

Global Textile & Apparel Trade Performance in 2016

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Global trade of textile and apparel stumbled in 2016 for a consecutive year due to weak global demand. Data from UN Comtrade shows a 1.4% decline to US\$ 765 billion for 2016 from US\$ 776 billion in 2015, which is a cause of concern for many developing countries. Overall the total value of world merchandise exports have also declined by 3.2% in 2016 to US\$ 16 trillion from US\$ 16.5 trillion in 2015. Some of the key reasons for the decline in global exports are economic slowdown in China, strong fluctuations in exchange rates, and financial volatility driven by divergent monetary policies in developed countries.

Table 1: Category-wise global textile and apparel trade

Values in US\$ Mn.	2015	2016	CAGR
Fibre	53	47	-11.3%
Yarn	29	27	-6.9%
Fabric	148	147	-0.7%
Apparel	444	446	0.5%
Home Textiles	50	48	-4.0%
Others	52	49	-5.8%
Total T&A	776	765	-1.4%
Total All commodities	16,489	15,955	-3.2%

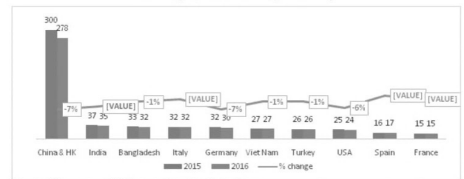
Data Source: UN comtrade database

Figure 1: Category-wise share in global trade (2016)



Apparel is the largest traded category with a share of 58%. This is followed by fabric, home textiles, fibre and yarn with a share of 19%, 6%, 6% and 4% respectively. Apparel is the only category that shown a positive growth of 0.5%, while there has been decline in trade in all other categories.

Figure 2: Top 10 markets of textile and apparel, 2016 (Values in US\$ billion)

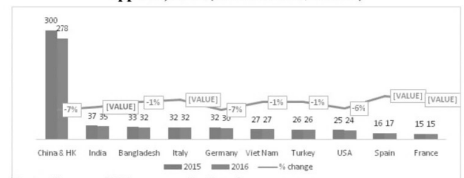


Data Source: UN comtrade database

China, India and Bangladesh remained top 3 suppliers of textile and apparel products but their textile and apparel exports has declined. The ranking of the top ten exporters of textile and apparel products remained unchanged in 2016, with China (36%), India (5%) and Bangladesh (4%) in the first three positions. Top 10 suppliers accounted for 70% of the world exports of textile and apparel exports in 2016 (compared to 68% in 2015).

Of the top 10 exporters only three saw an increase in value of their exports in 2016: Italy (1%), Spain (4%) and France (1%). The other top exporters recorded declines ranging from -1% to -7%. Maximum decline was registered by China (-7%) and its share in global textile and apparel trade has also reduced from 39% in 2015 to 36% in 2016.

Figure 2: Top 10 markets of textile and apparel, 2016 (Values in US\$ billion)



Data Source: UN comtrade database

In the EU market, share of top 15 suppliers has increased from 77% in 2015 to 82% in 2016. EU's largest supplier viz. China has registered 8% decline in its trade. Cambodia is the fastest growing supplier with 78% increase in its supplies during 2016. Bangladesh, Pakistan & Poland also registered double digit y-o-y growth.

In the US market, share of top 15 supplier nations has increased from 89% in 2015 to 90% in 2016. USA's imports from China have decreased y-o-y by 7%. Cambodia and Guatemala are fastest growing suppliers to USA with 22% and 17% y-o-y growth. Imports from India and Jordan have also increased y-o-y by 2% and 1% respectively while imports from remaining suppliers have declined.

Table 2: Change in Imports of EU-28 from Top Supplier Nations

S.No	Supplier	2015	2016	%change
1	China	56.2	51.6	-8%
2	Germany	23.4	21.9	-6%
3	Bangladesh	16.3	18.9	16%
4	Italy	17.6	17.7	0.4%
5	Turkey	16.3	16.2	-0.3%
6	Belgium	12.4	12.8	3%
7	Spain	10.0	10.3	3%
8	France	9.3	9.6	4%
9	India	9.27	9.26	-0.1%
10	UK	8.9	8.5	-4%
11	Poland	5.8	6.4	10%
12	Pakistan	5.1	5.8	14%
13	Portugal	4.4	4.7	8%
14	Cambodia	2.5	4.5	78%
15	Denmark	4.0	4.1	3%
	R.O.W	61.5	43.4	-29%
	Total	263	246	-7%

Table 3: Change in Imports of USA from Top Supplier Nations

S.No	Supplier	2015	2016	%change
1	China & HK	51.6	48.1	-7%
2	Viet Nam	11.3	10.8	-4%
3	India	7.4	7.5	2%
4	Mexico	5.9	5.6	-5%
5	Bangladesh	5.8	5.6	-5%
6	Indonesia	5.4	3.8	-29%
7	Pakistan	3.9	2.9	-27%
8	Canada	3.0	2.4	-20%
9	Cambodia	1.8	2.2	22%
10	Sri Lanka	2.1	2.1	-0.03%
11	Italy	2.3	2.1	-6%
12	El Salvador	1.98	1.97	-0.1%
13	Guatemala	1.2	1.5	17%
14	Jordan	1.25	1.27	1%
15	Rep. of Korea	1.3	1.2	-5%
	R.O.W	13.3	10.7	-20%
	Total	120	110	-8%

Data Source: UN comtrade database

India's textile and apparel exports have also plummeted. India's textile and apparel exports have declined from US\$ 37.2 billion in 2015 to US\$ 35.4 billion in 2016 at a rate of 4.7%.

Table 4: Segment wise textile and apparel exports from India (In US\$ mn.)

Category	2015	2016	% change
Fibre	2.7	2.3	-15%
Filament	1.1	1.0	-6%
Yarn	4.5	4.0	-12%
Fabric	4.9	4.4	-10%
Apparel	17.1	17.0	-1%
Home Textiles	5.1	5.0	-2%
Others*	1.6	1.7	3%
Total	37.2	35.4	-4.7%

*Others include sacks & bags, dress patterns, twine, worn clothing, etc. Data Source: UN Comtrade

Figure 4: Segment-wise share in global trade (2016)

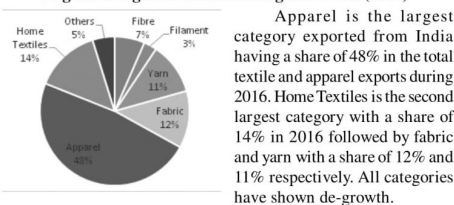


Figure 5: Top Markets for Textile and Apparel Products for India (2016)

Data Source: UN Comtrade

European Union continues to remain the biggest market for Indian textiles and apparel products in 2016 with a share of 26% followed by USA with a share of 21%, UAE with a share of 12%, Bangladesh with a share of 6% and China with a share of 5% respectively. Textile and apparel exports to USA have shown a positive growth of 2% over last year while exports to China have shown a sharp decline of 29% in the same period.

Focus on improving the manufacturing competitiveness will play a key role to create multi-billion opportunity in global market.

The textile and apparel exports have not been able to perform up to their true potential in last year, following uncertainty in the global economy. However, WTO estimates recovery of world trade in coming years. It is noteworthy that rapidly increasing wages and fast growing domestic demand in China is contributing to slowdown in exports growth of China. The current global textile and apparel trade share of China is expected to reduce further in the coming years. This could be a major opportunity for Indian exporters to fill the trade gap.

We, at Wazir Advisors, strongly believe that the development trajectory of India will continue to grow exponentially creating business opportunities in global market. However, manufacturing

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competitiveness will be the key to make this a reality. It is vital at this juncture, that industry starts focusing on economies of scale, productivity improvement programs, efficient production planning, services and product development aspects to tackle the challenges imposed by increasing competitiveness of countries like Vietnam and Ethiopia. Moreover, to adapt to the needs of the foreign markets and to improve the export performance with available resources and capacities, companies need to continuously gauge the global trends in the market. Focusing on all these aspects can result in improvement in turnover of the companies by 10 to 20%. Consultants help the companies to monitor the global trends through use of tools which enable companies in making an informed decision on taking the right move like entering into a new market, expanding an existing business, establish a distinctive identity or marketing around customer needs.
