

India Emerges as a Global Textile Destination



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Toward the end of 2010, world textile and clothing trade fell by 14.8 per cent to 527 billion dollars in 2009. Following the recent economic downturn the decline was remarkable and it represented the steepest drop in 20 years. Interestingly global production of fibers shot up by 12.8 per cent in 2010 to 72.6 million tons.

Looking closely at textiles, world exports in 2009 were down by 16.7 per cent compared to 2008. The biggest textile trade flow was that which took place within Europe followed by exports by Asian countries to other Asian countries. However intra-European trade fell sharply in 2009. Intra-Asian trade rose by 3 per cent a year.

The fastest growing trade flow between 2000 and 2009 consisted of exports from Asia to Africa up by 12.8 per cent a year. The second fastest consisted of exports from Asia to Europe up by 7.5 per cent a year. And the third fastest consisted of exports from Asia to the Middle East up by 6.9 per cent a year. A look at the world's leading textile exporters in 2009 shows the EU continues to dominate global exports followed closely by China. But most EU exports are in the form of trade between the 27 EU member states. If we exclude intra-EU trade, China is easily the dominant force in world textile exports. Hong Kong exports are mainly re-exports of Chinese-made products.

The world's largest importer of textiles in 2009 was the EU followed by the US followed by China. There has been a remarkable growth in investment in textile machinery by Asian suppliers. In spinning machinery, Asia's investment was dwarfed. The vast majority of investments in Asia have been made by factories in China.

World exports of clothing in 2009 were down 13.9 per cent. The biggest clothing trade flow was that which took place in intra-European trade. The next largest trade flow consisted of exports from Asia to Europe followed by exports from Asia to North America. Intra-Asian trade in textiles is much more important than intra-Asian trade in clothing. This is because a lot of textiles are exported from Asian countries to other Asian countries for use as raw materials in the manufacture of clothing. Once manufactured, most of the items are exported from Asia to consumer markets in Japan, Europe and the US.

The fastest growing regional trade flow at 20.3 per cent between 2000 and 2009 was in exports from Asian countries to CIS countries. The second fastest growth was in exports from Asia to the Middle East at 12.6 per cent a year. But growth in both trade flows has come from a small base. The next fastest growing trade flow was in exports from Asia to Europe, up by 11 per cent a year followed by intra-European trade up by 6.6 per cent a year.

China's dominance as a world's leading clothing exporter is overwhelming. In 2009 it accounted for a 34 per cent share of world exports. The EU is second with a 31 per cent share. Hong Kong is third. In fact the industry in Hong Kong has shrunk as production has shifted to mainland China. Since the elimination of quotas, the fastest growing clothing exporters have been Vietnam, China, Bangladesh and India. The main users have been Mexico, US and Hong Kong. Clothing imports have been concentrated in just three markets- EU, US and Japan. These areas accounted for 79 per cent of world imports in 2009.

The fastest growing suppliers to the US in 2010 were El Salvador and Honduras. This is true in both value and volume terms. US imports also rose from Asian countries like China and Cambodia. The main losers were Mexico and India. The fastest growing suppliers in 2010 at least in value terms were Vietnam, Bangladesh, Turkey, Pakistan and China.

What can we expect in the next five years? Between 2010 and 2015 demand is set to rise in the majority of countries. The fastest will be China at 21.3 per cent a year. India will be 13.5 per cent a year. There will be strong growth in Turkey. Eastern Europe will be up by 9.2 per cent a year. Brazil will be up by 7.3 per cent a year. In Italy demand is set to decline. In France it will rise by 1.2 per cent a year.

• Intra-European trade fell sharply in 2009

• Most investments in Asia have been made by Chinese factories

• China is a dominant world clothing exporter

• Intra-Asian trade in textiles is more important than intra-Asian trade in clothing

* Paper was read by Mona Patel on behalf of Robin Anson