

## India's textile exports to **CHINA** on the decline

China is the largest exporter of textile & apparel products globally. However, its T&A exports registered a marginal decline of 0.2% over the last five years to reach \$276 billion in 2016. Despite the fact that China's T&A imports declined by a CAGR of 8% during 2012-16, it remained the third largest importer of T&A products globally. China's textile and apparel trade balance recorded a surplus of \$228 billion in 2016.

Apparel is the largest imported category by China, representing 38% of total textile and apparel imports (2016). This is followed by man-made textiles, cotton textiles and others with a share of 24%, 22% and 15% respectively. Top 10 suppliers accounted for 46% of textile and apparel imports by China. Vietnam is the largest supplier accounting for 7% share, followed by Italy and Japan with a share of 7% and 6% respectively. In comparison to last year, of the top 10 suppliers of textile and apparel products to China, exports of only Vietnam and Italy have increased at a rate of 17% and 5% respectively. Also, the share of Vietnam has increased by 2%.

India was the seventh largest supplier of textile and apparel products to China in 2016, dropping down by two positions as compared to the previous year. India's exports of T&A to China stood at \$1.7 billion in 2016. It has registered de-growth at a CAGR of 22% over the last five years. India's share has declined from 7% in 2012 to 4% in 2016. Cotton textiles is the largest category with a share of 77% in India's T&A exports to China. This is fol-

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

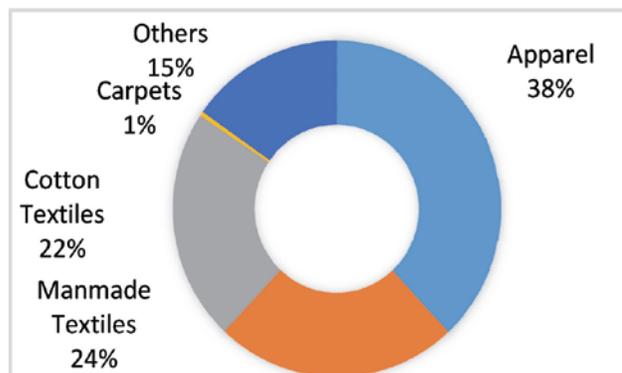
Year	Imports	Exports	Trade Balance
2012	67	278	211
2013	66	306	239
2014	60	317	256
2015	55	300	245
2016	48	276	228
<b>CAGR</b>	<b>-8%</b>	<b>-0.2%</b>	<b>2%</b>

Data Source: UN Comtrade

lowed by apparel and man-made textiles with a share of 8% and 5% respectively.

China is the largest market for India's cotton yarn. However, India's cotton yarn exports to China have declined heavily from \$2,175 million in 2013 to \$1,102 million in 2016 at a CAGR of 49%. During the same period, Vietnam's exports of the same increased by 88% to touch \$1,710 million in 2016. Vietnam became the largest

Figure 1: Category-wise T&A imports by China (2016)



Data Source: UN Comtrade

Figure 2: Top Suppliers of T&A to China (2016)

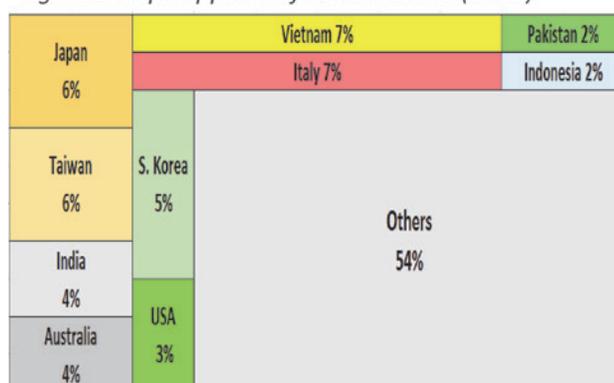


Table 2: China's Top 10 textile and apparel imported commodities (In US\$ mn.)

S.No	Commodity	2014	2015	2016	CAGR
1	Cotton yarn, single (<85% cotton)	2,648	2,437	2,176	-9%
2	Wool, not carded/combed	2,125	2,130	2,130	0%
3	Cotton, not carded/combed	5,040	2,566	1,566	-44%
4	Knitted Jerseys, pullovers, cardigans & similar articles of cotton	1,858	1,680	1,455	-12%
5	Knitted T-shirts, singlets & other vests of cotton	1,166	1,201	1,113	-2%
6	Women's trousers, bib & brace overalls, breeches & shorts of cotton	1,112	1,113	1,034	-4%
7	Knitted fabrics of width >30cm, containing < 5% of elastomeric yarn/rubber thread	1,231	1,127	1,009	-9%
8	Knitted Jerseys, pullovers, cardigans, & similar articles of man-made fibres	1,114	1,020	958	-7%
9	Woven Brassiers & parts thereof	912	976	906	0%
10	Knitted Men's trousers, bib & brace overalls, breeches & shorts of cotton	1,001	977	890	-6%

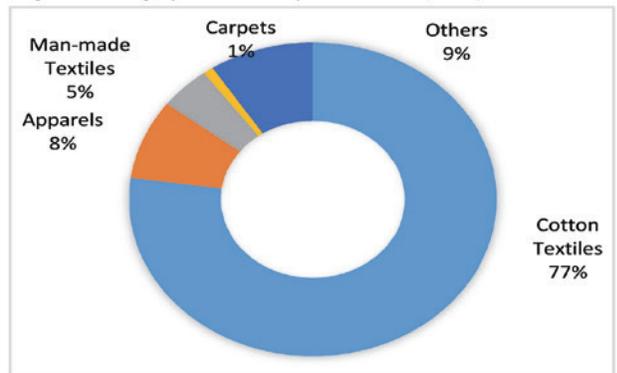
Data Source: UN Comtrade

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



Data Source: UN Comtrade

Figure 4: Category-wise T&A Exports to China (2016)



Data Source: UN Comtrade

Table 3: India's potential Categories of exports to China

S.No	Market Segment	Existing Products	New Products
1	Cotton Textiles	<ul style="list-style-type: none"> <li>Toilet, table, bed and kitchen linen</li> <li>Curtain/ drapes, woven</li> <li>Textile furnishing articles, other than bed spread, woven</li> </ul>	<ul style="list-style-type: none"> <li>Other made up textile articles including dress patterns</li> <li>Denim fabrics</li> </ul>
2	Apparels	<p><b>Knitted</b></p> <ul style="list-style-type: none"> <li>Babies' garments of cotton</li> <li>Women's dresses of synthetic fibres</li> </ul> <p><b>Woven</b></p> <ul style="list-style-type: none"> <li>Women's shirt/ blouse of cotton and man-made fibres</li> <li>Women's dresses of synthetic fibres</li> <li>Men's shirt of cotton</li> </ul>	<p><b>Knitted</b></p> <ul style="list-style-type: none"> <li>T-shirts and Singlets</li> <li>Jerseys and pullovers</li> <li>Women's dresses of synthetic fibres</li> </ul> <p><b>Woven</b></p> <ul style="list-style-type: none"> <li>Women's trousers, breeches and shorts of cotton</li> <li>Men's trousers, breeches and shorts of cotton</li> </ul>

Data Source: UN Comtrade and Wazir Analysis

supplier of cotton yarn to China in 2016-17, surpassing India. The other major suppliers of cotton yarn to China like Indonesia and Uzbekistan have also increased their share significantly in the past few years.

China's reduced imports of cotton yarn from India is expected to continue in the near future, as China will continue to auction its stocks and import cotton yarn from Vietnam as required. The Chinese Government is

also providing investment support to incentivise spinning capacities within China in cotton producing areas like Xinjiang.

India's cotton yarn exports to China would be challenged until the trajectory of India's export shift towards other major yarn importing nations such as Bangladesh, Turkey, Vietnam, Italy, Japan, etc., which will cover the gap created by China.