singh*

1.0 Introduction

Economic integration refers to trade unification between countries or region by partial or full abolishing of customs tariffs on trade within the borders of each country. With no customs duties being paid within the integrated area, it is meant to lead to an increase in the overall trade. Regional, sub-regional and bilateral economic cooperation and integration is not a new phenomenon. Most industrial and developing countries in the world are members of a regional trading agreement (RTA), and many belong to more than one. The rush in RTAs has continued unabated since the early 1990s. According to World Trade Organization (WTO), as of 15 May 2011, some 489 RTAs, have been notified to the GATT/WTO. Besides, 297 agreements are in force. One important reason for the growing popularity of preferential trade agreements (PTAs) is the apparently difficult process and dreary prospects for progress on the multilateral negotiations.


India and Sri Lanka share common values and traditions as well as a common commitment to democratic governance. The two independent nations of India and Sri Lanka have proceeded to renew and revive age old cultural, commercial and strategic relations for the mutual benefit of their peoples through bilateral trade agreement. The India-Sri Lanka Free Trade Agreement (ISFTA) was signed in Dec 1998, with both countries agreeing to talk and finalize the finger points in particular, the composition of the negative list of items, to allow full implementation in Feb 1999. Resistance to the agreement was expressed both from Sri Lanka's domestic industrial sector as

well as from particular sectors within India with regards to potential adverse implications from heightened competition from cheaper imports. Nevertheless, the agreement came into effect in March 2000 and has since continued to be implemented according to the schedules that were agreed upon. The trend indicates that Indo-Sri Lankan trade rose 128% by 2004 and quadrupled by 2006, reaching US \$ 2602 million in the post agreement period. The year 2010 was predicted to be the best year for bilateral trade on record, with Sri Lanka's exports to India increasing by over 45%.

Background:

India & Sri Lanka occupy a strategic position in South Asia and have sought to build a common trade umbrella in the Indian Ocean. Trade links were strengthened during the colonial period, chiefly on account of Indian labor that was brought to Sri Lanka to work on the plantations (Weerakoon & Thennakoon, 2008). For instance in 1938, 42.8 percent of Sri Lanka's import was from India and the bigger share of such imports was related to plantation labor (Wanigaratne, 1991). However, a recovery in bilateral economic ties began after the initiation of the Indian policy liberalization process in 1990-91, which coincided with a 'second wave' of policy reforms in Sri Lanka. As SAARC official activities came to a virtual decline from the latter half of 1998, what surfaced was bilateral FTAs amongst members, but wholly remote to the SAARC process. Indeed, there is less evidence of identical development in other regional groups. Although there were already bilateral agreements in place- between India and Nepal and between India and Bhutan, these were fundamentally non

* The authors are working as Deputy Director (MR) and Research Associate, Textiles Committee, Govt. of India and can be reached at routtk@gmail.com



The objective of the study is to access Indo-Sri Lanka Free Trade Agreement (ISFTA) focusing on textiles and clothing along with the gains and losses of India under different tariff reduction scenarios.

mutual in nature with India offering market access on a one-sided basis. These obligations led to the signing of the Indo-Sri Lanka Free Trade Agreement (ISFTA) on Dec. 28, 1998.

Scope and objective:

The objective of the study is to access Indo-Sri Lanka Free Trade Agreement (ISFTA) focusing on textiles and clothing along with the gains and losses of India under different tariff reduction scenarios. The ultimate objective is to show the benefit of free trade to India in the T & C sector. With the aforementioned objective in mind, it will first identify the trading trends and patterns of India and Sri Lanka which have shown a remarkable growth in value and have a substantial credence in Indian market on the basis of performance of India's trade with Sri Lanka. It reviews the historical background, analyses trend in trade in textiles and clothing, and discusses these in broad economic policy and political context. Followed by the results of simulation of textiles and clothing commodities using Gravity model to understand the benefits of the FTA for India.

India's Trade with Sri Lanka: Trend & Patterns

Since the implementation of ISFTA, the bilateral trade between India and Sri Lanka has grown rapidly. In 2003-04 India's export to Sri Lanka was \$1319.20 million which grew to \$2188.01 million in 2009-10 registering an exponential growth of 9.67 per annum. Exports from India to Sri Lanka increase to US \$ 2830.43 million in 2007-08 and fall

Salient features:

- Establishment of a Free Trade Area through full or phased elimination of tariffs.
- The Agreement does not remove all tariffs on all goods at once.
- Negative Lists to protect domestic interests of both countries.
- The Rules of Origin (ROO) criteria to guarantee a minimum local content.
- Adequate safety clauses to protect domestic and national interests of both countries.
- Review and consultation means to ensure the smooth operation of the Agreement.



India's Commitment:

- Granting duty free access for 1351 items by 6 - digit HS Code upon entry into force of the Agreement.
- 25% tariff reduction for 528 Textile items (all Textile items in Chapters 51, 52, 58, 59, 60, 63 and a majority of Textile items in Chapters 53-56 of the HS code).
- Other than the 429 items in the Negative List of India, 50% reduction of tariffs for the balance 2799 items, upon entry into force of the Agreement followed by phased out removal of tariffs up to 100% in 2 stage within 3 years. Tea and Garments come under a special quota regime.
- A 50% fixed tariff concession for imports of Tea from Sri Lanka on a preferential basis subject to an annual maximum quota of up to 15 million kg (tariff lines 0902.10, 0902.20, 0902.30, 0902.40 and 2101.20).
- A 50% fixed tariff concession for imports of Garments from Sri Lanka (under HS Chapters 61 and 62 while remaining in India's Negative List) subject to a maximum annual quota of 8 million pieces of which a minimum of 6 million pieces should contain Indian fabrics. No category of Garments could exceed 1.5 million pieces per annum.

Sri Lanka's Commitment:

- Granting duty free access for 319 items by 6 - digit HS Code (raw materials and machinery for industries) upon entry into force of the Agreement .
- 50% reduction of tariffs for 889 items by 6 - digit HS Code (raw materials) upon entry into force of the Agreement followed by phased out removal of tariffs as follows :
 - up to 70% at the end of the 1st year
 - up to 90% at the end of the 2nd year
 - 100% at the end of the 3rd year
- For 1180 items in Sri Lanka's Negative List there will not be any duty preference.
- For the remaining 2724 items by 6-digit HS Code, upon entry into force of the Agreement, the removal of tariffs will be phased out within 8 years as follows:
 - Not less than 35% before the end of the 3rd year
 - Not less than 70% before the end of the 6th year
 - Not less than 100% before the end of the 8th year.

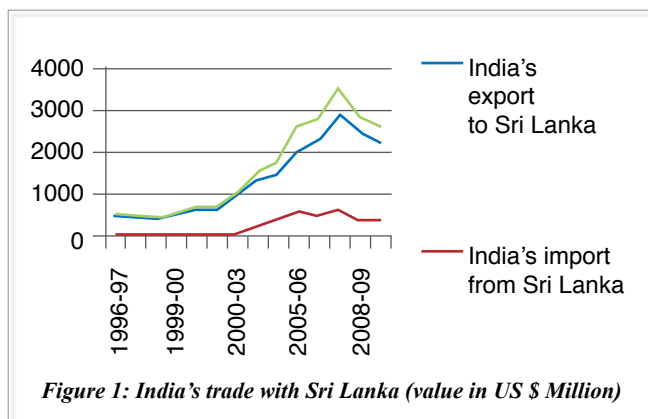
further in 2009-10 to US \$ 2188.01 million. The year on year growth of India's export to Sri Lanka have been positive and vary widely from 7.12 percent in 2004-05 to 43.27 in 2005-06, while the growth rate was negative in late 2000s, the figure stood at -14.29 percent and -9.81 percent respectively in 2008-09 and 2009-10. Sri Lanka's year on year export growth to India during 2003-04 to 2009-10 has been quite irregular ranging between -43.84 percent to 94.31 percent. The variation of the total year on year trade growth between India and Sri Lanka has been low, even going negative by late 2000s. This indicates a mere stable trade partnership between these two countries.

Bilateral trade which was US \$ 1513.93 in 2003-04 rose rapidly to US \$ 3456.9 million in 2007-08, registering a high percentage change of 129.14 percent during this period indicating a significant improvement in trade and the speed in which trade creation is making its way. However, we saw the total trade declining to US \$ 2782.49 million in 2008-09 and further to US \$ 2580.20 in the year 2009-10. The reason for this could be partly due to collapse in Vanaspathi and Copper exports from Sri Lanka. With the global

economic crisis, commodity prices crashed and India slashed MFN tariffs on palm oil imports, making the vanaspathi industry in Sri Lanka unviable. By 2009 vanaspathi exports made up just 0.1 percent of total exports. Export of copper also declined following new requirement on invoicing based on London metal exchange prices. Import from India to Sri Lanka also crashed in 2009 as the global economic crisis resulted in a fall in prices of crude oil products and metals. The demand for motor vehicle fell in Sri Lanka along with demand for textiles as garment exports declined.

Another significant trend is that trade deficit between India and Sri Lanka, which stood at \$1,124.46 million in 2003-04 rose to \$1795.81 million in 2009-10. Trade deficit had been increasing continuously over the years. The trend of India's trade to and from Sri Lanka are shown in fig.1 and fig.2.

The majority of Sri Lankan exports to India at the time of implementation of the ISFTA was in the category of vegetable products (38.8 percent). Other major export categories were base metal, plastics and rubber goods, textile articles (10.9 percent), paper products and vegetable fats and oils. The most sensitive items on



The year on year growth of India's export to Sri Lanka have been positive and vary widely from 7.12 percent in 2004-05 to 43.27 in 2005-06, while the growth rate was negative in the late 2000s, the figure stood at -14.29 percent and -9.81 percent respectively in 2008-09 and 2009-10.

the Indian negative list vis-à-vis Sri Lanka's export interests are those related to plastic and rubber products and textile articles. In addition, while India has granted most of its instant zero duty concessions for machinery and mechanical goods, this was expected to have only partial benefits as Sri Lanka's export to India in this category was relatively not worth. On the other hand, exports of paper products were highly beneficial. In other products where export to Sri Lanka is noticed, vegetable products, vegetable fats and oils and base metals were beneficial in the medium term with the progressive reduction of import tariffs.

On the other hand India got hardly any immediate zero duty concessionary benefits for its exports. Other main products of export interest to India such as base metals, and machinery and mechanical goods stood to gain benefits with the accelerated reduction of tariffs. However other products of export interest to India such as chemicals and textile articles would benefit only with the progressive reduction of tariffs over the eight year phase out period.

Trade in Textile & Clothing's (T&C):

Pursuant to the FTA, a meeting between the two sides (India and Sri Lanka) was held on the 2nd of February, 2000, to operationalise the Agreement, wherein, India offers 25 percent tariff concessions to all the textile and clothing items under the Harmonized System of Nomenclature (HSN) chapters 51 to 56, 58 to 60 and 63, keeping about 528 products covering under the four chapters 50, 57, 61 and 62 in the negative list. And it was also decided that while remaining

in the negative list, Sri Lanka could export into India in any one calendar year 8 million pieces of apparel articles of chapters 61 and 62, on the payment of preferential import duty. It was also agreed that for the manufacture in Sri Lanka of 6 million pieces out of these 8 million pieces of apparel articles, the sourcing of fabrics should be done from India. That is, there are 233 items under Chapters 61 & 62 (Garments) which gets 50 percent tariff concessions on a fixed basis under this agreement. It was further agreed that not more than 1.5 million pieces will be of any one product category.

The above preferential tariff quota for the calendar year 2000 is capped at a total of 6.67 million pieces, of which a minimum of 5 million pcs. will be manufactured in Sri Lanka out of the fabrics of Indian origin. The other condition to the effect that the quantum of export of such apparel articles by Sri Lanka into India shall not exceed 1.5 million pcs. in respect of a single product category stands. The Table 5 shows exports of Sri Lanka to India under this special parcel.

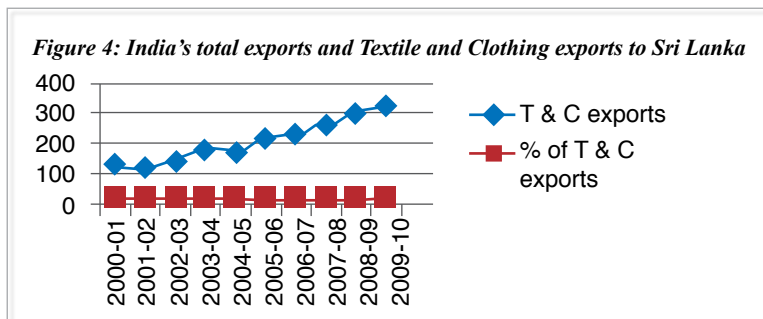
Few years after the implementation of the ISFTA, alterations have been made in the preferential tariff rates for import of apparel articles. As per the accord entered by the Governments of India and Sri Lanka on 5th October 2007, the Government of India has granted three million pieces of apparel articles access to India duty free without any restriction of sourcing of fabrics and port restrictions. i.e. India has removed restriction on entry ports and sourcing of fabrics for 3 million pieces of apparel products from Sri Lanka to India at zero duty, out of the available Tariff Rate Quota (TRQ) of 8 million pieces of apparel



TABLE 5
INDIA'S IMPORT OF GARMENT FROM SRI LANKA UNDER SPECIAL QUOTA FOR CATEGORY 61 & 62

	Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Total Quota (No. of Pieces)	8 Mn.	8 Mn.	8 Mn.	8 Mn.	8 Mn.	8 Mn.	3 Mn.	3 Mn.	3 Mn.	
Total No. of Pieces Imported	8465	5596	negligible	negligible	negligible	52900	259730	514524	621617	

Source: Textiles Committee, Ministry of Textiles, GOI.



Since the implementation of ISFTA India's export of textile commodities to Sri Lanka has been increasing significantly. However in percentage term the increase has been fluctuating, mostly decreasing in the years after ISFTA suggesting that the proportionate increase in trade due to FTA is higher in other sectors.

products. The Government of India has issued a Custom Notification No. 52/2008 dated 22nd April 2008 giving immediate effect to this arrangement. With the above Customs Notification, India has also removed port restrictions on the balance 5 million pieces of apparel products. These 5 million pieces of garments will be allowed to enter India at zero duty or Margin of Preference of 75% depending on the product category provided that manufactured using Indian made fabrics.

In the early years of the ISFTA, the export of Sri Lanka to India under the tariff rate quota (TRQ) scheme was too little compared to the total quota; export became significant only from 2007 onwards. By November 2009, Sri Lanka's exports touched 5 lakh pieces of garments, but still contributes only approximately 17 percent of the allotted quota. The imports from Sri Lanka in the items under chapters 51 to 56, 58 to 60 and 63, for which there is 25 percent tariff concessions, shows that there is no explicit trend over the years. The top ten imported products in the year 1998-99 do not figure in the import basket in the successive years. In the same way the top ten products in the next year also do not figure in the following year. Among others, one important intention of the ISFTA was to provide incentives for Sri Lankan garment exporters, a prospect to

broaden the horizons and capture a share of the Indian market. However, given the various tariffs and specific duties operating in that market and the rules of origin prevailing in the Agreement, Sri Lankan garments have not been very competitive, to the degree that only a small number of garments have been exported to India and the quota under the ISFTA remains considerably unutilized.

The main reasons for this could be due to weak backward integration, high turnaround time, low-skilled workers and long working hours leading to low productivity, constant labor shortages and production cost. With customers looking more and more to react to swift varying consumer demand, the capability of the industry to rapidly meet purchaser demands requires flexibility in the organization. Other factors include custom holdups, contracting rules of origin provisions in the FTA and the lack of ability to trademark Sri Lanka as a decent producer of garments. Another distinct weakness may be due to lack of accessory industries to garment, such as hand embroidery, beading, printing and washing. The scantiness of backward linkages and the consequential dependence on imported inputs harshly hold back production speeds, add costs and increase lead times. The poor state of Sri Lankan infrastructure, particularly roadways also presents serious barriers to the garment industry as it results in high

TABLE 6
INDIA'S TEXTILE AND CLOTHING EXPORT TO SRI LANKA (US \$ MN.)

HS CODE	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
50	0.38	0.4	0.73	0.45	0.45	0.61	0.6	0.78	0.73	0.46
51	0.33	0.96	0.24	0.35	0.61	1.81	1.7	1.06	2.73	1.77
52	68.63	60.19	73.86	79.46	81.03	97.62	104.85	124.98	143.79	152.86
53	0.54	0.18	0.4	0.62	0.18	0.24	0.92	3.22	3.53	4.43
54	17.32	15.71	20.57	31.31	31.12	38.91	31.93	39.77	39.04	41.57
55	8.57	7.19	11.62	18.21	16.81	20.83	24.45	27.11	29.94	32.63
56	0.84	1.31	2.24	2.9	2.06	3.41	2.33	1.96	2.54	2.71
57	0.34	1.24	0.44	0.32	0.34	0.29	0.5	0.12	0.30	0.48
58	7.44	5.29	2.61	0.9	1.75	3.46	4.15	3.53	5.24	4.78
59	1.05	0.89	1.53	1.7	1.68	2.26	2.47	2.95	2.21	2.43
60	0.81	0.98	1.49	1.92	5.87	10.14	25.6	29.44	40.49	54.49
61	4.03	4.33	5.22	12.77	5.71	5.4	4.51	4.78	4.75	4.89
62	19.96	12.68	16.95	25.28	18.2	31.57	25.45	21.61	22.41	18.51
63	2.9	4.67	1.82	5.36	4.04	2.71	1.79	3.34	5.39	3.00
T&C	133.1	116.02	139.72	181.55	169.85	219.26	231.25	264.65	303.09	325.1
% of T & C From total export	20.79	18.38	15.17	13.76	12.01	10.82	10.26	9.36	12.49	14.85
Total Exports	640.1	630.9	920.98	1319.2	1413.18	2024.67	2253.82	2826.54	2425.92	2188.01

Source: Directorate General of Commerce Intelligence & Statistics (DGCI&S), Government of India.

Table 7

INDIA'S TEXTILE AND CLOTHING IMPORT FROM SRI LANKA (US\$ Mn.)

HS Code	Commodity	2005-06	2006-07	2007-08	2008-09	2009-10
50	Silk					0.01
51	Wool, Fine Or Coarse Animal Hair, Horsehair Yarn And Woven Fabric					
52	Cotton	4.63	7.45	5.13	4.22	2.79
53	Other Vegetable Textile Fibres, Paper Yarn And Woven Fabrics Of Paper Yarn	0.26	0.71	0.05	0.3	0.51
54	Man-Made Filaments	0.21	0.71	0.46	1.66	2.74
55	Man-Made Staple Fibres	0.24	0.33	0.71	0.9	0.72
56	Wadding, Felt And Nonwovens, Spatial Yarns, Twine, Coedage, Ropes And Cables And Articles Thereof	0.85	1.05	1.04	1.22	0.43
57	Carpets And Other Textile Floor Coverings	0.03	0.37	0.09	0.12	0.06
58	Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery	1.5	2.61	2.51	4.32	3.19
59	Impregnated, Coated, Covered Or Laminated Textile Fabrics; Textile Articles Of A Kind Suitable For Industrial Use	0.12	0.02	0.32	0.03	0.16
60	Knitted Or Crocheted Fabrics	0.76	3.08	3.25	2.56	4.16
61	Articles Of Apparel And Clothing Accessories, Knitted Or Crocheted	0.24	0.45	0.99	1.82	1.47
62	Articles Of Apparel And Clothing Accessories, Not Knitted Or Crocheted	0.58	0.57	1.62	3.33	4.91
63	Other Made Up Textile Articles; Sets; Worn Clothing And Worn Textile Articles; Rags	0.1	0.02	0.1	2.48	0.75
Textiles And Clothing Imports		9.52	17.37	16.27	22.96	21.9
Percentage Of Textiles And Clothing From Total Imports		1.64	3.69	2.56	6.43	5.58
Total Imports		577.7	470.33	634.96	356.57	392.19

Source: Directorate General of Commerce Intelligence & Statistics (DGCI&S), Government of India.

transportation costs (Kelegama, 2009)

Since the implementation of ISFTA India's export of textile commodities to Sri Lanka has been increasing significantly. However in percentage term the increase has been fluctuating, mostly decreasing in the years after ISFTA suggesting that the proportionate increase in trade due to FTA is higher in other sectors (see fig.4).

Cotton products under the HS code 52 constitute a major portion of the earnings of Indian exports to Sri Lanka in the Textiles & Clothing sector. Of the total earnings of US \$ 264.65 Mn. in the T & C sector, the Cotton products belonging to HS code 52 alone contributes US \$124.98 Mn. in 2007-08, a share nearly 50 percent. Moreover, the export value of this products category also rises progressively, rising from US\$ 68.63 Mn. in 2000-01 to US \$124.98 Mn. in 2007-08 and further to US \$ 152.86 Mn. in 2009-10(see table 6). Table 7 shows the value of imports of textile and clothing of India from Sri Lanka in years after FTA. In the case of individual product category, HS code 520511 (single yarn of uncombed fabrics measuring 714.29 dcnt/more(not excldng 14 mtrc no) & 520811 (cotton fabrics containing >=85% by wt of cotton, unbleached plain weave weighing <=100 g/m2) are the top two export earners with US \$ 20.69 Mn. & US \$ 20.38 Mn. respectively in 2008-09 (see table A4 and A5 appendix).

Assessing Impact on T & C:

Different schemes of the Gravity Model have been used in the literature, depending on the objective of the study, and the type of sample data available. Bilateral trade flows have been explained by variables like GDP (substitute for size of countries), GDP per capita (substitute for degree of development), and trade preventive variables such as tariff and non-tariff barriers, distance, adjacency, cultural or linguistic links, common political background, etc. In this analysis, the impact of FTA is measured for the proportionate change in exports and imports in dollar terms. A comparative static analysis of tariff reductions under different scenarios and its resultant effects on the increase in imports and exports.

The fundamental nature of the Gravity Model is that the bilateral trade flow is positively related to the size of the two countries and inversely related to the distance between them. This follows the concept of physical science, where gravity force is directly proportional to the mass of two bodies and inversely proportional to the distance between them. The higher the original tariff level on trade between partners, the greater the final effect of reduction and elimination of tariffs. The result of the reduction in tariffs would be reflected in the estimated values of a_4 and a_5 , the elasticity's of tariffs.

Methodology

In this exercise, we will estimate the increase in bilateral trade between India and Sri Lanka under four different cases of tariff cut:

- 25% tariff cut
- 50% tariff cut
- 75% tariff cut
- 100% tariff cut, i.e. free trade

We have divided all the textile commodities into three groups to estimate the gravity equation in view of textiles trade between India and Sri Lanka. Therefore we run three OLS regression to estimate the values of α_4 and α_5 and other coefficients.

The commodity groups are:

- Textile Fiber
- Textile Yarn/Fabrics/Art
- Apparel/Clothing/Access

The Model

According to the Newtonian law of gravity for two objects A and B, with distance $D_{a,b}$ apart, having masses M_a and M_b respectively, the force of mutual attraction F is given by:

$F =$

Where G is a constant.

Replacing F by the total volume of trade between two trading partners i and j ($BT_{i,j}$), M_a and M_b by the GDP of i and j , and distance by $D_{i,j}$, we get the gravity model of international trade:

$BT_{i,j} =$

The augmented Gravity model developed by Srinivasan and Canonero(1993) for this exercise is as follows:

$$\log BT_{i,j,t} = \alpha_0 + \alpha_1 \log (GDP_{i,t} * GDP_{j,t}) + \alpha_2 \log (PCGDP_{i,t} * PCGDP_{j,t}) + \alpha_3 D_{i,j} + \alpha_4 \log(1 + TR_{i,j}) + \alpha_5 \log(1 + TR_{j,i}) + \alpha_6 \log REXRT_{i,j,t} + \alpha_7 DU_{i,j,t} + e_{i,j,t}$$

$$\text{And } e_{i,j,t} = u_i + v_j + w_t + h_{i,j,t}$$

where,

$BT_{i,j,t}$ = Bilateral trade of commodity 'k' between country 'i' and country 'j' at time 't'.

$GDP_{i,t}$ (or $GDP_{j,t}$) = Gross domestic product of country 'i'(or 'j') at time t.

$PCGDP_{i,t}$ (or $PCGDP_{j,t}$) = Per capita gross domestic product of country 'i' or country 'j'.

$D_{i,j}$ = Distance between relevant centres of country 'i' and country 'j'.

$TR_{i,j}$ = Tariff rate imposed by country 'i' on country 'j'.

$TR_{j,i}$ = Tariff rate imposed by country 'i' on country 'j'.

$REXRT_{i,j,t}$ = Real effective exchange rate between countries 'i' and 'j', at time 't'.

$DU_{i,j,t}$ = a dummy that takes a value of 1 for the years where country i and country j had entered the FTA, 0 otherwise.

u, v = Country specific effects, w = Temporal effects, i = India and j = Sri Lanka

In this analysis we have included a dummy variable $DU_{i,j,t}$ to the model developed by Srinivasan and Canonero to capture the effects of total trade due to the FTA.

TABLE 10 :

ELASTICITIES OF TEXTILE COMMODITIES

MODITY	α_4	α_5	α_7	R ²
Textile fiber	-0.7832902	4.013056	-1.654293	0.9641
Textile yarn/Fabrics/Art	-0.1568818	-0.1200219	0.0933502	0.9939
Apparel/Clothing/Access	0.3111176	-0.2426548	0.3000505	0.9199

Findings And Analysis:

The estimated results of α_4 and α_5 and α_7 through OLS regression are given in Table 10.

Coefficient α_4 is appropriate in estimating growth of India's imports from Sri Lanka at different levels of integration, whereas coefficient α_5 is considered in estimating increase in India's export to Sri Lanka due to FTA. The elasticity's used are tariff elasticity's presenting the increase in demand due to reduced preferential tariffs. In view of trade between India and Sri Lanka, the task of a price system is not very vital because the bilateral trade between these two countries is too small compared to their total trade to influence the price structure of these countries. Therefore, an increase in demand due to change in prices is not considered as it is almost insignificant in this region. As such, the tariff rate is the most suitable indicator to estimate the increase in trade due to reduction in tariff. Elasticity's (1+TR) are higher essentially due to distance factor. It is also a priori true that price elasticity is inversely related to distance. If the distance is less, apparently elasticity is high.

The estimated coefficients α_4 and α_5 of tariffs are highly statistically significant. A priori one would expect the signs of the coefficients α_4 and α_5 to be negative. The coefficients are of expected signs for all the textile commodities except for α_4 of Apparel/Clothing/Access and α_5 of textile fiber indicating that as tariff rises trade of these commodities increases. The coefficient α_7 of the variable $DU_{i,j,t}$ as expected shows positive sign for textile yarn/fabrics/arts and Apparel/Clothing/Access indicating that total trade of these commodities rises in the years after FTA. While α_7 of textile fiber though statistically significant is negative in sign signifying that total trade of textile fiber between India and Sri Lanka decreases due to the FTA. The very high R² values of all the three commodities shows that the augmented gravity equation explains all the data very well.

The higher the original tariff level on trade between partners, the greater the final effect of reduction/elimination of tariffs. Since α_4 and α_5 are elasticity's indicating the proportionate reaction of bilateral trade to changes in tariffs, the initial tariff levels as well as initial trade levels are relevant in influencing the absolute changes in trade. After the estimate of parametric value of α_4 and α_5 from the fitted regression equation, we proceed to calculate the percentage increase in imports of i from j (i.e., imports of India from Sri Lanka) and percentage increase in exports of i to j (i.e. exports of India to Sri Lanka) due to tariff reduction by using the following methodology :

Increase in imports of i from j (i.e. India from Sri Lanka) is given by –

$$\left[\exp\left\{ \hat{\alpha}_4 \log\left(\frac{1+TR_{i,j}}{1+TR_{i,j}^0}\right) + \frac{1}{2} \sigma^2 \right\} - 1 \right] * 100$$

While, increase in exports of i to j (i.e. from India to Sri Lanka) is given by -

$$\left[\exp\left\{ \hat{\alpha}_5 \log\left(\frac{1+TR_{j,i}}{1+TR_{j,i}^0}\right) + \frac{1}{2} \hat{\sigma}^2 \right\} - 1 \right] * 100$$

Where, $\hat{\sigma}^2 = \sigma^2_{\alpha_4 \log(1+TR_{i,j}) + \alpha_5 \log(1+TR_{j,i})}$, i.e. the variance of $\alpha_4 \log(1+TR_{i,j}) + \alpha_5 \log(1+TR_{j,i})$

Table 11 shows the percentage increase in India's exports to Sri Lanka under the four different tariff reduction cases. Simulations are based on the gravity model which we used for estimating exports and imports. Whatever the extent of the tariff cuts, including a 100% tariff cut situation, the percentage of India's export to Sri Lanka would increase for Textile Yarn/Fabrics/Arts and Apparel/Clothing/Access. However, as can be seen from the table Apparel/Clothing/Access will benefit more for India as Sri Lanka reduce tariffs. In the case of Textile Fiber as Sri Lanka cut tariff by 25 percent India's export rises by nearly 29 percent and with further reduction in tariff to 50 percent, 75 percent and 100 percent export decreases by around 24 percent, 60 percent and 90 percent respectively. After the estimation of the percentage increase in India's exports and imports based on the Gravity model we figure out the years where the respective tariff cut had actually occurred and compare its value with that of the estimated results. The average tariff for Textile Fiber in 2000 was 4.67, the tariff reduces to 3.70, 2.88, 0.77 and 0.00 in the year 2004, 2006, 2007 and 2009 respectively, which were approximately a reduction of 25 percent, 50 percent, 75 percent and 100 percent in that order. Looking at the export value for textile fiber given in table 13(a), we found that it is indeed declining as has been estimated by our model from 2120.225 thousand US \$ in 2000 to 331.666 thousand US \$ in 2006 and further to 220.906 thousand US \$ in 1997. The figure stood at 467 thousand US \$ in 2009.

For the remaining two textile commodity group our gravity model estimated that the export value will be increasing with reduction in tariff. The percentage increase is comparable to the actual increase given in Table 11(b) and 11(c).

Table 11**INCREASE IN INDIA'S EXPORTS OF TEXTILES TO SRI LANKA UNDER DIFFERENT SCENARIOS**

Commodity	Average Tariffs (2000)	Percentage Increase in Export under different tariff cut scenario				Tariff Cut Year			
		25%	50%	75%	100%	25%	50%	75%	100%
Textile Fiber	4.67	28.62	-23.69	-61.56	-90.64	2004	2006	2007	2009
Textile Yarn/Fabrics/Art	2.82	84.04	85.44	87.35	90.32	2005	2007	2009	--
Apparel/Clothing/ Access	10.37	88.94	97.37	111.18	147.71	2004	2007	2008	2009

Source: Based on Simulation Result

Table 11(a)**INDIA'S EXPORT OF TEXTILE FIBER FOR THE BASE YEAR AND YEARS WHERE THE RESPECTIVE TARIFF CUT OCCURRED**

Year	2000 (Base Yr.)	2004	2006	2007	2009
Tariff	4.67	3.70	2.88	0.77	0.00
Tariff cut	--	25%	50%	75%	100%
Export value	2120.225	954	331.666	220.906	467

Source: WITS COMTRADE. Values in thousand US \$

Table 11(b)**INDIA'S EXPORT OF TEXTILE YARN/FABRICS/ART FOR THE BASE YEAR AND YEARS WHERE THE RESPECTIVE TARIFF CUT OCCURRED**

Year	2000	2005	2007	2009	--
Tariff	2.82	2.26	1.48	0.62	--
Tariff cut	--	25%	50%	75%	--
Export value	104137.901	173053.101	219920.167	284220.600	--

Source: WITS COMTRADE. Values in thousand US \$

Table 11(c)**INDIA'S EXPORT OF APPAREL/CLOTHING/ACCESS FOR THE BASE YEAR AND YEARS WHERE THE RESPECTIVE TARIFF CUT OCCURRED**

Year	2000(Base Yr.)	2004	2007	2008	2009
Tariff	10.37	8.43	4.99	2.705	0.42
Tariff cut	--	25%	50%	75%	100%
Export value	25545.167	29284.689	28604.097	29070.476	21948.293

Source: WITS COMTRADE. Values in thousand US \$

Similarly based on the gravity model used, Table 12 shows the percentage increase in India's import of textiles under four different tariff reduction scenarios. The point estimates suggest that the elasticity of import with respect to tariff is highest for Textile Fiber, followed by Textile Yarn/Fabric/Art and Apparel. We have done a comparative static analysis, which shows the hypothetical increase in India's import from Sri Lanka under four proposed tariff reduction scenario of 25 percent, 50 percent, 75 percent and 100 percent and then compare it with its actual values where we found out the trend of increases or decreases to be comparatively the same.

Table 12**INCREASE IN INDIA'S IMPORTS OF TEXTILE COMMODITIES TO SRI LANKA UNDER DIFFERENT SCENARIOS**

Commodity	Average Tariffs (2000)	Percentage Increase in Export under different tariff cut scenario				Tariff Cut Year			
		25%	50%	75%	100%	25%	50%	75%	100%
Textile Fiber	12.50	102.99	133.96	192.72	413.40	--	2009	--	--
Textile Yarn/Fabrics/Art	18.99	85.36	88.74	94.32	111.50	2007	2009	--	--
Apparel/Clothing/ Access	27.45	78.63	72.84	63.73	37.06	2002	2006	2008	--

Source: Based on simulation result

Table 12(a)**INDIA'S IMPORT OF TEXTILE FIBER FOR THE BASE YEAR AND YEARS WHERE THE RESPECTIVE TARIFF CUT OCCURRED**

Year	2000 (Base Yr.)	-	2009	-	--
Tariff	12.50	-	6.25	--	--
Tariff cut	--	-	50%	-	--
Import value	95.105	-	77.267		--

Source: WITS COMTRADE. Values in thousand US \$

Table 12(b)**INDIA'S IMPORT OF TEXTILE YARN/FABRICS/ART FOR THE BASE YEAR AND YEARS WHERE THE RESPECTIVE TARIFF CUT OCCURRED**

Year	2000(Base Yr.)	2007	2009	--	--
Tariff	18.99	12.50	7.18	--	--
Tariff cut	--	25%	50%	-	--
Import value	2218.064	14098.227	18287.450	-	--

Source: WITS COMTRADE. Values in thousand US \$

Table 12(c)**INDIA'S IMPORT OF APPAREL/CLOTHING/ACCESS FOR THE BASE YEAR AND YEARS WHERE THE RESPECTIVE TARIFF CUT OCCURRED**

Year	2000(Base Yr.)	2002	2006	2008	--
Tariff	27.45	23.59	11.96	9.3	--
Tariff cut		25%	50%	75%	--
Import value	811.295	1063.284	4113.412	8746.722	--

Source: WITS COMTRADE. Values in thousand US \$

Table 13 shows the total trade of textiles between India and Sri Lanka. As predicted by the negative sign of coefficient α_7 of the dummy variable $D_{i,j,t}$, the total trade of textile fiber(though some fluctuations of increase in between the years) shows declining trend in years after 2000, i.e. after the FTA came into effect. The total trade of textile fiber was 2215.33 thousand US\$ in 2000, the year when the FTA began to full implementation, total trade value declines to 798.042 thousand US \$ in 2003 and decreases further to 564.18 thousand US \$ in 2006. The figure stood at 544.521 thousand US \$ in 2009. While the total trade value of the remaining two commodities, Textile Yarn/Fabrics/Art and Apparel/Clothing/Access have witnessed increasing movement of trade validating its positive coefficient α_7 . Total trade of Textile Yarn/Fabrics/Art rose from 106356 thousand US \$ in 2000 to 302508.1 thousand US \$ in 2009.

Table 13**TOTAL TRADE OF TEXTILE COMMODITIES**

Year	Textile Fiber	Textile Yarn/Fabrics/Art	Apparel/Clothing/Access
1999	401.542	101431.2	20948.61
2000	2215.33	106356	26356.46
2001	545.582	106676.8	18041.36
2002	504.973	112027.8	23705.08
2003	798.042	136800	35461.71
2004	1154.98	143678.3	30891.11
2005	1354.967	180033.8	35007.22
2006	564.18	207936.3	38687.79
2007	294.723	234018.4	36047.07
2008	649.274	300315	37817.2
2009	544.521	302508.1	34973.51

Source: WITS COMTRADE. Values in thousand US \$

India has been recently importing fabrics on selectively to manufacture high end products meant for exports. Therefore, an FTA with 100% tariff cut or tariff at a considerably lower rate will provide an opportunity for better trade foundation. The estimated coefficient of tariff imposed by India to Sri Lanka on Textile/Yarn/Fabrics of -.1568818 which is of expected negative sign also shows this. The negative coefficient shows that an increase in the tariff rate will decrease the trade. So, as the tariff move towards zero through FTA, it would facilitate the trade between India and Sri Lanka and since the major export item of textile and clothing to Sri Lanka is Cotton Yarn and Man-made fabrics, the export of such item may enhance in the free trade management. For that reason the ISFTA will help the Indian Textile and Clothing industry from the fabric part to the final product readymade garment.

Conclusion:

Under the ISFTA both India and Sri Lanka adopted protective nature by keeping the principal items in their respective negative lists which the other country may have comparative advantage. About one tenth of the Sri Lankan export and more than one-third of Indian exports are not liable of tariff concessions. Even though the number of goods in the list allowed for 100% tariff concession by India is remarkable, Sri Lanka is not in a position to exploit this concession fully due to resource and production limitations and price uncompetitiveness in comparison with similar Indian products. Nevertheless, this duty free market access concession prompted greater foreign investment in both India and Sri Lanka. The export figure of Sri Lanka over the years after ISFTA indicates that in spite of the tariff concessions offered by India, a product which recorded a negative comparative advantage growth to India has a positive comparative growth with more than 16 percent to the rest of the world. Similarly some of the Sri Lankan products which have a negative growth with respect to the rest of the world have a positive comparative growth with India. There is an obvious trade opportunity for the textile manufacturers from India to set up units in Sri Lanka so that the goods produced in Sri Lanka could be



Fabric producing sectors in India like handlooms, powerlooms, knitwear, etc. were highly unorganized and are protected under small scale industries. Thus under the FTA, with increase in exports of such commodities, these sectors benefit effectively by generating more income as well as employment.

brought to India duty free availing the exemption provided in the Free Trade Agreement. Since there is no Excise Duty in Sri Lanka or Import Duty, the goods produced there would be cheaper. Also the Sri Lankan exports in the particular Garments of Category 61 & 62 are not fully utilized so far which also open-up another opportunity for the industrialists to set up garment units in Sri Lanka. The current study also tried a quantitative assessment of the impact of the ISFTA for the three textile commodity group. Overall, the analysis shows that the agreement causes a significant increase in India's imports and exports of textiles with Sri Lanka except for textile fiber. The augmented gravity model, estimated for each of the commodities, showed expected results for most of the explanatory variables. Specifically, the coefficient of tariff rate showed negative sign with statistical significance for almost all commodities. The analysis shows that the proposed tariff reduction leads to some tariff revenue loss to the government. However, the gain in consumer surplus due to the fall in domestic price and the resulting reduction in dead-weight loss compensates the loss in tariff returns leading to net welfare gain. While the consumers in India would gain from falling prices, the course of new exports may have a favorable impact on the livelihood of the workers engaged in the textile sector.

Fabric producing sectors in India like handlooms, powerlooms, knitwear, etc. were highly unorganized and are protected under small scale industries. Thus under the FTA, with increase in exports of such commodities, these sectors benefit effectively by generating more income as well as employment. Moving forward from 2010, it is time to comprehensively review the performance of the ISFTA. In the review process, there is a clear case for greater private-public dialogue on regular basis. Setting aside the consultations and discussions purely to the governments and the commerce and trade departments of both countries will not be adequate. This can relieve exporter-importer concerns, display challenges in the treaty which can be addressed in a participatory manner, and help create more confidence and broader public awareness of the opportunities and benefits of the ISFTA.

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Rationalising Export Subsidies in the Context of WTO and its Impact on Textiles & Clothing (T&C) Sector of India

P. Nayak, Vasundhara Rungta**

Introduction:

The Indian Textile Industry has an overwhelming presence in the economic life of the country. The textiles industry contributes nearly 14% of industrial production, 4% of GDP and employs 45 million people directly and accounts for about 11% share of the country's total exports basket. The report of Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing (T&C) at USD 64.11 billion by the end of March 2017. One of the major contributions to the growth of the sector is export of T&C across the globe. While the Readymade Garments account for almost 49% of the total textiles exports during 2012 – 13, the apparel and cotton textiles products together contribute nearly 74% of the total textiles exports of the country. India's textiles products are mainly directed to US and the EU, which account for about two-thirds of India's textiles exports. The other major export destinations are China, U.A.E, Sri Lanka, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hong-Kong, Canada and Egypt etc.

In order to boost sectoral exports, countries have been providing various incentives to the manufacturing & export segments. India is not an exception for that. During the financial crisis of the 2008, when the entire world economy experienced depression, most of the countries have tried to neutralise the negative impact of financial crisis in their export through incentives may be in terms of subsidies and others. The measure may have helped the countries to mitigate the negative effect of financial crises on the global trade but the countries are trying to highlight the incentives/subsidies provided by countries as trade distorting and have been demanding rationalisation of subsidies particularly the export subsidies as per the mandate of World Trade Organisation (WTO).

India being one of the foremost members of WTO, pressure is mounting on India to rationalise subsidies and incentives given to its textiles sector. The European Union and Japan have joined hands with the US and Turkey to demand that India stop giving fresh subsidies and gradually phase out the existing ones as the textiles sector had already achieved export competitiveness. The issue came up for discussion at a recent meeting of the WTO Committee on Subsidies and Countervailing Measures during 2012-2013. It has also been mandated in the WTO that the countries should rationalise their subsidies before 2015. However, the global turmoil during recent past and its impact on economy has induced the countries to think about the stipulations and study its impact on the economy arising out of rationalisation or removal of export subsidies as mandated in WTO.

Export Subsidies:

Subsidies are one of many policy instruments of different government subjected to rules in the multilateral trading system, but they present more complex issues for policy-makers than many other instruments subject to GATT/WTO rules. One reason for this is that subsidies can be defined in different ways. Another is that they are used in pursuit of a wide array of objectives. Even where they are not aimed at trade, they can affect trade flows. The challenging task of determining which sorts of subsidies are problematic from the perspective of the trading system, and what might be done about them, has occupied an important place on the agenda of almost all countries as well as the WTO /GATT system. Further data on the use of subsidies are scarce in general and difficult to compare across countries and sectors because of methodological differences and data gaps. Nevertheless, the limited evidence available indicates that subsidies may have a significant impact on trade flows.

The WTO Agreement on Subsidies and Countervailing Measures defines a subsidy to include a public financial contribution that confers a benefit to the recipient. The WTO definition takes a broad approach in respect of



The European Union and Japan have joined hands with the US and Turkey to demand that India stop giving fresh subsidies and gradually phase out the existing ones as the textiles sector had already achieved export competitiveness.

* Authors are working as Secretary, Textiles Committee, Mumbai and Ms. Rungta is a Researcher in IGIDR, Mumbai

possible forms of subsidy, including direct payments, tax concessions, contingent liabilities and the purchase and provision of goods and services (with the exception of the provision of general infrastructure). However, the definition excludes regulatory measures or other policies, like border protection that does not consist of government resource transfers. Another key feature of the WTO subsidy definition is the notion of "specificity", i.e. only subsidies with a limited beneficiary set are subject to the WTO subsidy rules. Since subsidies can distort international free trade, they are regulated by World Trade Organization (WTO) agreements and are only permitted under very limited and strict conditions.

An important aspect of the current framework of disciplines on subsidies is that India together with other low-income countries has been exempted from the prohibition on export subsidies for non-agricultural products till we achieve export competitiveness which is further defined in the Agreement on Subsidies and countervailing measures.

According to WTO's Subsidies and Countervailing Measures rules, a developing country like India with a per capita income below \$1000 can provide export subsidies to its exporters till the time it reaches export competitiveness threshold. This threshold is reached when a country achieves a share of 3.25% of world trade in two consecutive years. India has long crossed that threshold, in 2007 according to WTO data. In 2008, 2009 and 2010, the country's share in world textile trade was 3.5%, 4% and 4%, respectively. Since, a country has 8 years to remove subsidies after crossing the threshold we have time till 2015 to phase out subsidies.

Given the WTO reality and the overall resource constraint faced by the Government of India, what export incentives are affordable and WTO-consistent is a very large question indeed. Started in 2007, the WTO asks Indian government to subsequently phase out T&C subsidies as it has reached export competitiveness in this sector.

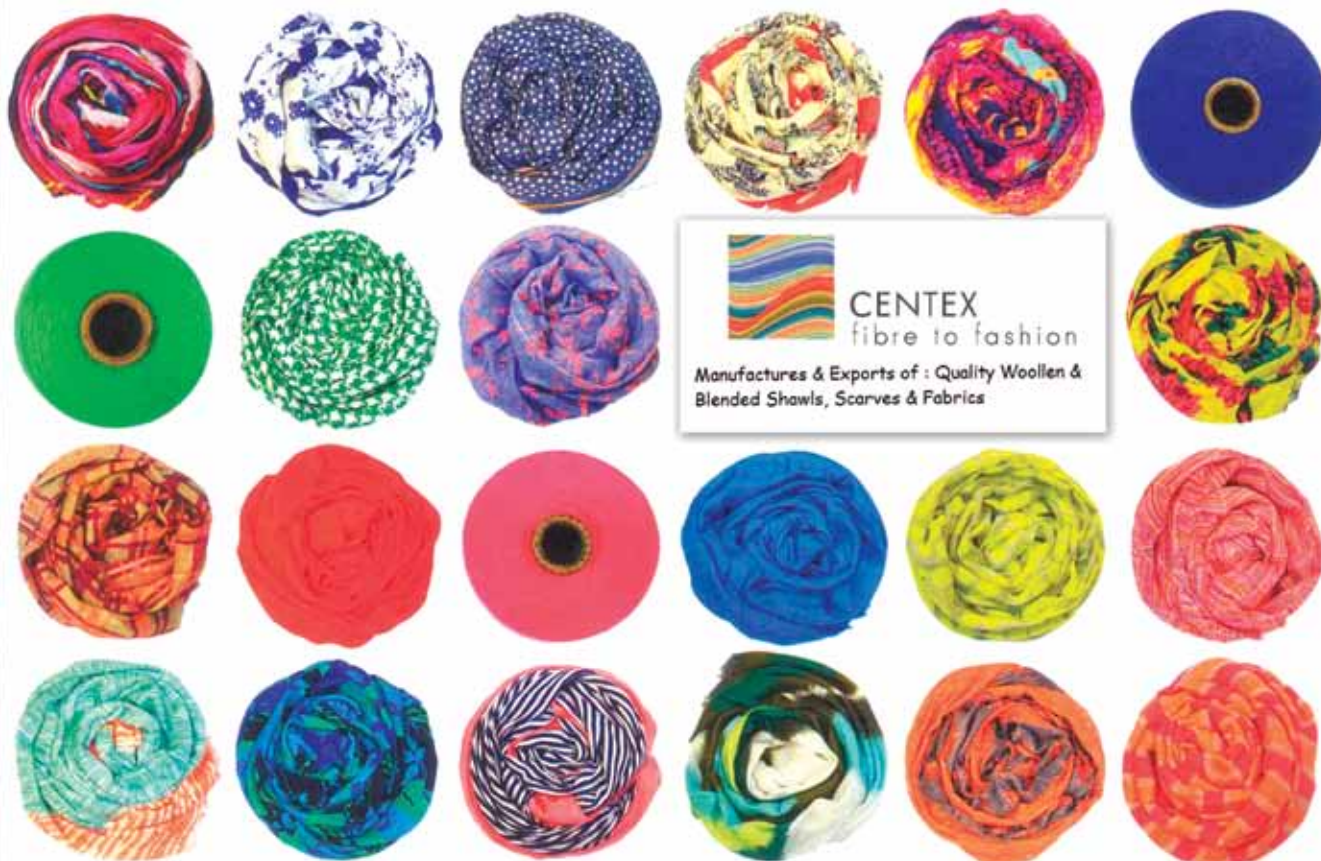
Since the sector plays a crucial role for the Indian Economy, it is necessary to estimate the subsidies. The paper tried to quantify the possible impact by using Global Trade Analysis Project (GTAP) model.



An important aspect of the current framework of disciplines on subsidies is that India together with other low-income countries has been exempted from the prohibition on export subsidies for non-agricultural products till we achieve export competitiveness which is further defined in the Agreement on Subsidies and countervailing measures.

Methodology:

This we consider analyzing the impact of the removal of export subsidies on T&C. The analysis stands on the general equilibrium model of the Global Trade Analysis Project (GTAP)(GTAP, Hertel, 1997). The simulation results of the removal of T&C subsidy on output and export prices and its effect on the competitiveness of the products in global market.



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Analysis & Results:

The stimulation results on GTAP model indicated that the Indian textile and wearing apparel output is expected to fall by 4.1% in the event of withdrawal of export subsidies. The decline in output is expected to increase the export price by 1.77%. Consequently, the output in Agricultural sector in India, which shares forward linkages with T&C, is expected to fall by 2.6%. As T&C production in India decreases, the demand for import of all inputs in the T&C sector is expected to decrease by about 4-5% including demand for imported articles. As such, the result indicates that the elimination of India's subsidies is expected to lead to a drastic decline in the India's T&C export as the product is expected to lose its price competitiveness. The model predicts that the India's export may decrease by about 11%. The other large producers may also respond by increasing their exports to fill the void left by India. An interesting result obtained here is that aggregate export sales of textiles articles from other regions to India are also expected to fall, probably because our input requirement of unfinished yarn and fabric falls.

On domestic market, the welfare impacts of the removal of the subsidies shows that India is expected to encounter a loss of about 71.5 million US dollars. And the major beneficiary from the removal of the subsidy programs is Asia whose gain is estimated at about 218 million US dollars. In a different scenario, we simulate the impact of a complete phase out of subsidies provided to the textile and clothing industry of India and a simultaneous increase in total factor productivity growth to 3.5 %. This leads to a net positive welfare change and we are expected to gain about US \$ 13.17 million in terms of Allocative efficiency. When we look at the decomposition into the sources of the welfare gain, for India, the loss comes mostly from inefficiency in resource allocation in textiles and clothing sector although there are some gains in Agricultural sector. And modest gains from export taxes. All the other losses stem from reduced output. The United States, European Union, Middle East and other textile importers, lose from this policy. While the losses to the importers are from terms of trade effects as world price of textiles rises, the losses to India is mostly a result of inefficient resource allocation as they probably lure resources from other efficient sectors and attempt to expand output in the textile production. Although there exists some allocative efficiency gain due to removal of export subsidies in terms of increased export taxes, loss from reduced output of textile and wearing apparel arising from higher export prices far outweighs the benefits. Also, the gain in terms of trade is mostly driven by higher export prices.

Therefore, removal of subsidies is not beneficial till we figure out a way to mitigate the loss. In the new scenario, we simulate the impact of a complete phase out of subsidies provided to the T&C industry of India and a simultaneous increase in total factor productivity growth to 3.5 %. This leads to a net positive welfare change and we are expected to gain about US \$ 13.17 million in terms of Allocative efficiency although Terms of Trade (TOT) effect turns out negative as expected.

Therefore, removal of subsidies is not beneficial till we figure out a way to mitigate the loss. In the new scenario, we simulate the impact of a complete phase out of subsidies provided to the T&C industry of India and a simultaneous increase in total factor productivity growth to 3.5 %.

Conclusion:

The analysis helps us conclude that merely removing subsidies is not enough as the policy makers often worry. Investments in total factor productivity should come simultaneously. Also, since once the government undertakes subsequent phase out of subsidy related schemes, it will have a pool of surplus funds that can be deployed into research and development in enhancing total factor productivity and certain other areas so as to provide the industry with a fall back cushion to mitigate the effects of the shock (of removal of subsidies on which the industry is currently highly dependent).

Further some prerequisites to be included in the global competing textile industry are imbibing global best practices, adopting rapidly changing technologies and efficient processes, innovation, networking and better supply chain management, and ability to link up global value chains. We should explore a few alternative uses of the resources that shall be freed up upon removal of subsidies, firstly to pacify the stakeholders and secondly to provide a fall back cushion to the industry till recovery happens. The paper has also provided a certain appropriate policy prescription for addressing issues relating to export subsidy keeping the WTO compatibility in mind..

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Market Intelligence in Textiles (MIT)

Textiles Committee has taken up a new initiative on the eve of the Golden Jubilee celebrations in the form of Market Intelligence in Textiles (MIT) for disseminating the data pertaining to the T & C sector to the key stakeholders, which is expected to be helpful for strengthening the presence of Indian textile industry in the world market. The MIT is designed to provide real-time database & feedback for the Policy, Industry and Trade, both at country level and product level, suggest remedial measures on change in business environment in the domestic segment besides augmenting market information for export competitiveness and policy.

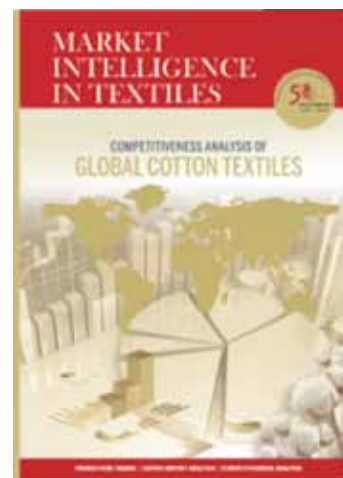
Database Series Competitiveness Analysis of Global Cotton Textiles

As a part of the MIT, Textiles Committee has completed the data analysis of cotton textiles especially fibre, yarn and fabric on the various parameters such as production, exports, imports, etc through secondary sources. Besides this, the conversion cost of yarn, fabric, made-ups, etc have also been compiled. The database in this series covers Cotton sector which attempts to delineate the global players in cotton fibre, cotton yarn and cotton fabric through their production, exports, imports, cost competitiveness etc. Most of the information is presented in a user friendly format.

The "Competitiveness Analysis of Global Cotton Textiles" presents the data in the form of derived tables sourced through international databases/publications like International Cotton Advisory Committee (ICAC), United States Department of Agriculture (USDA), World Integrated Trade Solution (WITS), etc, Gherzi Analysis, South India Textile Research Association (SITRA), etc.

The database series "competitiveness analysis of global cotton textiles" as a part of Market Intelligence in Textiles (MIT) initiative of the Textile Committee has come up well. This series is unique in India as far as production and trade statistics is concerned. One will find all the information at one place. This series is a compendium of global cotton textiles right from the fibre to fabric. This series embodies the production, export, import, import/export prices, competitiveness analysis through the well known tool in the international trade analysis like Shares, Revealed Comparative Advantage (RCA) analysis, Unit Value Realisation (UVR) etc. Further the cost competitiveness was well organised through the depiction of the cost components for each of the end products such as yarn, fabric (both grey/dyed, plain/denim), made ups (terry towel) as an icing on the cake. Also a special feature of the series is the conversion cost associated with the conversion of cotton fibre to yarn in different states of the country. Most important part of the series is the importing/exporting partners of the top exporting/importing nations and the top products in each of the segments of yarn and fabric and the players therein was well organised. Definitely this will influence the business/policy decisions of the major stakeholders of the cotton textile industry be it producers, exporters, importers or policy makers.

The Textiles Committee is also going to publish a well researched competitiveness analysis on synthetic textiles quickly.



This series embodies the production, export, import, import/export prices, competitiveness analysis through the well known tool in the international trade analysis like Shares, Revealed Comparative Advantage (RCA) analysis, Unit Value Realisation (UVR) etc.

Trade and Competitiveness of Manmade Textiles in World Market

Introduction:

Man-made fibres¹ account for 68% of all fibres produced worldwide. World production was 58.6 million tones in 2012. Their principal end-use is used in clothing, carpets, household textiles and a wide range of technical products - tyres, conveyor belts, fillings for sleeping bags and cold-weather clothing, filters for improving the quality of air and water in the environment, fire-resistant materials, reinforcement in composites used for advanced aircraft production, and much else. Fibres are precisely engineered to give the right combination of qualities required for the end-use in question: appearance, handle, strength, durability, stretch, stability, warmth, protection, easy care, breathability, moisture absorption and value for money, for example. In many cases, they are used in blends with natural fibres such as cotton and wool.

Global Trade in Manmade Fibre Textiles:

Man-made fibre based textile products continue to gain popularity in all over the world due to the superior performance, wide applications, lower product cost, easier and cheaper maintenance and endless design possibilities for lifestyle and the applications.

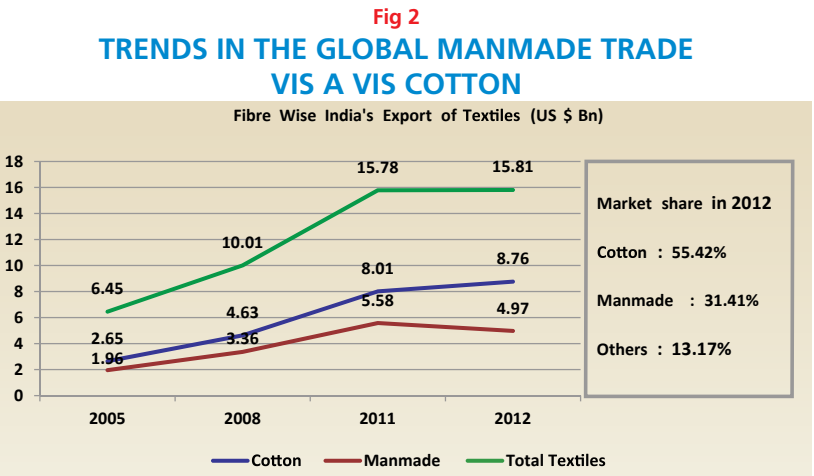
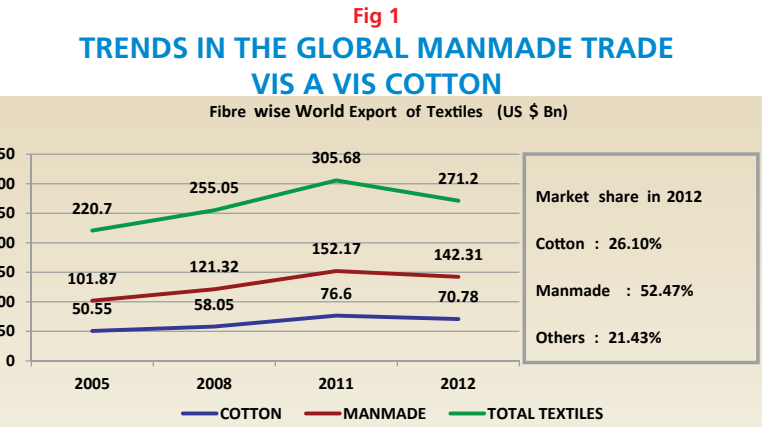
Currently, 52.47% of the global textiles trade is in the manmade fibre textiles, The global significance of the manmade fibre textiles is increasing over the years as compared to natural fibre textiles showing positive impact on the global trade of the manmade fibre textiles.

Though the trends in the global trade of cotton and manmade are same manmade textiles trade contributes more to the total textiles trade.

India’s Performance in Man Made Trade:

India is one of the few countries in the world that has complete supply chain – right from diverse fibre to a range of fabrics and made-ups. It is capable of delivering customized packages to its customers. Today, India supplies a wide variety of fibres, yarns in different counts, fabrics in an amazing range of textures and finishes, and exquisite made-ups. India offers the entire range of polyester, viscose, nylon, acrylic and blended textile items to the discerning international buyers. The quality is the best and the prices are competitive.

Creativity, innovations, flexibility supported by large investment in technology up gradation, capacity expansion and product diversification have changed India’s profile in the global markets, making it one of the most preferred and diversified textile sourcing destinations in the world.



In world export of textiles manmade textile’s share (52.47%) is more than cotton textiles (26.10%).

In India export of manmade is lagging much more behind the export of cotton, sharing 31.41% of the total textiles export as against 55.42% share of cotton, India’s share in the global trade of total textiles is 5.83%. India’s share in the global trade of cotton is 12.37%. But India’s share in the world trade of man-made textiles is merely 3.49%.

¹Man-made fibres are fibres whose chemical composition, structure and properties are significantly modified during the manufacturing process. Man-made fibres can be classified into 2 groups viz. 1) By Synthetic polymers (Synthetic fibers) and 2) By transformation of natural polymers (Regenerated Fibres or Cellulosic fibres).

Table 1

WORLD EXPORT OF MANMADE IN CLUSTER (US\$ BN)

Description	2005	2008	2009	2010	2011	2012	Market Share	CAGR
Synthetic	67.77	80.31	65.85	83.73	102.11	95.27	66.95%	4.35%
Cellulosic	10.20	12.13	9.94	12.64	14.68	14.08	9.89%	4.11%
Other manmade	17.03	22.54	18.88	22.64	26.31	25.38	17.83%	5.12%
Man made Textiles	101.87	121.32	101.43	126.98	152.17	142.31	100.00%	4.27%

In the world trade of manmade fibre textiles Synthetics Contributes 66.95%, Cellulosic or Regenerated Fibre textiles contributes 9.89% and other manmade Contributes 17.83%.

So, looking at the performance of the India in the trade of manmade fibre textiles, it is clear that the trade ratio in India at present is approximately 56:32 between cotton and manmade fibre textiles, while it is almost 27:53 globally. The global fibre consumption trend in future further likely to tilt in favour of man-made fibres as there is a limitation to growth of cotton on account of limited availability of land for cotton cultivation. Moreover, the land available for cotton is gradually declining on account of rise in cultivation of food crops. Given that the future demand is expected to be largely in favour of man-made fibre based textiles, special attention is required to boost the consumption and production and therefore the export of man-made fibres in India.

Measuring Competitiveness through Clustering:

The total manmade textiles at 6-digit HS code level is 235 products (HS- Lines), from which 146 products come under synthetic textiles, 64 comes under regenerated textiles and 25 products come under other manmade textiles. So for better understanding the trend and competitiveness, the manmade textiles have been clustered into three on the basis of fibre viz.,

- I. Synthetic Fibre Textiles
- II. Regenerated Fibre Textiles
- III. Other Manmade Fibre Textiles

However the other manmade textiles are a part of first two, but differently classified for estimation purpose only

Table 2

INDIA'S EXPORT OF MANMADE IN CLUSTERS (US\$ BN)

Description	2005	2006	2007	2008	2009	2010	2011	2012
Manmade	1963.73	2195.21	2860.77	3359.77	3366.83	4341.38	5579.45	4966.26
Regenerated	263.81	279.41	378.11	325.98	334.60	451.41	587.92	531.41
Synthetic	1585.94	1780.56	2277.77	2805.13	2796.65	3591.77	4583.03	4032.81
Others	113.98	135.24	204.88	228.66	235.58	298.20	408.50	402.05

Regenerated exports shares 10.70% of the total manmade while synthetic exports shares 81.20% and others share 8.10% of the total manmade export to the world.

A Synthetic Fibre Textiles: Synthetic textiles are made from the fibres that come from chemical resources. Nylon, Polyester, Acrylic, polypropylene are some of the popular synthetic textiles.

Synthetic Fibre Textiles have revolutionized the textile industry. Such artificial fibres are usually long-chain polymers, produced industrially by the condensation of many small units. Orlon is the trade name for a polyacrylonitrile fibre made from natural gas, oxygen, and nitrogen. It combines bulk with light weight and is resistant to acids and sun damage. It is used for sweaters and other clothing. Dacron is the trade name for a polyester fibre of great strength and wrinkle resistance. It is

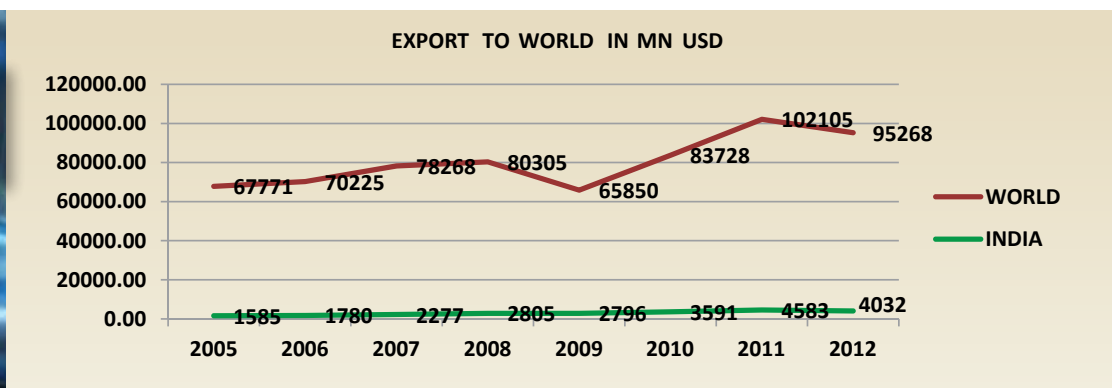
often blended with other fabrics. Vinyl fibres, such as saran, are used for screening and heavy-duty upholstery.

Performance in Export of Synthetic Textiles:

The current global synthetic fibre textiles export is 12.04 Billion USD. While India's synthetic fibre textiles exports valued at 501.01 million USD. India's share in global trade of synthetic textiles is just 4.16 per cent.



Fig 3
TRENDS IN THE INDIA'S SYNTHETIC TEXTILES TRADE



World export of top 15 products in synthetic

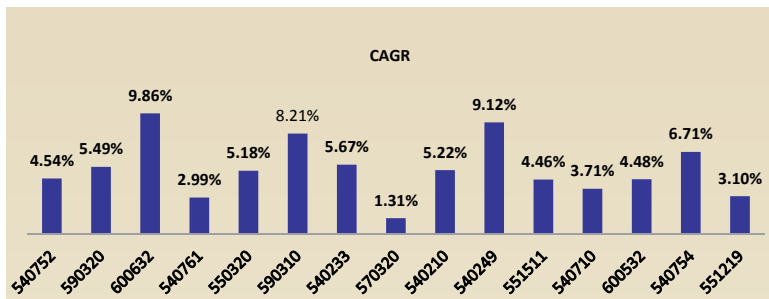
Table 3

WORLD EXPORT IN SYNTHETIC FIBRE TEXTILES (TRADE VALUE IN BILLION USD)

Product Code	2005	2008	2012	CAGR	Market Share (%)
540752	5.00	5.74	7.13	4.54%	7.03
590320	3.76	4.63	5.77	5.49%	5.69
600632	2.29	2.85	4.86	9.86%	4.79
540761	3.57	4.01	4.52	2.99%	4.46
550320	2.95	3.36	4.42	5.18%	4.36
590310	2.24	3.04	4.22	8.21%	4.16
540233	2.23	2.64	3.47	5.67%	3.42
570320	2.83	3.41	3.14	1.31%	3.10
540210	1.60	2.20	2.41	5.22%	2.37
540249	1.15	1.91	2.31	9.12%	2.28%
551511	1.43	1.24	2.03	4.46%	2.00%
540710	1.46	2.34	1.95	3.71%	1.92%
600532	1.27	1.42	1.80	4.48%	1.78%
540754	1.00	1.25	1.67	6.71%	1.65%
551219	1.25	1.55	1.59	3.10%	1.57%
ROP	39.20	45.25	50.15	3.13%	49.43%
Total	73.24	86.84	101.46	4.16%	100.00%

Fig 4

COMPOUND ANNUAL GROWTH RATE (CAGR)



The compound annual growth rate of top 15 products is positive showing an increasing growth. Though the product 540752 is the most exported product, the product 600632 (Dyed Knitted or Crocheted Fabrics) has the highest CAGR. Out of 146 products only top 15 products are sharing almost 51% of the market. The product 540752 (Dyed, mostly of polyester shirting, suiting or sarees) is the top exported product sharing 7.19% of the world market and growing at the rate of 4.64%.

World's top 15 exporters of Synthetic Textiles

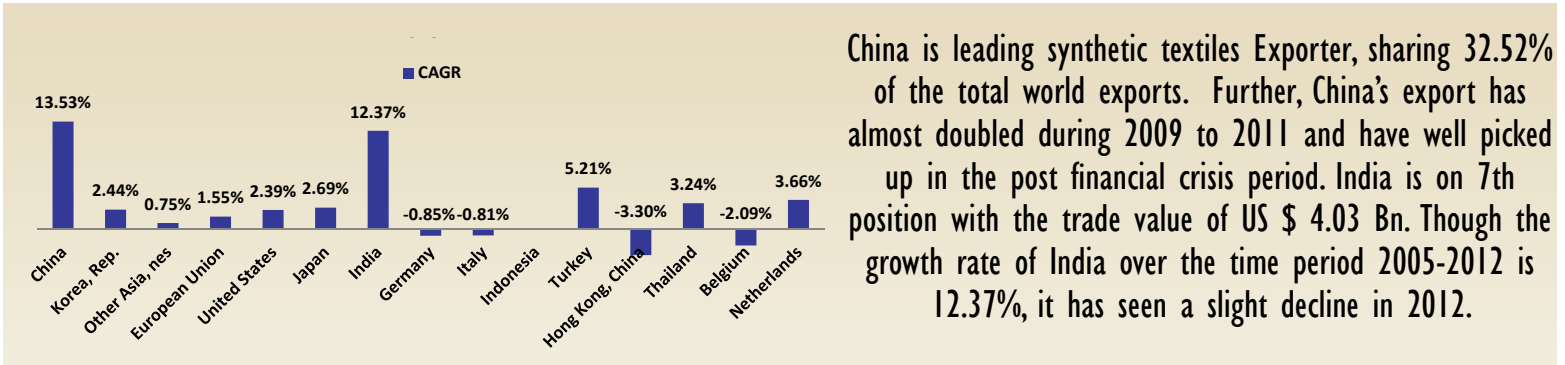
Table 4

WORLD EXPORT IN SYNTHETIC TEXTILES (US \$ BN)

Exporting Countries	2005	2008	2012	CAGR (%)	MARKET SHARE (%)
China	11.22	18.34	30.98	13.53	32.52
Korea, Rep.	6.04	5.98	7.32	2.44	7.69
Other Asia, nes	6.52	5.74	6.92	0.75	7.27
European Union	5.47	6.53	6.19	1.55	6.50
United States	4.08	4.4	4.92	2.39	5.17
Japan	3.57	3.96	4.42	2.69	4.64
India	1.59	2.81	4.03	12.37	4.23
Germany	4.27	4.99	3.99	-0.85	4.19
Italy	3.6	3.93	3.38	-0.81	3.54
Indonesia	0	0	2.89	N/A	3.03
Turkey	1.75	2.29	2.63	5.21	2.76
Hong Kong, China	3.25	2.65	2.48	-3.30	2.61
Thailand	1.57	1.6	2.03	3.24	2.13
Belgium	2.39	2.57	2.02	-2.09	2.12
Netherlands	1.43	1.91	1.9	3.66	1.99
Rest of World (ROW)	11.02	12.59	9.17	-2.27	9.63
Total	67.77	80.31	95.27	4.35	100

Fig 5

GRAPHICAL REPRESENTATION OF CAGR



China is leading synthetic textiles Exporter, sharing 32.52% of the total world exports. Further, China's export has almost doubled during 2009 to 2011 and have well picked up in the post financial crisis period. India is on 7th position with the trade value of US \$ 4.03 Bn. Though the growth rate of India over the time period 2005-2012 is 12.37%, it has seen a slight decline in 2012.

World's top 15 importers of synthetic fibre textiles

Table 5

WORLD IMPORT IN SYNTHETIC TEXTILES (US \$ BN)

Importing countries	2005	2008	2012	CAGR (%)	Market Share (%)
China	7.64	7.04	7.55	-0.14	10.41
European Union	5.83	7.1	7.48	3.16	10.31
United States	4.88	4.9	5.67	1.89	7.81
Germany	3.78	4.62	3.93	0.51	5.42
Turkey	1.94	2.58	3.53	7.77	4.87
Hong Kong, China	3.59	2.95	2.6	-3.93	3.59
Italy	2.56	3.01	2.59	0.12	3.57
Mexico	2.35	2.26	2.53	0.90	3.48
Indonesia	NA	NA	2.52	NA	3.48
Brazil	0.85	1.68	2.47	14.29	3.40
France	2.48	2.64	2.09	-2.12	2.88
Korea, Rep.	1.19	1.46	1.82	5.49	2.51
United Kingdom	2.07	1.92	1.8	-1.72	2.48
Japan	1.01	1.36	1.68	6.58	2.31
India	0.88	1.06	1.6	7.71	2.21
ROW	22.41	27.9	22.67	0.14	31.26
All countries	63.46	72.48	72.53	1.68	100.00



Fig 6

TRENDS IN IMPORTS FROM THE WORLD OF TOP 10 IMPORTERS

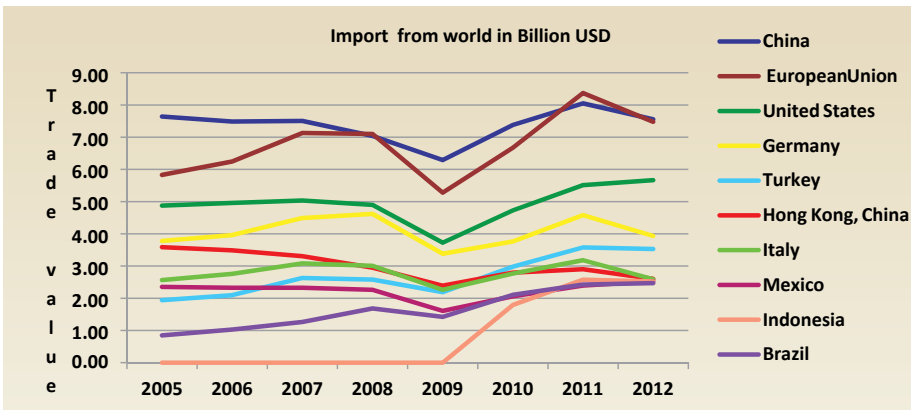


Fig 7
COMPOUND ANNUAL GROWTH (CAGR) IN IMPORTS

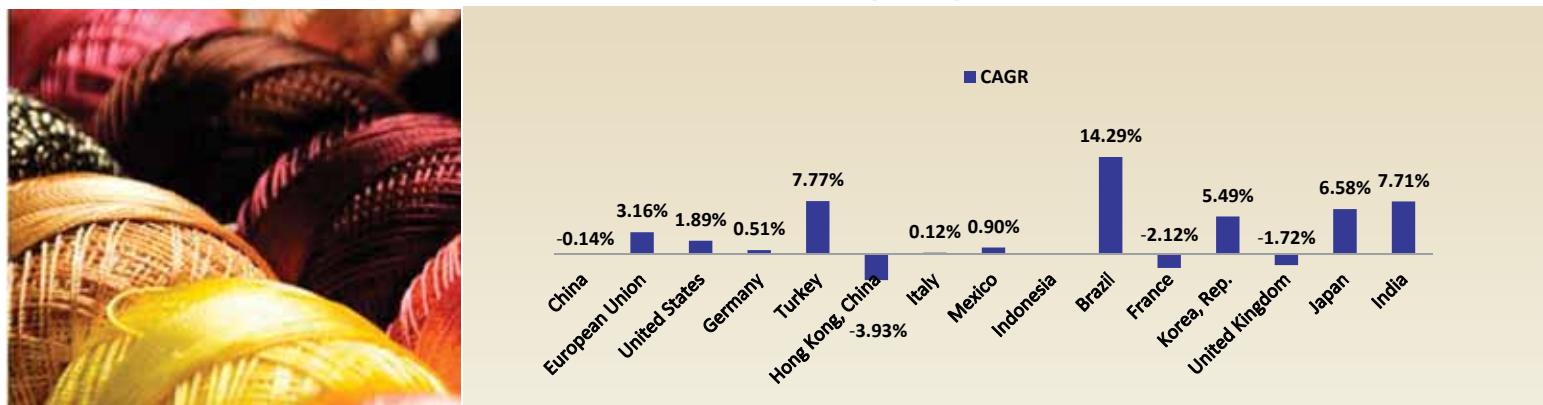
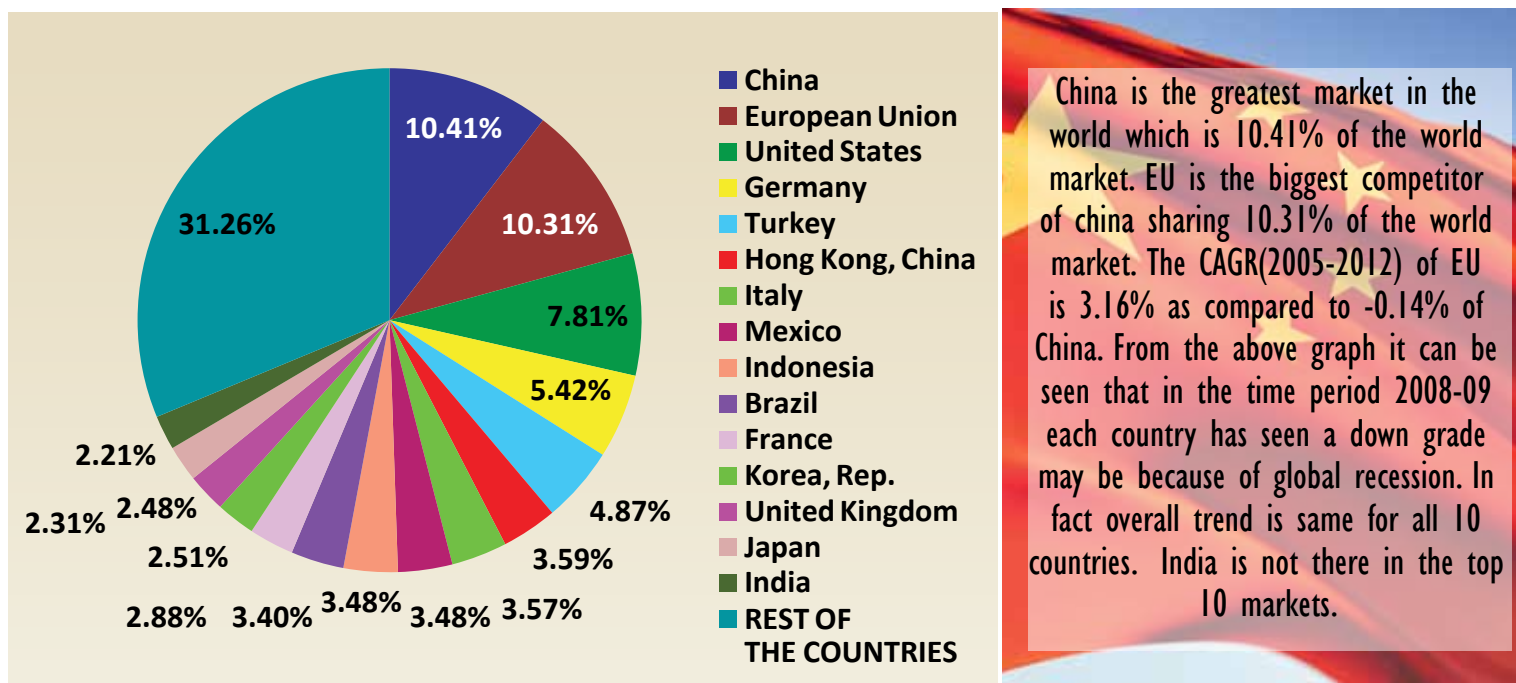


Fig 8
GRAPHICAL REPRESENTATION OF MARKET SHARE



B

Regenerated/Cellulosic Fibre Textiles

The regenerated textiles are very similar to cotton, made from cellulose based Fibres that originate from plants such as wood pulp; a chemical is then added to extract the fibre. This means that regenerated fibres are part natural and part artificial. There are several fibres made from the naturally occurring polymer cellulose, which is present in all plants. Mostly cellulose from wood is used to produce the fibres but sometimes cellulose from short cotton fibres, called linters, is the source. By far the most common cellulosic fibre is viscose fibre. Popular Regenerated fibres are:

- 1 VISCOSE**
- 2 ACETATE & TRIACETATE**
- 3 TENCEL & LYOCELL**

World production of Cellulosic or Regenerated fibre is 4.9 million metric ton in 2012 increased from 4.5 million metric ton in 2011. Cellulosic fibre production is set to continue growing rapidly in the coming years, according to Issue No 165 of Textile Outlook International from the

global business information company Textiles Intelligence. Faced with soaring raw cotton prices in 2011, many textile and apparel producers switched to man-made fibres or started to use a greater proportion of man-made fibres in blends.

Cellulosic fibre production worldwide rose by a healthy 11.0% in 2011 compared with a 3.7% rise in global demand for fibres of all types. Furthermore, cellulosic fibre production grew by an even faster 12.0% in 2012, while world fibre demand continued to grow by 3.7%. The rise in global cellulosic fibre production in 2012 was due to expansion in the man-made fibre industry in China. In percentage terms, Chinese cellulosic fibre output rose by 17.3% in 2012 after growing by 19.5% in 2011. "India is the second largest producer of cellulosic fibre/yarn."

World Export of Top products

Table 6

WORLD EXPORT IN TOP PRODUCTS OF CELLULOSIC TEXTILES (US \$ BN)

Products	2005	2008	2011	2012	CAGR (%)	MARKET SHARE (%)
550200	3.52	4.76	5.40	5.72	6.24	19.52
550410	0.78	1.42	3.92	3.70	21.53	12.62
551011	0.87	1.30	2.62	2.39	13.40	8.16
600642	0.55	1.41	2.36	2.26	19.27	7.71
551614	0.62	0.83	1.33	1.60	12.52	5.45
600690	1.05	1.32	1.46	1.25	2.23	4.28
540822	1.22	1.12	1.07	1.00	-2.47	3.40
551612	0.44	0.46	0.83	0.95	10.18	3.24
540331	0.57	0.66	1.03	0.86	5.23	2.92
540832	0.76	0.76	0.73	0.66	-1.82	2.25
551611	0.39	0.33	0.68	0.61	5.53	2.07
600644	0.19	0.40	0.63	0.59	15.07	2.00
551622	0.78	0.59	0.54	0.52	-4.87	1.79
540120	0.18	0.32	0.46	0.46	12.43	1.57
551012	0.28	0.30	0.48	0.41	5.09	1.41
ROP	9.19	9.27	6.90	6.32	-4.56	21.60

Fig 9

CAGR OF TOP 15 PRODUCTS IN CELLULOSIC TEXTILES

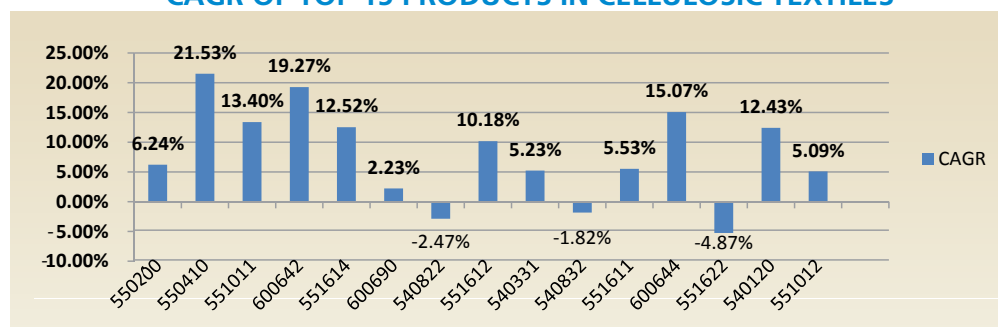
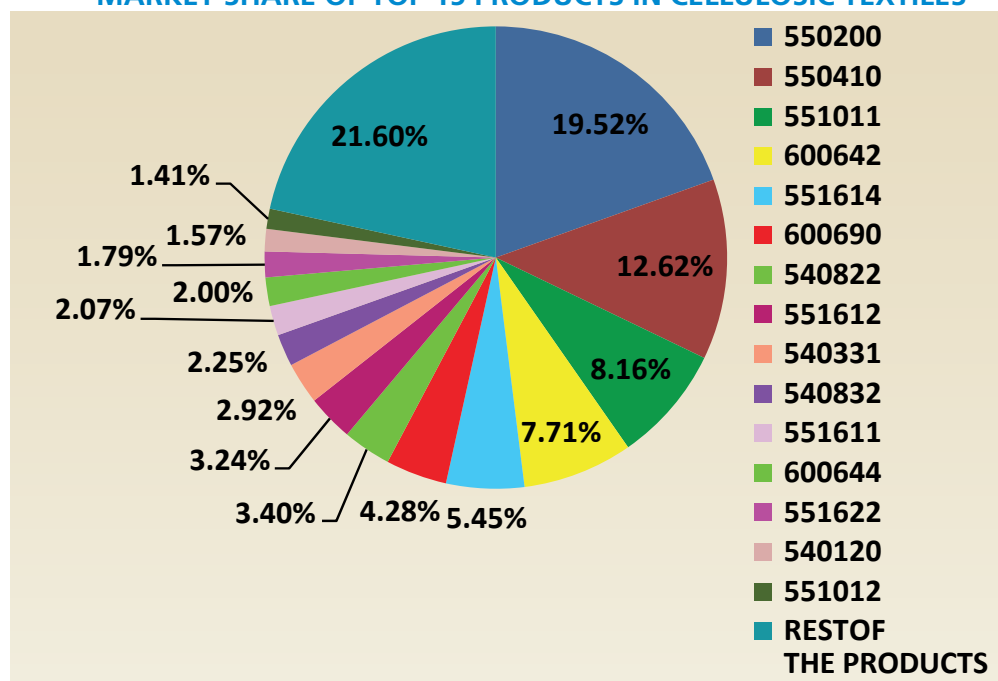


Fig 10

MARKET SHARE OF TOP 15 PRODUCTS IN CELLULOSIC TEXTILES



Regenerated fibre textiles contribute 10.70% to the total manmade fibre trade of India. Current global trade (exports) in Regenerated fibre textiles is at 14.08 Billion USD.

Almost 80% of the Export of the total cellulosic fibre textiles is done in these top fifteen products only. The most exported product 550200 is Cellulosic filament tow which is mainly of Viscose rayon or Acetate rayon. This product is contributing 19.52% to the total cellulosic export in the world. 550410 is again Viscose rayon staple fibre sharing 12.62% of the total export. Next 551011 is spun single yarn which is again of viscose rayon shares 8.16% of exports. Further the products 600642, 551614, 600690 are the fabrics of the viscose rayon shares 7.71%, 5.45%, 4.28% of the total exports respectively. So it is clear that the most of the export of the cellulosic trade worldwide is in the viscose rayon or acetate rayon.

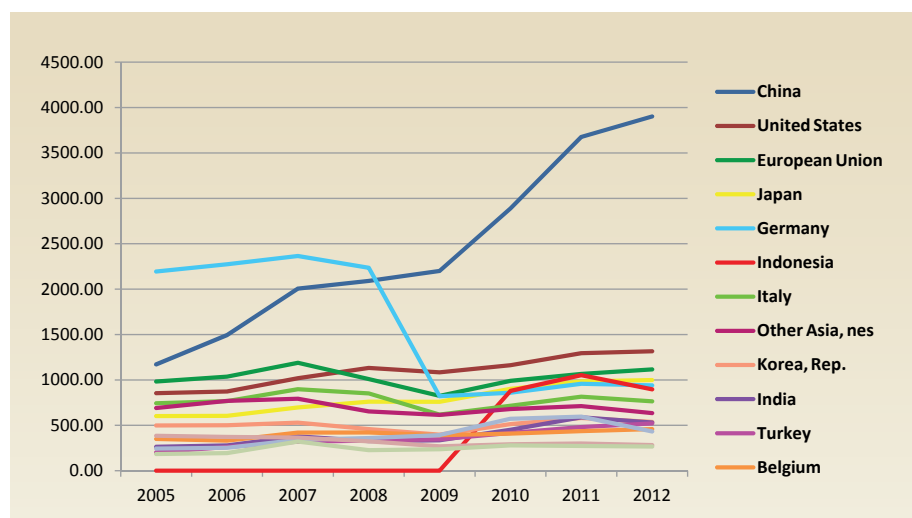
Top 15 Exporters

Table 7

WORLD'S TOP EXPORTERS OF CELLULOSIC TEXTILES (US \$ MN)

Exporters	2005	2008	2011	2012	CAGR (%)	MARKET SHARE (%)
China	1171.38	2090.90	3676.52	3902.89	16.23	27.72
United States	854.29	1131.72	1293.99	1315.52	5.54	9.34
European Union	982.39	1008.66	1066.07	1116.01	1.61	7.93
Japan	602.01	759.91	983.63	998.38	6.53	7.09
Germany	2194.31	2234.83	957.53	939.56	-10.06	6.67
Indonesia	0.00	0.00	1053.04	896.18		6.36
Italy	742.43	851.12	815.41	764.04	0.36	5.43
Other Asia, nes	690.10	653.29	711.62	633.99	-1.05	4.50
Korea, Rep.	498.18	458.88	580.67	537.01	0.94	3.81
India	263.81	325.98	587.92	531.41	9.15	3.77
Turkey	202.27	331.55	481.27	521.03	12.56	3.70
Belgium	350.47	420.64	435.90	458.62	3.42	3.26
Thailand	243.90	360.10	596.23	432.12	7.41	3.07
Hong Kong, China	384.77	323.70	300.63	283.13	-3.76	2.01
United Kingdom	183.94	227.00	272.70	266.79	4.76	1.89
REST COUNTRIES	840.08	951.57	864.48	483.84	-6.66	3.44

Fig 11
TRENDS IN EXPORTS



China is the world's largest exporter of cellulosic fibre Textiles, shares 27.72% of the total world export and is growing at the rate of 16.23%. China is followed by United States, European Union Japan and Germany sharing 9.34%, 7.93%, 7.09% and 6.67% of market respectively and all of them having positive growth rate except Germany. India is at the 10th position in the world export of cellulosic fibre textiles. India shares 3.77% of the total world export of cellulosic fibre textiles and is growing at a positive CAGR of 9.15%.

So the key competitors of India in Regenerated fibre textiles are china(27.72%), EU(7.93%), United States(9.34%), Germany(6.67%), Indonesia (6.36%), Italy(5.43%) etc.



Fig 12
MARKET SHARE OF TOP 15 PRODUCTS IN CELLULOSIC TEXTILES

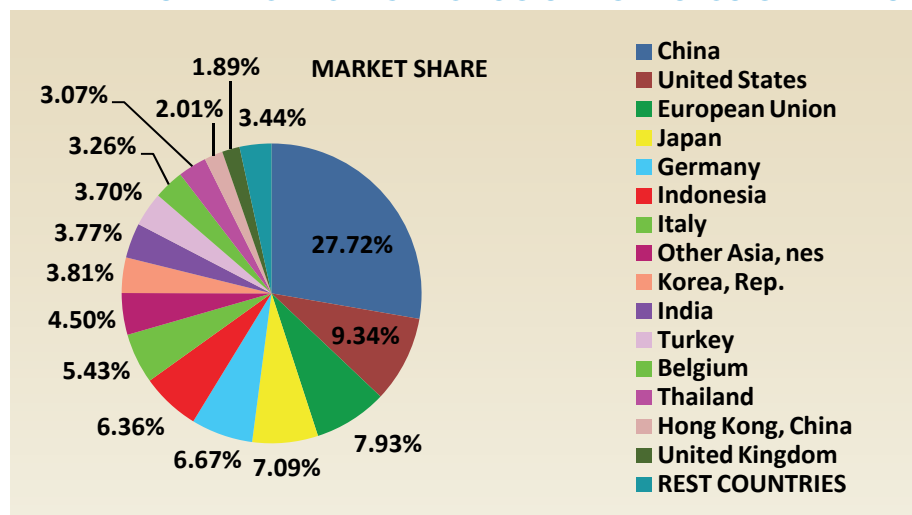


Table 8

WORLD'S TOP IMPORTERS OF CELLULOSIC FIBRE TEXTILES (US \$ MN)

Importers	2005	2008	2011	2012	CAGR(%)	MARKET SHARE (%)
China	914.21	999.96	1688.67	1624.95	7.45	11.79
Turkey	508.77	854.34	1301.60	1156.59	10.81	8.39
European Union	685.52	999.73	1138.97	994.12	4.76	7.21
Cambodia	2.57	770.99	637.58	765.66	103.79	5.55
Indonesia	0.00	0.00	433.32	651.00		4.72
United States	365.00	567.99	605.00	603.63	6.49	4.38
Italy	439.51	622.28	712.73	576.65	3.45	4.18
Germany	484.23	562.78	590.08	500.35	0.41	3.63
Korea, Rep.	348.21	402.62	538.87	486.66	4.27	3.53
Brazil	59.23	286.20	428.99	484.96	30.06	3.52
India	111.29	214.49	484.09	449.62	19.07	3.26
Pakistan	137.05	222.33	418.35	364.84	13.02	2.65
Hong Kong, China	491.32	452.00	398.02	349.50	-4.17	2.54
Sri Lanka	165.54	188.70	300.82	339.35	9.39	2.46
France	275.34	375.83	344.00	310.21	1.50	2.25
ROW	3806.74	4701.68	5031.08	4128.63	1.02	29.95

Fig 13

TRENDS IN IMPORTS OF CELLULOSIC FIBRE TEXTILES

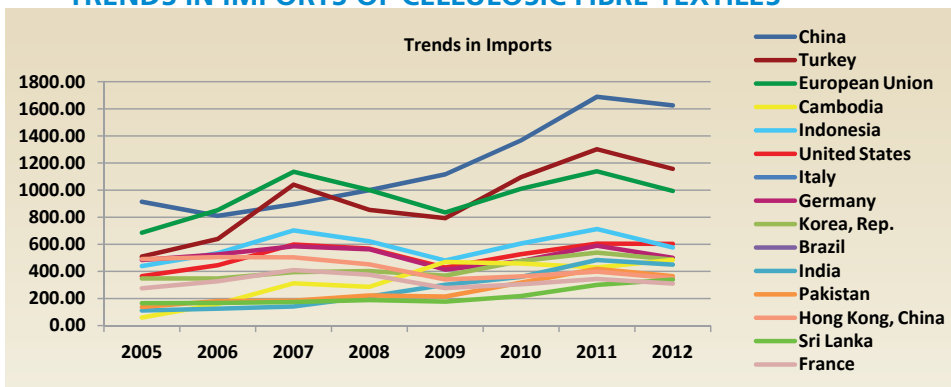
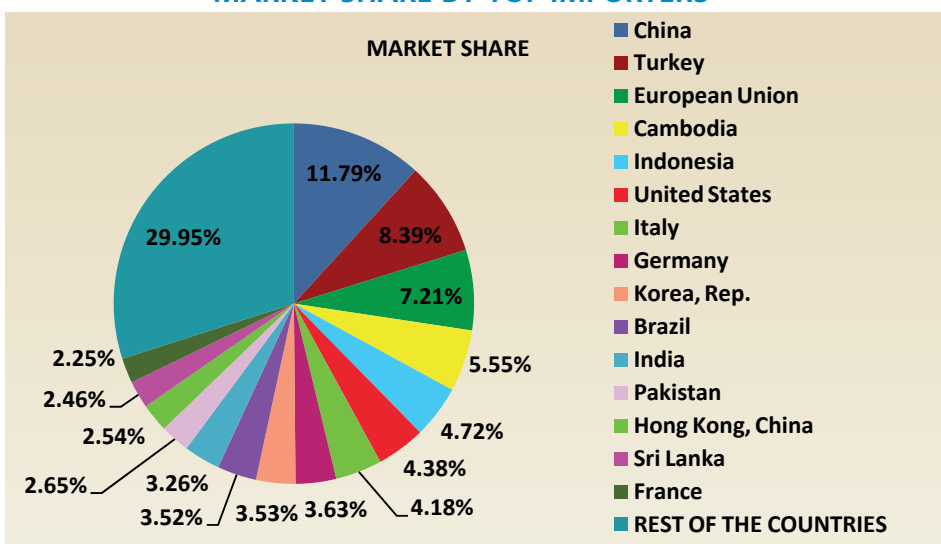


Fig 14

MARKET SHARE BY TOP IMPORTERS



World's biggest market for cellulosic fibre textiles is China again. China shares 11.79% of the world market and is growing at rate of 7.45%. The other markets are Turkey, European Union, Cambodia, Indonesia, United States, Italy etc sharing 8.39%, 7.21%, 5.55%, 4.72%, 4.38%, 4.18% of the world market respectively. All the markets are growing at positive rates except Hong Kong, china whose share in the world market is 2.54%.

Looking at the trend, within the period of 2005 to 2012 Cambodia market grew exponentially with the CAGR of 103.79%. Brazil market is also growing at the high rate of 30.06%. India is at the 11th position in the world with the share of 3.26% and is growing at the rate of 19.07%.



Other Manmade Fibre Textiles (The manmade fibre textiles that does not come under Synthetic or Cellulosic fibre textiles have classified as Other manmade fibre textiles.) The trade of other manmade fibre textiles contributes 8.10% of the Indian total manmade Trade to the world.

Table 9

WORLD EXPORT IN OTHER MANMADE TEXTILES ('000 US \$)

Product Code	2005	2008	2011	2012	CAGR (%)	MARKET SHARE (%)
560312	3484217	4302929	5500129	5508045	6.76	10.29
570330	4663955	4946290	5081862	5240947	1.68	9.79
570242	1790678	3537926	4611570	5134766	16.24	9.59
600192	2477067	3043356	4667501	4621881	9.32	8.64
560313	2121897	3681389	4270931	4328004	10.72	8.09
560311	2887883	3824930	4667775	4322125	5.93	8.08
560314	2572982	3620605	4505695	4269375	7.50	7.98
580632	2944032	3485157	4042290	3991464	4.44	7.46
581092	2582295	3893092	3041670	3130033	2.79	5.85
560122	1204291	1579943	2127923	2338604	9.94	4.37
580421	1494240	1500847	1656104	1995874	4.22	3.73
560811	838021.5	1184370	1519472	1544097	9.12	2.89
560210	1288640	1733552	1660916	1485484	2.05	2.78
560600	1327682	1187713	1283075	1234397	-1.04	2.31
600122	887883.5	787723.8	928931.7	889135.6	0.02	1.66



Fig 15

CAGR OF TOP PRODUCTS IN OTHER MANMADE FIBRE TEXTILES

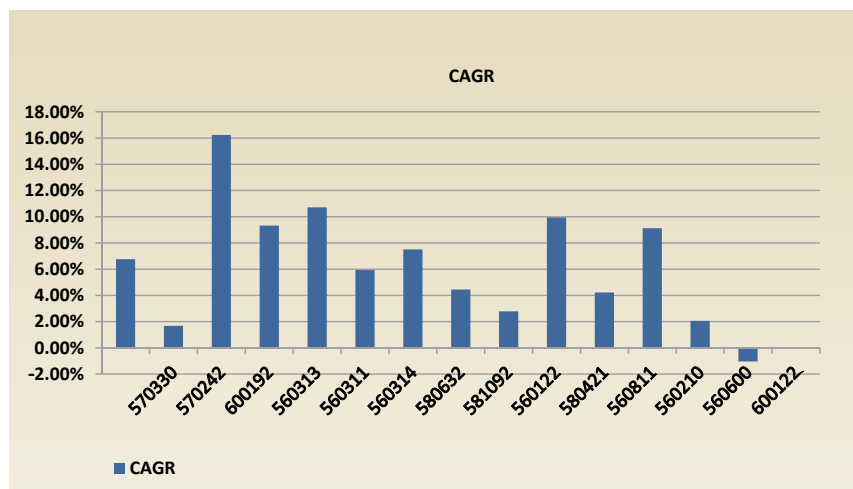
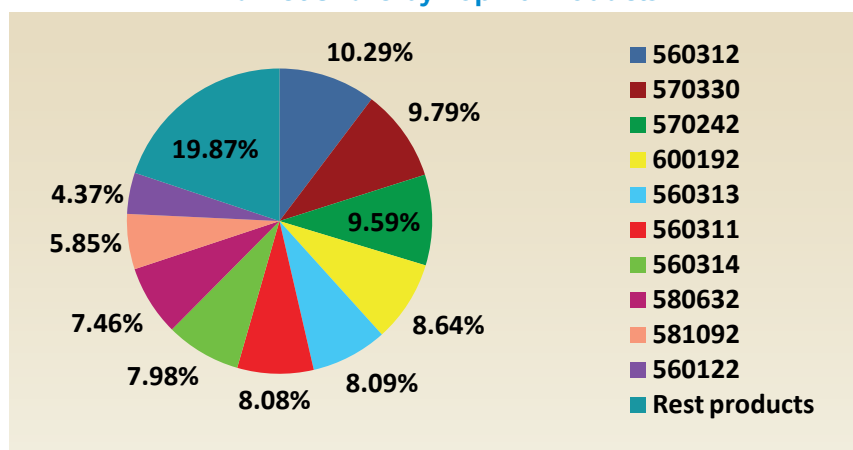


Fig 16

Market Share by Top 10 Products



Other manmade fibre textiles contribute 8.10% to the total manmade fibre trade of India. Current global trade (exports) in Regenerated fibre textiles is at 25.37 Billion USD.

Almost 80% of the Export of the total Other manmade fibre textiles is done in these top ten products only. The most exported product 560312 is nonwoven, whether or not impregnated, coated, covered or laminated fabric of manmade filament weighing more than 25 g/m² but not more than 70 g/m². This product is contributing 10.29% to the total other manmade fibre textiles export in the world. 570330 is carpets, carpeting and rugs of other manmade fibre may be of polypropylene mixed with jute, rubber, latex or PU foam backing sharing 9.79% of the total export. Next 551011 is again carpets, rugs or mats of other manmade fibres shares 9.59% of exports. Further the product 600192 is a pile fabric of manmade fibre shares 8.64% of the total exports. 560313, 56311 are again the nonwoven fabrics same as 560312 but of different weights shares 8.09%, 8.08% of the total exports respectively.

So it is clear that the most of the export of the other manmade fibre textiles trade worldwide is in the technical textiles or fabrics.

Table 10

WORLD'S TOP EXPORTERS IN OTHER MANMADE FIBRE TEXTILES ('000 US \$)

Exporter	2005	2008	2011	2012	CAGR (%)	MARKET SHARE (%)
China	2031016	4459832	6063134	6296226	17.54	24.81
European Union	2018052	2546084	2616814	2764437	4.60	10.89
Turkey	786345.2	1319746	1812562	2332681	16.81	9.19
United States	1643984	1800545	2101998	2121248	3.71	8.36
Germany	1478817	1989087	2112928	1852666	3.27	7.30
Italy	1304597	1654658	1758422	1578637	2.76	6.22
Belgium	1487197	1762841	1486017	1312451	-1.77	5.17
Netherlands	734970.2	877049.7	947375.7	899636.6	2.93	3.55
Korea, Rep.	902454.4	717745.4	835898.4	836657.5	-1.08	3.30
Other Asia, nes	779797	719692.4	754257.3	727605	-0.98	2.87
France	867982.2	999909	801038.3	726238.2	-2.51	2.86
Japan	487989.1	566509.3	616989.1	608050.9	3.19	2.40
Hong Kong, China	435339.4	410076.6	436734.3	486075.3	1.59	1.92
Thailand	298854.8	376058.1	452853.6	413030.6	4.73	1.63
Spain	301925.5	351298	410132.2	409206.7	4.44	1.61
All countries	17025014	22538389	26310920	25377231	5.87	100.00

Fig 17

TRENDS IN EXPORTER OF OTHER MANMADE FIBRE TEXTILES

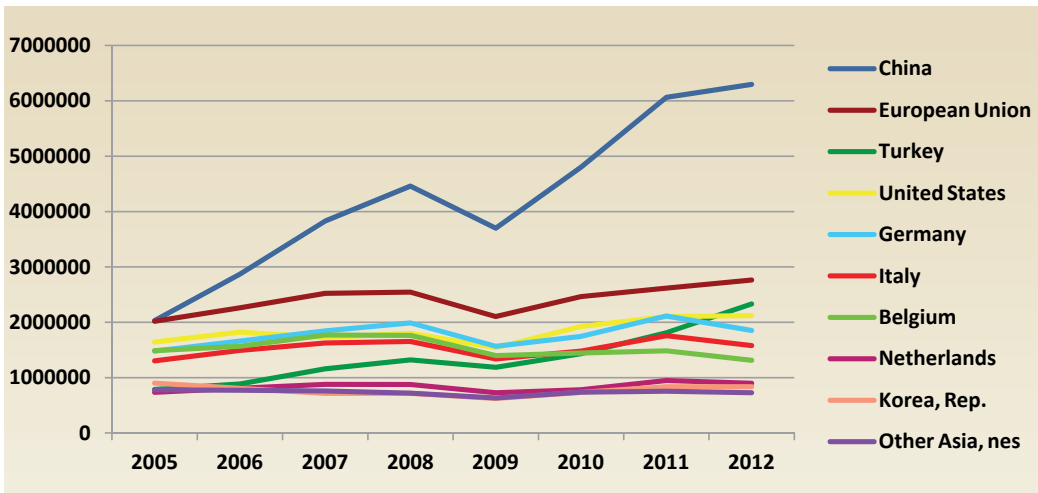
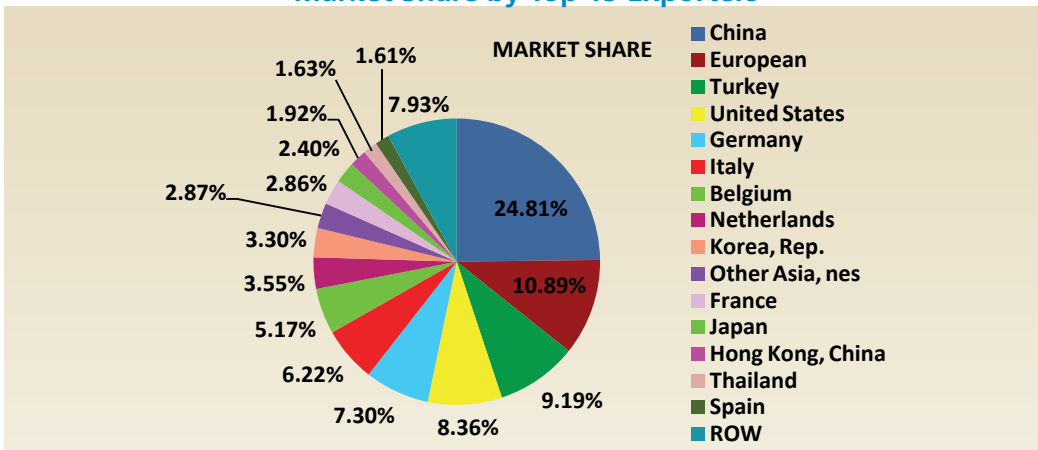


Fig 18

Market Share by Top 15 Exporters



China is the world's largest exporter of other manmade fibre Textiles, shares 24.81% of the total world export and is growing at the rate of 17.54%. China is followed by European Union, Turkey, United States and Germany sharing 10.89%, 9.19%, 8.36% and 7.30% of market respectively and all of them having positive growth rate. India is not there in the top fifteen exporters in the world export of other manmade fibre textiles. So the key competitors in the world in other manmade fibre textiles are china (24.81%), European Union (10.89%), Turkey (9.19%), United States(8.36%), Germany(7.30%), Italy(6.22%) Belgium (5.17%) etc.

Table 11

World's top importers in other manmade fibre textiles ('000 US \$)

Importer	2005	2008	2011	2012	CAGR (%)	MARKET SHARE (%)
United States	1667210	1586793	1938080	2013702	2.73	10.25
European Union	1365861	1824166	1959319	1937607	5.12	9.86
Germany	1375455	1550727	1765716	1462094	0.88	7.44
China	901005.4	1060354	1213206	1199293	4.17	6.10
United Kingdom	1186694	1260695	1188428	1048949	-1.75	5.34
Japan	518820.4	697689.1	916321.2	977345.8	9.47	4.97
Mexico	796779.5	795688	964356.8	934965.3	2.31	4.76
Canada	584812.1	680275.5	736865.5	729470.1	3.21	3.71
France	707217.4	781185.5	731525.3	668248.2	-0.81	3.40
Poland	395537.9	622378.8	663852.4	607780.8	6.33	3.09
Russian Federation	199631	453555	457343.8	601404.8	17.06	3.06
Italy	488488.8	624403.4	645194.9	586473.7	2.65	2.98
Turkey	327907.9	499513	594220.6	498572.1	6.17	2.54
Belgium	455511	576592.4	550357.4	488844.1	1.01	2.49
Netherlands	300816.1	370926.7	490012.3	464584.3	6.41	2.36
All countries	15171102	18698917	21143376	19653358	3.77	100.00

Fig 19

Trends in Imports

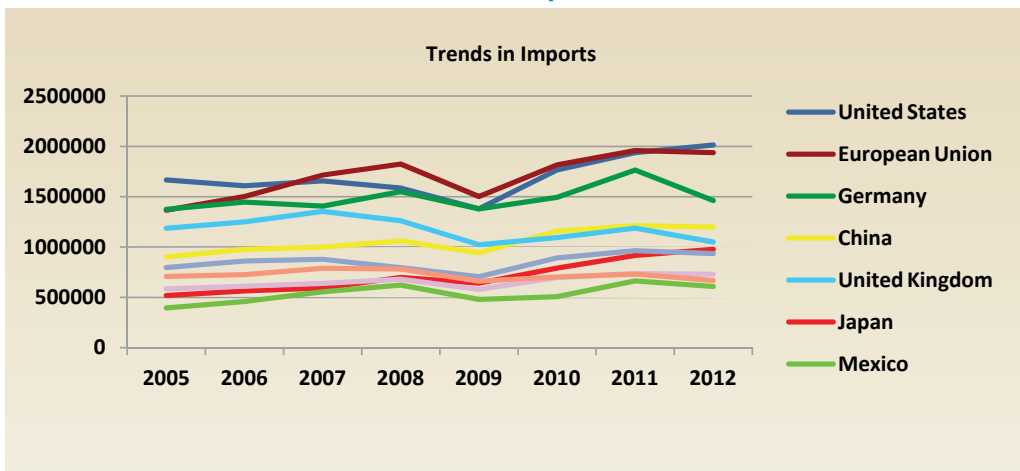
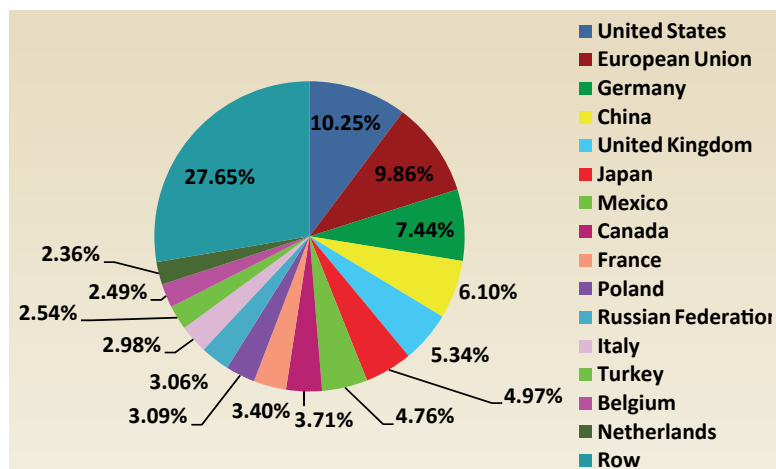


Fig 20

Market Share



World's biggest market for other man-made fibre textiles is United States. United States shares 10.25% of the world market and is growing at rate of 2.73%. The other markets are European Union, Germany, China, United Kingdom, Japan, Mexico etc sharing 9.86%, 7.44%, 6.10%, 5.34%, 4.97%, 4.76% of the world market respectively. All the markets are growing at positive rates except United Kingdom and France whose share in the world market is 3.40%.

Looking at the trend, during 2005 to 2012 all the major markets are stagnant to some extent. Only United Kingdom and France have experienced the negative compound annual growth. India is not there in the top fifteen markets.

Competitiveness of Combed Cotton Yarn (520523) in the International Market

(Combed Cotton 85% or more; 232.56-192.31 Decitex)

Introduction

Pure Cotton Yarn is processed by using 100% raw cotton without any blend. India stands at number one position in the world in the export of Cotton Yarn. Under the Harmonised Scheme (HS) of classification there are about 48 products that come under Cotton Yarn. The total market size of the cotton yarn is about US \$ 14.55 Bn during 2012. Of about 14.55 Bn USD of total Cotton Yarn trade in the world, the product 520523: Combed Cotton Yarn 85% or More; 232.56-192.31 Decitex is the second largest traded product of Cotton Yarn in the world with a total trade value of 1.69 Bn USD with a share of 11.61 %. Also, it is the top most exported product of Cotton Yarn from India worth 847.84 Mn USD with a share of 26.49 %. Due to these reasons and the importance the product has for the Indian Cotton Yarn sector, this product has been chosen for a detailed product level analysis.

Trend & Performance of Cotton Yarn:

The total trade in cotton yarn stands at 14.55 Bn USD with a growth

rate of 4.47% and major exporters being India (\$ 3.20 b), China (\$2.15 b) and Pakistan (\$ 2.13 b). The global Import of the cotton yarn is rising at a rate of 2.17% with major importers being China (\$4.95b), Hong Kong (\$1.51b) and European Union (\$1.11b). The detailed trend of the international trade on these products is given in Table 1.

Since the Combed Cotton yarn (520523) plays a crucial role in the world trade of cotton yarn and also very important in the Indian export basket, an effort has been made to analyse the trend and competitiveness of the product in the world market by using tools like compound Annual Growth Rate (CAGR). Time Series Analyses, Unit Value Realisation (UVR) and Revealed Comparative Advantage (RCA) analyses. The analyses has also tried to identify some potential market could be explored by India in future.

Table 12
Global Trade in Cotton Yarn during 2012

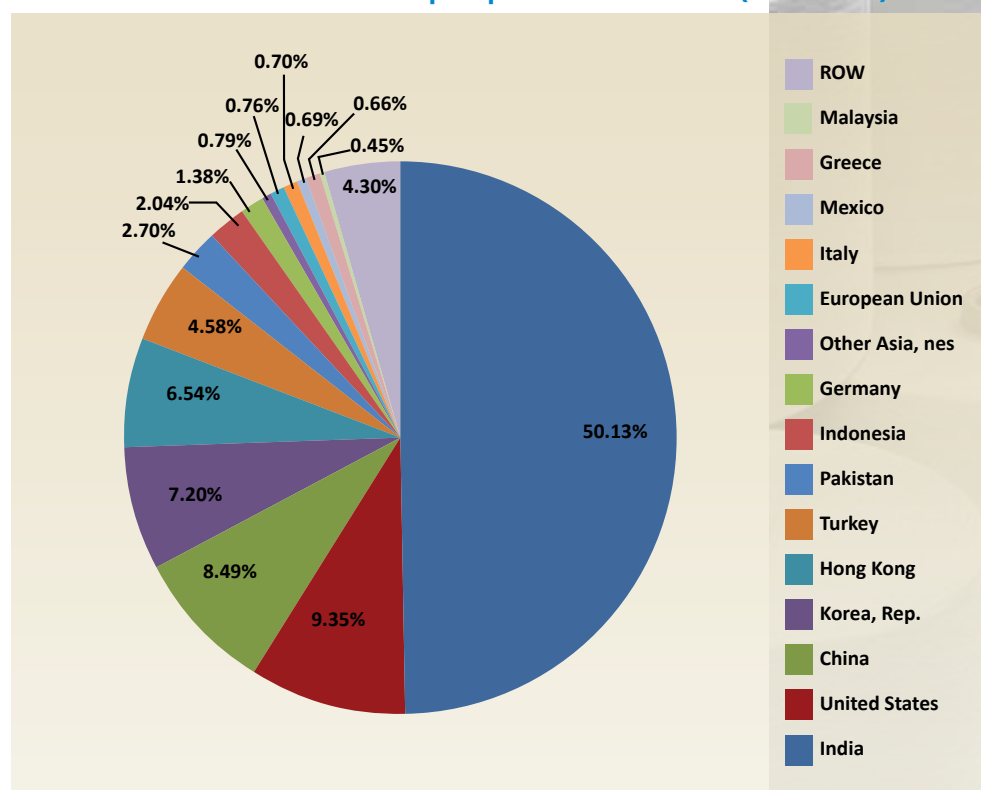
No.	Country	Export			Import			
		Value (Bn USD)	Share (%)	CAGR (%)	Country	Value (\$ bn)	Share (%)	CAGR (%)
1.	India	3.20	21.99	11.69	China	4.95	39.28	15.83
2.	China	2.15	14.77	6.25	Hong Kong	1.51	11.98	-3.51
3.	Pakistan	2.13	14.63	8.82	European Union	1.11	8.80	-0.59
World Export		14.55	100	4.47	World Import	12.60	100	2.17

Global Market Size: The total market size of the product during 2012 is \$ 1.69 billion.

Table 13
Top exporters of 520523 (Value wise in Mn USD)

Top Exporters	2004	2005	2006	2007	2008	2009	2010	2011	2012	Share (%)	CAGR (%)
India	44.32	51.82	99.95	174.61	314.61	301.90	877.85	835.25	847.84	50.13	44.62%
United States	47.19	39.38	62.06	54.15	111.43	86.70	116.62	183.01	158.20	9.35	16.32%
China	83.30	68.26	103.00	94.80	79.96	96.80	133.60	138.71	143.59	8.49	7.04%
Korea, Rep.	31.54	30.21	24.20	25.62	32.09	32.70	95.95	102.23	121.84	7.20	18.40%
Hong Kong	185.96	156.71	169.85	156.62	127.40	116.57	160.29	108.78	110.52	6.54	-6.30%
Turkey	36.78	32.98	61.53	34.83	28.72	18.70	27.25	52.54	77.44	4.58	9.75%
Pakistan	28.51	37.23	24.24	41.06	47.39	57.09	67.91	85.80	45.58	2.70	6.04%
Indonesia	0.00	0.00	0.00	0.00	0.00	0.00	62.01	54.51	34.46	2.04	-25.46%
Germany	23.59	18.57	21.52	24.93	20.01	14.78	22.61	24.65	23.40	1.38	-0.10%
Other Asia, nes	0.71	0.16	0.23	0.29	0.63	9.32	18.23	10.86	13.39	0.79	44.43%
European Union	11.35	8.35	10.71	13.66	9.99	8.42	11.73	15.29	12.83	0.76	1.55%
Italy	18.37	15.52	14.67	16.66	15.09	12.82	15.57	16.86	11.86	0.70	-5.32%
Mexico	29.20	17.84	20.19	21.64	14.14	10.04	23.25	19.89	11.61	0.69	-10.89%
Greece	48.44	49.47	41.85	37.86	27.20	21.53	23.52	21.02	11.17	0.66	-16.75%
Malaysia	0.11	0.57	0.00	0.06	0.21	8.35	9.28	3.27	7.67	0.45	70.25%
ROW	99.87	72.94	65.97	68.70	63.91	49.54	74.83	112.84	72.66	4.30	-3.90%
World	677.90	591.66	709.28	751.83	882.77	836.84	1728.75	1770.21	1691.23	100.00	12.11%

Fig 21
Market Share of top exporters of 520523 (in Values)



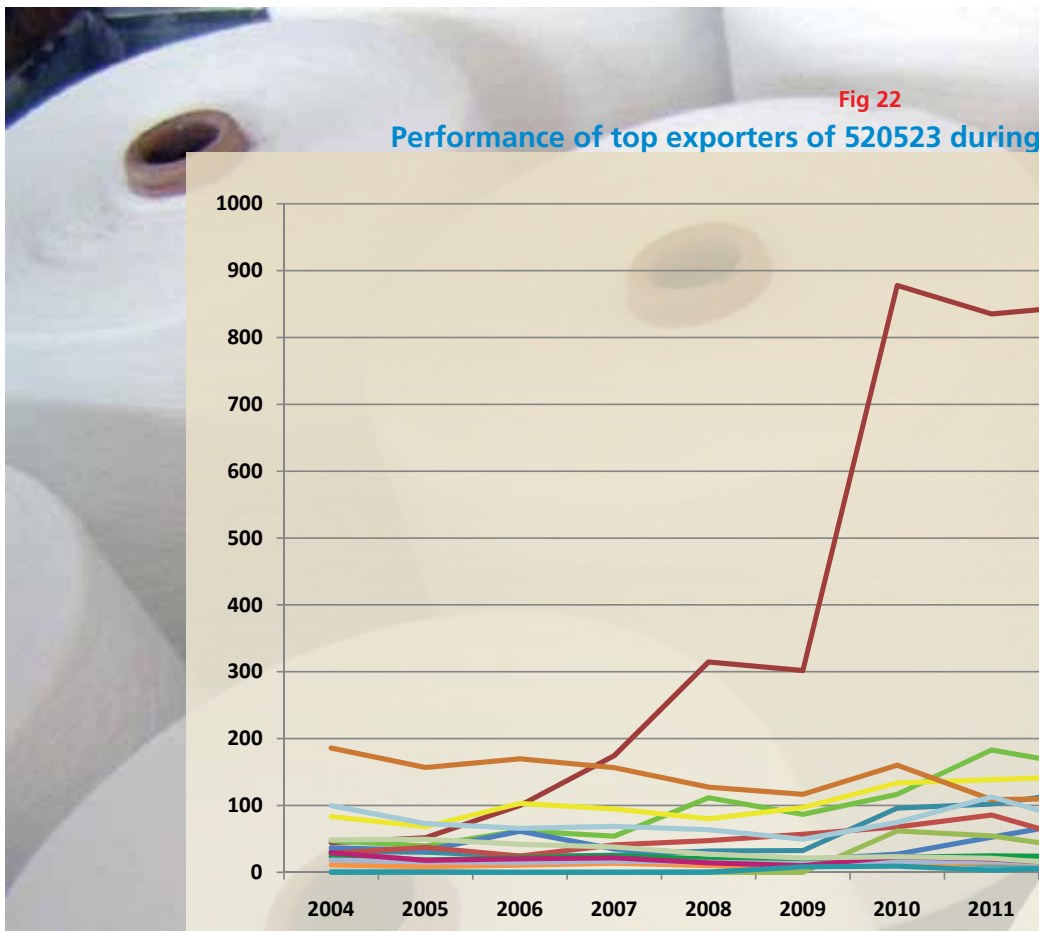
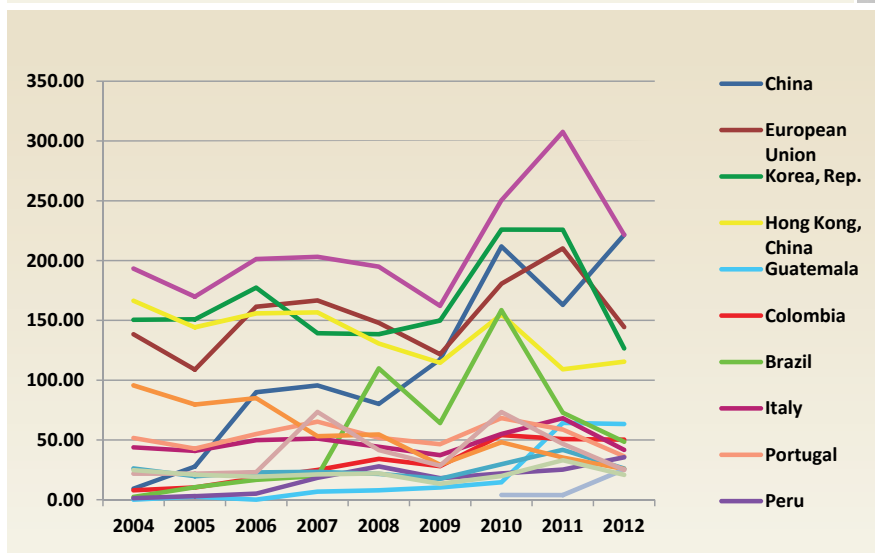
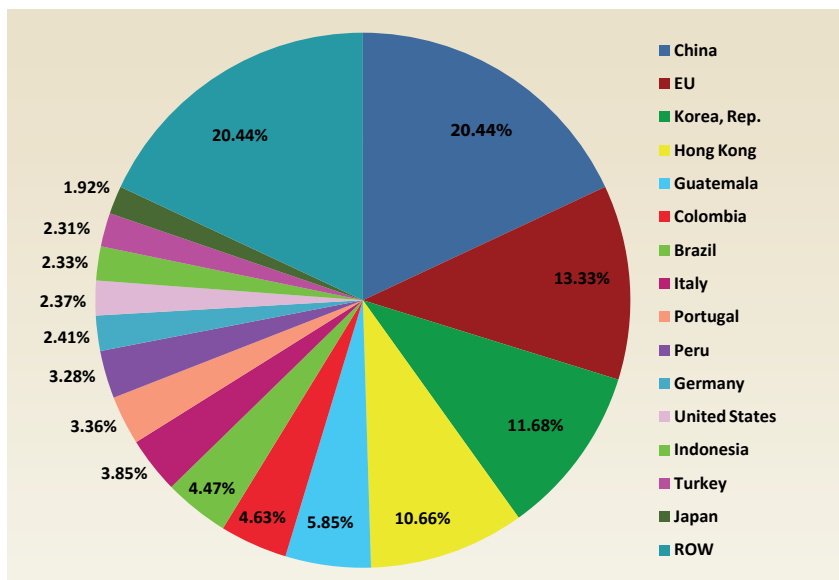


Table 14
Top Importers (Value wise in Mn USD)

Top Importers	2004	2005	2006	2007	2008	2009	2010	2011	2012	% Share	CAGR
China	9.34	27.79	89.95	95.56	80.18	117.38	211.79	162.94	221.59	20.44	48.56%
EU	138.38	108.85	161.47	166.72	147.92	121.71	180.56	210.11	144.48	13.33	0.54%
Korea, Rep.	150.44	150.84	177.39	139.33	138.48	149.90	225.91	225.78	126.62	11.68	-2.13%
Hong Kong	166.37	144.18	155.88	156.72	130.60	114.54	154.98	109.09	115.52	10.66	-4.46%
Guatemala	0.00	2.62	0.08	6.80	7.93	10.27	14.63	64.26	63.38	5.85	267.67%
Colombia	7.91	10.27	18.18	24.97	34.24	28.15	54.06	50.83	50.23	4.63	26.00%
Brazil	2.44	10.48	16.66	19.87	109.81	64.13	158.53	72.82	48.49	4.47	45.29%
Italy	43.81	40.85	49.89	51.25	44.34	37.32	55.05	68.15	41.70	3.85	-0.62%
Portugal	51.62	42.77	54.88	65.31	51.85	46.44	68.29	58.73	36.41	3.36	-4.27%
Peru	1.28	3.01	5.12	18.30	27.87	17.98	22.02	25.19	35.52	3.28	51.54%
Germany	26.18	19.68	22.83	23.41	21.66	17.48	29.68	41.71	26.14	2.41	-0.02%
United States	95.60	79.65	84.96	53.20	54.55	29.28	48.11	35.30	25.71	2.37	-15.14%
Indonesia							3.96	3.90	25.30	2.33	152.76%
Turkey	21.82	21.81	23.10	73.43	41.49	28.51	73.31	46.74	25.01	2.31	1.72%
Japan	24.75	20.96	19.30	21.19	22.02	13.44	19.85	33.07	20.77	1.92	-2.17%
ROW	193.29	169.84	201.30	203.12	194.92	162.15	250.48	307.60	221.61	20.44	1.72%
World	794.85	744.72	919.53	952.44	959.94	836.97	1390.65	1306.11	1084.00	100.00	3.95%



Importance of combed cotton yarn in export Basket & Global competitiveness

Table 15

Analysis for Importance of 520523 in Cotton Yarn Basket of top Importers: 2012 (Value in Mn USD)

Top 10 CY importers	Total CY Import (Mn USD)	Total Import of 520523 (Mn USD)	% Share of 520523 in Product Basket	Average Imports (2010-2012)	CAGR (2004-2012) for World Import of 520523
China	4952.82	221.59	4.47%	198.77	48.56%
Hong Kong	1511.08	115.52	7.65%	126.53	-4.46%
European Union	1116.23	144.48	12.94%	178.38	0.54%
Korea Republic	584.53	126.62	21.66%	192.77	-2.13%
Turkey	344.73	25.01	7.26%	48.35	1.72%
Russia	288.75	6.05	2.10%	4.62	21.40%
Japan	271.39	20.77	7.65%	24.56	-2.17%
Germany	248.67	26.14	10.51%	32.51	-0.02%
Egypt	238.27	0.95	0.40%	0.59	17.92%
Guatemala	212.84	63.38	29.78%	47.42	267.67%
Portugal	211.41	36.41	17.22%	54.48	-4.27%
US	164.79	25.71	15.60%	36.37	-15.14%
El Salvador	151.82	11.60	7.64%	13.47	277.55%
Mexico	148.85	0.91	0.61%	1.06	-6.97%
Sri Lanka	127.44	12.56	9.85%	6.33	53.51%
Malaysia	126.62	7.88	6.23%	7.00	35.71%
Spain	114.01	14.48	12.70%	15.14	-2.77%
Czech Republic	112.05	8.70	7.76%	6.65	5.45%
France	100.25	8.56	8.54%	11.17	-12.53%
World Total	11970.47	1084.00	9.06%	1260.26	3.95%

Table 16

Market Share (%) of top exporters in top Import markets :2012

Top Importers	Total Import Mn USD	Top Exporters Share						
		India	USA	China	Korea, Rep.	Hong Kong	Turkey	Pakistan
China	221.59	47.62		10.68	18.62	0.14		9.12
Hong Kong	115.52	30.90		38.24	13.67			10.11
European Union	144.48	51.52		0.94	1.02		31.88	3.61
Korea Republic	126.62	59.75	0.17	24.63			0.51	13.37
Turkey	25.01	13.92		1.53				2.02
Russian Federation	6.05	50.60		0.05			10.16	2.98
Japan	20.77	20.79		14.99	14.27		1.92	2.47
Germany	26.14	46.59		1.15			26.76	0.97
Egypt	0.95	84.08					15.83	0.00
Guatemala	63.38	19.07	21.58	0.32	1.79			3.21
Portugal	36.41	77.27			0.53		1.12	5.80
United States	25.71	19.86		0.98	58.30			4.18
El Salvador	11.60	1.10	85.69					0.03
Mexico	0.91	74.04	17.28		2.17			6.00
Sri Lanka	12.56	58.38		0.78	36.22			2.54
Malaysia	7.88	26.15	0.03	20.76	8.25			15.46
Spain	14.48	31.03					18.73	2.92
Czech Republic	8.70	21.84		1.90			30.49	0.04
France	8.56	4.36					14.27	1.44

Table 17

UVR of Top Exporters in top import destinations: 2012

Top Importers	India	USA	China	Korea, Rep.	Hong Kong	Turkey	Pakistan
China	3.60		4.23	3.93	3.70		3.61
Hong Kong	3.68		4.19	3.74			3.66
European Union	3.73		6.12	3.87		4.44	4.67
Korea Republic	3.51	4.47	6.02		16.46	4.85	4.28
Turkey	3.98		7.03				4.08
Russian Federation	3.83		3.86			4.75	3.53
Japan	4.62		6.74	4.34		10.18	6.24
Germany	3.61		3.63			4.16	6.35
Egypt	5.55					5.55	
Guatemala	3.68	4.87	5.89	4.60			3.70
Portugal	3.69		8.29	4.01		3.91	4.37
United States	2.47		4.98	3.36			3.95
El Salvador	3.54	4.41					5.68
Mexico	2.98	3.23		1.59			6.59
Sri Lanka	3.61		8.59	3.80			3.65
Malaysia	3.18	14.46	7.07	3.83			4.27
Spain	4.05					4.26	5.85
Czech Republic	4.27		2.58			3.97	9.74
France	4.19					5.79	5.46

Table 18

Top exporters RCA in 520523 in the world (2004-2012)

Top Exporters	2004	2005	2006	2007	2008	2009	2010	2011	2012	Analysis
India	1.17	1.47	1.91	2.56	3.92	4.56	4.10	4.12	3.74	All time RCA
United States	0.48	0.50	0.64	0.55	0.95	0.85	0.50	0.63	0.72	All time RCD
China	0.83	0.68	0.78	0.65	0.42	0.49	0.33	0.34	0.37	All time RCD
Korea, Rep.	2.54	2.87	2.29	2.43	3.04	3.17	4.35	4.74	5.92	All time RCA
Hong Kong	2.29	2.29	2.23	2.07	1.68	1.58	1.30	1.16	1.26	All time RCA
Turkey	1.97	2.07	3.08	1.40	1.00	0.71	0.61	1.05	1.64	Cyclical
Pakistan	0.63	0.81	0.45	0.77	0.75	0.86	0.54	0.65	0.33	All time RCD
Indonesia	NA	NA	NA	NA	NA	NA	2.66	2.59	1.83	All time RCA (2010)
Germany	0.99	0.94	0.98	1.10	0.79	0.66	0.60	0.63	0.73	All time RCD
Other Asia, nes	0.07	0.02	0.02	0.03	0.07	0.90	0.98	0.61	0.76	All time RCD
European Union	0.18	0.17	0.19	0.22	0.14	0.13	0.11	0.17	0.14	All time RCD
Italy	0.35	0.36	0.31	0.33	0.29	0.30	0.23	0.27	0.23	All time RCD
Mexico	8.78	5.91	7.79	6.58	3.68	2.90	2.96	1.97	1.05	All time RCA
Greece	4.78	6.26	4.47	5.06	2.79	1.82	1.14	1.68	0.64	RCA to RCD (2012)
Malaysia	0.05	0.34	0.00	0.03	0.07	2.94	1.66	0.26	0.49	All time RCD

Table 19

UVR of Top exporters in 520523 in the world (2004-2012)

Top Exporters	2004	2005	2006	2007	2008	2009	2010	2011	2012
India	2.62	2.49	2.49	2.57	2.66	2.40	3.06	4.13	3.41
United States	4.75	4.68	5.15	4.69	3.17	3.78	3.07	4.31	3.81
China	3.52	3.06	3.13	3.18	3.68	3.79	4.53	6.61	5.20
Korea, Rep.	3.32	2.91	3.16	2.94	3.39	3.12	4.12	4.59	3.83
Hong Kong	3.20	2.81	2.93	2.92	3.12	3.02	3.64	4.62	3.88
Turkey	3.26	2.93	3.01	3.55	3.74	3.34	4.38	5.54	4.14
Pakistan	2.53	2.37	2.42	2.52	2.73	2.49	3.64	4.75	3.81
Indonesia	NA	NA	NA	NA	NA	NA	3.53	4.98	4.03
Germany	4.27	4.19	4.27	4.59	5.01	4.53	5.26	7.25	5.72
Other Asia, nes	4.40	5.24	4.99	6.89	5.04	3.10	2.84	4.63	4.06
European Union	4.73	4.90	4.89	5.18	6.27	5.45	5.83	7.57	7.02
Italy	6.73	5.69	5.71	5.95	6.37	6.04	7.14	9.44	8.69
Mexico	0.75	3.19	3.26	3.33	3.31	3.33	4.17	6.10	4.40
Greece	3.66	3.04	3.33	3.61	3.85	3.67	4.32	6.67	4.72
Malaysia	3.07	2.83	NA	3.18	2.59	2.67	3.60	4.70	4.04



Potential Market for Export

Table 20

Target countries for export in the world (Value in Mn USD)

Importing Countries	2004	2005	2006	2007	2008	2009	2010	2011	2012	CAGR (%)
China	9.34	27.79	89.95	95.56	80.18	117.38	211.79	162.94	221.59	48.56
EU	138.38	108.85	161.47	166.72	147.92	121.71	180.56	210.11	144.48	0.54
Guatemala	0.00	2.62	0.08	6.80	7.93	10.27	14.63	64.26	63.38	267.67
Colombia	7.91	10.27	18.18	24.97	34.24	28.15	54.06	50.83	50.23	26.00
Brazil	2.44	10.48	16.66	19.87	109.81	64.13	158.53	72.82	48.49	45.29
Peru	1.28	3.01	5.12	18.30	27.87	17.98	22.02	25.19	35.52	51.54
Indonesia	NA	NA	NA	NA	NA	NA	3.96	3.90	25.30	152.76
Turkey	21.82	21.81	23.10	73.43	41.49	28.51	73.31	46.74	25.01	1.72
Poland	14.13	10.24	13.73	13.54	15.36	14.99	18.92	21.23	19.15	3.87
Morocco	9.51	9.43	11.12	13.97	13.66	12.04	16.18	17.25	15.30	6.12
Sri Lanka	0.41	0.26	0.33	0.43	0.44	0.14	0.41	6.01	12.56	53.51

Findings

- Major exporters of 520523 include India, United States, Korea, China, Hong Kong, Indonesia etc.
- Major importers include China, Korea, Hong Kong, Guatemala, Columbia, Brazil etc.
- India, Korea, Hong Kong, Indonesia and Malaysia enjoy an all time RCA in this product.
- Based on the trend and competitive environment, the Indian exporters may try to tap the emerging markets like China, Columbia, Guatemala, Peru, Brazil, Indonesia, Turkey etc



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Email : aanand@owmnahar.com, kalsi@owmnahar.com, Website : owmnahar.com

Skype id : anil_anand

Cotton Fibre Production

Top Producers of Cotton in the World (>4 lakh 480 lb bales)										
Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	AAGR
China	30300	28400	35500	37000	36700	32000	30500	33100	35000	0.98%
%	25.49	24.82	29.52	31.34	34.50	31.81	26.67	27.07	29.86	
India	19000	19050	21800	24000	22600	23800	26400	27500	25500	4.52%
%	15.99	16.65	18.13	20.33	21.25	23.66	23.08	22.49	21.75	
United states	23251	23890	21588	19207	12815	12188	18104	15573	17010	-5.42%
%	19.56	20.88	17.95	16.27	12.05	12.12	15.83	12.74	14.51	
Pakistan	11138	9850	9580	8550	8540	9240	8640	10600	9300	-1.04%
%	9.37	8.61	7.97	7.24	8.03	9.18	7.55	8.67	7.93	
Brazil	5900	4700	7000	7360	5480	5450	9000	8700	6500	4.15%
%	4.96	4.11	5.82	6.23	5.15	5.42	7.87	7.11	5.54	
Uzbekistan	5200	5550	5350	5350	4600	3900	4100	4200	4300	-3.99%
%	4.37	4.85	4.45	4.53	4.32	3.88	3.58	3.43	3.67	
Australia	3000	2800	1350	640	1500	1775	4200	5500	4200	11.74%
%	2.52	2.45	1.12	0.54	1.41	1.76	3.67	4.50	3.58	
Turkey	4150	3550	3800	3100	1930	1750	2110	3440	2600	-6.00%
%	3.49	3.10	3.16	2.63	1.81	1.74	1.84	2.81	2.22	
Turkmenistan	920	975	1400	1350	1550	1470	1750	1400	1500	6.13%
%	0.77	0.85	1.16	1.14	1.46	1.46	1.53	1.14	1.28	
Greece	1800	1975	1550	1550	1150	940	940	1330	1150	-7.19%
%	1.51	1.73	1.29	1.31	1.08	0.93	0.82	1.09	0.98	
Burkina faso	1180	1367	1300	675	850	700	650	700	1050	-6.18%
%	0.99	1.19	1.08	0.57	0.80	0.70	0.57	0.57	0.90	
Mexico	625	635	650	620	567	475	732	1180	944	5.97%
%	0.53	0.55	0.54	0.53	0.53	0.47	0.64	0.97	0.81	
Argentina	515	573	594	743	779	641	878	1106	921	8.57%
%	0.43	0.50	0.49	0.63	0.73	0.64	0.77	0.90	0.79	
Syria	1400	1600	1020	1110	1075	1030	735	900	725	-8.13%
%	1.18	1.40	0.85	0.94	1.01	1.02	0.64	0.74	0.62	
Cote d'ivoire	640	500	312	225	225	350	340	450	600	0.07%
%	0.54	0.44	0.26	0.19	0.21	0.35	0.30	0.37	0.51	
Tajikistan	762	634	643	597	491	381	409	580	550	-4.76%
%	0.64	0.55	0.53	0.51	0.46	0.38	0.36	0.47	0.47	
Egypt	1356	938	975	970	483	432	550	745	515	-10.29%
%	1.14	0.82	0.81	0.82	0.45	0.43	0.48	0.61	0.44	
Zimbabwe	370	490	475	565	415	500	500	600	475	2.68%
%	0.31	0.43	0.40	0.48	0.39	0.50	0.44	0.49	0.41	
Cameroon	500	415	365	210	250	225	275	325	460	-2.57%
%	0.42	0.36	0.30	0.18	0.24	0.22	0.24	0.27	0.39	
Tanzania	525	575	200	310	570	410	275	315	400	-3.24%
%	0.44	0.50	0.17	0.26	0.54	0.41	0.24	0.26	0.34	
Sub total	112532	108467	115452	114132	102570	97657	111088	118244	113700	0.11%
%	94.68	94.79	96.02	96.66	96.42	97.07	97.12	96.70	96.99	
Total	118861	114423	120241	118071	106376	100600	114378	122279	117231	-0.19%
%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	



Cotton Fibre Exports

Top Exporters of Cotton in the World (>100000 '000 US\$)

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	AAGR
U S	4251.22	3923.87	4502.64	4580.34	4832.01	3386.85	5747.64	8425.18	6246.71	6.93%
%	50.28	48.49	49.08	46.91	46.23	41.34	41.51	42.33	34.99	
India	180.29	326.13	968.33	1642.06	1619.16	1007.01	2973.02	3388.97	3647.07	41.45%
%	2.13	4.03	10.56	16.82	15.49	12.29	21.47	17.03	20.43	
Australia	712.43	769.73	764.31	460.99	377.88	421.50	934.86	2479.75	2717.82	16.53%
%	8.43	9.51	8.33	4.72	3.61	5.15	6.75	12.46	15.22	
Brazil	406.07	449.73	338.22	506.84	696.06	684.58	821.55	1590.06	2104.43	32.23%
%	4.80	5.56	3.69	5.19	6.66	8.36	5.93	7.99	11.79	
E U	349.75	250.81	392.93	224.81	332.15	397.33	522.84	362.85	625.42	10.92%
%	4.14	3.10	4.28	2.30	3.18	4.85	3.78	1.82	3.50	
Greece	365.65	327.23	398.20	227.52	329.42	402.89	487.74	326.65	550.92	4.45%
%	4.32	4.04	4.34	2.33	3.15	4.92	3.52	1.64	3.09	
Malaysia	0.32	0.30	0.42	0.36	3.13	6.93	8.02	289.77	441.95	290.82%
%	0.00	0.00	0.00	0.00	0.03	0.08	0.06	1.46	2.48	
Pakistan	86.23	80.49	58.65	46.53	117.06	171.58	216.74	359.35	373.08	26.84%
%	1.02	0.99	0.64	0.48	1.12	2.09	1.57	1.81	2.09	
Egypt	0.00	0.00	0.00	0.00	193.53	87.49	265.48	264.33	196.47	12.03%
%	0.00	0.00	0.00	0.00	1.85	1.07	1.92	1.33	1.10	
Mexico	44.86	56.13	53.78	65.12	78.58	46.72	52.80	119.35	126.40	10.59%
%	0.53	0.69	0.59	0.67	0.75	0.57	0.38	0.60	0.71	
Spain	95.77	64.70	92.94	45.00	41.29	19.01	62.32	109.71	117.12	1.22%
%	1.13	0.80	1.01	0.46	0.40	0.23	0.45	0.55	0.66	
Argentina	10.77	24.86	1.86	8.92	1.78	15.64	74.71	231.71	107.96	48.84%
%	0.13	0.31	0.02	0.09	0.02	0.19	0.54	1.16	0.60	
Turkey	77.51	52.83	87.64	99.39	111.24	62.33	64.21	146.26	106.89	5.57%
%	0.92	0.65	0.96	1.02	1.06	0.76	0.46	0.73	0.60	
Kazakhstan	169.56	162.66	179.56	180.13	127.98	83.17	0.00	69.66	85.27	-11.50%
%	2.01	2.01	1.96	1.84	1.22	1.02	0.00	0.35	0.48	
Togo	49.02	26.64	0.00	25.04	125.22	136.09	141.72	268.24	63.34	22.02%
%	0.58	0.33	0.00	0.26	1.20	1.66	1.02	1.35	0.35	
Ghana	14.04	0.61	0.66	0.61	0.45	2.73	0.02	11.67	56.83	15.83%
%	0.17	0.01	0.01	0.01	0.00	0.03	0.00	0.06	0.32	
Paraguay	113.14	76.02	40.84	45.51	25.43	20.16	24.41	17.04	43.95	-15.51%
%	1.34	0.94	0.45	0.47	0.24	0.25	0.18	0.09	0.25	
Hong Kong	15.58	15.12	26.82	28.15	16.35	33.61	72.85	44.09	43.88	17.21%
%	0.18	0.19	0.29	0.29	0.16	0.41	0.53	0.22	0.25	
Israel	40.86	42.79	42.76	28.44	28.41	24.95	34.68	34.62	38.61	-11.06%
%	0.48	0.53	0.47	0.29	0.27	0.30	0.25	0.17	0.22	
Sub Total	6983.06	6650.67	7950.56	8215.77	9057.13	7010.55	12505.61	18539.27	17694.10	13.39%
%	82.58	82.19	86.67	84.14	86.65	85.58	90.31	93.14	99.10	
Total	8455.76	8091.62	9173.48	9764.62	10453.14	8191.89	13847.40	19904.72	17854.20	11.14%
%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

Cotton Yarn Production

Top Producers of Cotton Yarn (>75 000 metric tonnes) (in ' 000 metric tonnes)

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	AAGR
China	12913.4	14505.4	17429.6	19377.9	17445.9	18565.1	20694.0	19575.6	19222.3	20798.0	4.40%
%	49.71	52.20	56.30	58.47	58.03	60.31	60.86	60.93	59.95	60.16	
India	2249.0	2432.0	2690.0	2924.3	2914.2	2966.9	3291.8	3301.8	3302.9	3691.8	4.97%
%	8.66	8.75	8.69	8.82	9.69	9.64	9.68	10.28	10.30	10.68	
Pakistan	2280.6	2546.5	2694.9	2907.1	2882.4	2616.3	2946.7	2937.5	3021.6	3287.2	2.99%
%	8.78	9.16	8.71	8.77	9.59	8.50	8.67	9.14	9.42	9.51	
Turkey	1250.0	1325.0	1354.0	1310.0	610.0	938.3	1092.6	663.0	1061.4	1137.3	-3.62%
%	4.81	4.77	4.37	3.95	2.03	3.05	3.21	2.06	3.31	3.29	
Brazil	925.0	903.6	1096.9	1121.2	1123.0	1052.0	1115.5	1026.6	987.5	1023.0	0.68%
%	3.56	3.25	3.54	3.38	3.74	3.42	3.28	3.20	3.08	2.96	
Indonesia	943.7	960.0	830.0	880.0	833.3	816.0	825.8	775.5	789.9	854.6	-1.69%
%	3.63	3.45	2.68	2.66	2.77	2.65	2.43	2.41	2.46	2.47	
Vietnam	109.0	124.3	144.7	179.7	203.3	242.9	282.3	270.0	261.8	289.5	11.97%
%	0.42	0.45	0.47	0.54	0.68	0.79	0.83	0.84	0.82	0.84	
Korea Rep.	263.9	252.6	217.3	216.1	206.0	210.1	221.4	227.2	240.2	236.9	-0.61%
%	1.02	0.91	0.70	0.65	0.69	0.68	0.65	0.71	0.75	0.69	
Thailand	339.0	359.5	352.7	343.1	323.0	305.3	314.4	271.5	216.2	223.6	-5.27%
%	1.31	1.29	1.14	1.04	1.07	0.99	0.92	0.85	0.67	0.65	
Uzbekistan	168.3	146.3	143.7	179.9	182.1	185.0	198.7	199.8	202.7	218.1	4.07%
%	0.65	0.53	0.46	0.54	0.61	0.60	0.58	0.62	0.63	0.63	
Taiwan	287.4	261.7	276.4	270.7	240.9	227.9	248.3	201.1	215.7	214.1	-3.52%
%	1.11	0.94	0.89	0.82	0.80	0.74	0.73	0.63	0.67	0.62	
Bangladesh	92.2	114.6	135.9	167.7	173.9	179.0	183.2	178.5	171.2	189.8	6.87%
%	0.35	0.41	0.44	0.51	0.58	0.58	0.54	0.56	0.53	0.55	
Argentina	120.0	130.0	140.0	145.0	128.5	125.0	133.8	152.0	126.9	139.2	0.80%
%	0.46	0.47	0.45	0.44	0.43	0.41	0.39	0.47	0.40	0.40	
Turkmenistan	75.6	78.7	79.7	82.1	81.5	78.7	87.8	102.6	110.2	124.1	5.12%
%	0.29	0.28	0.26	0.25	0.27	0.26	0.26	0.32	0.34	0.36	
Egypt	167.0	149.0	153.2	150.4	149.9	137.1	125.2	101.6	100.2	111.8	-5.36%
%	0.64	0.54	0.49	0.45	0.50	0.45	0.37	0.32	0.31	0.32	
Syria	113.6	126.0	137.3	145.9	133.2	126.4	142.1	130.9	109.0	94.5	-1.83%
%	0.44	0.45	0.44	0.44	0.44	0.41	0.42	0.41	0.34	0.27	
Russia	260.1	251.1	248.8	230.1	184.4	130.4	132.3	82.6	92.7	89.1	-13.61%
%	1.00	0.90	0.80	0.69	0.61	0.42	0.39	0.26	0.29	0.26	
Colombia	83.7	81.9	83.6	81.4	75.5	74.6	73.6	68.3	73.4	88.4	-0.97%
%	0.32	0.29	0.27	0.25	0.25	0.24	0.22	0.21	0.23	0.26	
Iran	76.1	118.1	61.8	62.2	88.4	76.0	76.0	76.0	76.1	79.5	-0.72%
%	0.29	0.43	0.20	0.19	0.29	0.25	0.22	0.24	0.24	0.23	
Morocco	62.4	63.7	68.0	71.7	72.0	67.6	67.6	67.6	67.7	70.7	0.78%
%	0.24	0.23	0.22	0.22	0.24	0.22	0.20	0.21	0.21	0.20	
Sub Total	22780.0	24930.0	28338.5	30846.5	28051.4	29120.6	32253.1	30409.7	30449.6	32961.2	3.23%
%	87.69	89.72	91.54	93.08	93.31	94.61	94.86	94.65	94.96	95.34	
Total	25976.9	27785.9	30957.0	33139.9	30061.8	30780.5	34000.6	32129.0	32065.9	34572.8	2.37%
%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	



Cotton Yarn Exports

Top Exporters of Cotton Yarn in the World (>50 Mn US\$) (In Mn US\$)

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	AAGR
India	1320.18	1385.67	1604.56	1790.48	1791.52	1289.91	2814.22	2797.68	3196.60	11.33%
%	14.04	14.91	15.24	16.28	15.94	13.44	20.03	19.26	23.96	
China	1325.84	1390.03	1815.52	1920.05	1952.38	1800.82	2232.48	2232.65	2154.10	6.38%
%	14.10	14.96	17.25	17.46	17.37	18.76	15.89	15.37	16.15	
Pakistan	1086.38	1220.73	1446.72	1402.51	1207.06	1297.87	1653.02	2002.92	2136.38	7.57%
%	11.55	13.14	13.74	12.75	10.74	13.52	11.77	13.79	16.01	
Hong Kong	1970.71	1804.69	1946.35	1896.34	1707.24	1583.24	1875.09	1524.70	1404.34	-3.47%
%	20.95	19.42	18.49	17.24	15.19	16.50	13.35	10.50	10.53	
U S	540.82	588.62	744.30	859.29	1002.61	878.51	1112.69	1836.31	1326.00	13.93%
%	5.75	6.33	7.07	7.81	8.92	9.15	7.92	12.64	9.94	
Turkey	293.30	258.76	351.66	319.85	339.19	259.49	315.88	491.60	457.99	5.63%
%	3.12	2.78	3.34	2.91	3.02	2.70	2.25	3.38	3.43	
Indonesia	0.00	0.00	0.00	0.00	0.00	0.00	407.43	400.24	390.91	-2.05%
%	0.00	0.00	0.00	0.00	0.00	0.00	2.90	2.76	2.93	
Other Asia	120.67	141.44	164.52	166.26	161.01	225.66	307.72	368.55	386.97	16.36%
%	1.28	1.52	1.56	1.51	1.43	2.35	2.19	2.54	2.90	
Korea, Rep.	109.99	110.81	89.18	96.94	106.33	99.59	246.15	277.77	282.75	15.39%
%	1.17	1.19	0.85	0.88	0.95	1.04	1.75	1.91	2.12	
E U	274.43	246.82	269.18	273.50	250.74	202.89	234.24	255.00	236.90	-1.76%
%	2.92	2.66	2.56	2.49	2.23	2.11	1.67	1.76	1.78	
Egypt	0.00	0.00	0.00	0.00	131.05	140.12	280.29	307.02	228.91	20.92%
%	0.00	0.00	0.00	0.00	1.17	1.46	1.99	2.11	1.72	
Thailand	129.36	135.95	124.62	147.65	138.99	133.49	210.42	211.45	174.66	5.96%
%	1.38	1.46	1.18	1.34	1.24	1.39	1.50	1.46	1.31	
Germany	216.83	187.98	182.81	206.67	179.37	128.92	182.20	231.96	164.37	-1.58%
%	2.31	2.02	1.74	1.88	1.60	1.34	1.30	1.60	1.23	
Spain	190.52	167.02	149.62	142.75	123.77	88.19	96.23	128.09	99.42	-7.63%
%	2.03	1.80	1.42	1.30	1.10	0.92	0.68	0.88	0.75	
Mexico	78.69	53.33	50.14	57.02	51.33	50.10	103.45	113.47	91.34	7.22%
%	0.84	0.57	0.48	0.52	0.46	0.52	0.74	0.78	0.68	
Belgium	112.98	82.51	91.40	102.47	93.17	66.23	80.40	104.02	69.85	-3.15%
%	1.20	0.89	0.87	0.93	0.83	0.69	0.57	0.72	0.52	
France	111.96	89.63	83.03	86.93	77.94	65.17	60.65	60.33	55.14	-7.90%
%	1.19	0.96	0.79	0.79	0.69	0.68	0.43	0.42	0.41	
Sub Total	7882.65	7863.98	9113.60	9468.70	9313.69	8310.18	12212.55	13343.75	12856.63	6.89%
%	83.82	84.62	86.58	86.10	82.88	86.59	86.93	91.85	96.37	
Grand Total	9404.48	9292.77	10525.88	10997.88	11238.18	9597.35	14049.52	14527.10	13340.59	5.44%
%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

Cotton Fabric Production

Top Producers of Cotton fabric in the world ('000 metric tonnes)										
Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	AAGR
China	5857.5	4587.9	5320.1	5902.1	6411.5	6895.1	7964.3	7070	6942.4	5.02%
%	35.27	29.62	32.27	34.36	37.71	40.21	42.93	40.09	39.26	
India	2607.7	3062.4	3317.7	3638.7	3597.1	3725.6	4009.6	4143.3	4144.7	5.41%
%	15.70	19.77	20.13	21.18	21.16	21.73	21.61	23.49	23.44	
Pakistan	2835.9	2772	2999	3107.4	3118.8	3118.8	3056.5	3117.6	3206.8	1.49%
%	17.08	17.90	18.19	18.09	18.35	18.19	16.48	17.68	18.14	
Indonesia	906	963	789	770	760.6	744.8	753.8	707.9	721	-3.22%
%	5.46	6.22	4.79	4.48	4.47	4.34	4.06	4.01	4.08	
Brazil	810.8	605.7	821.9	801.8	802	672	723.7	666.1	640.7	-1.80%
%	4.88	3.91	4.99	4.67	4.72	3.92	3.90	3.78	3.62	
Turkey	560	580	646	520	270	243	296.5	260.9	417.7	-9.35%
%	3.37	3.74	3.92	3.03	1.59	1.42	1.60	1.48	2.36	
Iran	202.9	181	150.5	141.4	219.5	188.7	188.7	188.7	189	0.97%
%	1.22	1.17	0.91	0.82	1.29	1.10	1.02	1.07	1.07	
Russia	285.5	295.6	295.3	278.7	250.5	195.2	204.9	163	183	-7.46%
%	1.72	1.91	1.79	1.62	1.47	1.14	1.10	0.92	1.03	
Thailand	201.4	207.8	206.7	199.7	188.7	178.3	183.6	158.6	126.3	-4.92%
%	1.21	1.34	1.25	1.16	1.11	1.04	0.99	0.90	0.71	
Mexico	117.6	137.2	125.3	117.7	122.9	127.3	133.9	128.4	125.5	0.45%
%	0.71	0.89	0.76	0.69	0.72	0.74	0.72	0.73	0.71	
United States	524.4	601.7	443.5	324	131.4	91.2	96.1	102.5	92.2	-24.16%
%	3.16	3.88	2.69	1.89	0.77	0.53	0.52	0.58	0.52	
Sub Total	14909.7	13994.3	15115	15801.5	15873	16180	17611.6	16707	16789.3	2.25%
%	89.77	90.35	91.69	91.98	93.37	94.36	94.94	94.73	94.95	
Total Above	16607.9	15489.3	16484.8	17179.5	17000.7	17147.6	18551.1	17635.9	17681.4	1.47%
%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

Cotton Fabric Exports

Top Exporters of Cotton Fabric in the World (In Mn US\$)

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	AAGR
China	5236.14	6028.81	7024.91	7387.05	8674.80	7766.08	10805.56	13161.73	12618.67	11.95%
%	17.67	20.50	22.90	23.91	27.60	31.11	36.22	38.14	46.14	
Pakistan	1759.92	2078.02	2036.67	1930.85	2216.06	1680.06	2071.69	2643.16	2602.79	3.70%
%	5.94	7.06	6.64	6.25	7.05	6.73	6.94	7.66	9.52	
E U	3383.73	3157.02	3120.04	3405.08	3413.27	2583.66	2727.71	2722.28	2594.02	-3.36%
%	11.42	10.73	10.17	11.02	10.86	10.35	9.14	7.89	9.49	
Hong Kong	3284.92	3226.12	3082.66	2940.12	2558.70	1921.75	1990.27	1996.07	1818.33	-8.16%
%	11.09	10.97	10.05	9.52	8.14	7.70	6.67	5.78	6.65	
India	916.67	863.98	881.86	940.41	1089.92	873.38	1046.00	1519.98	1621.59	7.33%
%	3.09	2.94	2.88	3.04	3.47	3.50	3.51	4.40	5.93	
Germany	1270.52	1207.11	1228.35	1211.82	1181.67	901.04	959.05	1148.19	960.18	-3.38%
%	4.29	4.10	4.00	3.92	3.76	3.61	3.21	3.33	3.51	
Japan	1145.83	1022.66	969.95	904.10	838.78	641.15	639.59	747.09	691.47	-6.67%
%	3.87	3.48	3.16	2.93	2.67	2.57	2.14	2.16	2.53	
Spain	733.87	686.61	693.79	759.59	702.72	542.52	594.97	686.69	589.81	-2.50%
%	2.48	2.33	2.26	2.46	2.24	2.17	1.99	1.99	2.16	
Korea, Rep.	685.53	655.85	607.97	573.47	477.19	384.73	449.60	526.56	471.66	-5.13%
%	2.31	2.23	1.98	1.86	1.52	1.54	1.51	1.53	1.72	
France	913.36	809.03	774.31	747.42	696.61	513.93	501.99	491.36	386.11	-9.79%
%	3.08	2.75	2.52	2.42	2.22	2.06	1.68	1.42	1.41	
Netherlands	298.78	278.68	269.87	307.07	355.80	300.23	310.30	379.33	357.70	3.22%
%	1.01	0.95	0.88	0.99	1.13	1.20	1.04	1.10	1.31	
Belgium	586.46	537.42	535.36	523.87	527.54	353.41	374.56	366.37	295.29	-8.00%
%	1.98	1.83	1.75	1.70	1.68	1.42	1.26	1.06	1.08	
Indonesia	0.00	0.00	0.00	0.00	0.00	0.00	297.05	349.72	279.20	-3.05%
%	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.01	1.02	
Other Asia	574.41	493.41	484.38	428.11	354.11	266.93	283.67	311.09	271.42	-2.18%
%	1.94	1.68	1.58	1.39	1.13	1.07	0.95	0.90	0.99	
Czech Rep	201.78	201.47	213.91	270.07	278.47	224.55	207.08	267.99	237.90	2.13%
%	0.68	0.68	0.70	0.87	0.89	0.90	0.69	0.78	0.87	
U K	319.86	258.67	281.98	260.66	243.22	181.74	209.38	240.15	225.08	-4.22%
%	1.08	0.88	0.92	0.84	0.77	0.73	0.70	0.70	0.82	
Switzerland	212.93	203.80	203.41	228.03	236.52	192.55	200.82	220.46	185.50	-0.85%
%	0.72	0.69	0.66	0.74	0.75	0.77	0.67	0.64	0.68	
Brazil	266.97	263.69	270.13	286.79	239.37	144.92	164.11	190.97	158.93	-7.57%
%	0.90	0.90	0.88	0.93	0.76	0.58	0.55	0.55	0.58	
Mexico	79.23	104.85	59.99	79.80	75.29	55.47	74.85	123.01	142.75	4.97%
%	0.27	0.36	0.20	0.26	0.24	0.22	0.25	0.36	0.52	
Portugal	178.70	138.03	140.40	167.84	142.88	119.23	144.94	174.97	137.96	-1.00%
%	0.60	0.47	0.46	0.54	0.45	0.48	0.49	0.51	0.50	
Sub Total	22049.60	22215.22	22879.94	23352.16	24302.89	19647.35	24053.19	28267.18	26646.35	2.37%
%	74.42	75.52	74.59	75.60	77.31	78.70	80.63	81.90	97.44	
Grand Total	29627.26	29415.63	30672.92	30889.43	31435.57	24965.38	29833.05	34513.00	27346.64	-0.18%
%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

CTPAT: A Specific Trade concern for Textiles & Clothing

Overview

In April, 2002, U.S. Customs established a program involving business and government to protect global commerce from terrorism. The program, Customs-Trade Partnership Against Terrorism (C-TPAT), initially sought membership from the importing and global transportation communities. The program calls upon importing businesses and service providers to establish policies to enhance their own security practices and those of business partners, such as contract service providers, involved in the supply chain. Once these policies are in effect, imports by these businesses would be given expedited processing at ports of entry. In addition to importers, carriers, brokers, freight forwarders and non-vessel owned common carriers are also a part of the program. As such, the C-TPAT membership is also extended to port authorities, terminal operators, warehouse operators, and manufacturers. Currently, over 1,600 companies have applied for C-TPAT membership.

Why Participate in C-TPAT?

The US ports have been receiving high volume of containers due to large volume of trade by USA with the rest of the world. Most of the trading partners have high stake in that country for both export of their products and imports as well. The C-TPAT program is providing with a customized and quick way to process containerized shipments through ports of entry. On the other hand, Not complying with C-TPAT will result in

serious delays and increased inspections of containers. In addition, there are other effects for concern, including:

- Increased Risks
- Disruption of shipments,
- Delays in transit
- Tampering/ replacement of goods to facilitate terrorist incidents.
- Weak Supply Chain Security

- Increased scrutiny of your suppliers by Customs
- Potential for increased number of Customs inspections of your shipments at the port of entry

Hence most of the countries have been trying to comply the stipulations of this program so as to avail better trade facilitation to this important export destinations of the world. However, the stipulations are also creating financial and compliance burden on the manufacturers.

The textile sector being in the SMEs, the compliance has more impact on the export and manufacturing fraternity of the country in terms of auditing and compliance of the various stipulations. As such, it has given rise to an additional Non-Tariff Barriers (NTBs) to the sector, which is reeling with many more NTBs.

What is involved in implementing a C-TPAT compliance program for a company?

The C-TPAT compliance requires that companies develop and implement a sound plan to enhance security procedures throughout our supply chain so as to keep the activities of terrorism out of the production

and marketing chain.. To do this, it will be necessary to rely on several functional areas of the company i.e

- a) Assess the current state and effectiveness of our security practices and procedures,
- b) Provide necessary documentation, such as local manifesting procedures ,etc
- c) Assist in process improvements, where needed, to effectively comply with C-TPAT requirements.

Others within the organization shall play a very important role in helping to attain C-TPAT compliance. Those individuals representing exporting facilities with responsibility for the following activities shall

The program calls upon importing businesses and service providers to establish policies to enhance their own security practices and those of business partners, such as contract service providers, involved in the supply chain.



be involved to some degree:

- Import/Export activities,
- Security,
- Shipping,
- Contract supplier management,
- Human Resources (hiring procedures),
- Transport vendor selection, and
- Customs compliance

Requirement of Appropriate security measures

CONVEYANCE SECURITY

Conveyance integrity procedures shall be maintained to protect against the introduction of unauthorized personnel and material.

CONVEYANCE INSPECTION PROCEDURES

The Manufacturer's must ensure Carriers have conveyance inspection security procedures that include a physical search of all readily accessible conveyance areas, securing all internal/external compartments, panels and reporting cases in which unmanifested materials or signs of tampering are discovered. Conveyance inspections must be documented utilizing a checklist completed by the driver prior to departure from the last point of loading. This procedure must be verified and tracked.

CONTAINER SECURITY

Container integrity must be maintained to protect against the introduction of unauthorized material and/or persons. At point of stuffing, procedures must be in place to properly seal and maintain the integrity of the shipping containers. A high security seal must be affixed to all loaded containers bound for the U.S. All seals must meet or exceed the current PAS ISO 17712 standards for high security seals.

CONTAINER INSPECTION

Procedures must be in place to verify the physical integrity of the cargo container structure prior to loading, to include the reliability of the locking mechanisms of the doors. An inspection process is recommended for all full and empty containers.

CONTAINER SEALS

Written procedures must stipulate how seals are to be controlled and affixed to loaded containers. Procedures must be in place for recognizing and reporting compromised seals and/or containers to US Customs and Border Protection or the appropriate foreign authority. Only designated employees should distribute container seals for integrity purposes.

CONTAINER STORAGE

Containers must be stored in a secure area to prevent unauthorized access and/or manipulation. Procedures must be in place for reporting and neutralizing unauthorized entry into containers or container storage areas.

PHYSICAL ACCESS CONTROLS

Access controls prevent unauthorized entry to conveyances and facilities, maintain control of employees, visitors, and protect company assets. Access controls must include the positive identification of all employees, visitors and vendors at all points of entry.

EMPLOYEES

An employee identification system must be in place for positive identification and access. Employees should only be given access to those secure areas needed for the performance of their duties. Company management or security personnel must adequately control the issuance and removal of employee, visitor and vendor identification badges. Procedures for the issuance, removal and changing of access devices (e.g. keys, key cards, etc.) must be documented.



VISITORS CONTROLS

Visitors must present photo identification for documentation purposes upon arrival. All visitors should be escorted and visibly display temporary identification.

DELIVERIES (INCLUDING MAIL)

Proper vendor ID and/or photo identification must be presented for documentation purposes upon arrival by all vendors. Arriving packages and mail should be periodically screened before being disseminated.

Challenging and Removing Unauthorized Persons

Procedures must be in place to identify, challenge and address unauthorized/unidentified persons.

PERSONNEL SECURITY

Processes must be in place to screen prospective employees and to periodically check current employees. Maintain a current permanent employee list, which includes the name, date of birth, national identification number or social security number, position held, and submit such information to CBP upon written request, to the extent permitted by law.

PRE-EMPLOYMENT VERIFICATION

Application information, such as employment history and references must be verified prior to employment.

BACKGROUND CHECKS / INVESTIGATIONS

Consistent with foreign, federal, state and local regulations, background checks and investigations should be conducted for prospective employees. Periodic checks and reinvestigations should be performed based on cause and/or the sensitivity of the employee's position.

PERSONNEL TERMINATION PROCEDURES

Companies must have procedures in place to remove identification, facility, and system access for terminated employees.

PROCEDURAL SECURITY

Security measures must be in place to ensure the integrity and security of processes relevant to the transportation, handling and storage of cargo in the supply chain.

DOCUMENTATION PROCESSING

Procedures must be in place to ensure that all documentation used in the clearing of merchandise/cargo, is legible, complete, accurate



and protected against the exchange, loss or introduction of erroneous information. Documentation control must include safeguarding computer access and information.

MANIFESTING PROCEDURES

To help ensure the integrity of cargo received from abroad, procedures must be in place to ensure that information received from business

partners is reported accurately and timely. Ensure that all bills of lading and other documentation submitted for cargo is complete and a system in place to verify the accuracy of the weight marks and quantity of the shipment.

SHIPPING & RECEIVING

Arriving cargo should be reconciled against information on the cargo manifest. The cargo should be accurately described, weighed, labeled, marked, counted and verified. Departing cargo should be checked against purchase or delivery orders. Drivers delivering or receiving cargo must be positively identified before cargo is received or released.

CARGO DISCREPANCIES

All shortages, overages and other significant discrepancies or anomalies must be resolved and/or investigated appropriately. CBP and/or other appropriate law enforcement agencies must be notified if illegal or suspicious activities are detected.

SECURITY TRAINING AND THREAT AWARENESS

A threat awareness program should be established and maintained by security personnel to recognize and foster awareness of the threat posed by terrorists at each point in the supply chain. Employees must be made aware of the procedures the company has in place to address a situation and how to report it. Additional training should be provided to employees in the shipping and receiving areas, as well as those receiving and opening mail.

Additionally, specific training should be offered to assist employees in maintaining cargo integrity, recognizing internal conspiracies and protecting access controls. These programs should offer incentives for active employee participation. Conduct periodic unannounced security checks to ensure that all procedures are being performed in accordance with defined guidelines.

PHYSICAL SECURITY

Cargo handling and storage facilities in domestic and foreign locations must have physical barriers and deterrents that guard against unauthorized access. U.S./Canada Highway Carriers should incorporate the following C-TPAT physical security guidelines throughout their supply chains as applicable.

FENCING

Perimeter fencing should enclose the areas around cargo handling and storage facilities. Interior fencing within a cargo handling structure should be used to segregate domestic, international, high value, and hazardous cargo. All fencing must be regularly inspected for integrity and damage.

GATES AND GATE HOUSES

Gates through which vehicles and/or personnel enter or exit must be manned and/or monitored. The number of gates should be kept to the minimum necessary for proper access and safety.

PARKING

Private passenger vehicles should be prohibited from parking in or adjacent to cargo handling and storage areas.

BUILDING STRUCTURE

Buildings must be constructed of materials that resist unlawful entry. The integrity of structures must be maintained by periodic inspection and repair.

LOCKING DEVICES AND KEY CONTROLS

All external and internal windows, gates and fences must be secured with locking devices. Management or security personnel must control the issuance of all locks and keys.

LIGHTING

Adequate lighting must be provided inside and outside the facility including the following areas: entrances and exits, cargo handling and storage areas, fence lines and parking areas.

ALARMS SYSTEMS & VIDEO SURVEILLANCE CAMERAS

Alarm systems and video surveillance cameras should be utilized to monitor premises and prevent unauthorized access to cargo handling and storage areas.

INFORMATION TECHNOLOGY SECURITY

Information Technology (IT) integrity must be maintained to protect data from unauthorized access or manipulation.

PASSWORD PROTECTION

Automated systems must use individually assigned accounts that require a periodic change of password. IT security policies, procedures and standards must be in place and provided to employees in the form of training.

ACCOUNTABILITY

A system must be in place to identify the abuse of IT including improper access, tampering or the altering of business data. All system violators must be subject to appropriate disciplinary actions for abuse.

Verification audit for the supply chain:

The program stipulates a host of for the audit of the supply chain. It includes

- 1) Verify the facility has written security policies and practices to guard against insertion of illegal or unauthorized material into shipments. Verify the facility has formally designated a qualified person with responsibility for communicating, deploying, and monitoring these policies and practices.
- 2) Verify the facility has a program and materials used to train relevant individuals, including all individuals responsible for the supervision of workers, and the production and shipment of product, on the facility's security policies and procedures.
- 3) Verify the facility performs background checks on security/shipping/

loading dock personnel before their employment is made permanent.

4) Verify the facility maintains secure premises to prevent the entry or shipment of illegal or unauthorized cargo. Verify that the facility is of secure construction and that it maintains an alarm system and/or trained security personnel to prevent unauthorized access.

5) Verify the facility restricts access to the facility by non-employees.

6) Verify the facility requires identification tags and/or authorized passes.

7) Verify visitors and employees wear identification tags at all times while on facility premises or have them available on request.

8) Verify the facility escorts visitors while in the facility, and control their movements while in the shipping areas of the facility.

9) Verify the facility has adequate outside security measures including fencing, locked gates and controlled access, including controlled access to keys

10) Verify the facility controls loading docks and limits access to authorized personnel. Verify that loading docks are well lit and under supervision at all times.

11) Verify the facility inspects inbound and outbound empty containers. Verify that all incoming and outgoing containers are sealed when entering or leaving the facility.

12) Verify that all appropriate security measures are maintained to secure and track cargo transported from the facility to the consolidator other cargo carriers to prevent introduction of unauthorized cargo.

CTPAT implementation and cost of compliance:

A unit study for assessing the implication aspects of CTPAT throws light on the following issues:

The main buyer ie., Wal-Mart are insisting on CTPAT, while, Tesco is insisting on Ethical/ Technical audit only. In Technical audit, the major points of CTPAT are covered. Therefore, this unit is completed to implement CTPAT audit from 2011 onwards, keeping the clientele requirement in mind.

- Audit is done by external agencies viz., BVQI, Omega compliances, SGS etc., which has offices in India but has tie up with US. The audit body issues certificate of compliance and the cost of compliance is around Rs. 60,000/- and the subsequent follow-up audit costs around Rs. 30,000/- . Certificate is valid only for one year and

is to be renewed every year. Every time the auditor tries to look for continuous improvement in the factory systems.

- About 256 points are covered under CTPAT audit. In the process, Red and Normal certificates are given. If red, there will be follow-up audit after 3 to 6

months and normal certificate means factory is passed for C-TPAT audit.

- The cost of engaging personnel for complying to C-TPAT is Rs. 40,000/- per month which comes to around Rs. 5 lakhs per annum.

In addition, the unit shall have to comply the following points so as to make it C-TPAT comp list.

i. Appointing of external agencies for verification of background of workers by a govt. approved agency. Previously, this verification was done by the unit official themselves. However, now the buyers insist on government external agencies.

ii. All computers are to be password protected and PC should shut down automatically when not in use. In case wrong password is entered three times the system should shut down.

iii. Every six months the employees background is to be verified.

iv. Threat awareness programme is to be conducted atleast once in two months by a government approved security agencies.

v. National identity is a mandatory requirement for all employees. It creates difficulties as hailing from rural background has no national identity cards such as birth certificate/ driving license etc.

vi. Before the workers enter in some areas like restricted packing areas/final storage area etc their finger prints have to be registered, though while entering the factory every worker has to register his/her fingerprint in the entrance. This curbs workers movement especially when the restricted packing area/ final storage area workers are on leave and some other worker has to be deputed in their place.

vii. Around Rs. 2.25 lakhs is spent on installing CCTVs for watching entire activities in the production process. Also, nearly Rs. 40,000/- is spent on maintenance of these CCTVs. The video footage for about 45 days is to be retained for inspection.

viii. The consignment meant for export has to be followed till the port. Proper seal has to be put on the consignment. There should be proper agreement with transporters. Seal is to be verified. Cross check has to be done to see whether the consignment has reached on time. In units own vehicle tracking facility is available.

ix. For complying with the above audit, the exporter has to add the costs involved in the audit into the cost of the product, hence reducing the competitiveness of the product. Further, it is also time consuming.

The stipulation like CTPAT increases the cost of compliance for the exporter and hence adversely affects the competitiveness of the product in international market. On the other hand, India being classified as a high risk country by US, it may be good for strengthening security concern and mitigating the threat perception.



New-EU GSP Plus Scheme of EU and its Impact on T&C Export of South Asia

The EUs – Generalised System of Preference (GSP) allows developing countries to have preferential or zero tariff market access on their exports to European Union (EU). It provides a vital access to EU market in terms of better market access in the largest export destination of the world contributing to the growth of developing and lease developed economy most in need. The scheme which was traced its back to 1971, has been outlined by EU countries in a 10 year framework through regulation industrial, textile and agricultural products and later was applicable for all products from 1995. With the completion of third phase of implementation, the EU has adopted a new reformed GSP scheme from 1st January 2014. The scheme may not only increase the exports particularly the textiles & clothing export by manifold times but also would also have a multiplier effect on Foreign Direct Investment (FDI) employment creation and sustained economic growth. One of the newest additions to the list of countries to enjoy latest benefits of the scheme is Pakistan. The new status will allow Pakistan to export 20% of products at zero duty and 70% of the products at preferential rates.

It is expected that the Textiles & Clothing (T&C) industry of Pakistan will achieve a benefit of Rs.1 trillion per annum. It is really an encouraging estimation for South Asia region as a whole. However, a doubt has been raised on its impact on other textiles & clothing exposing countries of South Asia region i.e. India and Bangladesh; even if Bangladesh is enjoying zero tariff regimes due to LDC status and India the standard GSP scheme only. Further, the infrastructural bottlenecks, lack of sufficient power and gas, shortage of skilled manpower etc. in Pakistan may create a constraint for Pakistan to fully optimize the benefits of the scheme arising out of preferential Market Access.

The study has tried to analyse the impact of New EU GSP scheme on the export competitiveness of the South Asia Countries particularly India, Pakistan, Bangladesh and Sri Lanka. It is because of the fact that these four countries are the key producers of the textiles and competing with each other across the product lines in EU market.

In this regard, the paper has tried to evaluate the trend of exports of three countries of South Asia region over last seven years with reference to the GSP scheme of the EU and examined the possible

implications of new scheme on T & C exports by using time series and competitiveness analyses at 6-digit product lines particularly on cotton and cotton yarn (Ch 52), Articles of apparel, accessories, knit or crochet (Ch 61), Articles of apparel accessories, not knit or crochet (Ch 62) and other made textile articles, sets, worn clothing etc. (Ch 63) by using Revealed Comparative Advantage (RCA) and Unit Value Realisations (UVR). In order to validate the relation of the scheme to that of export of the region, the suitable co-relation model was also used in the estimation. The cost bench marking of the products in these three exporting countries has also been applied so as to study neutralise effects of the cost of production on the scheme.

With respect to the impost of T & C, the EU has about \$ 235 Bn from the world during 2012, out of which the South Asia region contributed about \$ 28.49 Bn. The region accounts 12% of the export of T&C to EU. Among the SAARC countries, India Pakistan, Bangladesh and Sri Lanka are the major player. It is pertinent to mention that the countries are competing with each other both in segments as well as at product level in these export destinations. While India exports about \$6.64 Bn, Pakistan has \$3.88 Bn of export. Bangladesh export to EU is mainly consisting of clothing of \$14.14 Bn. as in Table – 1. Even if Bangladesh export is high in value and growth rate (CAGR – 12.44%), the India and Pakistan export basket is more diversified on competition. India and Bangladesh are competing with Pakistan on products like cotton and cotton yarn (Chapter 52), apparels (Chapter 61 & 62) and made-ups (Chapter 63). The preferential regime under the New GSP schemes will have an adverse impact on the export performance of these neighboring South Asia counties like India & Bangladesh in lieu of zero tariff regimes to Pakistan.

Further, the estimation shows that the co-relation between the exports of clothing's from the competing countries of South Asia like India Pakistan and Bangladesh to that of total export of clothing's from all GSP receiving countries depicts high positive co-relations. Hence Pakistan stands to gain from the higher preferential treatments arising out of GSP plus status, which may neutralise the cost advantages enjoyed by other competing countries of the region.

However, even if Pakistan likely to gain from the preferential treatments, the factors like infrastructural bottle necks like scares power and gas

supply, lack of quality manpower may create constraints for Pakistan to fully capitalise the preferential arrangements offered by EU. Further the conditions put forth by European Unions in the form of compliance in issues relating to environment, human and labour right laws, governance will adversely affect the realisation.




A deeper analysis indicates that India is enjoying a comparative advantage in whole segments of textiles and apparel products. The cost-bench marking is also in favour of India. Similarly, Bangladesh has been enjoying comparative advantage in most of the apparel exports to EU. The availability of cheap labour is an added advantage to Bangladesh. Hence only one segment of textiles in which Pakistan is enjoying comparative advantage is other made textile articles, sets, worn clothing etc (Ch 63) besides some products in Chapter 52. The country has also been in the fore front in export of the made-ups to EU. Hence Pakistan will able to enhance its market share in most of this products of Ch 63 and few products of apparels and cotton yarns due to the implementation of the GSP Plus schemes. Further, the GSP plus advantages be perceived to be accruing to Pakistan are also likely to trigger strong defensive action from textiles lobbies with the EU

(i.e. Italy, Portugal and Greece in Textiles, Romania in clothing) and offensive actions may be initiated by the main non-EU competitors of Pakistan (i.e. Bangladesh, China, India, etc.)

However, even if Pakistan likely to gain from the preferential treatments, the factors like infrastructural bottle necks like scares power and gas supply, lack of quality manpower may create constraints for Pakistan to fully capitalise the preferential arrangements offered by EU.

In synthesis, the extension of the EU's GSP + preferences to Pakistan will certainly boost its competitiveness, but ultimate success in accessing the EU market in greater quantities will also largely depend on Pakistan's ability to meet EU consumers' demand, both in terms of reliable export volumes and quality, to increase its production efficiency, to invest in technologies and skilled manpower, and to be able to deflect its competitors' defensive or offensive actions. Pakistan must invest in new technologies, production efficiency, good management practices, and higher reliability of its supply chain, infrastructure, and safety/quality compliance. The short-term advantages of tariff preferences under the GSP + must be wisely invested for this long-term goal, nor for short-term profit. For India, it is high time to enhance the competitiveness of the sector in terms of reduced cost of production and

enhanced quality so as to enjoy the comparative advantage in EU.

	THE ODISHA STATE CO-OPERATIVE SPINNING MILLS FEDERATION LTD. (SPINFED) Handlooms, Textiles & Handicrafts Department Government of Odisha	
No...../SPINFED		FEBRUARY 2014
EXPRESSION OF INTEREST (EOI) FOR DEVELOPMENT OF KONARK SPINNING MILL AT KESINGA , ODISHA		
	<p>Background: With an objective to promote the economic interest of the cotton cultivators of the region, SPINFED invites Expression of Interest (Eoi) from Developers /Investors/ Industries having experience in the Textile Industry for development of Spinning Mill at Kesinga, Odisha.</p>	
	<p>Minimum Requirement: SPINFED shall accept and consider Eois from only those interested parties which meet the following requirement;</p> <ol style="list-style-type: none"> Financial Requirement - Minimum average turnover of Rs 50.00 (Fifty) Crores in the last preceding 3 years or Networth of Rs 15.00 Croress as on 31st March 2013 Experience Requirement – Minimum 5 years of experience in operating medium and large scale industries preferably in textiles /ginning/spinning / weaving/ garmenting etc. <p>Eoi Submission: Invitation for EOI document including formats can be downloaded from http://www.odisha.gov.in/textiles/index.htm & www.idco.in and the completed Eoi document shall be submitted as per the prescribed format clearly superscribing the sealed envelope "EOI for Development of Konark Spinning Mill at Kesinga, Odisha" by 17:00 hours (IST) on or before March....., 2014 at the address mentioned below .</p>	
<p>Eoi Submission Address: To, The Managing Director SPINFED Hastatanta Bhawan, Unit IX, Janpath, Bhubaneswar - 751022 Phone: 0674 – 2540432, Fax: 0674 – 2540432, Email : spinfedodisha@gmail.com</p>		<p>For More details please contact : Mr. Saswat Pattnaik Phone: 0674 – 2542869, 2540820 + 91 9938339399 Email: saswat.pattnaik@idco.in</p>
<p><i>SPINFED reserves the right, without any obligation or liability, to accept or reject any or all the Eois at any stage of the process, to cancel or modify the process or any part thereof or to vary any of the terms and conditions at any time, without assigning any reason whatsoever.</i></p>		

Development of mandatory standards for Textile and Clothing in India: Status, Procedure and Way-forward

T. K. Rout & Usha Nagle*

Technical Barriers to Trade (TBT): A Global Perspective

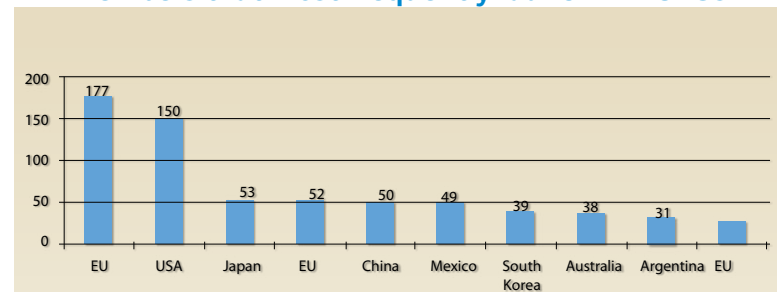
TBTs have come to the fore in recent years due to increasing globalization and the relative decline in traditional tariff measures. Today, standards-related measures (standards, technical regulations, and conformity assessment procedures) play a critical role in shaping the flow of international trade. While tariffs still constitute an important source of distortions and economic costs, the relative role of tariffs in shaping international trade has declined due to large part to successful rounds of multilateral tariff reductions in the WTO and its predecessor, the General Agreement on Tariffs and Trade (GATT 1947). With these declines in tariffs, the role of non-tariff barriers in international trade has become more prominent.

The WTO agreement on Technical Barriers to Trade clearly recognizes that international standards can contribute in improving efficiency of production and facilitating the conduct of international trade. They serve as an important function in facilitating international trade, including by enabling small and medium-sized enterprises (SMEs) to obtain greater access to foreign markets. They also enable governments to pursue legitimate objectives such as protecting human health and the environment and preventing deceptive practices.

Standards-related measures also play a vital role in enabling greater competition by conveying information to producers and consumers about the characteristics or performance of components and end products they purchase from a wide variety of suppliers. These measures also enable more widespread access to technical innovations. Standards-related measures can offer particularly pronounced benefits to SME's from this perspective. Uniform standards and product testing procedures established under a common set of technical requirements that producers can rely on in manufacturing components and end products, can facilitate the diffusion of technology and innovation, contribute to increasing buyer-seller confidence, and assist SMEs to participate in global supply chains. Conversely, outdated, overly burdensome, discriminatory, or otherwise inappropriate standards related measures can reduce competition, stifle innovation, and

create unnecessary obstacles to trade. Even when standards-related measures are used appropriately, firms – particularly SMEs can face significant challenges in accessing information about, and complying with, diverse and evolving technical requirements in major export markets. The following graph depicts the ten most active members raising specific trade concerns (STC's) in WTO TBT committee. As is clearly seen European Union and The United States of America lead the list:

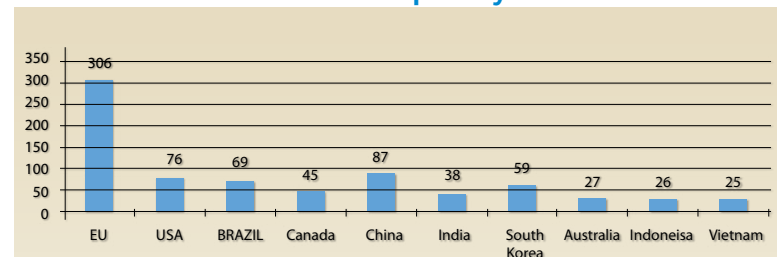
Members that most frequently launch TBT STC's



Source: IFN Working Paper No.960, 2013: In the Shadow of the DSU; Addressing specific trade concerns in the WTO SPS and TBT Committees, Henrik Horn, Petros C. Mavroidis and Erik N. Wijkström, Research Institute of Industrial Economics, Sweden.

On the other hand given below is the graph that depicts the top ten countries that most frequently face specific trade concerns in WTO TBT committee. Although European Union dominates here as well but majority of eastern nations also come into picture:

Members that most frequently face TBT STC's

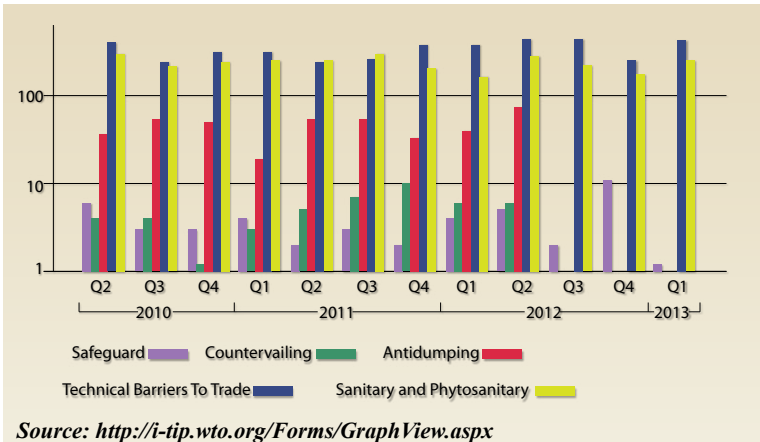


Source: IFN Working Paper No.960, 2013: In the Shadow of the DSU; Addressing specific trade concerns in the WTO SPS and TBT Committees, Henrik Horn, Petros C. Mavroidis and Erik N. Wijkström, Research Institute of Industrial Economics, Sweden.

* Authors are working as Deputy Director (MR) & Research Associates, Textiles Committee and can be contacted at routtk@gmail.com

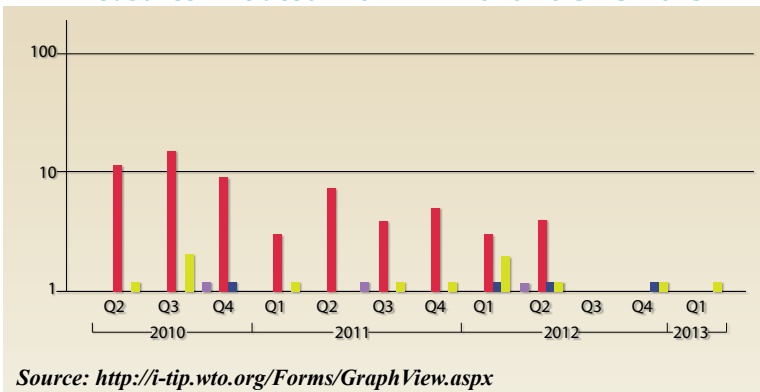
The following graph shows the trend of Non-tariff measures adopted by WTO member countries:

Measures Initiated From 1-4-2010 To 31-3-2013

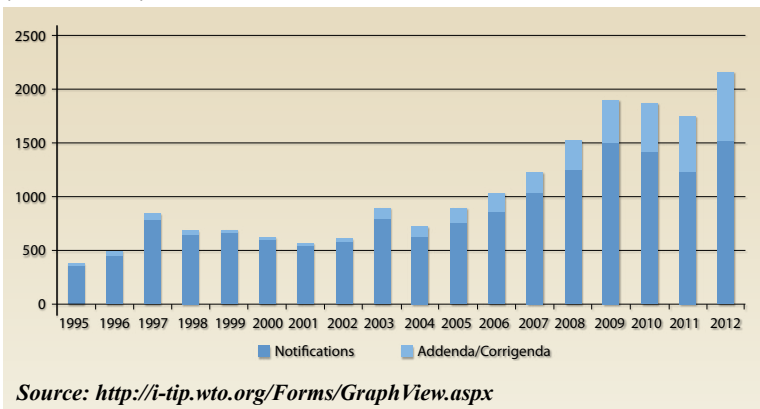


In comparison to the WTO member countries, India has not been able to develop technical regulations at the same pace as depicted below:

Measures Initiated From 1-4-2010 To 31-3-2013



The number of TBT notifications have consistently increased during last five years, as also the modifications done to the introduced notifications. It is clearly seen that the trend has changed from tariff barriers to non-tariff barriers in international trade. It is necessary for India to develop certain stringent technical regulations in order to protect and promote the T & C sector.



Need for developing standards:

- To rationalize quality issues in textile trade
- To tackle the consistent increase in import of T&C products
- To improve the competitiveness of domestic producers in international market
- To address issues pertaining to environment, fair trade, fulfillment of social objectives etc.

Technical regulations/standards encompass the following important aspects:

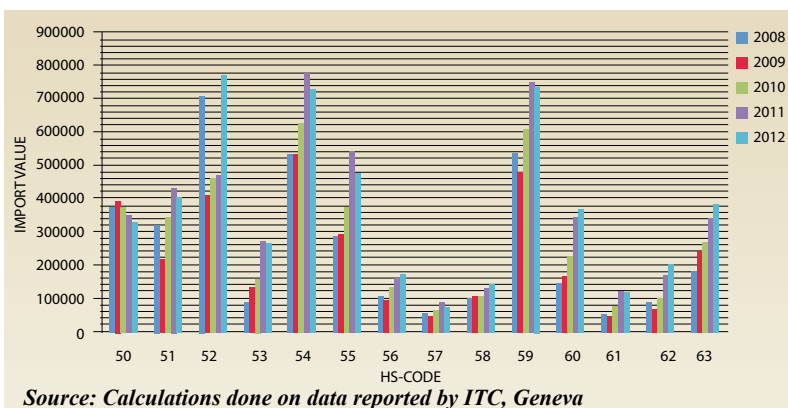
- **Product characteristics:** Dimensions, Design criteria, Performance criteria, Materials used
- **Process and production methods:** when they affect the safety and health requirements of the product
- **Packaging:** to ensure that the product arrives intact at its destination and may also include environmental issues arising out of disposal of packaging material such as recyclability.
- **Marking and labeling requirements:** labeling needs to include ingredients, intended use and shelf life. For example: CE marking
- **Administrative provisions:** inspection, testing, certification and approval from competent authorities.

Product Standards

- For products, standards that contain specifications are the most common; they cover the requirements for a material or product in a comprehensive manner. These specifications provide a complete guidance for producing, processing, selling, purchasing and using the product. They may also include requirements for dimensions, performance, packaging, labeling, methods of sampling and test methods. The specifications are further classified into three categories:

- Obligatory requirements- essential characteristics needed to ensure the usefulness of a product
- Optional or recommendatory requirements-which help to improve the serviceability of a product
- Informative requirements-necessary to make the consumer aware of the contents of the product

- International standards forming organizations issue new product standards or revise older ones to keep pace with market requirements and changing technologies. With new technologies emerging in the textile industry, new standards need to be in place and should be made mandatory. In India, the surge in import of few products over last few years has been exceptionally high; to counter this surge in imports and to rationalize the quality issues in textile trade we need to introduce product standards. These standards would also contribute towards making our domestic producers internationally competitive. The following is a graphical representation of the import figures of India from the world for T&C for last 5 years (in USD 1000)



Analysis and classification of BIS developed standards

Studying the world wide scenario in mandatory textile standards: Almost all the developed nations have some or the other technical regulations in T&C products to restrict the amount of imports and using Non-Tariff Barriers rather than tariffs in order to do so. Majorly the mandatory standards exists in the segments of baby clothes, technical textiles, products with direct skin contact like apparels and home textiles like curtains, bedspreads, textile wall fabric etc.

Identifying existing Indian BIS standards and classifying the standards: The national standards forming body in India is the BIS. There are about 1135 voluntary standards developed by BIS for the T&C sector. Out of these are about 636 product related standards, 328 methods of test, 33 codes of practice, 57 terminology, 11 dimensions and 70 in others. A detailed description is available on the BIS website-<http://www.bis.org.in/sf/pow/txd.pdf>

Linking these standards to 6 digit HS code: It was a tedious task to link the HS code at 6 digit to the available standards by BIS. Not only the end user had to be considered but also the fact that the existing standards by BIS give a wide view of the situation but our aim is to arrive at precise standards for crucial products. About 143 IS standards have been linked to the HS product line.

Studying the specifications of the linked standards: All the specifications of these 143 standards have been thoroughly studied to improve/alter the same. The IS standards are available both for product specification standards, physical methods of test and chemical methods of test. To prepare a comprehensive specification it is essential to streamline the product specifications, physical methods of test and chemical methods of test in to one precise standard. At the same time keeping in mind that our own industry will have to be ready to abide by these standards.

Product wise suggestion for mandatory standards:

S. No	HS Code	Description of products	Import value 2012 into India in 1000 USD	Top Exporters to India
1	500720	Other woven fabrics of silk (silk content 85% or more)	69369	China, USA, Italy
2	500790	Other woven fabrics of silk or of silk waste	3735	China, USA, Republic of Korea
3	510129	Other degreased wool (not carbonized; not carded or combed)	77014	Australia, New Zealand, China
4	540210	High tenacity yarn of polyamide filaments	83963	China, Germany, USA
5	540233	Textured yarn of polyester filaments	49907	Republic of Korea, China, Indonesia
6	590320	Textile fabrics impregnated, coated, covered with polyurethane	65401	China, Republic of Korea, Italy
7	590390	Textile fabrics impregnated, coated, covered with other plastics	140381	China, Republic of Korea, China
8	590310	Textile fabrics impregnated, coated, covered with polyvinyl chloride	115220	China, Chinese Taipei, Turkey
9	550320	Polyester staple fibers, not processed for spinning	42760	China, Republic of Korea, Chinese Taipei
10	540410	Synthetic monofilament of 67 decitex or more	17421	China, Germany, USA
11	540269	Multiple or cabled yarn of polyester filaments	9329	Republic of Korea, China, Vietnam
12	560811	Made up fishing nets of man-made textile materials	4401	China, Malaysia, Thailand
13	560750	Twine, cordage, rope and cables of other synthetic fibers	4049	France, China, Thailand
14	591131	Textile fabrics and felts, weighing less than 650g/m ²	3764	China, France, UK
15	591140	Straining cloth of a kind used in oil presses and the like	2867	France, USA, Germany
16	520851	Plain woven fabrics of cotton (cotton 85% or more, printed, not more than 100g/m ²)	2606	China, Pakistan, Republic of Korea
17	520833	Twill woven fabrics of cotton (cotton 85% or more, dyed, not more than 200g/m ²)	2590	China, Pakistan, Italy
18	520819	Other woven fabrics of cotton (cotton 85% or more, not more than 200g/m ² ; unbleached)	1485	China, Singapore, Pakistan
19	590610	Adhesive tape of a width not exceeding 20 cm	1426	Germany, China, Republic of Korea
20	611710	Shawls, scarves, mufflers, mantillas, veils, knitted or crocheted	1179	China, Italy, Austria
21	560900	Article of yarn, strip or the like of artificial textile materials, rope	1047	China, Germany, UK

S. No	HS Code	Description of products	Import value 2012 into India in 1000 USD	Top Exporters to India
22	540500	Artificial monofilament of 67 decitex or more	1007	UK, USA, Thailand
23	610711	Men's or boy's underpants, briefs, of cotton, knitted or crocheted	892	China, Sri Lanka, Thailand
24	621410	Shawls, scarves, mufflers, mantillas, veils of silk or silk waste	887	Italy, France, Nepal
25	590800	Textile wicks; Incandescent gas mantles	850	Germany, USA, China
26	560749	Twine, cordage, rope and cables of polyethylene or polypropylene	704	China, Germany, South Africa
27	621430	Shawls, scarves, mufflers, mantillas, veils of synthetic fibers	622	China, Spain, Germany
28	611593	Stockings, socks of synthetic fibers, knitted or crocheted	617	China, Switzerland, Israel
29	610821	Women's or girls briefs, panties, knitted or crocheted	572	Sri Lanka, China, Republic of Korea
30	520821	Plain woven fabrics of cotton (cotton 85% or more, not more than 100g/m ² , bleached)	554	China, Singapore, Italy
31	580810	Braids in the piece	517	China, Hong Kong China, Turkey

Source: ITC, Geneva and WITS database

Note: The first seven products in the list above have been notified by the ministry for mandatory standard development. The specifications of the standards developed by Bureau of Indian Standards (BIS) are available on their priced CD-ROM.

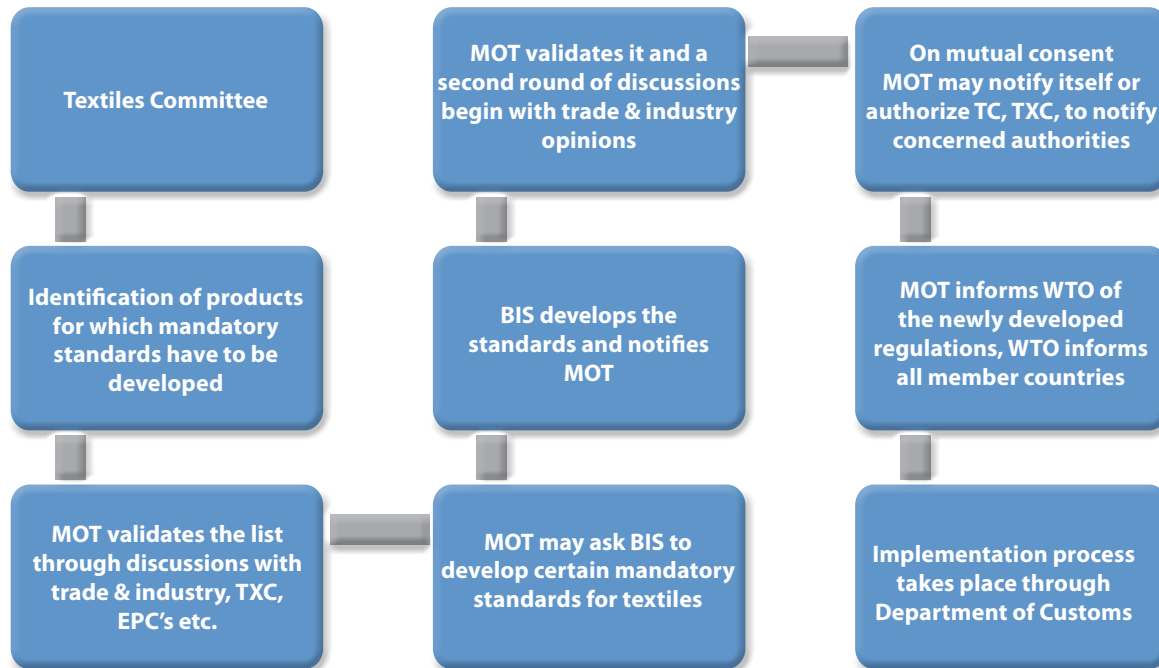
Simultaneously developing a possible maneuver for introducing these standards:

Apart from trying to develop new standards, it is being explored how to evolve and introduce these standards. Since, currently no mandatory standards exists in T&C sector, it is required that a suitable manner of introducing these standards to the industry must be developed in a systematic and sustainable manner. The developed standards might be introduced under the existing acts and orders pertaining to textiles. Given below, the existing provisions to introduce these standards:

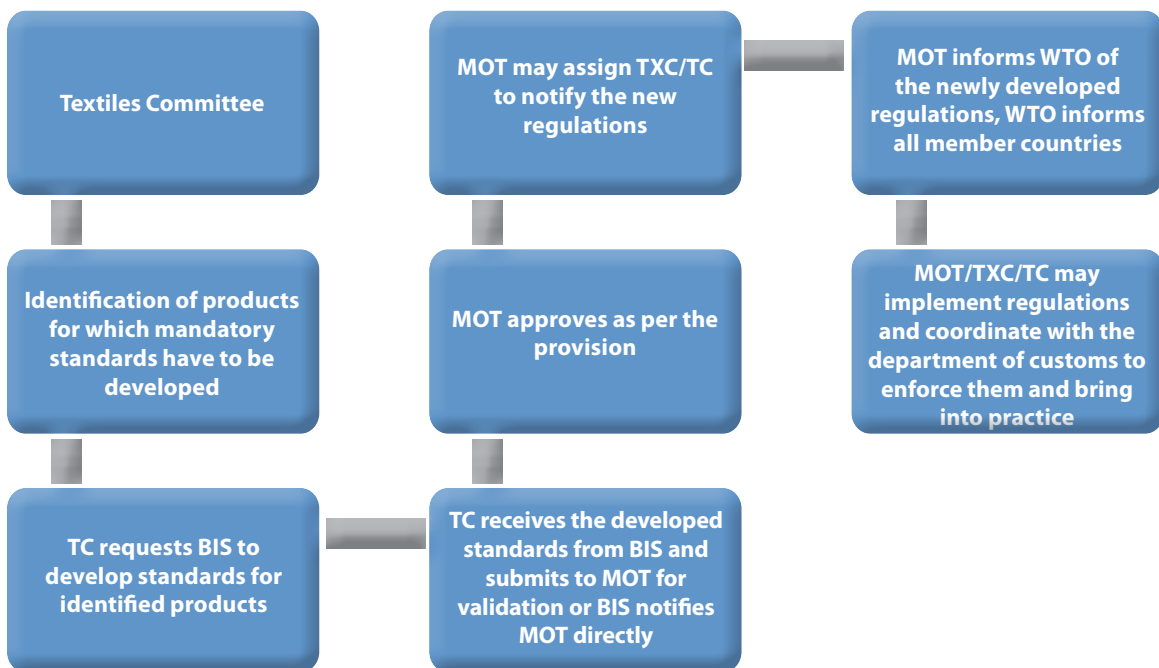
S.No	Parent Act	Provision
1.	Textiles Committee Act, 1963	Textiles Committee Act; functions of the committee: 1*(c)- establish or adopt or recognize standard specifications for textiles and packing materials used in the packing of textiles or textiles machinery, for the purposes of export and for internal consumption and affix suitable marks on such standardized varieties of textiles and packing materials.
2.	BIS Act, 1986	BIS act, Chapter IV; powers and functions of the bureau 10.(1) a- establish, publish and promote in such a manner as may be prescribed the Indian Standard, in relation to any article or process; 10.(1) b- recognize as an Indian Standard, in such a manner as may be prescribed, any standard established by any other institution in India or elsewhere, in relation to any article or process 10.(1) (i)- undertake research for the formulation of Indian Standards in the interests of consumers and manufacturers 14. If the central government after consulting the bureau, is of the opinion that it is necessary or expedient so to do, in the public interest, it may, by order published in the official gazette- a. Notify any article or process of any scheduled industry which shall conform to the Indian standard and; b. Direct the use of the standard mark under a license as compulsory on such article or process.
3.	The Central Silk Board Act, 1948	The Central Silk Board (Amendment)act, 2006; Powers to make regulations: 13A.2(ii) laying down of various standards relating to kinds or varieties, production, testing, supply, distribution, trade and commerce and export and import of silk worm seed under sub-section (2)of section 8B

THE FOLLOWING MANEUVERS ARE SUGGESTED:

MANEUVER-1



MANEUVER-2



Conclusion and way forward

The due diligence requirements for developing standards have been carried on by Textiles Committee (TC). Bureau of Indian Standards (BIS) has requisite expertise in developing voluntary as well as mandatory standards for various products. To develop mandatory standards and specifications for T&C products, it is required that a joint committee must be made among the two organisations to work closely on standard development for specific T&C products. It is also necessary to involve the industry and trade people in the process of development

of standards as they can validate with a better required insight of the specifications in a standard and also the crucial products for whom developing mandatory standards is of utmost importance. These discussions would also bring out the possible constraints that the industry might face in order to comply with the mandatory standards. Once the standard development process is over, the ministry can further strengthen the approach by taking necessary actions for implementing it in a systematic and sustainable manner.

Key Finding

National Household Survey: Market for Textiles & Clothing 2012-13

The Indian textile and clothing industry is catering to the demand of domestic and international market. The thriving Indian economy has influenced and fuelled the consumer spending during last one decade. The factors like enhanced prosperity of urban and rural population has affected the overall consumption of textiles and clothing at household levels. Besides, the changing fashion trends and improved socio-economic conditions of Indians have also influenced the preferential patterns of consumers for textiles and clothing.

Three broad components of Indian textile market are described as under

- Consumption of textiles in domestic households,
- Export of textiles and clothing,
- Consumption of textiles in non-household (including institutional, industrial and technical textiles etc.)

The Domestic Textiles Market:

The census of 2011 has confirmed the population of 1210,193,422 persons residing in 246,692,667 households in our country. The Level of urbanization has increased from 27.81% in 2001 census to 31.16%

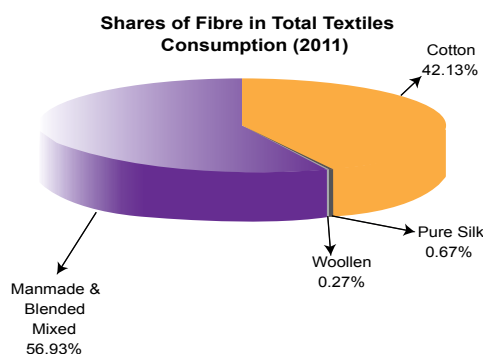
in 2011 census. The proportion of rural population has declined from 72.19% in 2001 census to 68.84% in 2011 census. Similarly, the population of 2012 is estimated to be 1220,200,000 persons residing in 248,736,138 households in our country.

In the year, 2005, the market size of all textiles was estimated to be 22859 million metres. The urban share of consumption was reported to be 35.66% and nearly 64.75% of consumptions are reported by rural area. Textile consumption in 2011 and 2012 is reported to be 29881 million metres and 31636 million metres.

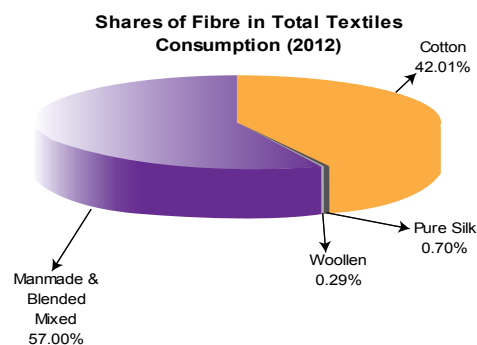
The domestic textiles and clothing market, for the household sector is grouped under three broad categories i.e.

- Textile items purchased in metres as cloth/made-up for the intended use for the intended use as dresses etc
- The cut and stitched clothing items either as outerwear or inner garments and
- Home textile items and made-ups with minimal stitching or hemming etc. Each of these broad segments is equally important in terms of their contribution to the market size.

The study on market for textiles and clothing has taken into account 1210 million persons in 2011 and 1220 million persons in 2012 indicates.



- The market size of 29881 million metres in 2011 has 42.13% share of cotton fabrics. The pure silk and woollen fabrics market share is reported to be 0.67% and 0.27% respectively. The man-made blended fabrics are reported to have a share of 56.93%.



- The market size of 31636 million metres in 2012 has 42.01% share of cotton fabrics. The pure silk and woollen fabrics market share is reported to be 0.70% and 0.29% respectively. The percentage of man-made fabrics is reported to be 57.00%

In each of these segments, there are few product categories who significantly contribute to the market shares. While analyzing the market for textiles, we have focused both on the all India and also at the product level.

We shall be discussing the domestic market of textiles through

- **PERSONAL CLOTHING:** Items purchased for the use of individuals are classified under this category. Outer garments such as saree, dhotis, trousers, shirts, T shirts etc and body support garments such as vests, underwear, petticoats, brassieres etc are the commonly

used items in this category. The market size for the items in this category is 27795 and 29432 million metres during 2011 & 2012 respectively.

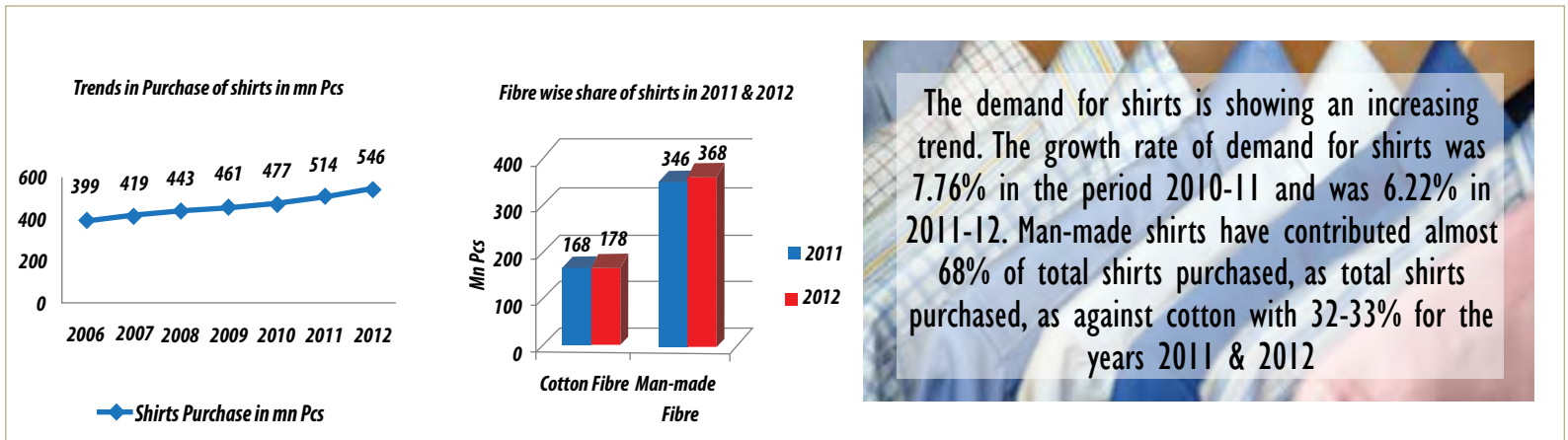
- **HOME TEXTILES:** On the home textiles front, the consumption is pretty large and growing quite fast with millions of meters being consumed in the household sector every year. The major items like bath towels, bed sheets, bed covers, chaddars', scarves etc and a host of other such items also are produced and marketed without much stitching. The market size for home textile varieties are estimated to be 2086 and 2204 million metres during 2011 & 2102 respectively.

We bring out some of the main contributors to the personal clothing market which are further known as

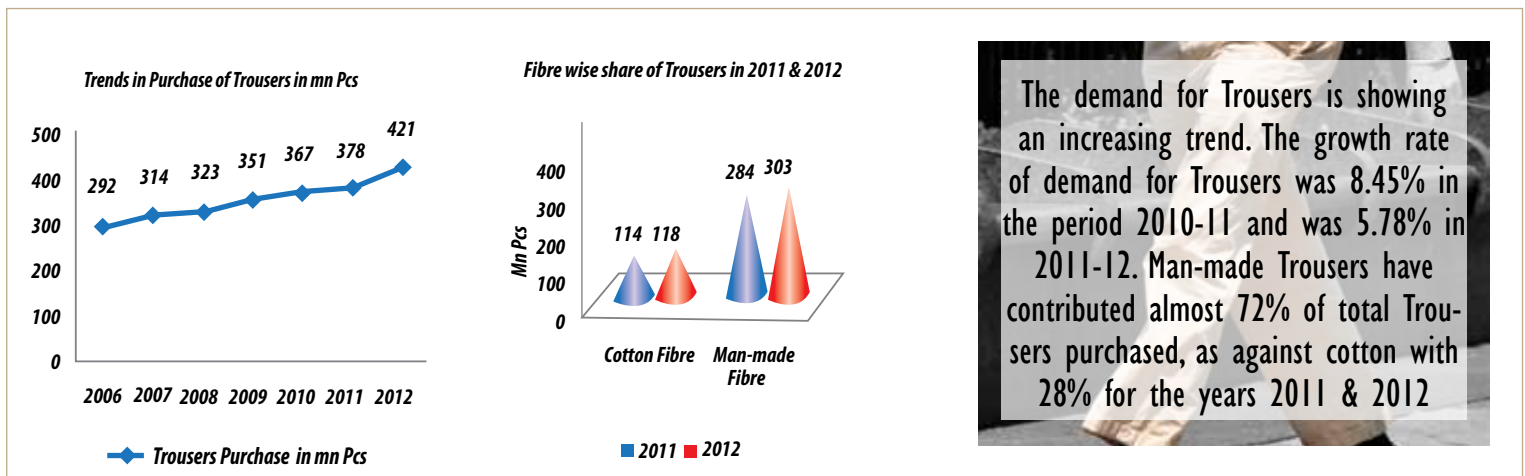
A
WESTERN
WEAR

Men's and women's clothing which derives its unique style from the clothes worn by people of western countries. Western wear consist of shirt, bush shirt, trousers, half pant, jeans, T-shirt etc.

Major varieties : Shirt



Trousers

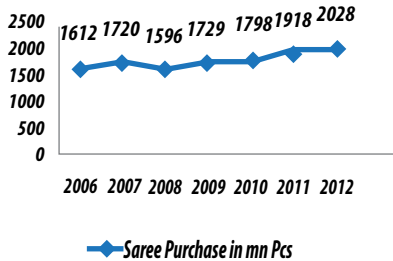


B
ETHNIC
WEAR

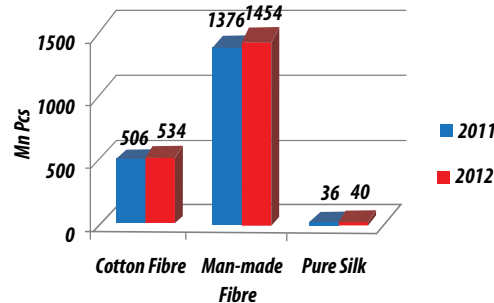
Garments used particularly at traditional functions like wedding, thread ceremony and festivals in India. The major contributors to the market size of ethnic wear are saree, dhoti, lungi, kameez etc.

Major Varieties:
Saree

Trends in Purchase of Saree in mn Pcs



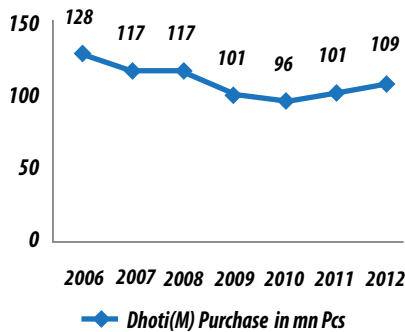
Fibre wise share of Saree in 2011 & 2012



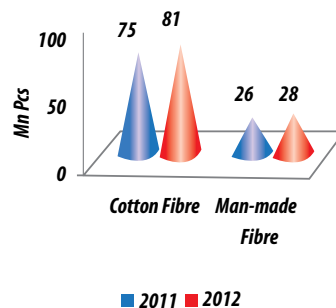
The demand for Saree is showing an increasing trend. The growth rate of demand for Saree was 6.67% in the period 2010-11 and was 5.74% in 2011-12. Man-made fibre have contributed almost 72% of total purchased, as against cotton with 26% for the years 2011 & 2012

Dhoti

Trends in Purchase of Dhoti(M) in mn Pcs



Fibre wise share of Dhoti(M) in 2011 & 2012



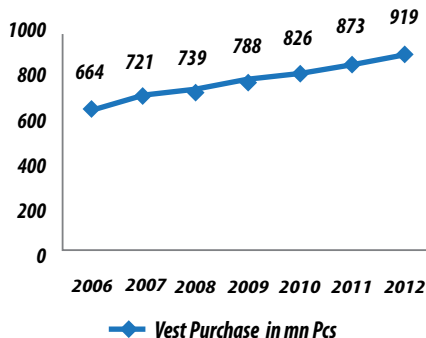
The demand for Dhoti(M) is showing an increasing trend. The growth rate of demand for Dhoti (M) was 5.2% in the period 2010-11 and was 7.92% in 2011-12. Man-made have contributed almost 26% of total purchase, as against cotton with 74% for the years 2011 & 2012

C
INTIMATE
WEAR:

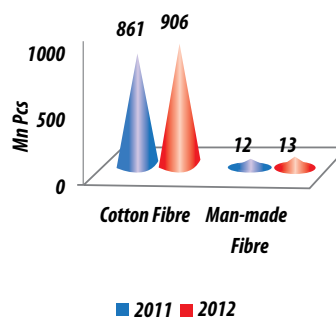
Undergarment worn next to the skin and under the outer garments are defined as intimate wear. Varieties such as Vest, brief, peticoate, panties etc. are coming under this category.

Major Varieties:
Vest

Trends in Purchase of Vest in mn Pcs



Fibre wise share of Vest in 2011 & 2012

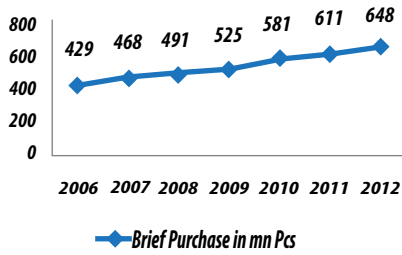


The demand for vest is showing an increasing trend. The growth rate of demand for Vest was 5.69% in the period 2010-11 and was 5.27% in 2011-12.

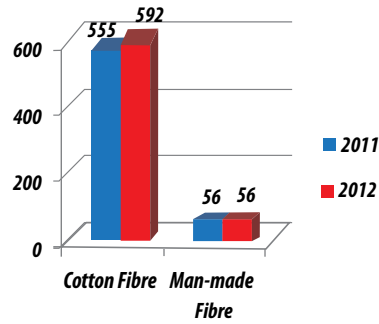
Man-made fibers have contributed almost 1% of total purchased, as against cotton with 99% for the years 2011 & 2012

Brief

Trends in Purchase of Brief in mn Pcs



Fibre wise share of Brief in 2011 & 2012



The demand for Brief showing an increasing trend. The growth rate of demand for Brief was 5.16% in the period 2010-11 and 6.06% in 2011-12. Man-made fibre have contributed almost 9% of total purchased as against cotton with 91% for the years 2011 & 2012

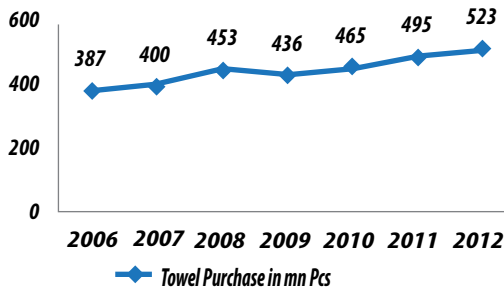
C HOME TEXTILE ITEMS

Items that are meant for the common use for all members of the family are categorized as household items. In other words, the items which are not purchased for a particular member of family but are generally used by all members such as home furnishing, tapering etc. are called household items. The prominent home textile items are towels, bed sheets, mattresses, decorative items, wall hangings etc. The market size for home textiles is 2045 and 2150 million metres in 2011 and 2012

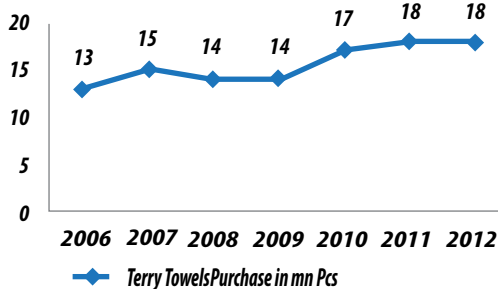
Major varieties:

Towels

Trends in Purchase of Towels in mn Pcs

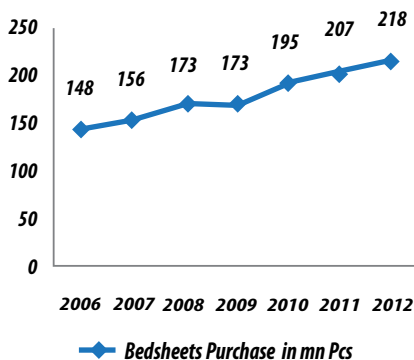


Trends in Purchase of Terry Towels in mn Pcs

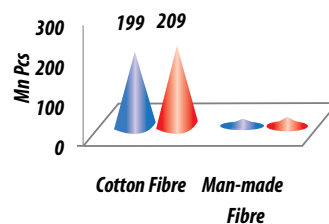


Bed sheet

Trends in Purchase of Bedsheets in mn Pcs



Fibre wise share of Bedsheets in 2011 & 2012



The demand for Bedsheets is showing an increasing trend. The growth rate of demand for Bedsheets was 6.15% in the period 2010-11 and was 5.31% in 2011-12. Man-made fibers have contributed almost 4% of total purchased, as against cotton with 96% for the years 2011 & 2012.

THE MARKET SIZE OF IMPORTANT VARIETIES

G: Garment in million pieces

Name of the Varieties	Year		Remarks
	2011	2012	
Shirt	514	546	Increased by 6.23%
Trousers	398	421	Increased by 5.78%
Frock	200	215	Increased by 7.50%
Skirt/Middi	34	35	Increased by 2.94%
Jeans(M)	237	248	Increased by 4.64%
Jeans(F)	13	13	stable
T-shirt(M)	249	265	Increased by 6.43%
T-shirt(F)	12	12	stable
Sweater	216	235	Increased by 8.80%
Saree	1918	2028	Increased by 5.74%
Dhoti	101	109	Increased by 7.92%
Lungi	245	264	Increased by 7.76%
Odhani/Dupatta	103	109	Increased by 5.83%
Blouse/Choli	174	176	Increased by 1.15%
Kurta/Zabba	42	43	Increased by 2.38%
Kameez(F)	17	17	stable
Pyjama (M)	14	14	stable
Salwar(F)	26	27	Increased by 3.85%
Kurta-pyjama	21	22	Increased by 4.76%
Salwar kameez	406	433	Increased by 6.65%
Banian	873	919	Increased by 5.27%
Underwear	611	648	Increased by 6.06%
Panties	187	194	Increased by 3.74%
Peticoate	500	528	Increased by 5.60%
Chaddar	159	166	Increased by 4.40%
Bed sheet	207	218	Increased by 5.31%
Towel	495	523	Increased by 5.66%

Figures at a Glance

PER CAPITA PURCHASE OF TEXTILES

Year	Quantity (Mtrs)	Value (Rs)
2011	24.70 (3.80%)	2473.64 (19.12%)
2012	25.93 (4.98%)	2862.87 (16.69%)

AGGREGATE PURCHASE OF TEXTILES

Year	Quantity (Bn Mtrs)	Value (Bn Rs)
2011	29.88	2993.58
2012	31.63	3493.28

PER CAPITA PURCHASE BY AREA

(Q: In metres) (V: In Rupees)

Year		Urban	Rural	All India
2010	Q	29.19	21.72	23.80
	V	3291.40	1668.14	2119.40
2011	Q	30.08	22.25	24.70
	V	3807.01	1870.10	2473.64
2012	Q	31.20	23.54	25.93
	V	4424.04	2156.23	2862.87

Trade News

Plurilateral Negotiation on Trade and Environment initiated under the Aegis of WTO

Fourteen WTO members launched plurilateral negotiations for an Environmental Goods Agreement on 8 July 2014 at the WTO. These members said the talks will promote green growth and sustainable development while providing impetus for the conclusion of the Doha Round. The participants said the talks are open to any WTO member and that the results will be applied in accordance with the most-favoured nation principle, under which WTO members should treat their trading partners in a non-discriminatory manner. Taking part are Australia, Canada, China, Chinese Taipei, Costa Rica, the European Union, Hong Kong China, Japan, New Zealand, Norway, Singapore, the Republic of Korea, Switzerland and the United States, which make up 86 per cent of global environmental goods trade. "I am pleased that a group of WTO Members have begun negotiations to liberalize trade in environmental goods. I understand that the 14 WTO Members involved in these talks account for nearly 90 per cent of world trade in the environmental goods covered by the initiative so far," said Director-General Roberto Azevêdo.

"Those involved made it clear that these negotiations on environmental goods are open to all WTO Members and that all Members would benefit from the tariff reductions that arise from any agreement. Above and beyond the economic benefits that enhanced trade in environmental goods will deliver, we remain conscious of the positive role that trade can play in environmental protection. The topic of

environmental protection is of utmost importance in the WTO and the liberalization of environmental goods is also a significant element of negotiations under the Doha Development Agenda."

The talks will build on a list of 54 environmental goods put together by the APEC countries — the Asia-Pacific Economic Cooperation forum — in 2012 to reduce import tariffs to 5 per cent or less by the end of 2015. These include wind turbines, air quality monitors and solar panels. Negotiators said that they will meet regularly to discuss substance and product coverage. The first phase of the negotiations aims to eliminate tariffs or customs duties on a wide range of environmental goods. A second phase will address the bureaucratic or legal issues that could cause hindrances to trade — known as non-tariff barriers — and environmental services, negotiators said.

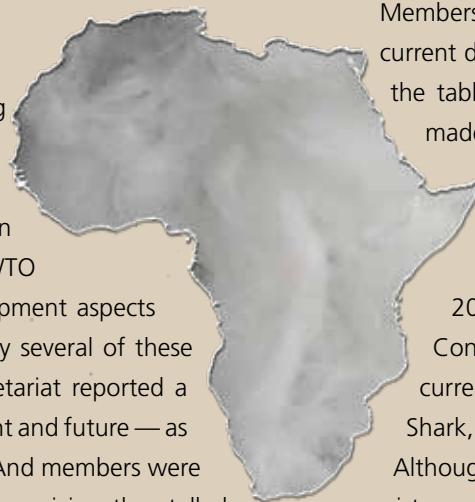
These talks take place while WTO members consult with each other on how best to advance the trade and environment talks so that agreement can be reached on a work programme for early conclusion of these negotiations. Efforts to agree such a programme are part of the broader task of agreeing by December 2014 on a work programme to conclude the entire Doha Round, which was launched in the Qatari capital in 2001. Ministers mandated the year-end completion of the Doha work programme at the December 2013 Bali Ministerial Conference.

Source: www.wto.org

WTO initiated Cotton Development Assistance for the African Countries

Cotton development meeting focuses on regional efforts to make aid more effective

Regional African organizations are increasing their involvement in developing the continent's cotton sector to ensure aid reaches farmers who really need it, and strengthen production from the field to the clothing market, WTO members heard in a meeting on the development aspects of cotton on 20 June 2014. Presentations by several of these organizations were made as the WTO Secretariat reported a slight decline in assistance for cotton — current and future — as a number of projects have been completed. And members were urged to be more active in consultations on reviving the stalled negotiations on reforming trade in agriculture and cotton. In his latest report, the negotiations' chairperson, Ambassador John Adank of New Zealand, said "the level of engagement among members is still clearly not as advanced as it needs to be."



Members have discussed the pros and cons of sticking to the current draft text (the draft "modalities"), which has been on the table since 2008, but no specific proposals have been made, he said. A meeting on the cotton in the agriculture negotiations was held that same afternoon.

This meeting on development was the 21st in a series of consultations held regularly since 2004, formally called the WTO "Director General's Consultative Framework Mechanism on Cotton". The current chairperson is Deputy Director-General David Shark, on behalf of Director-General Roberto Azevêdo. Although the official focus is primarily on development assistance, the meeting also receives regular updates on the separate negotiations on cotton, and the agriculture negotiations as a whole, and on world market trends.

Source: www.wto.org

WTO Secretariat reports renewed declines in new anti-dumping investigations and new final anti-dumping measures

The WTO Secretariat reported that during the period 1 January-30 June 2007, the number of initiations of new anti-dumping investigations declined sharply, dropping by 47 per cent compared with the number during the corresponding period of 2006. The number of new measures also declined, by 20 per cent.

During January-June 2007, 13 Members reported initiating a total of 49 new investigations, compared with 92 initiations in the corresponding period of 2006. A total of 16 Members reported applying 57 new final anti-dumping measures during the first semester of 2007, compared with 71 new measures reported by 15 Members for the corresponding period of 2006. Seventeen of the 49 new initiations were opened by developed Members, and 14 of the 57 new final measures were applied by developed Members, during the first half of 2007. This compares with 37 new initiations opened and 10 new measures applied by developed Members during the first half of 2006.

The Member reporting the highest number of new initiations during January-June 2007 was India, with 13, followed by New Zealand (6). Ranked next were Korea (5); Brazil, China and Japan (4 each); Argentina and South Africa (3 each); Mexico and the United States (2 each); and Chile, Colombia and Egypt (1 each). These figures represented declines for Argentina, Egypt, India, and Mexico compared with the first half of 2006, and increases for Brazil, Chile, Japan, Korea, New Zealand, South Africa, and the United States. In addition, Australia, Canada, Costa Rica, the European Communities, Indonesia, Jordan, Pakistan, Peru, Chinese Taipei, and Turkey, each of which reported new initiations for the first half of 2006, reported no new initiations for the first half of 2007.

China remained the most frequent subject of the new investigations, with 16 initiations directed at its exports during January-June 2007, down sharply from the 31 new investigations on exports from China that were reported for the corresponding period of 2006. Chinese Taipei, the European Communities (including individual member States) and Korea were the second most frequent subjects, with four initiations of new

investigations each directed at their exports during the first half of 2007, compared with seven, four and five, respectively, during the first half of 2006. India, Indonesia, Japan, Malaysia, and the United States were tied for third place, with two initiations each in respect of their exports, compared with

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three, two, five, five and seven initiations, respectively, during January-June 2006. Argentina, Australia, Brazil, Canada, Hong Kong China, New Zealand, Russia, Singapore, South Africa, Thailand, and Uruguay, were the subject of one initiation each during the January-June 2007 period.

The products that were most frequently subject to the reported new investigations during the first half of 2007 were in the chemicals sector (24 initiations), followed by pulp and paper (9 initiations) and plastics (6 initiations). Of the 24 reported initiations in respect of chemicals products, India reported 10, China and Japan each reported four, the United States reported two, and Argentina, Brazil, Korea, and South Africa each reported one.

Concerning application of new final anti-dumping measures, India, with 16, reported the largest number during the first half of 2007, doubling the 8 new measures it reported during the corresponding period of 2006. Argentina, reporting seven new final measures during the January-June 2007 period, was second, followed by the European Communities (6), China (5), Pakistan (4), and Canada, Colombia, Turkey, and the United States (3 each). These figures represented

declines from the corresponding period of 2006 for China, Pakistan and Turkey, and increases for Argentina, Canada, Colombia, the European Communities, and the United States. Australia, Brazil, Chile, Egypt, Peru, South Africa, and Chinese Taipei, each reported applying one new measure during the first half of 2007.

Products exported from China remained the most frequent subject of new measures — accounting for 22 of the 57 new measures reported for the first half of 2007 — compared with 15 new measures on products from China during the corresponding period of 2006. Chinese Taipei was in second place, with its exports subject to four new measures, compared with three during the first half of 2006. India, Indonesia, Korea, and Thailand each were subject to three new measures during the first half of 2007. Argentina, Brazil, the European Communities (including individual member States), Hong Kong China, Japan, Malaysia, Mexico, Singapore, South Africa, Switzerland, Ukraine, the United States, and Viet Nam, each were the subject of fewer than three new measures during the first half of 2007.

Concerning the affected sectors, products in the chemicals sector were the most frequent subject of new measures during January-June 2007, accounting for 12 of the 57 total new measures reported. Products in the textiles sector were in second place, with 11 new measures. The base metals sector was in third place, with nine new measures. Of the 12 new measures reported on products in the chemicals sector, India applied eight, China applied three, and the United States applied one.

The data reported above are taken from the semi-annual reports of Members to the ADP Committee. The statistics are based on information from Members having submitted semi-annual reports for the relevant periods, and are incomplete to the extent that Members have not submitted reports or have submitted incomplete reports. For the purpose of these statistics, each investigation or measure reported covers one product imported from one country or customs territory.

Source: www.wto.org

Revised WTO Agreement on Government Procurement enters into force

The revised WTO Agreement on Government Procurement (GPA) entered into force on 6 April 2014, some two years after the Protocol amending the Agreement was originally adopted. The Government Procurement Agreement ensures that signatories do not discriminate against the products, services or suppliers of other parties to the Agreement with respect to the government procurement opportunities that are opened to foreign competition. The Agreement also requires transparent and competitive purchasing practices in the markets covered. The GPA is a plurilateral agreement, which means that it applies only to those WTO members that have agreed to be bound by it.

The parties to the revised GPA will see gains in market access of an estimated US\$ 80 billion to US\$ 100 billion annually for their businesses. The gains in market access result from numerous government entities (ministries and agencies) being added to the scope of the GPA and from new services and other areas of public procurement activities being included in its expanded coverage. The Agreement's text has been streamlined and modernized to include, for example, standards related to the use of electronic procurement tools. Other changes include a new provision relating to the prevention of corrupt practices in the parties' procurement systems. The revised GPA also reinforces the scope provided by the original Agreement to promote the conservation of natural resources and to protect the environment through the application of appropriate technical specifications.

Two-thirds of the parties to the GPA were required to accept the Protocol of Amendment before the revised GPA could enter into force. This condition was met when Israel approved the Protocol on 7 March. The revised Agreement is now in force for the first ten parties to have accepted the Protocol of Amendment. Listed in order of acceptance, these are Liechtenstein, Norway, Canada, Chinese Taipei, the United States, Hong Kong (China), the European Union, Iceland, Singapore and Israel. The revision will come into force for Japan on 16 April 2014.

The entry into force of the revised GPA fulfils ministers' undertaking at the Bali Ministerial Conference in December 2013 to try their best to achieve this goal within two years of the adoption of the revised Agreement. The Chair of the Government Procurement Committee, Mr Bruce Christie of Canada, congratulated the parties and said that the timely coming into force "augurs well for the Agreement's future as an increasingly important element of the framework for global trade".

WTO Director-General Roberto Azevêdo had earlier noted: "This is a very welcome achievement. The revised WTO Agreement on Government Procurement will open markets and promote good governance in the participating Member economies. The fact this has been achieved so quickly shows the importance that the Parties attach to the GPA and is further evidence, after the successful Bali Package, that the WTO is back in business. The modernized text of the revised GPA and the expanded market access commitments should prompt other WTO Members to consider the potential advantages of joining."

The revised Agreement also incorporates improved transitional measures to facilitate accession to it by developing and least-developed economies. In addition to the 43 WTO members that already participate in the GPA (including the European Union's 28 member states), ten other WTO members — Albania, China, Georgia, Jordan, the Kyrgyz Republic, Moldova, Montenegro, New Zealand, Oman and Ukraine — have applied to join. A further five WTO members — the former Yugoslav Republic of Macedonia, Mongolia, the Russian Federation, Tajikistan and Saudi Arabia — have provisions regarding accession to the Agreement in their respective WTO accession protocols.

Source: www.wto.org



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Our Publications

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2. Complementary and competitiveness in the India & China textile trade in global market
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GROWING to serve you better

Textiles Committee has a deep understanding of the Indian Textile industry. This understanding has been built over the years, through various testing services, hundreds of industry events across textile clusters and research. Headquartered in Mumbai, Textiles Committee is India's only organization in the textile industry that provides a plethora of services under one roof. Our presence in 29 locations across every textile hub, gives our customers the advantage of a national reach. Our services include: Testing Services, TQM Consultancy, Inspection Services, Market Research, Handloom Mark, Capacity building through Cluster Development Programme, Consultancy.

MARKET RESEARCH

The Market Research department has rich experience in organising research and studies on textile trade and industry in the country. The division is manned by researchers & statisticians having expertise in research on textile consumption pattern, globalization, Intellectual Property Rights (IPR), international trade, issues pertaining to tariff & non-tariff barriers, World Trade Organisation (WTO), and Trade facilitation etc.

TQM CONSULTANCY

More than 650 units have availed the consultancy for Multi Management Standards such as ISO 9000, 14000, OHSAS 18000, SA 8000, BSCI, C-TPAT, SEDEX etc. More than 15,000 industry personnel trained on Quality, Environment, Social Accountability, Occupational Health & Safety Management Systems, Statistical Process Control and other quality tools. The entire spectrum of Textile value chain, textile related institutions, educational institutions and government department have been availing the consultancy.

EP & QA EXPORT PROMOTION & QUALITY ASSURANCE

EP&QA Division is equipped with more than 125 Textile Technologist having expertise on textile production and trade and rendering valuable services to exporters by way of certification of quality and origin of textiles and clothing. As of today more than, 7,000 exporters are availing these services.

TEXTILE TESTING

The laboratories of textiles Committee have been undertaking Research & Development (R & D) in textiles besides providing testing and technical services to trade and Industry. The department manages the largest network of world-class textile testing laboratories in 16 major textile centres across the country including 9 eco-laboratories providing testing facilities for textiles & clothing sector.

GOVT. SCHEMES

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Textiles Committee, Government of India, Ministry of Textiles
P. Balu Road, Prabhadevi, Mumbai – 400025
T:022 +66527507 F:022 +66527509
E: tcdmr@bom7.vsnl.net.in, secytc@gmail.com
W: www.textilescommittee.nic.in / www.textilescommittee.gov.in