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**INDIA'S COMPETITIVENESS
IN EXPORT OF GARMENTS
IN THE MFA PHASE-OUT AND
POST-MFA PHASE-OUT PERIODS**



H. ASHOK CHANDRA PRASAD

**INDIAN INSTITUTE OF FOREIGN TRADE
NEW DELHI**

Dr. H. Ashok Chandra Prasad is currently Professor, Indian Institute of Foreign Trade. He pursued his Post-Doctoral studies at the University of Sussex as a Commonwealth Academic Fellow after obtaining his Doctorate from Bombay University. He has worked as a Consultant for UNCTAD, Deputy General Manager and Head of Research and Planning Division of the EXIM Bank of India, Mumbai. Dr. Prasad is one of the Trainers of UNCTAD on Multilateral Trade Negotiations and has published articles in many reputed foreign journals. His name has been included in the 1997 Edition of the "Who's in Finance and Industry" of Marquis, USA.

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INDIAN INSTITUTE OF FOREIGN TRADE

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FOREWORD

Garments export is one of the important exports of India in which India has a proven competitive advantage. This is evident from the full utilization of quotas by India. Several studies including that of Michael Porter also indicate the same and the shift towards value added exports. The much awaited phasing out of the Multi Fibre Agreement (MFA) as a result of the Uruguay round of negotiations will have a positive impact on India's garments exports. However, the impact of the Uruguay round of negotiations on the Indian Garments export is manifold necessitating a detailed study.

This paper makes an indepth analysis of India's competitiveness in garments export in the different foreign markets making use of Harmonised system data at the 8 and 3 digit levels. It also examines India's competitiveness *vis-a-vis* its competitors, particularly China and Hong Kong and suggests strategies for India in the MFA phase-out period and post-MFA phase-out period. Thus this paper fills a gap in the existing policy-oriented research on Garments exports.

I firmly believe that this research paper will be extremely useful for policy-makers, exporters, researchers and students of International Trade.

Dr. P.L. SANJEEV REDDY
DIRECTOR GENERAL

New Delhi
September 1997

India's Competitiveness in Export of Garments in the MFA Phase-Out and Post-MFA Phase-Out Periods

H. Ashok Chandra Prasad

THE Uruguay Round of Multilateral Trade Negotiations is considered to have led to profound changes in garments export, an important export item of India and many other developing countries. The GATT negotiations in textiles were considered to have a positive impact on India and other developing countries, as this would lead to the phase-out of the protectionist trade regime in textiles and garments, where the growth rate and competitiveness of developing countries were considered to be higher.

The major garment exporters (in 1992) are Hong Kong with around 50 per cent (re-exports 15.3%), China (12.8%), Italy (9.4%), Germany (6.4%), South Korea (5.2%), France (4%), the USA (3.2%), Turkey (3.2%), Taiwan (3.1%), Portugal (3.1%), Thailand (2.9%), the UK (2.8%), Indonesia (2.4%), India (2.4%) and the Netherlands (2.1%). Among them, Hong Kong (in re-exports), China, the USA, Turkey, Portugal, Thailand, Indonesia and India experienced high Cumulative Average Rate of Growth (CARG). Some other important exporters of garments with lower percentage shares, but higher CARG were Bangladesh (with a spectacular 68.9%), Sri Lanka, Mexico, Morocco, Mauritius, Pakistan, Tunisia, Greece, Singapore (mainly in re-exports) and Malaysia. The 15 major importers of garments (in 1992) are the USA (25.2%), Germany (19%), Japan (8.6%), Hong Kong mainly for re-exports (7.9%), France (7.5%), the UK (6.0%), the Netherlands (4.4%), Italy (3.3%), Belgium-Luxembourg (3.2%), Switzerland (2.7%), Spain (2.5%), Austria (2.0%), Sweden (2.0%), Canada (1.9%) and Norway (1.1%). Among them, the USA, Japan, Hong Kong, France, Italy, Spain and Canada had high CARG of imports. Some other important

importers of garments with lower percentage share in imports, but having higher CARG were Taiwan and Portugal (with above 40%), Singapore (mainly for re-exports), Mexico, Finland, Greece, Hungary, South Korea and New Zealand (see CMIE, 1994, Table 9.9-1). The Uruguay Round as envisaged is leading towards a less restrictive trade regime which definitely intends to help the more competitive exporter among the major exporters of garments and benefit the major importers of garments due to more fair competition.

The Uruguay Round and Indian Garments Exports

Trade in textiles and garments has been constrained by quantitative restrictions (QRs) since 1961-62. The export of cotton products was put under QRs by developed countries in 1961-62 through Short-Term Arrangement (STA) in the pretext of "market disruption". This was followed by Long-Term Arrangement (LTA) from 1962 onwards till 1972 and was found to be much more restrictive than STA. This was again followed by Multi-Fibre Arrangement-I (MFA-I from 1974-77) which had extended the coverage to all textiles and clothing of wools, cotton and synthetic fibres. MFA-I was then followed by MFA-II (1978-82), MFA-III (1982-86), and MFA-IV (1986-91), which had further extended the coverage to cover vegetable fibres (flax and ramie) and silk blends. MFA now excludes only hair fibres and other minor fibres such as coir, sisal and jute already traded in substantial quantities. MFA-IV had been extended further for 17 months from June 1991 to December 1992 and it continued thereafter. Thus, the move to counter market disruption had ended in market distortions under a highly restrictive textile trade regime. MFA, which is a glaring example of protectionism designed and pursued by the champions of free trade from developed countries, is finally being phased out under the Uruguay Round.

The textile and clothing sector would be gradually integrated into GATT over a 10-year period (1995-2005). These 10 years have three stages. At the time of implementation of the agreement in 1995, for each country 16 per cent of the total volume of imports of 1990 of the products covered under the agreement is to be

integrated. The products integrated would cover items from each of the following groups: tops and yarns, fabrics, made-up textiles products, and clothing. At the end of the first stage (first three-year period) a further 17 per cent and at the end of the second stage (next four-year period) a further 18 per cent of products would be integrated covering the four product-groups mentioned above. At the end of third stage (last three-year period), the remaining 49 per cent would be integrated. During the process of integration, the acceleration in existing growth rates of quotas on non-integrated sectors would be increased by 16 per cent, 25 per cent, and 27 per cent in the three stages respectively. Under the specific transitional safeguard mechanism applicable to products not yet integrated into the GATT at any stage, action could be taken against individual exporting countries if it were demonstrated by the importing country that overall imports of a product were entering the country in such increased quantities as to cause serious damage to the relevant domestic industry, and that there was a sharp and substantial increase of imports from the individual country concerned. When such safeguard actions are taken, the level of restraints should be fixed at a level not lower than the actual level of imports from the country concerned during the past 12 months and these restraints can remain up to three years (see EXIM Bank, March 1994, p. 10).

Garments being one of the sectors where India is considered to have competitive advantage as indicated by different studies including the recent one by Michael Porter (see Michael Porter, 1994), India is supposed to gain from the phasing out of the MFA. However, there exist some constraints regarding the removal of the constraints of MFA. *First*, the textile agreement is "backloaded" due to its slow pace of integration. Further many categories which are currently not covered in the MFA and are not governed by quotas are included in the agreement. This goes against the very principle of the GATT agreements which says that protection should not be more than what it was at the time of the agreement. Since around 35 per cent of textiles and garments in the case of the USA and 40 per cent in the case of European Union (EU) are already integrated with the GATT, these countries are not

supposed to further liberalize this sector till 2002. Thus with most of the liberalization expected to take place between 2002 and 2004, the distribution system is heavily backloaded (see ASSOCHAM, p. 56). *Secondly*, the major obstacle to India's export of textiles and garments under quota is the higher rate of customs tariffs. While the US average rate of tariff varies between 4 per cent and 6 per cent to its total imports from India, in the case of its imports of quota items (i.e., textiles and garments), the rate was around 14 per cent during 1992 (see ASSOCHAM 1994, p. 57). The safeguard clause, environmental, child labour, health and other safety issues used to circumvent the GATT provisions are some other causes for concern for country like India.

Though India has been competitive in the textiles and garments sector as is evident from the high quota utilization figures, which is used as an indicator of competitiveness in the textile sector, there is not much possibility for a fall in the constraints in this sector in the near future as the agreement is backloaded. Then in the near future ways and means to increase earnings from garment exports within the quota tariffs constraints are to be found out by studying India's competitiveness *vis-a-vis* its competitors in the different markets for the different textile and garment items at the sub-sector level.

Competitiveness in Garments Export in Different Foreign Markets

India has been considered to be competitive in garments export. "Competitiveness" has infact become the "mantra" of the structural reforms programme undertaken by many developing countries including India.

Export competitiveness has been measured in many ways. The measures often used are: (a) the market share; (b) the relative price ratio; and (c) the relative factor productivity ratio. In addition, in items where trade is managed, as in textiles and garments, quota utilization is often considered as an indicator of competitiveness. In particular, the concepts like the Revealed Comparative Advantage (RCA) and the Real Effective Exchange Rate (REER) have been used to measure competitiveness. Other measures like

factor productivity indices, particularly, labour productivity indices have also been used to measure competitiveness. If there were to be free trade, the above measures would have been very representative. In the absence of free trade, these methods by themselves hide more than they reveal. *First*, they give an aggregate picture. *Secondly*, the resulting export competitiveness include the different constraints along with them and thus do not indicate whether the competitiveness is real or constrained. Since the aggregate picture may not reveal the differences at the disaggregate level, an attempt has been made here to estimate India's export competitiveness in garments in different foreign markets and since no major easing out of restrictions are expected in the MFA phase-out period, these indicators should help us arrive at measures to increase India's competitiveness in the MFA phase-out period.

The two important categories of garments export by India are the items falling under SITC (Rev. 2) Codes 843 and 844, namely women's outerwear non-knitted and undergarments non-knitted. Their shares in total garments exports were 41 per cent and 17 per cent respectively in 1991. Table 1 gives India's Revealed Comparative Indices¹ of these garment categories in 1990 in the important markets. While India's RCA in the UK, the US and German markets for both these categories are more than three to four times higher than India's aggregate RCA for these two categories in all the markets together, India's RCAs in the Japanese and Singapore markets are either around or lower than the aggregate RCAs. This indicates that India has a higher RCA in the quota markets compared to the non-quota markets. Given the fact that India's RCAs are higher in quota markets; India has fully utilized its quota in most of the markets and that no major changes in constraints in the form of quotas and tariffs are expected in the near future, the growth in India's garments export in the MFA phase-out period can take place only by shifts to higher value-added items in the different quota markets and increasing

¹ The concept of RCA indices in different markets is an extension of the concept of RCA.

exports to non-quota markets. Before we explore these possibilities a note of caution on the indiscriminate use of RCA indices would not possibly be out of place, as some researchers have tried to compare the RCA in textiles and garments of India with the RCAs of other competitors at the aggregate level. This is because of the following reasons. *First*, a higher RCA for a particular country compared to another may mean many things. Instead of indicating competitiveness, it may also indicate lack of diversification of exports of the economy or even a lower volume of exports. *Secondly*, RCAs in textiles and garments can at best be considered as RCAs with constraints, given the protective nature of the textiles and garments markets. Of course some useful information has also emerged from some studies on RCAs in textiles and garments like the identification of the shifts from downstream products to upstream products as done by Rao and Das (Rao & Das, 1995).

As observed earlier, in the MFA phase-out period, growth in India's garments export can take place only by shifts to higher value-added items in the different quota markets and diversification to non-quota markets. To explore these possibilities, the subcodes under the two main garments codes 62 and 61 under the HMS system were taken for the important quota and non-quota markets.² Table 2 gives growth rate of exports and share of garment items under these codes at the 4 digit level. The table shows that in code 61, subcodes 6104 and 6105 have high shares in the total exports under this code, and code 6104 has a very high average annual growth rate. In the case of code 62, subcodes 6204, 6205 and 6206 have high shares with medium growth rates, which are near to the average growth rate of code 62 items. The top 12 export codes at the eight-digit level for the major garment markets of India in 1993-94 are given in Table 3. These top 12 codes are the same for all the countries given in the table. This includes quota markets like the USA, the UK, France, Germany, Italy, the Netherlands and non-quota markets like Switzerland

² The share of these two codes in total exports of textiles and garments in India in 1993-94 were 32.3 per cent and 13.4 per cent respectively and their average annual growth rate between the period 1989-90 and 1993-94 were 34.3 per cent and 47.6 per cent respectively.

and the UAE. Though the order of importance of these codes may differ slightly, there is a lot of uniformity between the countries in the case of these top 12 items which cover a large percentage of India's exports of garments under codes 62 and 61. Some interesting results can be obtained from this table.

1. The top 2 or 3 categories of garments export at the eight-digit level code are the same in the case of India's exports to the different markets given in the table. Thus while five product categories have dominated Indian apparel exports (EXIM Bank, 1995, p. 8) in the selected markets given here, only 2 to 3 categories have dominated.

2. While codes 62063002 and 62052002 are the most important garment items exported by India to most of the markets, in the two non-quota markets, Switzerland and the UAE, code 61051002 is of primary importance. For these two markets, code 61091002 is also more important than for other countries. Thus, there seems to be slightly greater diversification in the two non-quota markets. To examine this issue further, some more non-quota countries were taken, namely Saudi Arabia, Japan and Australia. It was found that in the non-quota markets the importance of items differed from those of quota markets and there was greater diversification of garments export in most of these markets, though the absolute value of exports to quota markets in the case of most of these items were still higher. While the importance of items differed in these markets, yet the top few categories were still in the top 12 categories which were important for other countries. The Saudi Arabian market was, however, an exception. In the Australian market, two categories, namely 62063002 and 62052002 were important. In the Japanese market there was greater diversification with 6 categories being very important. They were items under codes 62052002, 62063002, 61051002, 62045202, 61091002 and 62044219. These were followed by another 45 to 50 items which were also important. The Saudi Arabian market displayed a completely different scenario. Though 12 categories were important in India's exports to this market, only three categories among these, namely codes 62063002, 62052002 and

61051002 were in the 12 categories which were important for other countries. The other categories included 61103001 (Jerseys, etc. of synthetic fibres, hand crocheted), 61178049 (other accessories of other fibres), 62053002 (shirts, not hand printed of man-made fibres), 62142001 (shawls of wool), 62143000 (shawls, scarves, mufflers, etc. of artificial fibres), 62144000 (shawls, scarves, mufflers, etc. of artificial fibres), 62149023 (odhani, cotton, hand printed) and 62149049 (shawls, scarves, etc. of other textile fibres). Of these, category 62149049 was the top most one with a value comparatively higher than all the 12 major categories exported by India to Saudi Arabia. Besides these 12 main categories, another 90 to 100 categories are also important in India's export of garments to Saudi Arabia. Thus while diversification is seen in India's export of garments to the Japanese market, greater diversification is also seen in India's export of garments to the Saudi Arabian market.

3. The unit values of most of the categories were more or less uniform in the different markets, though they were slightly higher in the USA and UK. The unit value changes in 1993-94 compared to 1988-89 were similar in most of the markets. But quantity changes differed. They were particularly high and positive in the UAE market. The fact that the unit value increases in this market were not at the cost of quantity of exports suggests the right strategy followed by India in recognizing the potential of this market and expanding in this new non-quota market.

4. In the top 2 categories of garments export, unit value increases are accompanied by quantity falls or low increases, particularly in the US, the UK, the Netherlands and German markets. This is partly a reflection of devaluation which took place in the intervening period and also efforts by India to move towards higher value additions within the sub-category.

5. Two categories 62044309 and 61091002, namely dress n.e.s., non-knitted and T-shirts, etc. not hand crocheted of cotton, have shown high quantum increases in almost all markets, accompanied by higher unit values, pointing towards the categories on which India should focus its attention.

6. Some categories like 62043202 and 61061000 which have shown negative quantity growth in other markets, show very high and positive quantity growth rates in the UAE market. This emphasizes the need to re-direct the slow growth items from traditional markets to new markets where higher growth is expected. India has not yet ventured into other Middle East markets as it has done with the UAE and there is every possibility that these items which are important in UAE market may also prove to be important for those markets as well. The average annual quantity growth rate from 1988-89 to 1993-94 for code 62043202 in the UAE market is 253 per cent, while it is 226 per cent in the Saudi Arabian market. However, the growth rate of value of exports of this code in the Saudi Arabian market is a spectacular 1431 per cent, the highest among the 12 top codes given in the table and higher than that of the UAE which is just 486 per cent.

7. Most of the top 12 items given in this table fall under the SITC categories 843 and 844, which were earlier found to be the dominant garments export categories for India.

8. Finally most of the top 12 items belong to the non-knitted group.

Thus while India has a higher RCA in the quota market, future growth in garments export by India in the MFA phase-out period can only take place by value additions in quota markets and by expanding to non-quota markets, particularly to the new markets in Middle East and Africa and also by a strategic redirection of slow growth items from traditional markets to new markets where these items have a higher growth.

In the long term, however, when quotas are completely phased out, competitiveness should possibly depend upon India's technological capacity and capacity to market its products in a relatively more free trade environment.

Thailand is an important competitor in the UAE market, where India is trying to penetrate further. India's presence in the markets of UAE and Saudi Arabia in 1990 was negligible, though rapid growth in these markets have taken place recently. India hardly had any presence in the Hong Kong market.

India vs China

Table 4 does not include one important competitor in garments export, namely China. China is the major competitor for India in garments export. Table 5 which compares India and China's garments export shows the following:

1. China's total exports of garments to the world – developed and developing countries – are higher than that of India. However, the percentage share of garments export of China to developed countries in its total garments export is lower than its share to developing markets, while in the Indian case the opposite is true. For China, Hong Kong is the single major market followed by Japan, Europe and the USA, while for India, Europe (particularly EU), followed by the USA are the major markets. Thus, though China is a major competitor for India in garments export, the focus on different markets by these two countries differ. However, with the integration of Hong Kong with China, there will be a formidable competitor for India in garments export. China's main focus is on developing country markets and Japan, while Hong Kong's main markets are the EU and the USA. Thus in both the markets of developed and developing countries integrated Hong Kong-China would be a major force to reckon with.

2. However, there are some silver linings for India. *First*, compared to China, India's share of exports of garments to Africa and Middle East, are higher and these markets should be penetrated further. *Secondly*, the unit value of China is lower than India in all the subcodes given in the table. This may be due to China's competitiveness or the individual items within a category differ greatly or it may be due to dumping by China. China is known for dumping in the case of other sectors and this cannot be ruled out in its garments export also. However, if China joins WTO then there will be greater transparency and the commitment

INDIA'S COMPETITIVENESS IN GARMENTS EXPORT VIS-A-VIS ITS COMPETITORS IN DIFFERENT FOREIGN MARKETS

In this section, an attempt has been made to estimate India's competitiveness *vis-a-vis* its competitors in the different foreign markets by taking into account the market shares and unit value of exports of India and its competitors in different garment categories in the different markets. Based on the commodity trade matrix, Table 4 gives these indicators for the two main garment categories exported by India, namely 843 and 844 for 1990. This table provides some interesting results.

1. The unit value exports in the different markets for these two categories are generally lower than the average unit values in the case of exports to these markets from Bangladesh, Sri Lanka, the Philippines, etc.; moderate for exports from NICs like Korea and Hong Kong and also for India; and high for exports from developed countries like Italy, France and Germany. Thus the unit values are positively correlated with the level of development of the countries, which thus implies higher the level of development, higher the unit values. The unit values of India's exports of these garments in different markets have been slightly lower than those of NICs and also the average rates in different markets. This is reflected in the relatively lower quantity shares of India compared to value shares in different markets.

2. In different markets, there is a negative correlation between unit values and quantity shares with high unit values being accompanied by low quantity shares and *vice-versa*.

3. In different markets, India's exports of these two important garment categories range from second to eighth. The main competitors for India are NICs like Hong Kong and Korea and developed countries like Italy, France and Germany. Bangladesh ranks slightly lower in quantity shares and also has lower unit values. The Philippines is an important competitor in the US market. Countries like Thailand, Indonesia and Malaysia are emerging as competitors particularly in non-quota markets like Saudi Arabia, Singapore and Canada. In the case of category 844,

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2. However, there are some silver linings for India. *First*, compared to China, India's share of exports of garments to Africa and Middle East, are higher and these markets should be penetrated further. *Secondly*, the unit value of China is lower than India in all the subcodes given in the table. This may be due to China's competitiveness or the individual items within a category differ greatly or it may be due to dumping by China. China is known for dumping in the case of other sectors and this cannot be ruled out in its garments export also. However, if China joins WTO then there will be greater transparency and the commitment

for China to abide by anti-dumping rules. Hence, India may stand to gain.

3. In clothing exports, non-knit men's/boys clothing, non-knit women's/girls clothing and non-textile clothing are important for both China and India. But knit men's/boys clothing are relatively more important for India than for China. Other textiles, apparel, n.e.s. like babies garments, clothing accessories, garments, felt textile fabric, knitted jerseys, pullovers, T-shirts, other knitted vests, brassieres, corsets, etc. are more important for China than India. Thus for at least 40 per cent of the exports of China and India, the garments items differ and in the items where there is competition, the markets also differ.

The combined strength of China and Hong Kong would, however, be more challenging as the total value of their garments export and total shares in the major garment markets of developed and developing countries far surpass India's strength. Further, the average annual growth rate of export of garments of China has been 65 per cent between 1990-1992, the highest among all the major exporters of garments. Besides China-Hong Kong, India has to face other competitors like Sri Lanka and Indonesia with higher growth rates and particularly in some non-quota markets it has to face competitors like Malaysia, Indonesia and Thailand.

All the above findings highlight the need for India to be competitive. Strategic alliances with the developed countries wherein the joint ventures help India to meet the market needs of developed countries can possibly help India. With the phasing out of MFA, these markets are likely to open up and these strategic alliances can then help India. Other countries are also likely to seize the opportunity and India should be ahead of them in this race. Besides, there is a need to further explore the markets of Middle East and Africa.

Conclusions

Some important conclusions of this study are:

1. Since India has fully utilized its quota in most cases except with Finland (EXIM Bank, 1995, p. 4) and unit values of India's

exports are lower than most of its competitors, there is not much basis for the argument that lower floor prices should be fixed for exports under quota. In fact, in the MFA phase-out period, India's export of garments to quota markets can grow only by higher value additions in exports. In the case of non-quota markets, there is a need to increase the quantity of exports as well. Evidence shows that in many cases higher unit value of exports to these markets have not been at the cost of quantum of exports and thus there is no need to think of lower prices even in these markets. While there is danger of dumping by China, the stricter enforcement of WTO rules could possibly help.

2. To counter the threat by competitors, particularly in the post-MFA phase-out period, strategic alliances with developed countries are needed. The protective quota should pave the way for these strategic alliances with export obligations to export to these quota markets. Foreign investments by these quota countries in garment industry of India can help inflow of modern technology and also help in retaining the quota markets.

3. There is a need to redirect low growth items from traditional markets to new markets of Middle East and Africa, where high growth awaits them. An early bird picks the most and in the garments industry any lethargic or complacent attitude in the MFA phase-out period would be detrimental for India, as the competitors like China-Hong Kong and other NICs or Indonesia, Malaysia, Thailand or even Bangladesh and Sri Lanka can take an early lead. Further to forestall competition from developed countries in the post-MFA phase-out period, the strategic ventures should be started immediately which should also make developed countries to consider this as a better alternative than upgrading their technology drastically and competing with India. This would also benefit India which despite its natural comparative advantages in garments may not be able to compete effectively with a high-tech resource rich garments industry of developed countries. On the contrary, if we are unable to make these potential competitors as our partners then we have only to blame ourselves.

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TABLE 1

INDIA'S RCAs FOR GARMENTS IN DIFFERENT
EXPORT MARKETS IN 1990

<i>Markets</i>	[RCAs for SITC (Rev.2) Codes]	
	<i>Code 843</i>	<i>Code 844</i>
UK	130.3	24.4
USA	203.3	17.2
Germany	169.4	37.8
Japan	32.3	3.1
Singapore	53.9	1.8
All markets	51.0	6.5

Source: Calculated from data given in UN, *International Trade Statistics Yearbook*, 1990.

TABLE 2

GROWTH RATE AND SHARE OF DIFFERENT SUB-CATEGORIES OF
GARMENTS EXPORTS IN THE MAIN GARMENTS CATEGORIES

Sub-codes	Growth rate of exports (1993-94 over 1990-91)	Share of sub-codes in the total code at 2 digit level	
		1990-91	1993-94
6101	47.13	1.30	0.24
6102	250.55	0.45	0.56
6103	532.73	1.36	3.05
6104	679.99	10.14	28.05
6105	129.08	35.02	28.44
6106	67.17	12.58	7.46
6107	200.58	2.83	3.02
6108	348.68	2.87	4.56
6109	177.86	8.45	8.33
6110	70.53	18.50	11.19
6111	335.27	1.39	2.14
6112	16.64	1.12	0.46
6113	75.14	0.05	0.00
6114	22.00	2.04	0.88
6115	517.11	0.29	0.63
6116	414.09	0.03	0.05
6117	66.92	1.59	0.94
Total of Code 61 = 182.05			
6201	471.80	0.20	0.58
6202	292.67	0.36	0.73
6203	127.11	4.04	4.74
6204	74.88	29.45	26.64
6205	99.76	24.40	25.22
6206	73.40	30.26	27.14
6207	157.04	0.80	1.06
6208	611.92	1.05	3.86
6209	276.18	0.39	0.75
6210	-62.47	1.51	0.29
6211	204.98	1.23	1.95
6212	95.36	0.04	0.04
6213	49.82	0.40	0.31
6214	115.69	5.59	6.24
6215	428.99	0.05	0.13
6216	284.42	0.03	0.06
6217	130.25	0.21	0.25
Total of Code 62 = 93.30			

Source: Calculated from data given by Directorate General of Commercial Intelligence & Statistics (DGCI&S).

TABLE 3

<i>Codes</i>	<i>France</i>	<i>Germany</i>	<i>Italy</i>	<i>Netherlands</i>	<i>Switzerland</i>	<i>UAE</i>	<i>UK</i>	<i>USA</i>
A. UNIT VALUES IN 1993-94								
62063002	124	141	107	134	124	99	128	144
62052002	143	163	143	153	133	124	142	185
61051002	88	82	63	93	64	46	78	109
62045202	154	151	144	161	132	130	145	157
62064001	165	162	163	170	163	125	166	162
62044219	202	197	177	199	177	145	178	202
62043202	221	280	161	246	152	131	204	219
61091002	83	77	94	83	74	54	82	98
61061000	85	77	86	87	86	58	89	105
62044309	266	243	211	243	254	174	244	260
62063001	125	121	121	123	115	140	119	130
62044909	561	976	1251	1314	768	1146	1012	978
B. PERCENTAGE CHANGE IN UNIT VALUES IN 1993-94 COMPARED TO 1988-89								
62063002	123	148	95	151	140	146	168	169
62052002	122	122	188	148	115	142	125	165
61051002	203	98	122	224	158	140	197	124

<i>Codes</i>	<i>France</i>	<i>Germany</i>	<i>Italy</i>	<i>Netherlands</i>	<i>Switzerland</i>	<i>UAE</i>	<i>UK</i>	<i>USA</i>
62045202	90	102	115	127	111	110	83	113
62064001	151	136	191	184	170	178	200	182
62044219	128	148	115	139	84	81	133	119
62043202	141	195	76	163	16	85	152	143
61091002	161	141	225	191	160	107	212	64
61061000	366	114	191	184	163	136	214	123
62044309	133	147	45	139	123	88	116	145
62063001	113	113	114	127	90	132	129	131
62044909	88	237	175	661	163	191	182	176

C. PERCENTAGE CHANGE IN QUANTITY IN 1993-94 COMPARED TO 1988-89

62063002	30	-0	156	45	107	205	53	-5
62052002	139	71	58	34	407	561	-0	34
61051002	80	217	-27	143	138	1730	-9	765
62045202	42	-26	48	-2	60	56	97	30
62064001	141	19	-3	197	67	46	215	-36
62044219	8	41	40	40	7	208	50	-1
62043202	-50	-36	-35	-36	-25	1267	12	141
61091002	207	52	34	414	131	3780	72	508

<i>Codes</i>	<i>France</i>	<i>Germany</i>	<i>Italy</i>	<i>Netherlands</i>	<i>Switzerland</i>	<i>UAE</i>	<i>UK</i>	<i>USA</i>
61061000	-19	138	-23	91	-7	1728	-28	146
62044309	438	561	450	136	1235	755	329	126
62063001	13	88	149	150	-24	968	29	6
62044909	28	-10	-19	-19	19	173	59	41

Notes:

- 62063002 : Blouses, etc., millmade, other than hand printed and hand embroidered of cotton.
- 62052002 : Cotton dress, shirts, millmade, not hand printed.
- 61051002 : Cotton T-shirts, other than hand crocheted.
- 62045202 : Cotton skirts and divided skirts, millmade, other than hand printed and hand embroidered.
- 62064001 : Blouses, etc., except hand printed and hand embroidered of manmade fibres.
- 62044219 : Other dresses of cotton including uniform dress, millmade; other than hand printed and hand embroidered.
- 62043202 : Jackets, other than hand printed and hand embroidered of cotton, millmade.
- 61091002 : T-shirts, etc., not hand crocheted of cotton.
- 61061000 : Blouses, etc., of cotton.
- 62044309 : Dresses including uniform dress, n.e.s. other than hand printed and hand embroidered.
- 62063001 : Blouses, handloom, other than hand printed and hand embroidered of cotton.
- 62044909 : Dresses including uniform dress, of silk.

Source: Calculated from data given by DGCI&S.

TABLE 4

INDIA AND ITS COMPETITORS IN EXPORTS OF MAIN GARMENTS ITEMS
TO DIFFERENT MARKETS. 1990

Code 843: USA

Exporters	Market shares		Unit value
	Qty.	Val.	
Hong Kong	14.7	17.7	29.4
Korea	5.1	8.9	42.9
India	5.5	5.8	25.9
Philippines	4.8	4.4	22.3
Indonesia	4.3	3.5	19.9
Italy	0.4	2.5	159.9
Bangladesh	3.9	2.5	15.3
Sri Lanka	2.5	2.2	21.5

Code 843: UK

Exporters	Market shares		Unit value
	Qty.	Val.	
Germany	8.4	18.7	71.8
Hong Kong	21.8	17.7	26.1
Italy	3.0	7.5	81.5
France	3.1	7.2	75.4
India	8.3	7.1	27.6
Netherlands	4.7	5.0	34.4
Turkey	6.4	3.2	16.0
Korea	3.1	2.4	24.8
Thailand	3.6	2.1	18.8

Code 843: France

Exporters	Market shares		Unit value
	Qty.	Val.	
Italy	6.6	15.3	82.1
Belgium-Luxemburg	4.9	6.7	47.9
Germany	2.2	6.5	104.7
Portugal	5.2	6.3	42.5
India	6.4	5.8	32.0
Tunisia	8.3	5.8	24.5
UK	3.2	4.4	49.3
Hong Kong	23.4	3.4	5.1
Thailand	4.5	3.2	25.0
Turkey	4.9	3.0	21.4

Code 843: Germany

Exporters	Market shares		Unit value
	Qty.	Val.	
Italy	7.2	10.5	52.2
Hong Kong	7.9	8.0	36.2
Turkey	10.1	7.8	27.8
Greece	4.9	5.4	39.6
France	2.6	4.5	61.5
Portugal	3.2	4.1	46.2
Netherlands	3.3	4.0	43.1
India	4.3	3.4	28.7
Austria	1.2	2.3	71.4
Tunisia	2.9	2.3	28.4

Code 843: Japan

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Italy	2.8	19.7	236.0
Korea	14.9	16.1	35.7
France	0.8	4.8	193.0
Hong Kong	2.4	4.5	62.9
Thailand	3.2	3.2	32.7
India	3.5	2.6	24.2

Code 843: Netherlands

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Germany	-	39.9	65.8
Belgium-Luxemburg	-	12.5	38.9
Hong Kong	-	4.8	25.2
UK	-	3.6	38.4
France	-	3.5	45.9
Italy	-	3.4	45.7
India	-	2.0	23.8

Code 843: Canada

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Hong Kong	-	19.0	-
Korea	-	12.7	23.6
India	-	6.1	-
USA	-	5.8	23.1
Germany	-	5.1	110.3
Italy	-	4.9	97.0
France	-	3.8	91.3
Indonesia	-	2.0	13.2

Code 843: Hong Kong

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Italy	-	5.5	159.6
France	-	1.8	167.6
Germany	-	1.2	211.1

Code 843: Switzerland

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Germany	-	43.5	97.1
Italy	-	15.9	92.3
France	-	14.2	90.9
Hong Kong	-	5.7	43.2
UK	-	3.2	58.6
Australia	-	3.0	110.5
India	-	1.5	31.2

Code 843: Saudi Arabia

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Thailand	-	30.2	-
Indonesia	-	12.8	13.5
Italy	-	9.5	78.2
France	-	8.2	127.9
Turkey	-	6.7	24.1
USA	-	4.8	29.2
Korea	-	3.0	19.1
UK	-	2.0	36.8

Code 843: Singapore

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Hong Kong	-	9.8	-
India	-	8.3	-
Indonesia	-	7.2	10.8
Italy	-	7.2	176.0
Thailand	-	6.4	-
France	-	2.6	128.9
Germany	-	2.0	245.1

Code 844: USA

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Hong Kong	15.1	17.7	24.9
Korea	10.5	11.5	23.2
India	4.4	4.8	23.4
Malaysia	2.8	3.7	27.7
Singapore	2.0	3.6	37.8
Bangladesh	5.6	3.6	13.6
Indonesia	3.9	3.4	18.4
Philippines	2.7	3.3	25.4
Sri Lanka	3.0	2.7	19.0

Code 844: Japan

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Korea	23.2	26.8	22.1
Italy	0.5	5.3	189.2
Indonesia	3.6	3.4	17.8
Thailand	2.2	3.1	26.7
USA	1.1	2.8	49.4
India	1.6	1.9	22.6

Code 844: UK

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Hong Kong	30.9	30.9	20.3
India	11.1	11.2	20.4
Bangladesh	10.8	6.2	11.6
Portugal	4.9	5.2	21.6
Italy	1.5	4.2	56.4
France	1.9	3.9	41.3
Mauritius	2.4	3.4	28.4
Korea	3.1	3.3	21.3
Germany	2.7	3.3	24.1
Turkey	3.8	2.9	15.5

Code 844: Australia

<i>Exporters</i>	<i>Market shares</i>		<i>Unit value</i>
	<i>Qty.</i>	<i>Val.</i>	
Hong Kong	-	12.1	-
India	-	11.9	-
Indonesia	-	2.9	-
Korea	-	2.8	-

Code 844: Germany

Exporters	Market shares		Unit value
	Qty.	Val.	
Hong Kong	16.9	15.4	25.3
India	9.8	9.2	26.2
Turkey	7.9	7.4	26.4
Korea	7.2	6.1	23.9
Italy	2.8	5.2	53.2
Tunisia	3.2	4.5	38.8
Bangladesh	7.8	3.5	12.5
Portugal	1.9	2.3	34.2

Code 844: France

Exporters	Market shares		Unit value
	Qty.	Val.	
Morocco	19.8	22.1	29.8
Portugal	8.0	10.3	34.4
Tunisia	6.6	7.5	30.5
Italy	0.8	7.5	261.0
Bangladesh	12.8	6.9	14.5
Mauritius	5.0	5.6	29.5
Macau	6.5	4.9	20.3
India	3.7	3.0	21.9
Turkey	3.6	2.9	21.6
Hong Kong	2.7	2.5	24.1
Malaysia	2.8	2.4	22.9
UK	1.1	2.3	57.1

Code 844: Netherlands

Exporters	Market shares		Unit value
	Qty.	Val.	
Germany	-	23.5	33.2
Hong Kong	-	11.4	24.6
Korea	-	7.1	22.8
India	-	5.9	21.3
Bangladesh	-	5.4	14.2
Portugal	-	5.3	38.0
Turkey	-	3.9	23.0
UK	-	3.7	23.2
Italy	-	2.8	31.2

Code 844: Canada

Exporters	Market shares		Unit value
	Qty.	Val.	
Korea	-	16.2	-
Hong Kong	-	15.2	-
India	-	8.6	-
USA	-	5.4	29.8
Italy	-	4.4	54.3
Malaysia	-	3.9	-
Indonesia	-	3.0	12.7
Bangladesh	-	3.0	-
Philippines	-	2.4	-

Code 844: Saudi Arabia

Exporters	Market shares		Unit value
	Qty.	Val.	
Thailand	-	24.2	-
USA	-	4.7	21.6
Korea	-	4.1	-
Italy	-	3.8	71.5
Indonesia	-	3.5	11.0
UK	-	3.1	21.3
France	-	2.8	109.6
Macau	-	2.3	10.7

Code 844: Singapore

Exporters	Market shares		Unit value
	Qty.	Val.	
Malaysia	-	30.3	-
Hong Kong	-	14.4	-
Indonesia	-	14.1	15.2
Thailand	-	11.1	-
Italy	-	6.9	159.6
Mauritius	-	3.5	-
India	-	2.5	-
France	-	2.3	114.4
Bangladesh	-	2.3	-

Code 844: UAE

Exporters	Market shares		Unit value
	Qty.	Val.	
Thailand	-	38.3	-
UK	-	3.1	24.6
Singapore	-	2.4	-
Italy	-	1.9	131.3
Korea	-	1.9	-

Source: Calculated from commodity matrix tables in UN, *International Trade Statistics Yearbook*, Vol. II, 1990.

TABLE 5

GARMENTS EXPORTS BY INDIA AND CHINA: SOME INDICATORS

A. Exports of Garments by India and China to Different Markets

Markets	Percentage shares in total garments exports	
	India 1993	China 1992
Developed	85.1	40.0
Developing	10.7	54.1
Africa	1.8	0.1
USA	26.6	10.0
Japan	3.3	17.0
Middle East	6.5	2.1
(1) Saudi Arabia	0.9	1.0
(2) UAE	4.8	0.8
Other Asia	1.3	50.7
(1) Hong Kong	0.3	48.6
(2) Korea	0.1	0.5
(3) Malaysia	0.1	0.0
(4) Singapore	0.5	0.3
Europe (Developed)	50.8	10.2
(1) EEC	43.9	8.9
(2) EFTA	6.9	1.2
Former USSR Europe	3.3	5.5
Former USSR Asia	0.0	0.2

B. Importance of Different Clothing Categories in Exports of India and China

Category	Percentage share in clothing exports		Unit value	
	India '93	China '92	India '93	China '92
1. Men's/boys clothing, non-knit	19.5	27.5	4.7	3.9
2. Women's/girls clothing, non-knit	35.9	27.8	5.0	4.1
3. Men's/boys clothing knit	10.9	2.8	2.2	0.9
4. Women's/girls clothing knit	6.4	4.6	2.7	0.8
5. Other textile apparel, n.e.s.	9.5	24.2	2.9	1.6
6. Clothing accessories fabric	4.9	3.9	-	-
7. Clothing, non-textile headgear	12.9	9.2	-	-

**C. Growth Rate of Important Garments Categories
by Major Garments Exporters (in 1992 over 1990)**

Code 843		Code 844	
Garments Exporters	Growth rate (%)	Garments Exporters	Growth rate (%)
Hong Kong	23.3	Hong Kong	23.0
Germany	11.2	China	131.6
Italy	3.3	Korea	-6.6
China	134.7	India	10.6
France	11.2	Germany	41.3
Korea	-15.0	Italy	12.2
India	42.4	Portugal	3.7
Thailand	-9.7	USA	75.9
UK	21.2	Thailand	-30.8
Netherlands	6.4	Bangladesh	62.6
Sri Lanka	99.6	UK	22.0
Bangladesh	27.2	Turkey	-1.0
Pakistan	27.7	France	6.0
Indonesia	91.2	Indonesia	81.6
		Pakistan	22.8
		Sri Lanka	85.9

Note: 0 = Negligible

Source: Calculated from data given in UN, *International Trade Statistics Yearbook*, 1992.

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OCCASIONAL PAPERS

1. Aneel Karnani, "Competing for the Indian Market: Local Firms vs. MNCs" (January 1996)
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