Showcasing the

INDIAN TEXTILE INDUSTRY TO THE WORLD

GLOBAL MARKET WATCH

by

wazir
ADVISORS

Editorial

Globalization of the business environment has made it important for firms to look for foreign market opportunities in order to gain and sustain competitive advantage. Global textile and apparel trade has more than doubled itself from US$ 360 billion in 2000 to US$ 743 billion in 2016, registering a compounded annual growth rate (CAGR) of 5%. Apparel is the largest traded category with a share of 58% in 2016.

China is the biggest textile and apparel exporter in the world and has maintained a top position along with continuous growth in its trade share since 2000. Structural shifts caused by quota removal about a decade ago triggered manufacturing and trade from countries like Bangladesh, Vietnam, India etc. outpaced those in countries of South Korea, Spain, France, etc. In 2000, Bangladesh had a share of only 1% in total textile and apparel exports which has increased to 5% in 2016. Similarly, Vietnam's share has also increased from 1% to 4% in the same period.

India has emerged as the second largest exporter of textile and apparel with a share of 5% in the global textile and apparel trade. Raw material availability is one of the key strengths of Indian textile sector. India is the largest producer and second largest consumer and exporter of Cotton; largest producer and second largest exporter of Jute; and second largest producer of Silk. India has a large pool of manpower which is advantageous since textile and apparel is a labour intensive sector. Textile and apparel manufacturing set-up in India is second largest in the world that spans the entire value chain – from fibre to finished goods. All these factors have led to India become one of the leading producer and exporter of textile and apparel in the

USA, China, Japan and EU countries are the biggest market of textile and apparel products and provides big opportunity for Indian exporters. In order to compete at global level, India needs to focus on improving productivity, promote JVs and partnership and focus on service to deliver right product at the right time. Also in order to keep up with the latest trends and new technology, focus on marketing intelligence will play a key role. Moreover, to shift from conventional working environment to modern corporate work ethic, it is important to provide training at all levels of management.

Global Market Watch provides insights on textile and apparel imports in important markets, India's textile and apparel exports to the market and potential categories of exports from India.

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Growing US market for INDIAN TEXTILES

The US is the biggest importer of textile and apparel products. Over the last five years, total textile and apparel imports by the US increased at a CAGR of 0.4 per cent to reach $110 billion in 2016, while its exports decreased at a CAGR of -2 per cent to touch $24 billion. The textile and apparel trade balance recorded a relatively large deficit of $86 billion in 2016.

Apparel is the largest imported category by the US, representing 74 per cent of total textile and apparel imports (2016). This is followed by cotton textiles, man-made textile, carpets and others with a share of 11 per cent, 9 per cent, 3 per cent and 3 per cent respectively. Top 10 suppliers accounted for 83 per cent of textile and apparel imports by the US. China is the largest supplier accounting for a 44 per cent share, followed by Vietnam and India with a share of 10 per cent and 7 per cent respectively.

India is the third largest supplier of textile and apparel products to the US after China and Vietnam. India's exports of T&A to the US stood at $8 billion in 2016. It has grown at a CAGR of 1.1 per cent over the last five years. India's share has increased from 4.9 per cent in 2011 to 7.3 per cent in 2016.

Apparel is the largest category with a share of 51 per cent in India's T&A exports to the US. This is followed by cotton textiles, carpets and man-made textiles having share of 32 per cent and 11 per cent, and 4 per cent respectively.

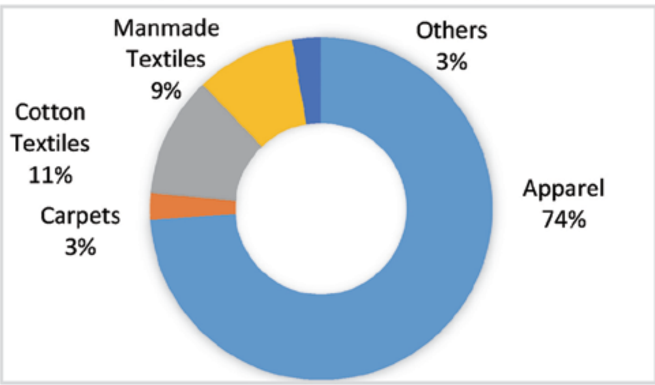
Table 1: USA's Total T&A Trade (In US$ Bn.)

Year	Imports	Exports	Trade Balance
2012	108	27	-81
2013	112	27	-85
2014	115	26	-89
2015	120	25	-95
2016	110	24	-86
CAGR	**0.4%**	**-3%**	**-1.5%**

Data Source: UN Comtrade

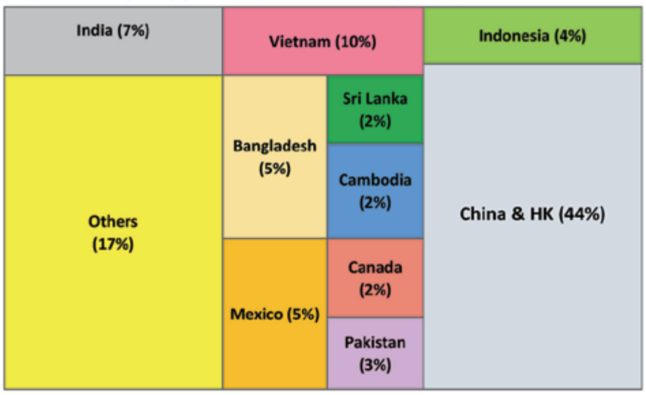
The US is the top market for textile and apparel products with imports worth $110 billion and domestic apparel consumption worth $315 billion. India's textile and apparel exports to the US have increased by 2 per cent over the last year while the exports from major competing nations, viz., Bangladesh, Indonesia and Vietnam, have shown

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



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

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



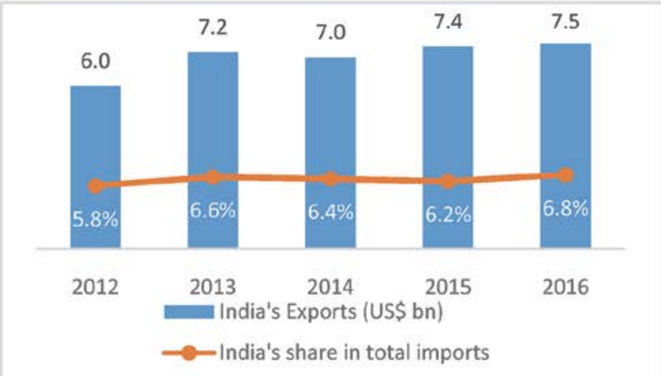
Data Source: UN Comtrade

Table 2 : USA's Top 10 Textile and Apparel imported commodities *Values in US$ mn.*

	Commodity	2014	2015	2016	CAGR
1	Knitted jerseys, pullovers, cardigans, vests etc.	15,409	15,441	14,294	-3.7%
2	Woven women's suits, ensembles etc.	10,202	10,504	10,242	0.2%
3	Woven men's suits, ensembles etc.	8,873	8,919	8,434	-2.5%
4	Knitted women's suits, ensembles etc.	6,225	6,533	6,164	-0.5%
5	Knitted T-shirts, Singlets, tank tops etc.	5,625	6,008	5,993	3.2%
6	Bed linen, table linen toilet & kitchen linen	5,554	5,791	5,615	0.5%
7	Made-up articles of textile materials	4,037	4,426	4,553	6.2%
8	Woven men's shirts	3,859	3,865	3,670	-2.5%
9	Knitted women's slips, pajamas, etc.	3,229	3,441	3,328	1.5%
10	Bras, girdles, garters etc.	2,619	2,911	2,849	4.3%

Data Source: UN Comtrade

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



Data Source: UN Comtrade

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

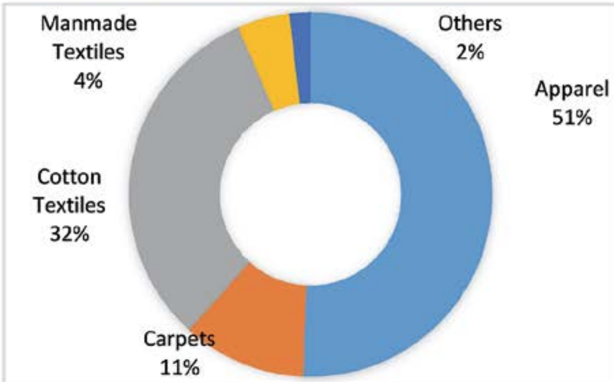


Table 3: India's Potential Categories of textile and apparel exports to USA

Market Segment	Existing Products	New Products
Cotton Textiles	• Toilet, table, bed and kitchen linen • Curtain/ drapes, woven • Textile furnishing articles, other than bed spread, woven	• Other made up textile articles including dress patterns • Denim fabrics
Apparel	**Woven** • Women's shirt/ blouse of cotton and man-made fibres • Men's shirt of cotton • Women's dresses of synthetic fibres **Knitted** • Men's shirt of cotton • Women's dresses of synthetic fibres • Babies' garments of cotton	**Woven** • Women's trousers, breeches and shorts of cotton • Men's trousers, breeches and shorts of cotton **Knitted** • T-shirts and Singlets • Jerseys & pullovers of cotton &MMF • Women's trousers, breeches & shorts of cotton • Women's dresses of synthetic fibres

decline. Calling off the proposed Trans-Pacific Partnership trade deal has weakened the prospects for Vietnam, which signals better growth opportunities for India's textile and apparel exports to the US. India, the largest and more resourceful country of all those listed above is yet to tap the real potential as far as apparel and cotton textiles exports are concerned. India has advantage in terms of manpower availability and infrastructure. Manufacturers need to be ready to undertake suitable investments for product and infrastructure expansion to cater to the demand, which China may no longer cater exclusively.

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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 recorded a deficit of $20 billion in 2016.

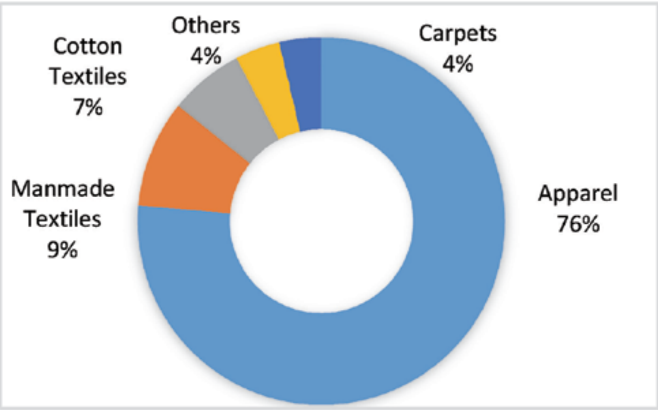
Table 1: United Kingdom's Total T&A Trade (In US$ bn.)

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

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)

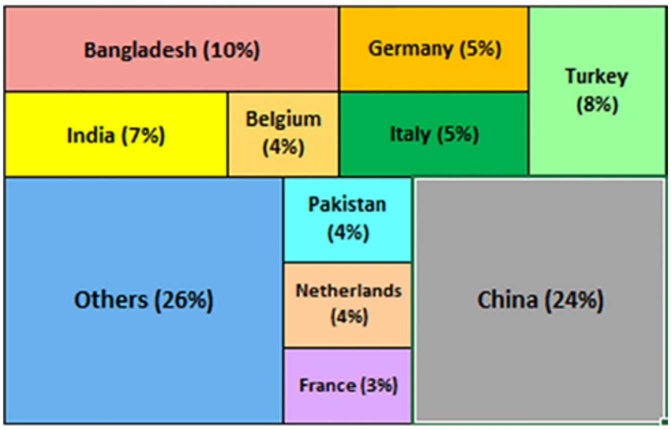
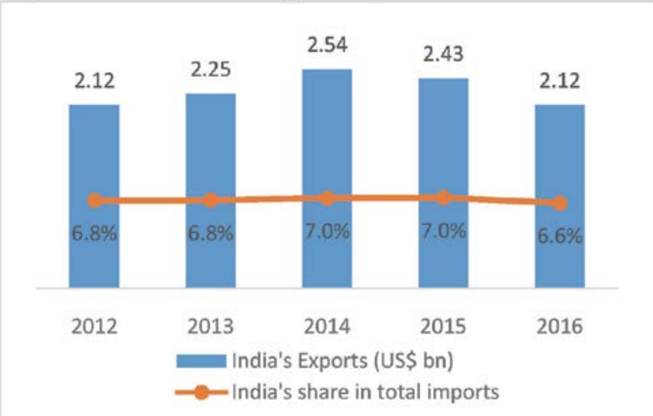


Table 2: UK's Top 10 textile and apparel imported commodities (In US$ mn.)

S.No.	Commodity	2014	2015	2016	CAGR
1	Woven Women's 'Suits, Ensembleetc.	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, Ensembleetc.	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%

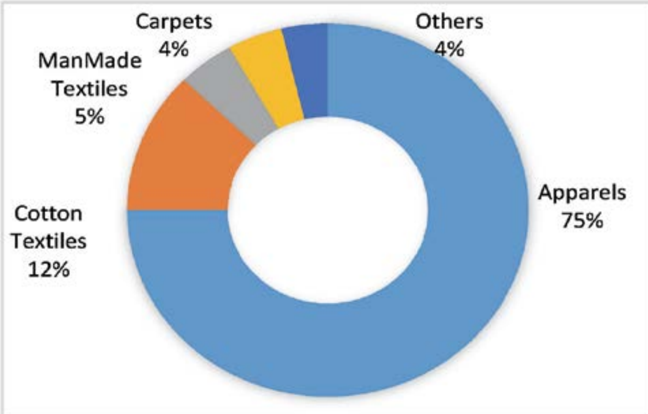
Data Source: UN Comtrade

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	• Textile furnishing articles, woven • Table, Toilet, kitchen linen • Curtain, drapes	• Bed linen • Floor-cloths, dish-cloths, & dusters
Apparel	**Woven** • Women's blouses of manmade fibres **Knitted** • Jerseys, pullovers, cardigans of man-made fibres • T-shirts, Singlets & other vests, not cotton	**Woven** • Men's shirts, trousers, & shorts of cotton • Women's dresses of synthetic fibres **Knitted** • 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 declined 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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QUALITY AND SUPERIOR SERVICE

Key mantras to penetrate JAPANESE MARKET

Japan is the fourth largest market for textile and apparel products with imports worth $35 billion. Over the last five years, Japan's total textile and apparel imports declined at a CAGR of -4% to reach $34.7 billion in 2016, while exports have reduced at a CAGR of -6% to reach $7.6 billion. Japan's total textile and apparel trade balance recorded a deficit of $ 27.1 billion in 2016.

Textile and Apparel Imports Profile

Apparel is the largest imported category by Japan, representing 76% of total textile and apparel imports (2016). This is followed by cotton textiles, man-made textile with a share of 10%, and 9% respectively. Top 10 suppliers accounted for 92% of textile and apparel imports by Japan. China is the largest supplier accounting for 62% share followed by Vietnam and Indonesia with a share of 11% and 4% respectively.

India's Textile and Apparel Exports to Japan

India is the tenth largest supplier of textile and apparel products to Japan. India's exports of T&A to Japan stood at $373 million in 2016. It has registered de-growth at a CAGR of -2% over last five years. India's share has remained almost constant at 1% from 2012 to 2016. Despite having market access arrangement with Japan, India has not been able to leverage its benefits.

Apparel is the largest category with a share of 49% in India's T&A exports to Japan. This is followed by cotton textiles, man-made textiles and carpets having share of 28%, 7%, 6% respectively.

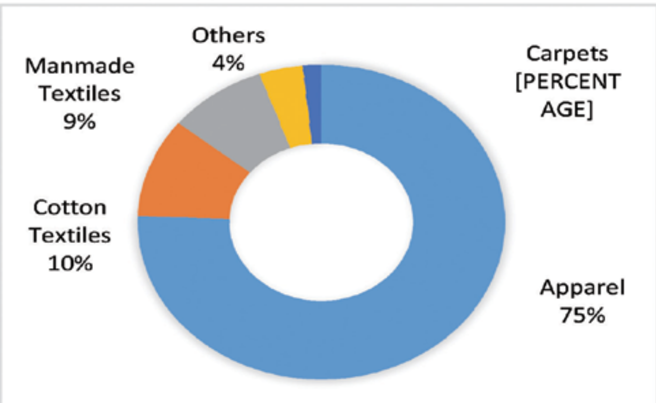
Table 1: Japan's Total T&A Trade (In US$ Bn.)

Year	Imports	Exports	Trade Balance
2012	41.5	9.6	-31.9
2013	41.0	8.6	-32.4
2014	38.7	8.4	-30.3
2015	35.4	7.8	-27.6
2016	34.7	7.6	-27.1
CAGR	-4%	-6%	-4%

Data Source: UN Comtrade

The Japanese textile manufacturing industry started shifting to other countries in 1980s due to the increase in wage cost in Japan. This led to the investment from Japan to the countries like China, Vietnam, Cambodia, Indonesia, etc. The reason for investment in these countries was low cost of production, expected market access arrangements and low shipment time. In addition, the cultural fit of these countries with Japan in terms of developing relationship

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



Data Source: UN Comtrade

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

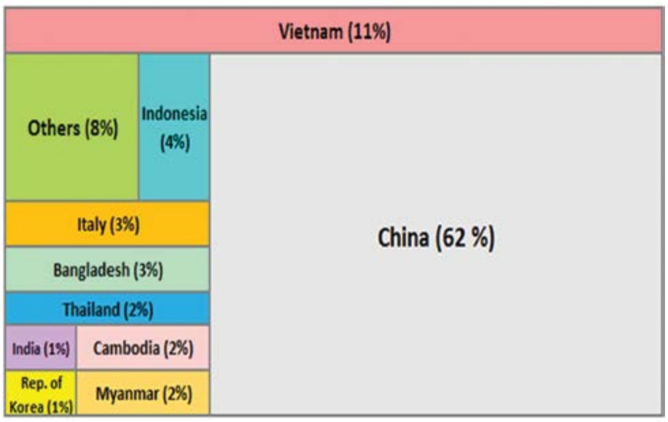


Table 2: Japan's Top 10 textile and apparel imported commodities (In US$ mn.)

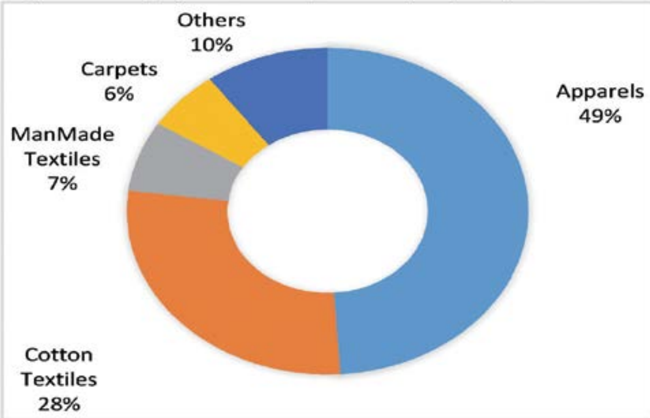
S.No.	Commodity	2014	2015	2016	CAGR
1	Knitted Sweaters, Pullovers, Vests etc.	4,942	4,579	4,324	-6%
2	Woven Women's Suits, Ensemble	3,429	3,256	3,290	-2%
3	Woven Men's Or Boys Suits, Ensembles etc.	2,769	2,583	2,549	-4%
4	Knitted T-Shirts, Singlets, Tank Tops etc.	2,201	2,022	2,133	-2%
5	Knitted Women's Or Girls Suits, Ensembleetc.	1,648	1,431	1,391	-8%
6	Woven Women's Overcoats etc.	1,560	1,390	1,243	-11%
7	Miscellaneous Made-Up Articles Of Textile Materials	1,240	1,216	1,214	-1%
8	Women's or girls' blouses, shirts and shirt-blouses.	1,167	1,044	1,087	-3%
9	Bed Linen, Table Linen Toilet Linen & Kitchen Linen	1,226	1,076	1,067	-7%
10	Track suits, ski suits and swimwear; other garments.	1,104	1,017	1,045	-3%

Data Source: UN Comtrade

Figure 3: India's Textile and Apparel Exports to Japan (US$ bn.)

Data Source: UN Comtrade

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



Data Source: UN Comtrade

Table 3: India's Potential categories of textile and apparel exports to Japan

Market Segment	Existing Products	New Products
Cotton Textiles	• Textile furnishing articles, woven • Single Yarn of combed/uncombed fibres	• Bed , toilet, and kitchen linen • Blankets (non-electric) and travelling rugs • Unbleached woven fabrics
Apparels	**Woven** • Women's blouses, shirts & shirt-blouses • Women's or girls' suits, jackets, blazers	**Woven** • Men's suits, jackets, blazers • Active-wear, swimwear • Men's shirts **Knitted** • T-shirts, Singlets & Shirts • Men's suits, jackets, blazers

and comfortable working environment for Japanese was an added advantage.

India has signed CEPA with Japan in 2010, still India's share in Japanese market is miniscule even after seven years of implementation of the agreement. It is important to note that, China is the biggest T&A supplier to Japan nevertheless it does not enjoy any preferential trade access. This is due to the fact that Japanese market is stringent in terms of product quality, compliances and delivery timelines. India is a supplier of the similar products to the world which are imported by Japan, but due to the demand of high-end products and timely delivery by Japan, India is not competitive in Japanese market. Competitors like Vietnam and Bangladesh known for their low-cost manufacturing, have captured more market share. Recently

India still has a high potential to increase its market share in Japan. For that,Indian exporters need to focus on high quality Indian garments and work on faster delivery schedules. Further, Japan's sourcing model is based on using buying agents and trading firms and not direct orders. Indian exporters need to familiarize themselves with different model as well. ◆

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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.

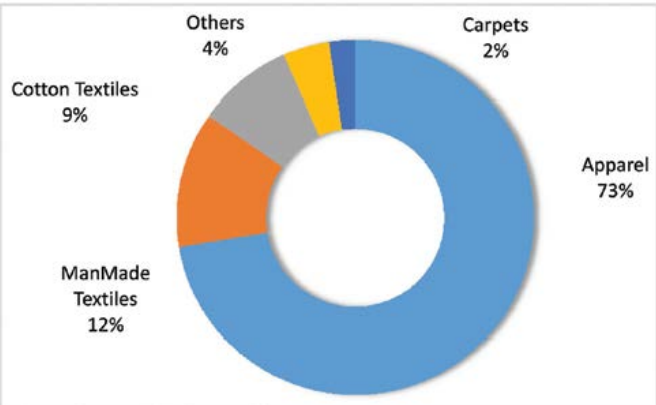
Germany is the second largest importer of textile and apparel products. However, India's share in Germany's textile and apparel imports is only 3.5%. Moreover, the Vietnam-European Union (EU) free trade agreement (FTA), which is expected to conclude by 2018, will allow Vietnam to emerge as a leading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

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

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



Data Source: UN Comtrade

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

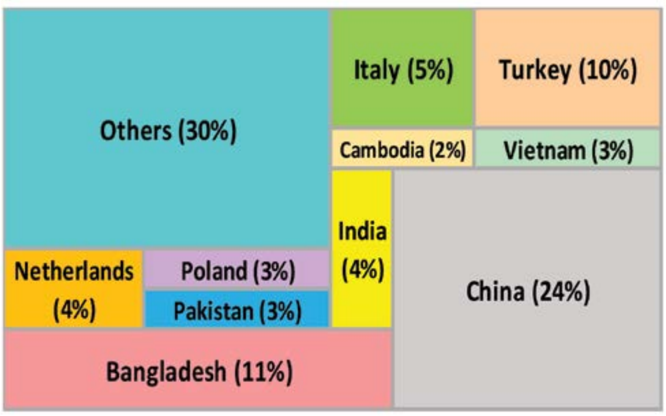
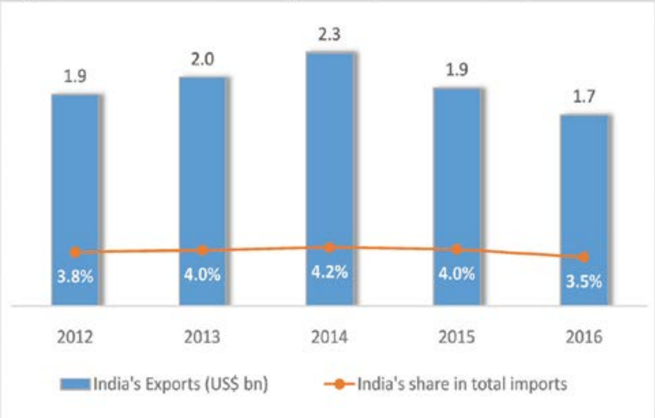


Table 2: Germany's Top 10 textile and apparel imported commodities (In US$ mn)

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%

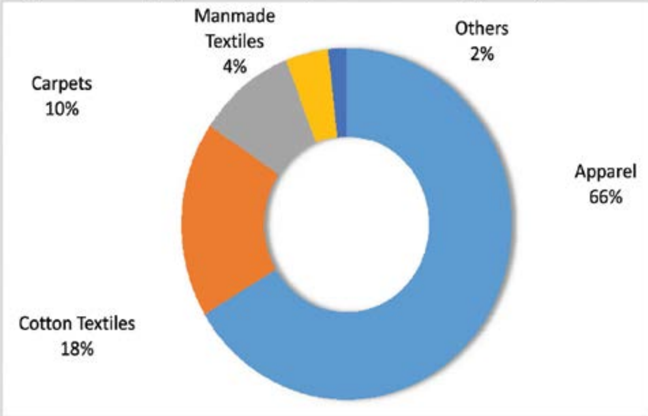
Data Source: UN Comtrade

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	**Woven** • Women's blouses, shirts of man-made fibres • Women's nightwear, swim wear, ensembles, jackets, blazers, dresse s of cotton **Knitted** • Shawls, scarves, mufflers etc. • Men's underpants, briefs, nightwear of cotton	**Woven** • Men's shirt of man-made fibres • Women's suits, jackets, blazers, dresses, skirts, suits of synthetic fibres • Men's suits **Knitted** • T-shirts, singlets
Cotton Textiles	• Single Yarn of combed/uncombed fibres • Bed, table, toilet and kitchen linen	• Printed/ Bleached woven fabrics • Denim fabrics
Carpets	• Carpets and other floor coverings of wool/ animal fibre, woven/ tufted/ knotted	• 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. ◆

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Scope to step up Indian textile exports to South Korea

Textile and apparel imports by South Korea increased at a CAGR of 4% to reach $13.8 billion in 2016, while its exports declined at CAGR of -4% to touch $13.3 billion in the past five years. The textile and apparel trade balance recorded a deficit of around $0.5 billion in 2016.

Apparel is the largest imported category in South Korea, representing 59% of the total textile and apparel imports (2016). This is followed by man-made textiles, cotton textiles and carpets with a share of 20%, 14% and 1% respectively. Top 10 suppliers accounted for 87% of textile and apparel imports by South Korea. China is the largest supplier accounting for a 42% share, followed by Vietnam and Indonesia with a share of 22% and 5% respectively.

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

Year	Imports	Exports	Trade Balance
2012	11.8	15.4	3.6
2013	13.2	15.7	2.5
2014	14.2	15.7	1.5
2015	13.9	14.0	0.1
2016	13.8	13.3	-0.5
CAGR	4%	-4%	

Data Source: UN Comtrade

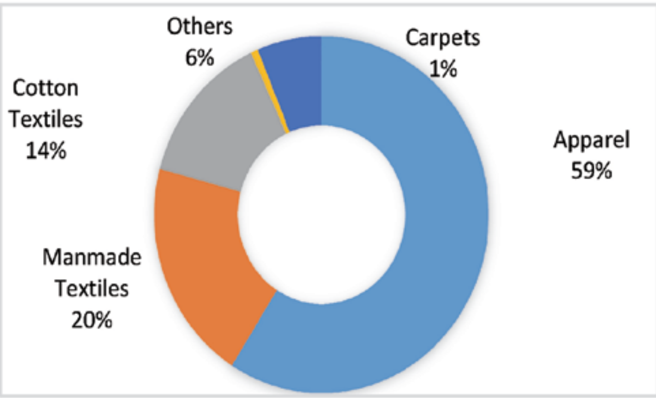
India's textile and apparel exports to South Korea

India is the seventh largest supplier of textile and apparel products to South Korea, with its exports touching a level of $374 million in 2016. It has registered CAGR of 5% over the last five years, and India's share has increased from 2.6% in 2012 to 2.7% in 2016.

Cotton textiles is the largest category with a share of 56% in India's T&A exports to South Korea. This is followed by man-made textiles, apparel and carpets with a share of 20%, 17% and 2% respectively.

India signed a Comprehensive Economic Partnership Agreement (CEPA) with South Korea in 2010. Even after

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



Data Source: UN Comtrade

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

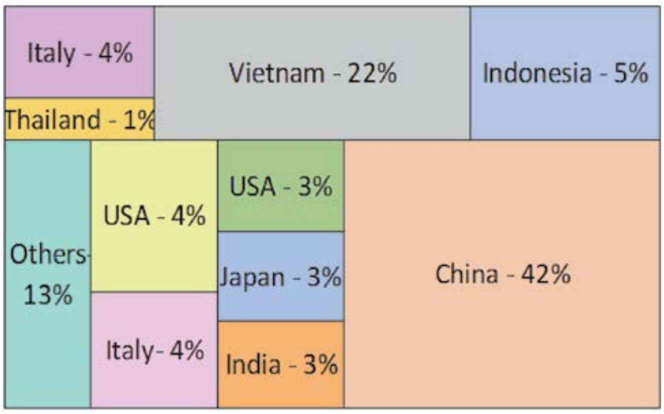
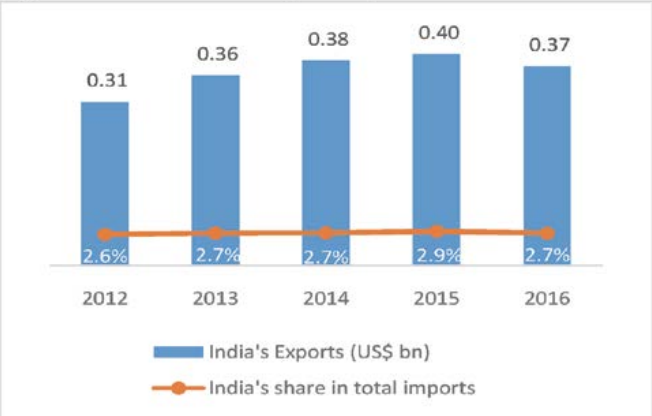


Table 2: South Korea's Top10 textile and apparel imported commoditiesValues in US$ mn

HS Code	Commodity	2014	2015	2016	CAGR
6204	Women's Suits, Ensemble etc., woven	1,007	987	1,014	0%
6203	Men's Suits, Ensembles etc., woven	938	953	922	-1%
6202	Women's Overcoats etc., woven	910	875	876	-2%
6201	Men's Overcoats, Cloaks etc., woven	940	809	774	-9%
6110	Sweaters, Pullovers, Vests etc., knitted	587	671	729	11%
5402	Synthetic Filament Yarn	813	722	692	-8%
6109	T-Shirts, Singlets, Tank Tops etc, knitted	593	623	678	7%
6211	Track Suits, Ski-Suits & Swimwear, woven etc.	428	453	457	3%
5603	Nonwovens	330	361	399	10%
5201	Cotton, Not carded or combed	562	483	377	-18%

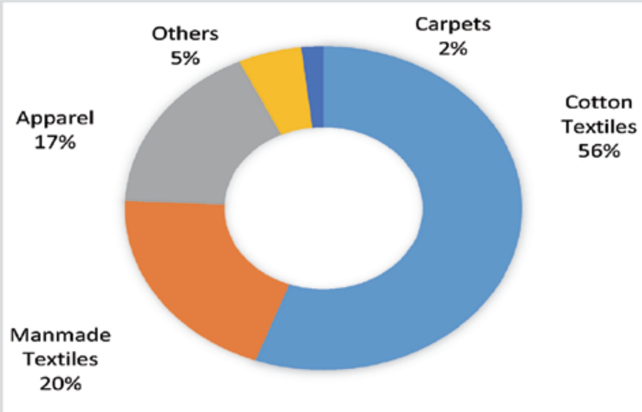
Data Source: UN Comtrade

Figure 3: India's Textile and Apparel Exports to South Korea



Data Source: UN Comtrade

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



Data Source: UN Comtrade

Table 3 : India's potential categories of textile and apparel exports to South Korea

S.No	Market Segment	Existing Products	New Products
1	Cotton Textiles	• Cotton yarn • Woven cotton fabrics	• Bed and table linen of cotton
2	Apparel	**Knitted** • T-shirts, Singlets of cotton, knitted **Woven** • Men's shirts of cotton, woven • Women's blouses of cotton, woven	**Knitted** • T-shirts, Singlets of textile material other than cotton, knitted **Woven** • Men's suits of cotton, woven • Track suits of man-made fiber, woven • Women's blouses of man-made fiber, woven

Data Source: UN Comtrade and Wazir Analysis

seven years of its implementation, India's share in the South Korean market is miniscule. It is important to note that India is a supplier of all the leading commodities which are imported by South Korea, but the respective share of India is very low.

Competitors like China and Vietnam, known for their low-cost manufacturing, have captured a bigger market share. However, Indian garment exporters and cotton-based home textiles manufacturers have a high potential to increase the market share in South Korea. For that, they need to focus on high quality products and work on faster delivery schedules.

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Opportunity for apparel exporters to enhance trade with FRANCE

The total imports of textile and apparel products by France decreased at a CAGR of -3% to reach US$ 28 billion in 2016, while exports of these products has decreased at CAGR of -2% to reach US$ 15 billion. The textile and apparel trade balance recorded a deficit of US$ 13 billion in 2016.

Textile and Apparel Imports Profile

Apparel is the largest imported category by France representing 76% of total textile and apparel imports. This is followed by man-made textiles andcotton textiles with a share of 10% and 8% respectively. Top 10 suppliers accounted for 72% of textile and apparel imports by France in 2016. China is the largest supplier accounting for 27% share followed by Italy (10%) and Bangladesh (9%).

India's Textile and Apparel Exports to France

India is the fifthlargestsupplier of textile and apparel products to France. India's exports of T&A to France stood at US$ 1.4 billion in 2016. It has declined at a CAGR of 2% over last five years. India's share has remained constant at 5% from 2012 to 2016.Apparel is the largest category with a share of 80% in India's T&A exports to France. This is followed by cotton textiles having a share of 12% and man-made textiles having share of 4%.

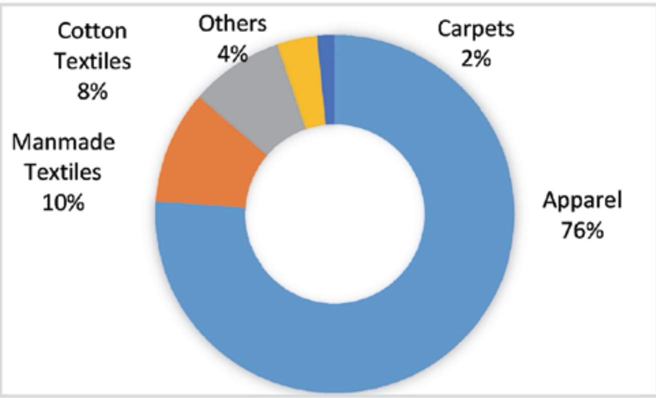
Table 1: France's Total T&A Trade (In US$ Bn.)

Year	Imports	Exports	Trade Balance
2011	32	17	-15
2012	28	15	-13
2013	30	16	-14
2014	31	17	-15
2015	29	15	-14
2016	28	15	-13
CAGR	-3%	-2%	3%

Data Source: UN Comtrade

India's share in France's textile and apparel imports has remained constant over the past 5 years at 5%. While France's textile and apparel imports are approx. US$ 28 bn., India exports only US$ 1.4 bn. which indicates that there is a huge potential to penetrate the market further.

Figure 1: Category-wise T&A Imports by France



Data Source: UN Comtrade

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

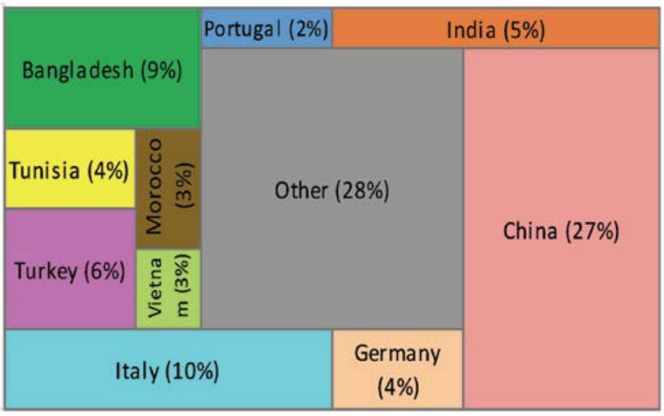


Table 2: France's Top 10 textile and apparel imported commodities (In US$ mn)

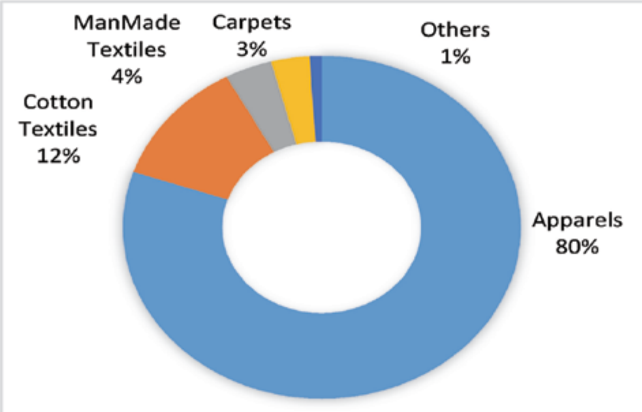
S.NO	Commodity	2016	2015	2014	CAGR
1	Woven Women's Suits, Ensembles etc.	3,069	3,104	3,321	-4%
2	Knitted Sweaters, Pullovers, Vests etc.	2,679	2,753	3,136	-8%
3	Woven Men's Or Boys Suits, Ensembles etc.	2,216	2,244	2,388	-4%
4	Knitted T-Shirts, Singlets, Tank Tops etc.	2,197	2,190	2,408	-4%
5	Knitted Women's Suits, Ensembles etc.	1,351	1,349	1,484	-5%
6	Woven Women's Overcoats etc.	1,074	1,010	1,057	1%
7	Bed Linen, Table Linen Toilet Linen & Kitchen Linen	960	988	1,094	-6%
8	Woven Women's Blouses, Shirts etc.	866	832	831	2%
9	Woven Brassieres, girdles, corsets, braces, etc.	665	650	705	-3%
10	Woven Track Suits, Ski-Suits & Swimwearetc.	651	622	634	1%

Data Source: UN Comtrade

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

Data Source: UN Comtrade

Figure 4: India's Category-wise T&A Exports to France (2016)



Data Source: UN Comtrade

Table 3 : India's potential categories of textile and apparel exports to France

S.No.	Market Segment	Existing Products	New Products
1	Apparels	• Shawls, scarves, mufflers, mantillas, veils • Men's underpants, t-shirts, singlets& other vest • Women's nightdresses, skirts, trousers, bib & brace overalls, breeches & shorts	• Babies' garments & clothing accessories • Men's' jackets & blazers • Women's slips & petticoats
2	Cotton Textiles	• Curtains, drapes, blinds, valances • Table, kitchen, toilet linen • Multiple/cabled yarn of combed fibres • Woven fabrics • Woven bedspreads	• Blankets(non-electric) and raveling rugs • Single yarn of combed fibres • Bed linen, knitted
3	Manmade Textiles	• Gauze, yarn of acrylic/modacrylic staple fibres • Woven fabrics of viscose rayon yarn and filaments	• Dyed woven fabrics of synthetic filaments • Sewing thread of man-made fibres

Data Source: UN Comtrade and Wazir Analysis

Also, most of the countries from which France imports, have a duty free advantage, especially Bangladesh has duty free access to France under Everything ButArms (EBA) arrangement with EU. Observing the current scenario, India has to leverage on its huge resource potential and cater to the requirement of low cost products through manufacturing excellence constituting superior product quality, innovative design, customization, on-time delivery, technology innovations and finally admirable after sales service. Delivering the quality will help penetrate India into France's textile and apparel market.

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

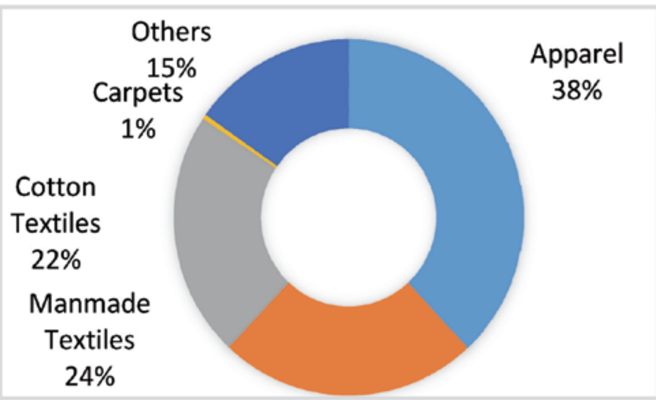
China is the largest market for India's cotton yarn. However, India's cotton yarn exports to China have declined heavily from $2,175 million in 2013 to $1,102 million in 2016 at a CAGR of 49%. During the same period, Vietnam's exports of the same increased by 88% to touch $1,710 million in 2016. Vietnam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

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
CAGR	-8%	-0.2%	2%

Data Source: UN Comtrade

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



Data Source: UN Comtrade

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

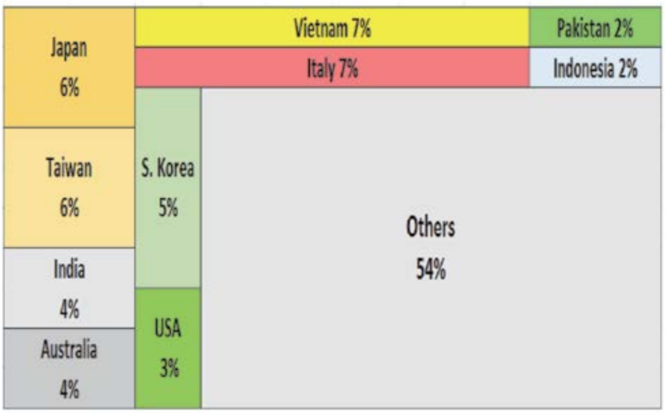


Table 2: China's Top 10 textile and apparel imported commodities (In US$ mn.)

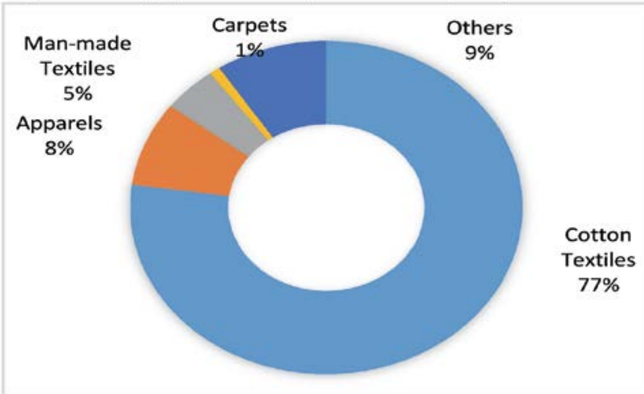
S.No	Commodity	2014	2015	2016	CAGR
1	Cotton yarn, single (<85% cotton)	2,648	2,437	2,176	-9%
2	Wool, not carded/combed	2,125	2,130	2,130	0%
3	Cotton, not carded/combed	5,040	2,566	1,566	-44%
4	Knitted Jerseys, pullovers, cardigans & similar articles of cotton	1,858	1,680	1,455	-12%
5	Knitted T-shirts, 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	KnittedMen's trousers, bib & brace overalls, breeches& shortsof 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	• Toilet, table, bed and kitchen linen • Curtain/ drapes, woven • Textile furnishing articles, other than bed spread, woven	• Other made up textile articles including dress patterns • Denim fabrics
2	Apparels	**Knitted** • Babies' garments of cotton • Women's dresses of synthetic fibres **Woven** • Women's shirt/ blouse of cotton and man-made fibres • Women's dresses of synthetic fibres • Men's shirt of cotton	**Knitted** • T-shirts and Singlets • Jerseys and pullovers • Women's dresses of synthetic fibres **Woven** • Women's trousers, breeches and shorts of cotton • Men's trousers, breeches and shorts of cotton

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. ◆

Your trusted advisor on the Road to 2025

Over the years Wazir has placed itself as a premier consulting organization with special focus on textile and apparel value chain. Wazir's team of textile engineers, sector experts, management graduates and economists have delivered a broad range of consulting projects working for reported Indian and international clients. With such an exclusive background, Wazir Advisors is well placed to be your trusted advisor on the road to 2025!

Wazir assists clients in strategy formulation and implementation, forming alliances and joint ventures, investments, market understanding, sector analysis and due diligence – thereby providing end to end solutions spanning the complete business cycle in textile value chain.

Having worked with leading Indian and international companies, public sector organizations, Government departments, development agencies, trade bodies etc., Wazir has a deep understanding of global textile sector dynamics and right connect with the people who matter.

Wazir's team of textile experts possess experience across functions – projects, operations, sourcing and marketing in the sector. The team members have worked on strategy and implementation assignments in all major textile and apparel manufacturing and consumption base.

Wazir leverages its body of knowledge, contacts and combined expertise of its team to deliver value to clients.

Strategic partners of Wazir are present in key global regions where it has delivered various international projects.

Our services span the entire breadth of textile manufacturing value chain: From Fibre to Finished Goods.

- Fibers & Filaments
- Yarns
- Fabrics
- Garments
- Made-ups
- Technical Textiles
- Textile Machinery & Equipment
- Handlooms & Handicrafts

Our Services

Strategy

- ✓ Corporate Strategy
- ✓ Sector Mapping & Growth Strategy
- ✓ Market Entry Strategy
- ✓ Product Diversification
- ✓ Business Performance Enhancement
- ✓ Market Opportunity Assessment
- ✓ Marketing & Distribution Strategy
- ✓ Government Scheme Formulation & Evaluation
- ✓ Company Due-Diligence

Project Implementation

- ✓ Techno-Economic Viability Study
- ✓ Detailed Project Reports
- ✓ Location analysis for plant set-up
- ✓ Architectural and structural designing of production set-up
- ✓ Build-Operate-Transfer (BOT) entire manufacturing unit

Alliances

- ✓ Joint Venture
- ✓ Mergers and Alliances Execution
- ✓ Marketing Tie-up
- ✓ Technology Transfer
- ✓ Strategic and Financial Funding

Capacity Building

- ✓ Operations Benchmarking
- ✓ Energy and Utility Benchmarking
- ✓ Productivity, quality and systems improvement
- ✓ High Performance Training Centre
- ✓ Incentive Scheme Designing
- ✓ Management Contract

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