

Cos hunt for new textile markets

Cotton body sets eyes on Japan, Australia

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India's textile industry plans to tap newer geographies to beat an economic slowdown in traditional hunting grounds, the US and Europe, but finds higher tariffs a major hurdle, a top official of an export body said.

"You need to access new markets. In Japan, already there is a big effort going on. In Australia, we will make similar efforts in October and November," executive director Siddhartha Rajagopal of Texprocil said in an interview on Tuesday.

Texprocil, or The Cotton Textiles Export Promotion Council, is a pressure group made up of textile players and government representatives.



Looking east

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Textile exports in 2008-09 is estimated to have fallen to \$21 billion from about \$22 billion last year, and attempts to reach out to new markets is still at a nascent stage.

"The share of these (new) markets are limited. About 65% of exports is to the US and EU. Our presence in other countries is small," Rajagopal said.

Despite efforts to wrest orders from other exporters, the US-EU share is unlikely to come down significantly any time soon and preferential agreements among countries are a big hurdle.

Countries like Bangladesh benefit from zero duty under the LDC (least developed countries) programme with Australia, New Zealand, Nor-

way, Canada and EU. While others, like Turkey and Vietnam, also have lower infrastructure, labour and cost of capital, Rajagopal said.

India at present has only one trade agreement for the textile sector with Saarc, a regional bloc that includes Pakistan and Bangladesh.

"It is now hitting us badly. China has more than 1,200 textile items which are duty free. India has got over a 100 of them, which have 6% duty. Tariffs are coming in the way."

The problem was compounded by the global slowdown in the West, which hurt exports for much of 2008-09 and the decline accelerated in April-June this fiscal.

Textile and clothing exports to US, India's largest partner, fell more than 14% in Jan-April, the sharpest among Asian peers. In the same time, however, Vietnamese exports to US rose 4.5%.

Domestic demand cushioned some of the effects of the downturn. In 2008-09, the industry was estimated to be \$55 billion, of which the domestic sector constitutes \$34 billion.

India's cotton output in the year to September 2010 is seen steady at this year's estimate of 29 million bales, but if exports rise, supplies could be pressurised, Rajagopal said.

Cotton exports have risen to 8.5 million bales in the year to September 2008, but are seen down in 2008-09 on higher prices.

Millers are seeking government policy to ensure consistent supplies of raw material at competitive rates and predicating plant modernisation plans for such a time.

"We should look at exporting finished products like textile and apparels instead of exporting raw materials like cotton." Reuters