Scenario in BRICS Region and Textile Potential

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Information on BRICS Countries

In the past few decades, some large economies such as Brazil, Russia, India, China and South Africa (BRICS) have acquired a vital role in the world economy as producers of goods and services, receivers of capital, and as potential consumer markets. The BRICS economies have been identified as some of the fastest growing countries and the engines of the global recovery process, which underscores the changed role of these economies. Even in the G-20 countries forum, BRICS are playing a formidable role in shaping macroeconomic policy after the recent financial crisis. At present, these five countries encompass over 40 percent of total global GDP in terms of PPP. If one compares the GDP in PPP terms, four economies figure among the top ten, with China, India, Russia, Brazil, and South Africa in 2nd, 4th, 6th and 26th places, respectively. In terms of contribution to growth of PPP-adjusted global GDP of the world, these five economies accounted for 55 per cent during 2000-8, and their contribution is expected to rise in the coming years.

The BRICS comprise a huge land share of the world and, as a result, own vast natural resources. China, which has a land area of about 9.6 million sq. km, is the third-largest country in land size, after only Russia and Canada. Russia accounts for around 20 percent of the world's oil and gas reserves, while China has about 12 percent of the world's mineral resources. In terms of agricultural land, Russia has 121.5 million hectares of arable land. Brazil covers 47 per cent of South America and is the fifth-largest country in the world (8.5 million sq.km), surpassed only by Russia, Canada, China, and the United States of America.

Economic Growth

It is widely perceived that over the next few decades the growth generated by the largest developing countries, particularly the BRICS, could become a much more significant force in the world economy. Among the BRICS, India and Brazil are relatively more domestic demand-driven economies. As a group, they witnessed faster economic recovery from the 2008 financial crisis than advanced and other emerging market economies. Although they have strong external linkages, they have nonetheless undergone significant rebalancing of their economies towards their domestic sectors in the post-crisis period. The four original BRIC countries are expected to represent 47 per cent of global GDP by 2050, which would dramatically change the list of the world's 10 largest economies. An important change that we may expect over the medium to long term is that the top 10 countries in terms of GDP may be different from the top 10 countries in terms of per capita GDP.

The inherent strength of the BRICS emanates from strong domestic demand-based economies in the case of India and Brazil and the significant outward linkages of China and Russia. South Africa benefits from its large resource base proximity to untapped growth potential of the African continent.

The BRICS Report

The salient features of the BRICS economies are their large geographical dimensions and size of population. It is widely perceived that all the BRICS markets have great potential for establishing the most stabilizing of forces, that is, a prosperous middle class. This middle-income group in each country is growing at varying rates but the future direction is clear, that is, the middle class will both broaden and deepen, providing a solid base for the growth and development of the economies.

Textile Industry in BRICS Countries

We can comfortably say that BRICS Countries is providing textiles of all types to 7 billion people of the world. Everybody wherever they are, using some textiles products manufactured by BRICS Countries.

China and India are very big. They contribute almost 50% of Global Textile Figures. Following figures are indicated:

China	274 billion
India	40 billion
Global	773 billion

Hence talking about India and China will take days and I am sure everybody present here knows about textile volumes and scales in India and China hence, I will discuss textile business in Brazil, Russia and South Africa.

BRAZIL

Textile Figures

- In terms of international Commerce, the participation is very slow. In world exports, Brasil ranks 26st and imports 34th (for textiles).
- Last three years, the excessive valorization of the national coin caused new outbreak of growth of the imports and stagnation of the Brazilian exports of textile products and apparel.
- In the last 16 years, more than USD 10.5 billion was invested only in textile machines.
- The textile production worldwide grew 97% for the last ten years, international trade in textile and clothing grew by 175%, if we consider only the clothing, and the growth was even greater, 220% over the same period. **(United States of America Commerce Department Figures).**
- Brazil ranking among the eight largest world producers of yarns, fabric and knitwear, and ranks seven in the production of apparel, behind only China, India, USA, Mexico, Turkey and South Korea.

Some more interesting figures

- The Brazilian consumer- what makes Brazilians different from their neighbors in the Americas. Socio economic groups A and B consume 57% of apparel in Brazil, while group c buys 31%, 73% of apparel consumption is in the 150 cities, 30 to 40 years old spend most on apparel. Consumers in their 30s prefer to shop in department stores(37%), then multi brand stores(29%) and single-brand stores(27 %), 68% of consumers bought apparel in the special dates as father's day, mother's day, Christmas and Valentines 'day 81% of consumers bought for themselves, 48% bought on impulse on first sight of a piece, 87% remembered the price, 47% of purchases were made in cash & 34% of credit sales are made with store cards. **(US Commerce Service)**

South Africa's textile industry

- Since 1994, over US$1-billion has been spent on upgrading and modernizing South Africa's textile, clothing and footwear industry, making it efficient and ready to compete internationally.
- South African market demand increasingly reflects the sophistication of developed markets, and the local textile and clothing industry has grown accordingly to offer the full range of services, from natural and synthetic fibre production to non-wovens, spinning, weaving, tufting, knitting, dyeing and finishing.
- With technological developments, local textile production has evolved into a capital-intensive industry producing synthetic fibres in increasing proportions.

Achievements

- Although the industry is still relatively small, it boasts some impressive results in world markets:
- Local yarn manufacturer Sans Fibres supplies 80% of the sewing thread used in the world's apparel sewing operations. Local fabric mill **Gelvenor Textiles** supplies more than 50% of the world's demand for parachute fabrics. Local suit manufacturer **House of Monatic** has delivered its one millionth suits to the UK market.

Market access

- Several factors make the prospect of investing in SA's textiles, clothing and footwear market attractive. Most significant, perhaps, is the fact that South Africa has trade agreements with the European Union and the Unites States whereby the country enjoys a 17.5% duty advantage. In the case of the US, textile exports have increased by 62% since the advent of the Africa Growth and Opportunity Act.

- Friends, as leading economies are getting into recession other economies, which were not noticeable till few years ago are expanding and attained a very significant status. Thus, there is a need in today's time to explore possibilities apart from America and Europe, which are facing their own problems.

Russian Textile Industry

- Textiles and clothing have been very old and tradition industry in Russia. Textile Industry in Russia has been developing successfully for many years and Russia have been a large importer of basic textiles from all over the world. India has been a very huge supplier to Russian market during communist time billions of meters of textiles for generally used for public supply from India. Even today, India continues to be major supplier to Russian market.
- Textile industry is an important sector of the Russian economy. Main textile regions are situated in the Central, Northwestern and Southern Federal Districts. The enterprises of the branch are producing a wide range of textile products. Those are fabrics, home textiles, knitted products, medical and geotextiles, workwear and protective wear, nonwovens and other goods.

Asian vs. Domestic

- While fashion industry experts expect Russian manufacturers to compete with imports from Southeast Asian counties, Russian brands could consider these countries as manufacturing partners. Although the Russian government supports expanding domestic manufacturing capacity and improving production efficiency, conditions are still difficult for domestic players.
- There are 653 large and medium enterprises and about 4,000 small companies in Russia engaged in the garments and textile industry, according to government statistics. The industry has been on a slow but steady path of revival since the crisis of 2009.
- According to (Russian Union of Entrepreneurs of Textile and Light Industry), domestic manufacturers benefit from Russia's Light Industry Development Strategy, which provides state support for textile and garments manufacturers, including modernization of technological base and enhancing their competitiveness, among other measures. Last year, the Russian government restricted using imported textiles for manufacturing of military uniforms and few other products.
- Russian manufacturers now big advantage that government support which is to manufacturers of Defense textiles and industrial uniforms. BTK Group, one of Russia's largest producers of men's apparel and uniforms, has a $1.5 billion contract with the Russian Ministry of Defense for army uniform manufacturing, and has been recently included in the list of 199 enterprises approved by the anti-crisis Commission of the Government of the Russian Federation.
- BTK Group spokesperson believes that in the current economic environment, Russia can compete with Southeast Asian counties in terms of salaries in the garment sector. "The wages there have been increasing by 20 percent yearly since 2006. At the same time, the high level of local manufacturers' dependence on imported raw materials and machinery remains a major challenge.
- Local manufacturers benefited from exchange rates fluctuations that made their prices extremely competitive, the lack of variety of materials and technologies, when compared to what Southeast Asian countries can offer, remains the main problem for Russian manufacturers.
- The ruble's sharp drop against the dollar last year and the following period of recession and uncertainty caused many Russian brands to revise their manufacturing strategy. "Many companies prefer not taking any risks in binding themselves by external contracts implying payment in dollars because they could not predict the final price of the products since the manufacturing cycle is at least 6 months long, sometimes more."
- More Russian brands now opt for combined production. They purchase fabrics and accessories abroad and sew in Russia where the cost of sewing is cheaper. Since consumers value not only cheap prices, but also overall impression and quality of the apparel, factors like modern materials and new processing technologies become important.

Trade and currency

- To promote trade in local currencies, the BRICS countries signed the Master Agreement on Extending Credit Facility in Local Currency and the Multilateral Letter of Credit Confirmation Facility Agreement to replace the United States dollar as the main unit of trade between them. The trade ministers also said that tightening intra-BRICS trade would help as an antidote to the European sovereign debt crisis. The trade ministers also called for collective action to fight the European and United States economic downturns. The world has to stop accumulating risks. There is a need to work closer.
- In order to bring the economies of BRICS closer, all members agreed to launch a benchmark equity index derivative allowing investors in one BRICS country to bet on the performance of stock markets in the other four members without currency risk.

Formation of BRICS Bank

- A new USD 100 billion bank floated by BRICS nations, including India, as an alternative to the World Bank and IMF to boost infrastructure funding in the emerging economies and offer them tailor-made services was launched here on Tuesday.
- This is now known as New Development Bank recently opened in Shanghai and Mr. K.V. Kamath a very well-known and successful Banker from India is the 1st President.

  BRICS New Development Bank (NDB) has opened for operations in Shanghai, and will seek to deploy its $50 billion initial capital to fund infrastructure and sustainable development projects.
- Combining their strength BRICS will perform very well and strength of the entire member countries combine together will bring lot of positive results in today's time.