

## Expanding Indian apparel and man-made textile exports to **ITALY**

Italy is the fifth largest exporter of textile and apparel products globally. Over the last five years, Italy's total T&A exports declined at a CAGR of 1.3% to touch \$33.9 billion in 2017, while imports have reduced at a CAGR of 0.3% to touch \$25 billion. Italy's T&A trade balance recorded a deficit of \$8.9 billion in 2017.

Apparel is the largest imported category by Italy, representing 61% of total textile and apparel imports (2017). This is followed by man-made textiles with a share of 17%. Top 10 suppliers accounted for ~71% of textile and apparel imports by Italy. China & HK is the largest supplier accounting for 21% share, followed by Germany with a share of 8%, and Spain and France with a share of 7% each. In terms of y-o-y exports to Italy, all countries' exports have grown, excluding Turkey, Romania and Belgium. India's exports to Italy grew at 6% y-o-y.

India was the 9th largest supplier of textile and apparel products to Italy in 2017. India's exports of T&A to Italy stood at \$0.8 billion in 2017. Even though India's exports of textile and apparel products witnessed a growth of 1% over the last five years, its share remained stagnant at ~3%. Apparel is the largest category with a share of 46%

Table 1: Italy's Total T&A Trade (In US\$ Bn.)

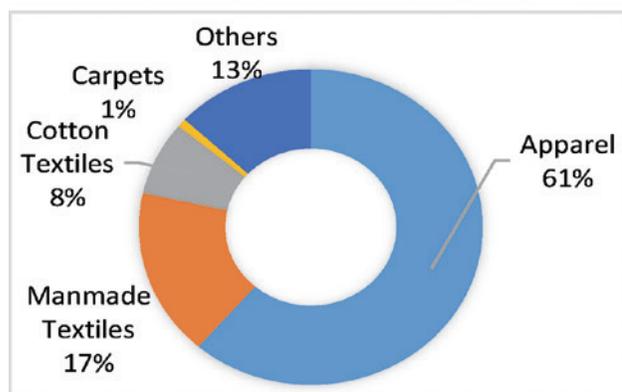
| Year        | Exports      | Imports      | Trade Balance |
|-------------|--------------|--------------|---------------|
| 2013        | 35.7         | 25.3         | 10.4          |
| 2014        | 37.4         | 27.1         | 10.3          |
| 2015        | 31.7         | 23.8         | 7.9           |
| 2016        | 32.2         | 23.9         | 8.3           |
| 2017        | 33.9         | 25.0         | 8.9           |
| <b>CAGR</b> | <b>-1.3%</b> | <b>-0.3%</b> | <b>-3.9%</b>  |

Data Source: UN Comtrade

in India's T&A exports to Italy. This is followed by cotton textiles and manmade textiles having share of 20% and 18% respectively.

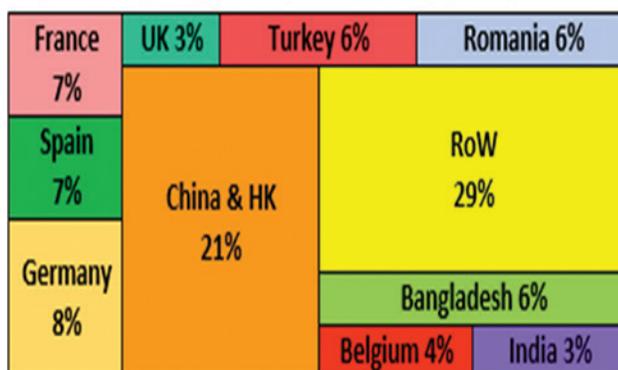
Italy is one of the major importers of apparel products in the world. India, being a significant manufacturer of

Figure 1: Category-wise T&A imports by Italy (2017)



Data Source: UN Comtrade

Figure 2: Top Suppliers of T&A to Italy (2017)



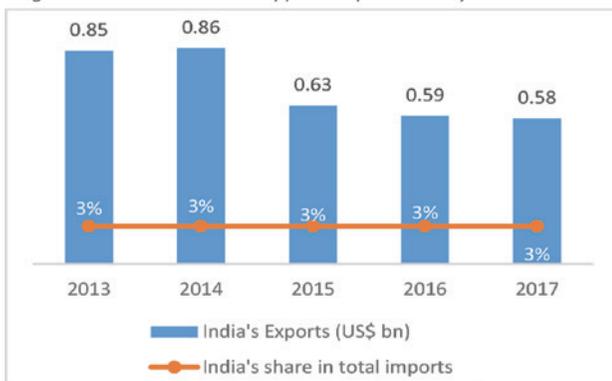
Note: Textiles comprises of fibre, yarn, fabric and home textiles

Table 2: Italy's Top 10 textile and apparel imported commodities (In US\$ Bn.)

| S.No | Commodity   | 2015 | 2016 | 2017 | CAGR |
|------|---|------|------|------|------|
| 1    | Knitted T-shirts, singlets and other vests of cotton                | 0.96 | 0.99 | 1.04 | 4%   |
| 2    | Men's trousers, bib & brace overalls, breeches & shorts of cotton   | 1.03 | 1.00 | 0.95 | -4%  |
| 3    | Knitted pullovers, cardigans etc. of cotton                         | 0.76 | 0.74 | 0.83 | 5%   |
| 4    | Knitted pullovers, cardigans etc. of MMF                            | 0.75 | 0.73 | 0.77 | 1%   |
| 5    | Knitted garments of MMF   | 0.62 | 0.72 | 0.73 | 9%   |
| 6    | Women's trousers, bib & brace overalls, breeches & shorts of cotton | 0.58 | 0.55 | 0.57 | -1%  |
| 7    | Men's anoraks etc. of MMF   | 0.54 | 0.52 | 0.53 | -1%  |
| 8    | Women's anoraks etc. of MMF   | 0.48 | 0.44 | 0.46 | -2%  |
| 9    | Men's shirt of cotton   | 0.45 | 0.45 | 0.43 | -2%  |
| 10   | Knitted T-shirts, singlets etc. of material nes                     | 0.42 | 0.44 | 0.42 | 0%   |

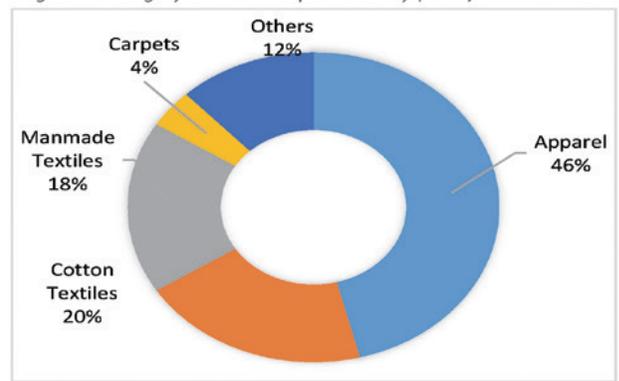
Data Source: UN Comtrade

Figure 3: India's Textile and Apparel Exports to Italy



Data Source: UN Comtrade

Figure 4: Category-wise T&A Exports to Italy (2017)



Data Source: UN Comtrade

Table 4: India's potential Categories of exports to Italy

| S.No | Market Segment   | Existing Products   | New Products   |
|------|------------------|---|--|
| 1    | Apparel          | <ul style="list-style-type: none"> <li>Men's/Women's knitted night suits</li> <li>Women's blouses and shirts of cotton or manmade fibres</li> <li>Babies knitted garments &amp; clothing accessories of cotton</li> </ul> | <ul style="list-style-type: none"> <li>Knitted T-shirts, singlets &amp; vests</li> <li>Men's cotton shirts, knitted or woven</li> <li>Women's woven dresses of synthetic fibres</li> </ul>                   |
| 2    | Manmade Textiles | <ul style="list-style-type: none"> <li>Polyester staple fibre</li> <li>Polyester textured yarn</li> <li>Flexible Intermediate Bulk Containers of manmade textiles</li> </ul>  | <ul style="list-style-type: none"> <li>Dyed woven fabrics of textured polyester filaments</li> <li>Knitted fabrics containing 5% or more elastomeric yarn</li> <li>Nonwovens of manmade filaments</li> </ul> |

Data Source: UN Comtrade and Wazir Analysis

garments, holds a miniscule share in these imports which has remained stagnant over the last few years.

In recent years, China, the largest supplier for Italy, has seen a sustained rise in its wages, opening up opportunities for India to increase its share in Italy's apparel imports.

Apart from this, the category of man-made textiles offers huge potential for India to increase its market share in Italy. It can increase its export competitiveness by investing in MMF-based textile manufacturing processes, thereby increasing its market base.