

## 5.2 Details

### (viii) POWERLOOM DEVELOPMENT & EXPORT PROMOTION COUNCIL

- Organisation** : Powerloom Development & Export Promotion Council
- Objective** : Sales-cum-Study Team to study the textile markets and to develop trade in textiles
- Date** : 18 May –1 June 2001
- Countries** : Saudi Arabia, Kuwait, and Dubai

### **Summary Report**

As one of the activities of the Powerloom Development & Export Promotion Council (PDEXIL) is to undertake various sales-cum-study team abroad with a view to study new markets for powerloom products and to increase the exports in the existing markets and earn foreign exchange.

Keeping in view this aspect, PDEXIL undertook a sales-cum-study team of its members to Saudi Arabia (Jeddah & Riyadh), Kuwait, and Dubai to explore the market of powerloom fabrics and made-ups and to increase the Indian share of powerloom export to these countries.

India's exports to Saudi Arabia, Kuwait, and Dubai have shown growth in the area of powerlooms textiles. Exports to Dubai and Saudi Arabia are fifth and 13<sup>th</sup> respectively, as far as exports of powerlooms fabrics to various countries are concerned.

Saudi Arabia is a big market for finished value added fabrics. "Balad" is the major business centre for textiles. Import duty for pure silk is 22 per cent, 12 per cent for polyester, and 0.75 Rial per sq. metre for cotton fabrics. As far as garments are concerned, gents wear throbe (Robe for men), Ghotra (head gear), Simag & Ikal & ladies wear, Aabaya (ladies Burkah) have good prospects in this market. There is a big market for textiles but due to lack of fine finishing, colour fastness & processing, Indian exports are unable to fulfil the demand, which is mostly catered by Japan, Korea, China, etc.

The PDEXIL Study Team observes that the Saudi Arabian market is mainly consuming the process/finished fabrics of high quality, which is generally being imported from Japan or European countries. Garments are generally stitched by tailors as readymade garment is rare.

Saudi Arabia is a vast textile market for Indian exporters. The PDEXIL Study Team expects 13 per cent growth in the import of textiles in Saudi Arabia. There are four major textiles markets in Riyadh, namely

1. Batha Wholesale market for fabrics & garments
2. Al-kudhs market--wholesale/retail market for textiles
3. Mechha Centre (Textile Market)
4. Derah market or Makalia market

Saudi Arabian buyers strictly follow the quality, services, and price competitiveness. They believe in long-term business relationship rather than one time business relation. There are also opportunities for joint ventures with Saudi firms to set up the manufacturing unit in Saudi Arabia. The Saudi Arabian government is keen to invite FDI and enter into the joint venture.

The Kuwaiti market is stiff and competitive despite its small size of market. But as far as textiles are concerned, it has got vast potential for fine quality and value added products. Generally, the fabrics are being imported from the Japan, and other European countries, however, due to the presence of the Indians in Kuwait, business ties between Kuwait and India can be cultivated further.

In Kuwait, fabrics are required in small quantities, but in various designs & weaves for their local consumption. Looking into the high per capita income in Kuwait, the consumption of textiles is also high and the Kuwaitis love to wear different kinds of high quality textiles, focuses the PDEXIL report.

The Kuwait Chamber of Commerce & Industry (KCCI) is the main Chamber of Commerce in Kuwait. For any import in Kuwait, members are to be registered with the KCCI.

The customs duty in Kuwait is @ 4 per cent, except few items. Indian textiles is known to the Kuwait people and they grade the Indian exporters with the high degree of respect. The report states that as far as readymade garments or any

products are concerned, there should be a non-removable label or a sticker on the product, giving washing instructions, etc., in Arabic or English along with the place or origin and other details.

The report mentions that through free trade zone, Indian exporters could target the nearby markets of Iran and Iraq. But quality with competitive rates and services will help Indian exporters. Goods are imported from Dubai to Kuwait, but now emphasis is laid more on direct dealing with Indian businessman at Kuwait. There is no difference between the duty structure of Dubai and Kuwait. Indian exporters can move to the Kuwaiti market with their exclusive products.

Dubai, for traditional and geographical reasons, is a port for volume trade and lot of Indian textiles are exported to Dubai. Dubai itself is not a very big market as far as the consumption of fabric is concerned. However, fabrics are imported and either converted into garments or otherwise re-exported to the various countries. Jabel Ali Free Trade is amongst one of the oldest and biggest Free Trade Zone of Dubai.

## Members of Delegation

1. Mr Jameel Ahmed Abdul Ghaffar Rahmani, M/s. Jameel Ahmed Abdul Ghaffar, S.No.224, Plot No. 149, Islam Nagar, Guruwar Ward, District Nasik, Malegoan – 423203 (Maharashtra).  
*Manufacturer Exporter of readymade kuptan and grey cotton clothes.*
2. Mr. S.S. Yuvraj, Managing Director, M/s. Kankadurga Fabrics Pvt. Limited, 19 Singarapet South Street, Gugai, Salem – 636 006 (Tamilnadu).  
*Manufacturer Exporter of yarn dyed plain, fabric dyed, printed and made-ups.*
3. Mr. Vinod Vaghijibhai, Chothani, Parner, M/s. Sudha Mills, 10 Ladhahbai Mansion, 4<sup>th</sup> Floor, 1A-Mana Pramanand Marg, Opera House, Mumbai-400 004.  
*Merchant Exporter of cotton grey fabrics & process fabrics.*
4. Mr. Ajay Vijakumar Manek, Partner, M/s. Govindji Trikamdas & Co., 605 Sukh Sagar, N.S. Patkar  
*Manufacturer Exporter of cotton duck, plain poplin, cotton sheetings, terry towels, beach towels etc.*
5. Mr. Kamalkishor Ramkisan Rathi, Proprietor, M/s. Kamalkishor Ramkisan Rathi, 16 F, Budhwar Peth, Chandak Garden, Solapur-413 002. (Maharashtra)

*Merchant Exporter of powerloom cotton fabrics & made-up and terry towels*

6. Mr. Khalilur Rahman Azizur Rahman, Proprietor, M/s. Aziz Exporters, H.No. 534, Belbag, Guruwar Ward, Dist Nasik, Malegao-423 203 (Maharashtra).  
*Manufacturer Exporter of cotton grey cloth, readymade garment kuptan, assorted design, hand embroidery and block print.*
7. Mr. Mahesh A. Gurdasami, General Manager, M/s Koshambh Multitred Pvt. Ltd., 507 City Plaza, 5<sup>th</sup> Floor, Dandia Bazar, Baroda-390 001 (Gujarat).  
*Manufacturer Exporter of cotton fabrics and made-ups.*
8. Mr. Mohammed Ramzan, Mohammed Jabir, Proprietor, M/s. Mohammed Ramzan Mohammed Jabir, H.No. 830, Islampura, Dist. Nasik, Melegaon-423 203.  
*Manufacturer Exporter of cotton grey cloth, readymade garment, assorted design hand embroidery and block print and other items.*
9. Mr. Motilal Sekhani, Export Executive, M/s. Sanjeev Textiles, 20 New Cloth Market, Ahmedabad-380 002 (Gujarat).  
*Manufacturer Exporter of cotton & synthetics fabrics.*
10. Mr. Rais Ahmed Ansari, M/s. India Intercraft, J. 11/63-101 Bunker Colony, Nati Imli, Varansi-221 002 (U P).  
*Manufacturer Exporter of home furnishing & made-ups, fabrics, and sarees.*
11. Mr. Rajgopal Ganeshlal Mandhania, Director, M/s. Mandhania Sons, Spinners Private Ltd., 239W. Mangalwar Peth, Solapur-413 002 (Maharashtra).  
*Manufacturer Exporter of 100% Jacquard yarn dyed terry towel, etc., and Solapur bedsheets.*
12. Mr. Sheyas Dugur, Export Executive, M/s. Umesh Textiles, 20 New Cloth Market, Ahmedabad-380 002 (Gujarat).  
*Manufacturer Exporter of unstitched fabrics for Kaftans and salwar kamij (also stitched ones) and cotton fabrics with traditional work.*
13. Mr. Tejas C. Devani, Export Executive, M/s. Devani Textiles, 2<sup>nd</sup> Floor, New Market Bldg, 351/353, Shekh Menon Street, Mumbai-400 002 (Maharashtra).  
*Merchant Exporter of finished garments, embroidery fabrics, Maxion, cotton polyester/viscose & polyester.*
14. Mr. Sandeep Jain, IRS, Executive Director, Powerloom Development & Export Promotion Council, 16, 1<sup>st</sup> Floor, Mittal Chambers, Nariman Point, Mumbai-400 021 (Maharashtra).

**Conclusion**

There is a good demand for processed fabrics of high quality as per capita income is high and people are exposed to products from the Western countries. It is advisable to stick to the commitments, offer best quality as a competitive prices to have an edge over the competitors like Pakistan, China, Taiwan, and Korea.

Saudi Arabia is a growing market and has got vast potential due to its growth in population, opening up Umrah increase number of religious pilgrimage, its close vicinity to the African markets and high per capita income. Terry towels, and canvas bags are main items of exports. However, concentration should be made to exploit the big existing market of high quality processed fabrics.

The Kuwait itself is not a big market. Requirements may be in small quantity and designs, which can be adequately supplied by the powerloom in India. There should not be any compromise on the quality of products.

Dubai has been a traditional import market for re-export of products to Saudi Arabia and Western countries. Its own consumption is dismal. Therefore, goods are required in big quantity at a cheaper price. Contact may be made to the various readymade garments manufacturers located in Free Trade Zone for the re-exports of products, as no quota is applicable there.

Soft policies for FDI are being offered in West Asia for as many countries may like to shift their industry base from petroleum and natural gas to other industries. Therefore there are vast opportunities for joint ventures and collaborations in these countries.

- Organisation** : Powerloom Development & Export Promotion Council
- Objective** : Sales-cum-Study Team to study the textile market and to develop trade in textiles.
- Date** : 9-24 October 2000
- Countries** : Thailand, New Zealand, and Australia

## Summary Report

The PDEXIL Study Team to Thailand was to develop business contacts and to keep them intact on a regular basis with the Thailand importers and to maintain the good quality of products and professional services to importers at a competitive rates. It is important because Thailand is a producer of various kinds of textiles and also importer of various items from other South East Asian countries.

Thailand started its modernisation process in the 1960's and 1970s, and the major thrust was given to exports. Its textile industry is a fully integrated industry, from the raw materials to the finished garments and non-apparel uses. Thailand produces cotton, polyester, rayon, acrylic and silk and it has fibre manufacturing including spinning, weaving and knitting.

As part of ASEAN Free Trade Area, tariff on cotton, wool and synthetic textiles were cut from 60 to 20 per cent in 1997. And the tariff on PVC coated fabrics being cut from 50 per cent to 30 per cent cut. Also Thai textile industry is going green in an environmental sense.

Significance of textiles in the economy, a Thailand Textile Institute (THTI) was established in October 1996 to serve as an organisation to upgrade and develop the textile industry. Highlight of the activities of THTI are as bellow.

- Benchmarking
- Business Chain Management
- Quick Response System
- Technical Textile

- Energy Saving
- Textile Laboratory
- Machinery Improvement Fund
- R&D
- Training and Consulting
- TQM

Australia is relatively a small market as compared to USA or Europe. Australian market offers good opportunities for exports of a large range of products. The market is very competitive. The majority of cotton and wool used in Australia is Australian grown. However, fine types of cotton and coarser types of wool are generally imported. The man-made fibre industry relies almost entirely on imported feed stocks for its raw materials. Not all of Australia's yarns and fabric requirements are manufactured in Australia. Fine count combed cotton system yarns and light weight cotton and man-made fibre woven fabrics are mainly imported. In addition to woven, knitted and tufted fabric making, there is also the non-woven textiles sector comprising a series-of niche product manufacturers.

Recent additions to the Australian fashion trends have been Pashmina shawls and other made-ups. Sari fabrics widely used in fashion dresses. Embroidered, beaded and sequinned fabrics and related made-ups are also being introduced in the upper market.

Some tariff rates are applicable to developing countries, including India, w.e.f. 1 July 1999 on clothing and finished textiles (28%), cotton sheeting, woven manufactured fabrics (17%), other fabrics (17%), and table linen, tea towels, etc. (11%).

A Joint Business Group on Natural fibres and Textiles (JBG) was constituted between India and Australia in 1999, to enable greater attention to bilateral cooperation and trade in the area of textiles between the two countries.

Six sub-groups have been formed each one on, a changing face of the industry, trade policy, investment, R&D and technical know-how, education training & fashion technology, transportation & supply, chain management.

The major items of India's exports to New Zealand have traditionally been cotton yarn, woven fabrics of cotton and woven fabrics of flax and jute, yarn of jute, bed linen, table linen etc., curtains, sacks and other packing material, textiles including dress material, and furnishing articles.

The tariffs, which are covered under the preferential rates, range between 4 per cent and 8 per cent. Different tariffs are applied on the basis of country of origin.

### Members of Delegation

1. Mr. Vinod Vaghjibhai Chothani, Partner, M/s Sudha Mills, 10 Ladhbbhai Mansion, 4<sup>th</sup> Floor, 14 Mama Paramanand Marg, Opera House, Mumbai – 400 004.  
*Merchant Exporter of cotton grey fabrics and process fabrics.*
2. Mr. Angamuthu Ramasamy, Partner M/s Sri Dhanvamani Textiles, Post Box No. 230, 141 Jinnah Street, Erode-638001 (Tamilnadu).  
*Manufacturer Exporter of 100% cotton grey and bleached cloth and 100% viscose grey and bleached cloth up to 63”.*
3. Mr. Manoj R. Shah, Director, M/s J.T. Fabrics Pvt. Ltd., 8/1 M.K. Lane, Mahal 3<sup>rd</sup> Street, Post Box No. 32, Madurai – 625 001.  
*Manufacturer Exporter of plain, drills, twills, stain, bedford's and crepes in cotton.*
4. Mr. N. Suryanarayanan, Director, M/s Sri Sundara Vinayagaa Textiles Pvt. Ltd., 10/2 Pankajam House Road, Theni – 625531 (Tamilnadu).  
*Manufacturer Exporters of satin strip, yarn dyed checks, colour weft plain, pointed twill, checks, plain, etc.*
5. Mr. Marimutha Murugan, Partner, M/s S.K.M. Overseas, 406/7, K.S. Nagar, Trichengode Main Road, Pallipalayam, Namakkal Dist., Erode– 638 006 (Tamilnadu).  
*Manufacturer Exporter of all kinds of powerloom cotton fabrics and processing facility.*
6. Mr. K. Balasubramaniam, Managing Director, M/s. Sri Nandhini Fashions, 101 KPM Main Road, Agraharam, Pallipalayam, Erode-638 008 (Tamilnadu).  
*Manufacturer Exporter of yarn dyed checks, grey varieties of voiles, dobbies, stain weaves and waffles.*



7. Mr. Manoj B. Shah, Partner, M/s. Kulyani Corporation, 37 Tambakanta, Pydhonie, Mumbai – 400 003.  
*Merchant Exporter of 100% cotton terry towels & poly cotton towels.*
8. Mr. Sandeep Jain, IRS, Executive Director, Powerloom Development & Export Promotion Council, Nariman Point, Mumbai.  
*Member-Secretary to the Delegation*

### ***Conclusion***

Indian exporters to Thailand, New Zealand, and Australia have shown a growth in the area of powerloom cotton fabrics and made-ups. However Indian textile exporters are facing stiff competition in these countries due to the competitive prices being offered by the neighbouring countries. It is, therefore, suggested that competitive rates should be offered through the financial management, optimum utilisation of modernisation looms and manpower along with procuring the raw material.

The Australian and New Zealand markets require quality products in various small quantity and designs with better processing, mainly for their consumption. The powerlooms industry is in a position to supply various designs and quality in a small quantity. Both the markets offer good opportunity for exports of textiles and clothing, value added products, made-ups and home furnishings.

***Organisation*** : Powerloom Development and Export Promotion Council

***Objective*** : Sales-Cum-Study Team to study the textile market and to develop trade in textiles

***Date*** : 24-29 September 2000

***Country*** : Sri Lanka

### **Summary Report**

The Sri Lankan readymade garment industry has developed remarkably over the years. Its export markets are mainly the USA and European Union (EU). The EU is expected to remove textile quota for imports from Sri Lanka in the near future. In

this context, Indian powerloom fabric can register its presence in the ever expanding Sri Lankan market. Fabric is a potential intermediary for readymade garments.

Free trade agreement has been signed between India and Sri Lanka recently for the outsourcing of fabrics from India and procurement of garment from Sri Lanka. It is beneficial to both the countries due to the geographical and cultural proximity. Indian powerloom industry can have preference over others.

In the wake of growing importance of garment industry in Sri Lanka, a buyer-seller meet on “Indian Powerloom Fabrics & Made-ups Expo” was organized by the PDEXCIL. The delegates displayed their products at BSM were like:

Grey sheetings, Chiffon fabrics for blouse and other garments, voile fabrics, yarn-dyed woven fabrics in cotton and its blends, cotton printed sheeting & dress material, casual wear fabrics, cotton shirting, 100% cotton grey and bleached cloth, 100% cotton viscose grey and bleached cloth, 100% cotton canvas, cloth with fire retardent, home furnishings, kitchen napkins, bedlinen, tablelinen, aprones, quilts, towels, etc.

After the study of trends of the Indo-Sri Lankan fabric trade *vis-à-vis* other countries, the Study Team report says that exports of powerloom fabric and made-ups from India to Sri Lanka market can be increased by adopting measures. First one is that Sri Lankan market requires quality products in bulk and new innovative products with better processing as it has got large readymade garment market in Europe and the USA. A quality assurance mechanism is also to be evolved so that the required quality can be supplied with due quality control procedure, which is acceptable to both the sides.

Second, in order to give strength to the Sri Lankan Free Trade Agreement, investment can be made in Sri Lanka by the Indians in free trade zone for the procurement of fabrics and joint ventures should be established.

The report says that financial interest of the Indian entrepreneurs in the Sri Lankan garment industry will lead to a better procurement of fabrics from India and thereby garments from Sri Lanka to India and thereby garments from Sri Lanka to India and to other markets also.

The raw materials required by Sri Lankan industry are mainly imported from overseas countries. The items in demand are:

- Striped Fabrics
- Yarn Dyed Fabrics
- Twill Fabrics
- Shirting
- Checks
- Plain Sheeting
- Poplin
- Ducks
- Drills
- Canvas

On textiles and fabrics there is no customs duty. However, GST 12.5 per cent and National Security Levy @6.5 per cent are payable. This applies to the entire Chapters 50 to 60 of the HS Code. For Chapters 61 & 62 the customs duty is 10 per cent for Indian goods. It is 9.5 per cent for made-ups under Chapter 63, the duty is 10 per cent and no concession for Indian goods.

In order to give a fillip to the bilateral trade agreement for textile & garments, signed in April 2000 between the two countries, buyback arrangement is to be made for readymade garments in India for the fabrics, supplied from India can be made through major exporters or trade associations, the study team report says.

***Members of Delegation***

1. Mr M.S. Mathivanan, Chairman, PDEXIL, 21 Gandhipuram, Main Road, Komaprapalayam-638183 (Tamilnadu).

Leader of the Delegation and Manufacturer Exporter of grey sheetings, printed satin, home furnishings, all types of napkins, bed-linen and made-ups, yarn-dyed fabrics for garments.

2. Mr. Vijaykumar G. Manek, Vice-Chairman, PDEXIL, M/s V.G. Corporation, Parshotam Lalji Bajaj, 39 Madan Mohan Berman Street, Kolkata – 700 007

Merchant Exporter of 100% cotton canvas, ducks, polishing fabric, buffing, sheetings, sateen, poplin, cambric, voiles, industrial fabrics, etc.

3. Mr. Dhanphal Annasao Tare, M/s Dhanpal Annasao Tare, W.No. 10, H.No. 226, Near Shahu High School, A&P, Kolhapur Dist., 1 Chalkaranji – 416 115 (Maharashtra).

*Manufacturer Exporter of industrial cloth made on ruti 'C' & Sulzar, fabrics, sheeting, napkins, table sheets etc.*

4. Mr. S. Raghunathan, M/s. Shivaji Textiles, 6 Rangavendra Street, Komarapalayam-638 183 (Tamil Nadu).

*Manufacturer Exporter of Chiffon fabrics, voil fabrics, twill and doobby weary, dhoties, etc.*

5. Mr. Angamuthu Ramasamy, Partner, M/s. Sri Dhavamnai Textiles, Post Box No. 230, 141 Jinnah Street, Erode-638 001 (Tamilnadu).

*Manufacturer Exporter of 100% cotton grey and bleached cloth, 100% viscose grey and bleached cloth up to 63", lining or pocketing cloth for the garments.*

6. Mr. R. Shanmugasomappa, Techincal Director, M/s. Golden Weaving Mills (P) Ltd., 59/11 South Avani Moola Street, 1<sup>st</sup> Floor, Madurai-625 001 (Tamilnadu).

Manufacturer Exporter of bath towels, striped towels, doobby designed fabrics, tappet sorts.

7. Mr. Sehan Ramanan, Representative, Ms. Devi Textiles, R. Block No. 7, Six Avenue, Anna Naga, Chennai-600 040 (Tamil Nadu).

Manufacturer Exporter of yarn dyed fabrics in innovating patterns casual wear fabrics, aprons, bed-spreads, furnishing fabrics, floor coverings, luncheon mats, etc.

8. Mr. C. Kasi, Managing Partern, M/s. Karachi Exports, 27, 4<sup>th</sup> Pulikkuthi Street, Gugai, Salem-636 006 (Tamilnadu).

Merchant Exporter of yarn dyed woven fabrics in cotton and blends of width 48" to 70" of designs like checks, strips, twill, seer sucker, honey comb, grape weave, etc.

9. Mr. Bharat M. Chhajer, Proprietor, M/s. Sanjeev Textiles, 20 New Cloth Market, Ahmedabad-380 002.

Manufacturer Exporter of grey powerloom cloth, cotton printed sheeting, bed sheeting, cotton printed dress materials.

10. Mr. Shreyas Dugar, M/s. Umesh Textiles, 20 New Cloth Market, Ahmedabad-380 002.

Manufacturer Exporter of cotton fabrics including dress materials.

11. Mr. Narendra R. Poddar, Director, M/s. Nirup Textiles Pvt. Ltd., 573 Chira Bazar, JSS Road, Mumbai-400 002.

Manufacturer Exporter of cotton shirting, handkerchiefs, polyester cotton, blended fabrics.

12. Mr. V.S. Venkatesan, Executive Director, M/s. Kankadurga Fabrics Private Ltd., 10E Karungalpatti Itteri Road, Salem-636006 (Tamilnadu).

*Manufacturer Exporter of fabrics, home textiles, towels etc.*

13. Mr. K. Palanisamy, Partner, M/s. Sri Sivasakthi, Textile Mills, Kothapalayam, Vanjipalayam, Mangalam-641 663, Coimbatore-Distt. (Tamilnadu).  
*Manufacturer Exporter of cotton and cotton blended grey fabrics.*
14. Mr. Senthil Kumar, M/s. B.K.S Mills, No. 2-137E, Kungumapalayam Piriuve, Palladam-Tirupur Main Road, Naranapuram (Post), Palladam-641 664, Coimbatore Distt. (Tamil Nadu).  
*Manufacturer Exporter of cotton grey fabrics, scoured, bleached, dyed, calendered printed fabrics, drill, twill, satin and sateen fabrics, etc.*
15. Mr. Ajay V. Manek, Partner, M/s. Govindji Trikmadas & Co. 605 Sukh Sagar, N. S. Patkar Marg, Mumbai-400 007.  
*Manufacturer Exporter of 100% cotton canvas, duckes, polishing fabric, buffing, sheetings, drills, twills, bull-denim, cambric, lawns, voiles, etc., and various types of industrial fabrics.*
16. Mr. T.V. Kaushik Raja, Export Executive, M/s. Sri Ram Surgitex (100% EOU), 216 Sri Ram Nagar, Rajapalayam-626 117 (Tamilnadu).  
*Manufacturer Exporter of surgical dressings.*
17. Mr. P.R. Vijayaraghavan, Managing Partner, M/s. Sri Ram Products, 216 Sri Ram Nagar, Rajapalayam-626 117 (Tamilnadu).
18. Mr. Sandep Jain, IRS, Executive Director, PDEXIL, Mumbai.  
*Member Secretary to the Delegation.*

### **Conclusion**

Sri Lanka is a member of the SAARC. It has a class-one readymade garment industry, which meets bulk of the country's requirements. Many Indian garments units have been set up in the Free Trade Zone and the raw materials required by these units are met mainly from India.

An aggressive marketing campaign for the Indian textiles should be launched in Sri Lanka by making various information centres. The Indian fabric manufacturers/exporters should provide quick services, speedy communication and proper follow-up with a minimum lead time for the delivery as the Sri Lankan readymade garment industry has to export the garments, after converting fabrics into garments in a limited time frame.

- Organisation** : Powerloom Development & Export Promotion Council
- Objective** : Sales-cum-Study Team to study the textile markets and to develop trade in textiles
- Date** : 18 October to 5 November 1999
- Countries** : USA and Canada

### ***Summary Report***

The US textile industry is characterized by product specialization. Most mills only engage in one process or raw material, which larger integrated mills may combine two or more operations. Manufacturing establishment within the textile industry are primarily involved in the following items:

- Yarn and threads mills
- Broadloom mills
- Carpet and rug mills
- Textiles finishing
- Narrow fabric mills
- Miscellaneous textiles products

The US textile industry spends 4 to 6 per cent of sales on capital expansion and modernisation. Industry also reports spending more than \$25 million each year on pollution and safety control. The broad-woven fabric mills sub-sector have three areas, i.e. cotton broad-woven fabric mills, man-made broad-woven fabric mills, and wool broad-woven fabric mills.

Over the past 10 to 15 years the presence of man-made fibre and fabric production diminished as such developed countries as the USA, Japan, and the EU, and in such countries as Korea, Taiwan, Hong Kong, and more recently the Pacific Rims and China. This asset migration stemmed in part from the relative cost advantages that the developing countries enjoyed, particularly in the low end of the apparel spectrum, as well as from their desire to enhance their mutual fibre and fabric production base.

The US producers of man-made fibre sought higher-end, more value-added, technically sophisticated applications of man-made fibre, including industrial and micro-fibre applications.

Since the signing of the North American Free Trade Agreement (NATA) in 1994, the short to medium-term prospects for US textile exports rest in Mexico and Canada, the two NAFTA trading partners. These two markets are providing more than 40 per cent of US textile export demand. Other major US export markets are the UK, Japan, Hong Kong, Dominican Republic, Germany, Belgium, Saudi Arabia, and South Korea.

Articles of apparel & clothing accessories (knitted or crocheted) and articles of apparel & clothing accessories (not-knitted or crocheted) are the major textile items imported into the USA. Readymade garments, cotton, man-made filaments, man-made staple fibres, textile fabrics, knitted or crocheted fabrics, impregnated, coated & laminated textile fabrics and textile articles for industrial use, special woven fabrics, tufted textile fabrics, lace, tapestries & trimmings, wool, fine or coarse animal hair, other made-up textile articles, worn textile articles & rags, and other vegetable textile fibres, yarn & fabrics. Among these items, India exports mainly articles of apparel & clothing accessories *not* knitted or crocheted and knitted or crocheted, home furnishings, carpets and other textile floor coverings, and other vegetable textile fibres, yarn & fabrics.

China is the major exporter of textiles to the USA followed by Hong Kong, South Korea, Taiwan, the Philippines, Indonesia, Thailand, and Pakistan. Mexico became the USA's number one importer and exporter of both textiles and apparel in 1996. More importantly, about two-thirds of the clothing imported from Mexico contains US yarn and fabric, the study team report says. The American Textile Manufacturers institute (ATMI), the national association of the textile mill products industry, has supported and continues to support the NAFTA as a means to increase exports of American textiles and strengthen the domestic industry in an era of relentless and growing competition.

The Study Team focuses a very important issue of environment in the USA. It is the driving force for modern improvement. The cost of routine compliance is very high, as a result the US textile industry is adopting cleaner production methods to reduce this cost. The Environment Protection Agency (EPA), like other Federal Agencies, prepares and reviews National Environment Protection Act documents.

Beyond US Government's initiative, the US textile industry has taken proactive steps to promote environment awareness. The AIMI has put forth its E3 Programmes--Encouraging Environmental Excellence--as a means to encourage environmental presentation. E3 encourages the US textiles to get out in front of regulation and set standards for other industries to follow.

Although textile manufacturers have shown greater interest in environment issues, industry experts suggest that end-use customer of the textile-environment may be lagging behind. The consumer awareness in the USA about the general environmental issues is very sound, however, the prevalence of industry specific environment awareness particularly for textiles is very limited.

Eco-Lables/Standards/Eco-Auditing or environmental labels are very important in US market. Lables information helps consumers to use safely and properly recycle or dispose of both products and packaging. The textile companies who qualify for E3 Programme of the ATMI can use the logo of ATMI indicating the eco-friendliness of their products. Some of the leading companies in textiles have started manufacturing eco-friendly textiles and giving a lot of publicity for their products through their catalogues.

Apropos the US law each garment/textiles product is to be labeled, i.e. both for the content, 100% cotton or silk or mixed blends or any other etc., and care labeling i.e. machine wash, dry cleaning etc. The violation of such laws cause heavy penalties. Consumer Product Safety Commission picks up any item at random from the market and checks about the flammability or other regulatory parameters. The important parameters, which are preferred in the USA for eco-friendliness of textiles, are as follows:

- Growing demand for organic cotton
- Bleaching and cleaning with peroxide preferred instead of chlorine bleaching/cleaning
- Low impact dyes are preferred which require low temperature and high exhaustion, i.e. water is very clear.



- Although the use of Azo dyes in important textiles is not banned in the USA as in the case of Germany, yet the companies who are trading with the European countries are discouraging the use of Azo dyes in their textiles imports.
- Although there are no laws for the use of specific packaging material yet the use of recycle material/paper is preferred of packaging.

Consumers are mainly concerned with the work-friendly manufacturing of the product, i.e. violation of human rights is not acceptable such as the use of Child labour; forced use of prison labour; non-adherence to minimum wages prevalent in the supplying country; unclean and unhealthy work atmosphere, etc., as these are covered under SA-8000, i.e. Social Accountability Act.

Large US companies are encouraging their suppliers in developing countries to go in for Environment Management System or to being with at least to follow the environment/pollution control laws in the manufacturing countries. The safety and health of the textile workplace cannot be maintained at its high level without several key elements-auditing, safety, and health teams and safety training. As the textile manufacturing is a complex science that involves many different processes, including yarn and fabric formation, printing, dyeing and fabric finishing. Thus the US textile industry considers workplace safety and health from many aspects, such as awareness of hazardous chemicals, lockout/tagout features on machinery, ergonomic work station design, noise and hearing conservation and emergency preparedness.

The Canadian textile industry is highly diversified one, which includes products of fibres, yarns, fabrics and a variety of textile products such as household lines, carpets, and products used in the manufacture of a broad range of industrial products. There is also a significant motor vehicle fabric accessories industry.

The Canadian textile industry is concentrated mainly in Quebec and Ontario. It comprises the following items:

- (a) Primary textiles covering manmade fibre & filament yarn, wool yarn & woven cloth, other spun yarn & woven cloth, and broad knitted fabric.

- (b) Textile products covering natural fibres processing & felt products, carpets, mats and rugs, canvas & related products, narrow fabric, contract textile dyeing & finishing, household products of textile materials, hygiene products of textile, materials, tire cotton fabrics, other textile products.
- (c) Floor tile, linoleum and coated fabrics.

Currently, several industry sectors are highly concentrated, e.g. man-made fibres, filaments, fabrics, carpets, mats and rugs, bedsheets and pillow cases, and towels. The USA is the Canadian's main export market for textiles. The textiles industry annually invests about \$350 million in state-of-the art textile machinery, business equipment and buildings. This investment trends to be concentrated among a small number of larger textile companies.

The outlook for Canadian textile industry is challenging in the context of liberalisation of world trade and tariff reduction for textile & textile products due to WTO, phasing out of MFA, and NAFTA. Continued access to and diffusion of information on world-wide textile technology developments and new technology are critical to the domestic industry in its drive to sustained international competitiveness. While Canada is not a textile machinery manufacturing country, textile machinery embodying the latest technological improvements produced world-wide is readily available to domestic manufacturers. Domestic manufacturers are quick to acquire these new technologies and to undertake further process R&D on acquired machinery. This textile and apparel industries have benefited from general federal initiatives, such as the Programme for Export Market Development and the Industrial Research Assistance Programme.

The Study Team refers that importing textiles into Canada is a closely monitored activity. A number of regulations and guidelines exist that must be adhered to for successful introduction of new products to the Canadian market. These include the Textile Labelling Act, the Marketing of Imported Goods Order, the Textile Labelling and Advertising Regulations, and the Customs Tariffs Act.

Flammability guidelines also exist for certain fabrics. Importers and agents can assist in meeting these regulations.

Indian exporters can consider to export of domestic textile (bedlinen, carpet, curtains), upholstery fabrics, and cotton and synthetic yarn to the Canadian market. Thus key factors for success for Indian companies in the Canadian market that products should be of high quality at good prices, on time deliveries that correspond precisely with agreed upon specifications, proper packaging and labelling to meet all regulations, and continuity of supply. Canada serves as a springboard to the massive market of the USA and Mexico.

### ***Members of Delegation***

1. Shri Anil Singh, Secretary, PDEXCIL, Mumbai (Maharashtra)  
*Leader and Member Secretary of the Delegation*
2. Mr. A. Ramasamy, M/s. Sri Dhavmani Textiles, Post Box No. 230, 141, Jinnah Street, Erode-638 001 (Tamilnadu).  
*Manufacturer Exporter of cotton and spun Rayon grey cloth, grey fabrics in yarn*
3. Shri Ketan V. Manek, M/s. Govindji Trikamdas & Co., 605, Sukh Sagar, N.S. Patkar Marg, Mumbai-400 007 (Maharashtra).  
*Manufacturer Exporter of grey & finished fabrics such as canvas, ducks, sheetings, drills, twills, sateen, print cloth, bull-denim, cambric, lawns, khangas, kitanges, etc*
4. Shri Jitendra M. Manek, M/s. Punch Exporters, 309, Standards House, 3<sup>rd</sup> Floor, 83, M. K. Road, Marine Lines, Mumbai-400 002 (Maharashtra).  
*Manufacturer Exporter of textiles, grey fabrics, bedlinen, terry towels, furnishing fabrics, diaper cloth, gauze cloth, etc.*
5. Shri Sanjay H. Khanna, M/s. Siddharth Enterprises, 6, Nethaji Street, Surampatti, Erode-638 009 (Tamilnadu).  
*Manufacturer Exporter of torry towels & made-ups.*
6. Shri Govindan Thennarasu, M/s. Sree Jagajothi Exports, H-97, Periyar Nagar, Erode-638 001.

*Manufacturer Exporter of cotton grey, canvas, yarn dyed, piece dyed, printed fabrics, bleached pocketing/lining and wider width fabrics and made-ups, all kinds of cotton bags, kitchen items.*

7. Shri M. Govindarajan Textiles, 3-4/20, Sundamman Kovil Steet, Salem Dist., Elampillai-637 502 (Tamilnadu).

*Manufacturer Exporter of 100% cotton yarn dyed fabrics, lycra blends, seer-sucker, chambray, checks, design, plain, drill, crepe, stripes in doobby.*

### **Conclusion**

Keeping the long-term interests and challenges to be faced after the phasing out of MFA, it is necessary to diversify the clothing export basket base for Indian powerloom fabrics and made-ups by adopting suitable measures for the US and Canadian markets. Besides these measures, exporters should know the significance of environment and child labour issues in the USA. Eco-Lables/standards/Eco-Auditing or environmental labels are very important in US market. Eco-friendly textiles are preferred the US Consumers are also concerned with the work-friendly manufacturing of the product, i.e. violation of human rights.

Exporting to the Canadian market is a closely monitored activity. Indian exporters should know a number of regulations and guidelines exist in Canada that must be adhered to for successful introduction of new products in the Canadian market. These include the Textile Labelling Act, the Marketing of Imported Goods Order, the Textile Labelling and advertising Regulations, and the Customs Tariffs Act. Flammability guidelines also exist for certain fabrics.

Key factors for success for Indian companies in the Canadian market are: products should be of high quality at good prices, on time deliveries that correspond precisely with agreed upon specifications, proper packaging and labelling to meet all regulations, and continuity of supply. Canada serves as a spring board to the massive market of the USA and Mexico.

**Organisation** : Powerloom Development & Export Promotion Council

**Objective** : To explore textile markets with a view to develop trade in textiles

**Date** : 4-7 April 2000

**Country** : Bangladesh

### ***Summary Report***

Bangladesh is a very large readymade garments (RMG) market of more than US\$4 billion per annum but it can supply not more than 30 per cent of its total requirement of fabrics from domestic sources. There exists a wide gap between the supply and demand of the local effort. Because the textile industry in Bangladesh has not been able to keep pace with the growth of RMG. The annual fabric demand in Bangladesh is estimated at 3 billion yards which is growing @20 per cent per annum. Out of this only 10-15 per cent is locally produced and the rest is imported. The main suppliers are India, China, Taiwan, Singapore, and Malaysia.

RMG is the biggest foreign exchange earner for Bangladesh. As 85-90 per cent of fabric is imported, the value addition in the finished product is only around 25 per cent.

The European Union (EU) is the biggest export market for Bangladesh accounting for 54 per cent of its RMG exports. Bangladesh enjoys EU Generalised Scheme of Preferences, under which apparels originating from Bangladesh can be imported into EU duty free, without any quantity restriction. The derogation from the rules of origin granted to Bangladesh under which finished fabrics for woven products could be imported from ASEAN and SAARC nations by Bangladesh and still qualify for GSP facilities, which expired on 31 December 1998. The EU was considering renewal of derogations but did not yet reach a decision.

The USA is the next biggest market for Bangladesh accounting for 43 per cent of its RMG exports. The USA has identified 21 categories of clothing, import of which Bangladesh is restricted by quotas. Bangladesh exports as the quota

utilisation is presently around 85 per cent. This has given it a captive market, from other competitors.

In a quota free and GSP free situation emerging from the year 2005, the countries from where the fabrics are now being imported are likely to emerge Bangladesh's competitors in world market. This could affect the present supplies of fabric. It is estimated the Bangladesh would need 60 composite textile million to meet its demand of fabrics.

### ***Members of Delegation***

1. Mr. Sandeep Jain, IRS, Executive Director, Powerloom Development & Export Promotion Council, Mumbai.  
*Leader and Member Secretary of the Delegation.*
2. Mr. Dhanpal A. Tare, M/s. Dhanpal Annaso Tare, W. No. 10, H. No. 226, Near Shahu High School, A&P, Ichalkarnji-416115 (Kolhapur, Maharashtra).  
*Manufacturer Exporter of industrial cloth on Ruti 'C' & Sulzer, fabrics, sheeting, cloth with fire retardents treatment, etc.*
3. Mr. Sehan Ramanan, M/s Devi Textiles, R. Block, #7, Sixth Avenue, Anna Nagar, Chennai-600 004  
*Merchant Exporter of yarn dyed fabrics, aprons, bed spreads, cushion covers, mats, napkins, and other made-ups etc.*
4. Mr. Ziya Ahmad Zaher Ahmed, M/s Ziya Textiles, 406/7, New Ward, Malegaon-423 203 (Maharashtra).  
*Manufacturer Exporter of 100% cotton grey, sheetings, yarn dyed, checks, sarees, etc.*

### ***Conclusion***

Indian entrepreneurs should invest in Bangladesh textile sector either in joint venture or wholly owned subsidiary. India should focus on buyback arrangements and setting up backward linkage industries.