

Brexit offers scope for higher Indian textile exports

The UK is a major consumption center of a variety of textile and apparel products from around the world. Its decision to exit from the EU (Brexit) last year sent shock waves throughout the world. It is expected that Brexit will take place by 2019. In the short term, negative implications were predicted in trade in general. In textile and apparel, imports of all categories faced a decline due to pound sterling devaluation. However, the scenario looks optimistic in the longer term.

For India, the UK is one of the key markets for textile and apparel products. Out of India's total textile and apparel exports to the EU of \$9 billion, the UK accounted for about 23% share in 2016 (\$2.1 billion).

Presently, around 32% of textile and apparel import demand by the UK is met by the EU 28 countries such as Germany, Italy, France, the Netherlands, Belgium and Spain. Moreover, Turkey, which has a Custom Union with the EU, has a share of 8% in the UK's textile and apparel imports.

Brexit will provide Indian companies with the opportunity to capture a substantial market share as the playing field will be eventually evened out among all the major exporter nations.

Over the last five years, the total textile and apparel imports by the UK grew at a CAGR of 1% to reach \$32 billion, while its exports grew at a CAGR of 2% to touch \$12 billion in 2016. The textile and apparel trade balance

Table 1: United Kingdom's Total T&A Trade (In US\$ bn.)

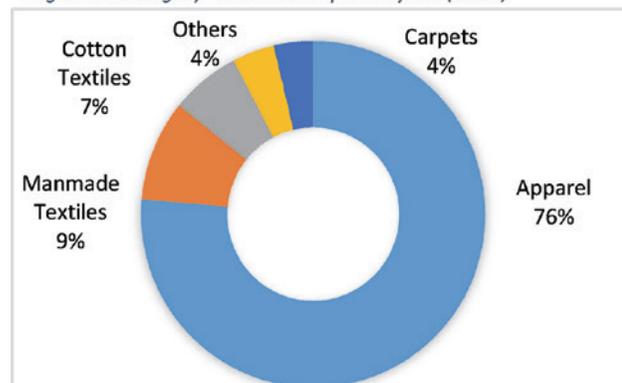
Year	Imports	Exports	Trade Balance
2012	31.2	11.6	-19.6
2013	33.0	12.8	-20.2
2014	36.4	13.5	-22.9
2015	34.8	13.0	-21.8
2016	32.1	12.4	-19.7
CAGR	1%	2%	0.1%

Data Source: UN Comtrade

recorded a deficit of \$20 billion in 2016.

Apparel is the largest imported category by the UK, representing 76% of total textile and apparel imports (2016). This is followed by man-made textiles, cotton textiles, and carpets with a share of 9%, 7% and 4% respectively. Top 10

Figure 1: Category-wise T&A Imports by UK (2016)



Data Source: UN Comtrade

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

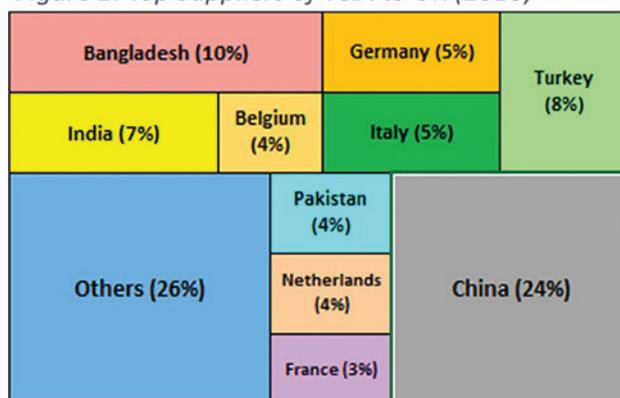
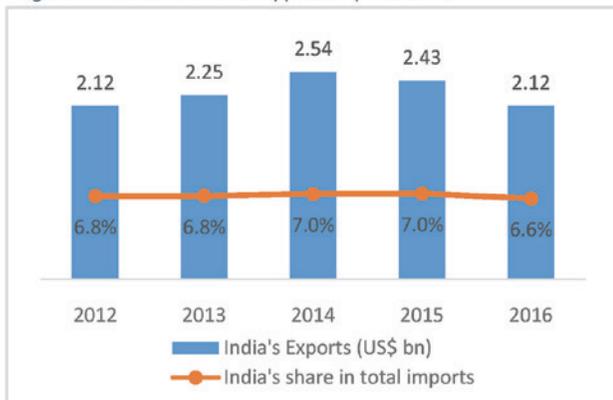


Table 2: UK's Top 10 textile and apparel imported commodities (In US\$ mn.)

S.No.	Commodity	2014	2015	2016	CAGR
1	Woven Women's 'Suits, Ensemble etc.	4,091	4,105	3,776	-4%
2	Knitted Sweaters, Pullovers, Vests etc.	3,433	3,230	3,045	-6%
3	Knitted T-Shirts, Singlets, Tank Tops etc.	2,859	2,692	2,499	-7%
4	Woven Men's Or Boys Suits, Ensembles etc.	2,698	2,621	2,357	-7%
5	Knitted Women's Suits, Ensemble etc.	1,987	1,919	1,791	-5%
6	Woven Women's Blouses, Shirts etc.	1,190	1,169	1,084	-5%
7	Bed Linen, Table Linen Toilet Linen & Kitchen Linen	1,227	1,171	1,078	-6%
8	Woven Women's Overcoats etc.	1,049	924	924	-6%
9	Woven Men's Shirts	1,113	1,097	888	-11%
10	Carpets and other textile floor coverings, tufted, whether or not made up.	958	897	844	-6%

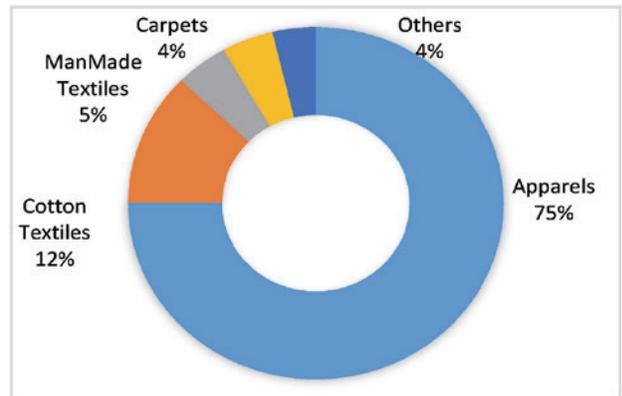
Data Source: UN Comtrade

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



Data Source: UN Comtrade

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



Data Source: UN Comtrade

Table 3: India's potential categories of textile and apparels exports to UK

Market Segment	Existing Products	New Products
Cotton Textiles	<ul style="list-style-type: none"> Textile furnishing articles, woven Table, Toilet, kitchen linen Curtain, drapes 	<ul style="list-style-type: none"> Bed linen Floor-cloths, dish-cloths, & dusters
Apparel	<p>Woven</p> <ul style="list-style-type: none"> Women's blouses of manmade fibres <p>Knitted</p> <ul style="list-style-type: none"> Jerseys, pullovers, cardigans of man-made fibres T-shirts, Singlets & other vests, not cotton 	<p>Woven</p> <ul style="list-style-type: none"> Men's shirts, trousers, & shorts of cotton Women's dresses of synthetic fibres <p>Knitted</p> <ul style="list-style-type: none"> T-shirts, Singlets & other vests, of cotton Babies' garments & clothing accessories of cotton

suppliers accounted for 74% of textile and apparel imports by the UK. China is the largest supplier accounting for a 24% share, followed by Bangladesh, Turkey and India with a share of 10%, 8% and 7% respectively.

India's exports to the UK

India is the fourth largest supplier of textile and apparel products to the UK. At \$2.1 billion, India's share has de-

clined from 6.8% in 2012 to 6.6% in 2016.

Apparel is the largest category with a share of 75% in India's T&A exports to the UK. This is followed by cotton textiles and man-made textiles having a share of 12% and 5% respectively.

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