

Scope to expand India's textile and apparel exports to **GERMANY**

Germany's total textile and apparel (T&A) imports have remained stagnant over the last five years at \$49 billion in 2016, while its exports have decreased at a CAGR of -1% to reach \$33 billion. The textile and apparel trade balance recorded a deficit of \$16 billion in 2016.

Apparel is the largest imported category in Germany, representing 73% of total textile and apparel imports. This is followed by man-made textiles and cotton textiles with a share of 12% and 9% respectively. Top 10 suppliers accounted for 70% of textile and apparel imports by Germany. China is the largest supplier accounting for a 24% share, followed by Bangladesh (11%) and Turkey (10%).

India's exports to Germany

India is the sixth largest supplier of textile and apparel products to Germany. Its exports to Germany stood at \$1.7 billion in 2016. It has declined at a CAGR of -6% over the last five years. India's share has declined from 3.8% in 2012 to 3.5% in 2016.

Apparel is the largest category with a share of 66% in India's T&A exports to Germany. This is followed by cotton textiles, carpets and man-made textiles having a share of 18%, 10% and 4% respectively.

Germany is the second largest importer of textile and

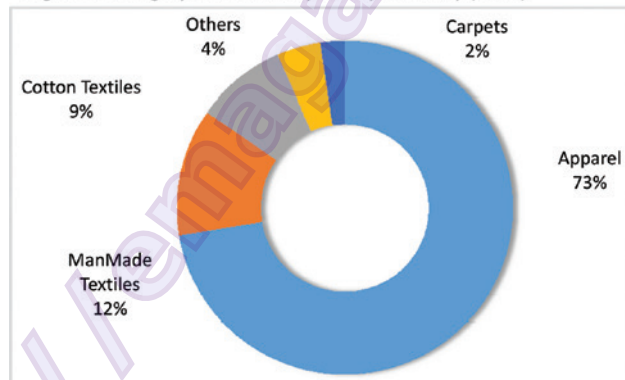
Table 1: Germany's total T&A trade (In US\$ Bn.)

Year	Imports	Exports	Trade Balance
2012	49	35	-14
2013	51	36	-15
2014	54	38	-16
2015	48	32	-16
2016	49	33	-16
CAGR	0%	-1%	3%

Data Source: UN Comtrade

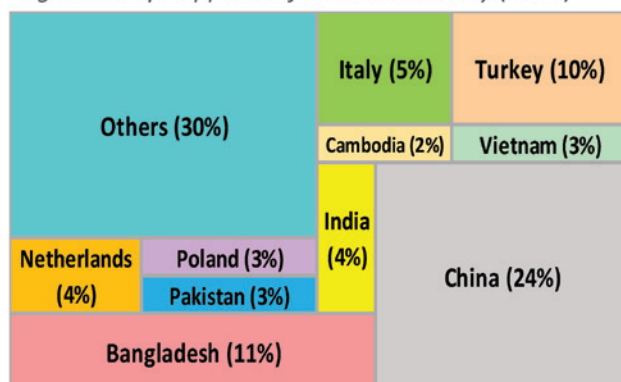
apparel products. However, India's share in Germany's textile and apparel imports is only 3.5%. Moreover, the Vietnam-European Union (EU) free trade agreement (FTA), which is expected to conclude by 2018, will allow Vietnam to emerge as a leading supplier of textile and apparel to the EU. This will affect the share of other suppliers like India

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



Data Source: UN Comtrade

Figure 2: Top suppliers of T&A to Germany (2016)



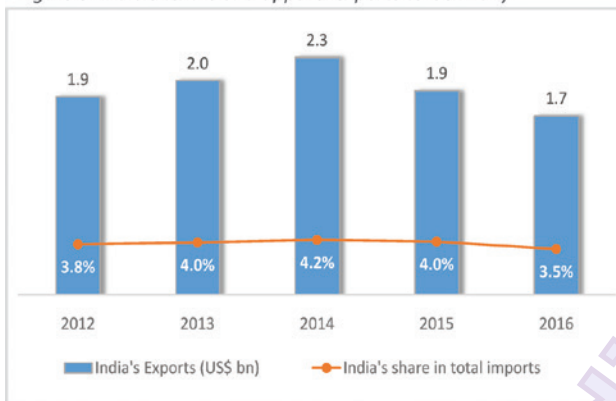
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Table 2: Germany's Top 10 textile and apparel imported commodities (In US\$ mn)

S. No.	Commodity	2014	2015	2016	CAGR
1	Woven Men's Suits, Ensembles etc.	4,818	4,296	4,559	-3%
2	Knitted Sweaters, Pullovers, Vests etc.	4,941	4,255	4,400	-6%
3	Woven Women's Suits, Ensembles etc.	4,603	4,039	4,099	-6%
4	Knitted T-Shirts, Singlets, Tank Tops etc.	4,473	3,994	4,010	-5%
5	Knitted Women's Suits, Ensembles etc.	2,472	2,279	2,383	-2%
6	Woven Women's Overcoats etc.	2,094	1,752	1,825	-7%
7	Bed Linen, Table Linen, Toilet Linen & Kitchen Linen	1,781	1,490	1,444	-10%
8	Woven Women's Or Girls Blouses, Shirts etc.	1,482	1,389	1,414	-2%
9	Woven Men's Shirts etc.	1,303	1,170	1,103	-8%
10	Woven Men's Overcoats, Cloaks etc.	1,245	1,023	1,088	-6%

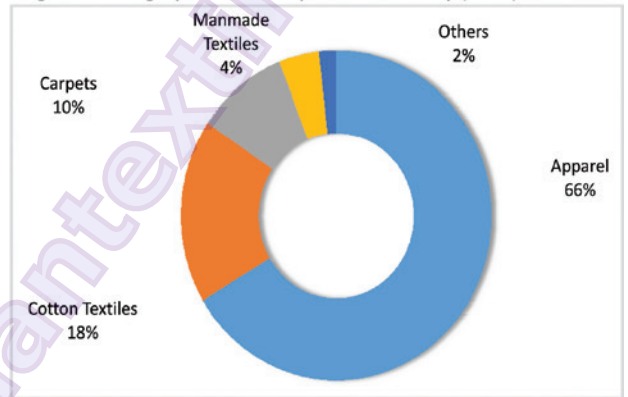
Data Source: UN Comtrade

Figure 3: India's textile and apparel exports to Germany



Data Source: UN Comtrade

Figure 4: Category-wise T&A exports to Germany (2016)



Data Source: UN Comtrade

Table 3: India's potential categories of exports to Germany

Market Segment	Existing Products	New Products
Apparels	<p>Woven</p> <ul style="list-style-type: none"> Women's blouses, shirts of man-made fibres Women's nightwear, swim wear, ensembles, jackets, blazers, dresses of cotton <p>Knitted</p> <ul style="list-style-type: none"> Shawls, scarves, mufflers etc. Men's underpants, briefs, nightwear of cotton 	<p>Woven</p> <ul style="list-style-type: none"> Men's shirt of man-made fibres Women's suits, jackets, blazers, dresses, skirts, suits of synthetic fibres Men's suits <p>Knitted</p> <ul style="list-style-type: none"> T-shirts, singlets
Cotton Textiles	<ul style="list-style-type: none"> Single Yarn of combed/uncombed fibres Bed, table, toilet and kitchen linen 	<ul style="list-style-type: none"> Printed/ Bleached woven fabrics Denim fabrics
Carpets	<ul style="list-style-type: none"> Carpets and other floor coverings of wool/ animal fibre, woven/ tufted/ knotted 	<ul style="list-style-type: none"> Carpets and other floor coverings of manmade textile materials, woven/ tufted

Data Source: UN Comtrade and Wazir Analysis

in the process.

India, being the larger and more resourceful country, is yet to capitalize on the potential, especially in terms of export of cotton textiles and apparel to Germany. India has considerable advantage in terms of manpower availability and infrastructure. Its textile and apparel manufacturers need to undertake suitable investments for product and

infrastructure expansion to cater to the German consumers' demand. Focus on technology enhancement and manufacturing excellence will be a key mantra to increase the trade flow.

Moreover, Germany recognizes India as a growing economic power and a strategic trade partner, and efforts from both sides indicate better trade prospects in the future. ♦