

**Post MFA Apparel Market in US:
Prospects for India**

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Preface

The international trade on textiles and clothing are under the process of last phase of metamorphosis, as the Agreement on Textiles and Clothing (ATC) will remove the 49 percent of the balance quota from 1st January 2005. Some countries in the Asian regions are likely to benefit from the globalised market while many small countries and countries with preferential trading arrangements may lose the market access in various proportions depending on the resultant situation arising out of price, non-price and political factors. Several studies have been conducted to estimate the likely impact of phasing out of quota for various countries.

The present study is an effort to examine the performance of Indian apparels in the post MFA US import and predicts possible prospects for the country in the non-restrained US market. The examination has been related to the performance of apparel categories vis-à-vis the competing countries in the US market.

We hope the findings will be interesting to the readers.

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Several studies have been conducted to estimate the likely impact of the removal of quantitative restrictions. Though the elimination of Multi-Fibre Agreement (MFA) quotas is predicted to result in an increase in global trade, the impact is likely to differ among countries and regions. The quota removal provides both an opportunity and threat; an opportunity because the market will no longer be restricted and threat because other suppliers will no longer be restrained and market will be opened to intense competition (Kathuria and Bhardwaj, 1998). The degree of restrictiveness of a quota can then serve as a useful, albeit imprecise, yardstick in broadly predicting the likely impact of its removal. The degree of restrictiveness of MFA quotas is measured in terms of its “export tax equivalent” (ETE) ¹. ETE are obviously zero for non-restrained products or countries. Flanagan(2003) pointed out that although as many as 73 countries are included in quota system, some do not fully utilise their quotas. Elimination of an unutilised quota has little effect on countries’ ability to export because it would have continued to export to the quota limit in any case (Nathan Associate, 2002). Asian countries are relatively more constrained than other regions and the group of countries seriously held back almost across the board by quota today are China, Hong Kong, India, Indonesia, Pakistan, Philippines, Korea, Sri Lanka and Thailand. Among the countries, China, India and Indonesia have shown the most consistent and widespread near saturation of quotas of yarn, fabrics and garments (US Trade Commission, 2004).

Many researchers have brought out that the share of quota constrained suppliers will increase significantly, while the share of non-quota restrained suppliers will decline (Terra, 2001). For example, Avisse and Fouqin, 2001 has through their study suggested that the shares of Mexico and CBI countries will shrink, while the Asian apparel exports will rise by about 54 percent and their share in the world market will increase to 60 percent from 40 percent in 1995.

It is further concluded that within Asian countries, the Chinese exports will increase by 87 percent and the share in the world apparel exports will rise around 10-percentage point.

The United States have been the major export destination of India and India is one among the countries who are restrained by quota. These restrained countries together account for 79 percent of total value of US textile and clothing import during 2002. US quotas have been phased out for Mexico under North American Free Trade Agreements (NAFTA). Out of the rest 45 countries, 38 are members of WTO and other seven countries² covered under quota are not members of WTO.

The increase in US textile and apparel imports during 1997-2002 came from countries led by China, whose shipments grew by 137 percent to almost 5.0 billion SMEs, with most of the growth occurring in 2002, when China's shipments increased by 125 percent. China overtook Mexico by shipping 13 percent of total import volume as compared to 11.3 percent of Mexico. Mexico's shipments have grown more slowly in recent years. Other important suppliers posting significant growth in shipments during 1997-2002 were Pakistan (125 percent, 2.5 billion SME), Korea (149 percent, 2.0 billion SME) and Turkey (171 percent to 1.1 billion SME). Though India has not been a significant supplier to US in terms of shipments, it has been a significant player in the post MFA US apparel imports (US Trade Commission, 2004).

India has been able to maintain a stable share of its exports in the US market but some of the categories under quota and some of the non-quota items have not been able to perform well, while some of them have performed efficiently and been able out-perform the quota levels. The reason of such performance of some of the categories is related to supply, quality, price-competitiveness besides fierce competition provided by the Asia and Central American countries. The competing countries' geographical contiguity and amicable political relationships have been the next possible reasons to get extended market access.

The paper seeks to study the competitiveness of Indian apparel industry in the post MFA US imports and has been examined mainly among the competing suppliers and their relative position in specific categories in quota market.

ATC and its implication:

Complete phase out of Agreement on Textiles and Clothing (ATC) is round the corner now. The textile and clothing industry in the world is awaiting one of the greatest transitions of recent times. The global trade of textile and clothing has always been subject to some or other kind of restrictions. The Short-Term Arrangement (STA) in cotton textile trade was reached in 1961 under General Agreement on Tariffs and Trade (GATT), and subsequently a Long Term Arrangement (LTA) was concluded in 1963 by imposing a restriction of 50 percent of cotton imports from the developing countries. In 1974, the much discussed Multi Fibre Agreement (MFA) came into force where by the developed countries protected their markets through administration of quotas in a series of bilateral agreements among the competing developing countries. Initially the MFA was proposed to have a period of four years but continued till 1994 when MFA was integrated into GATT and then Agreement on Textiles and Clothing (ATC).

The principal objective of ATC is to integrate the textile sector into the World Trade Organisation (WTO), the successor to GATT. The integration process included four phases of accession in a 10-year transition period. First, the developed countries opened up their domestic markets to textile and clothing exports from the developing countries in the following manner. (1) Developing countries opened up 16 percent of their market as per the import volume of 1990 to the developing countries on 1.1.1995. (2) Developed countries opened up an additional 17 percent of their market as per the import volume of 1990 on January 1, 1998. (3) Developed countries further opened up the market to an extent of 18 percent of the import value of 1990 on January 1, 2002. The remaining 49 percent is to be opened up by January 2005 and thereby end of transition. Second, the globalisation of the quota levels of each

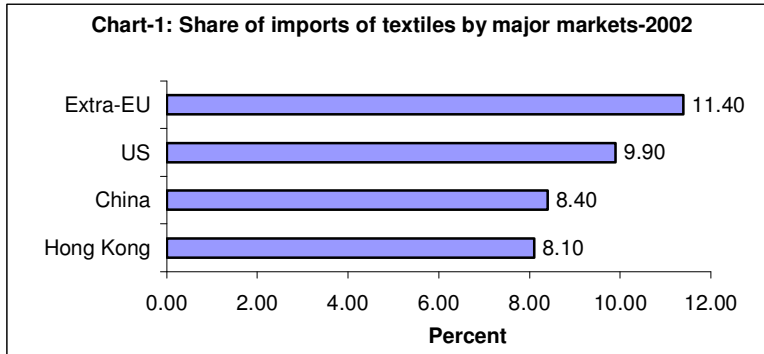
of the product remaining under quantitative restraints will be increased at each stage of integration.

The ATC allowed the importing countries to decide which products would be integrated at each stage, with the condition that the list at each stage would have to include products from each group: tops (unspun fibre) and yarn, fabrics, made-ups, textile product and clothing. However, the importing countries while phasing out included a large number of products that are not restricted by MFA. For example, the research estimates suggest that previously unrestrained product accounted for 37 percent of total volume of imports of US in 1990 (the base year for integration of volume) and for the European Union and Canada it was 34 percent and 47 percent respectively (Ghosh S.K., 2004).

Within the quota-restrained countries, the ATC has made a special provision for less developed countries (LDCs) ³, small suppliers and new industrialising economies (NIEs) ⁴. The provision has been in the form of trade concessions. For instance, EU has extended quota free and duty-free access to Bangladesh, duty-free access to Sri Lanka and Pakistan (more recently). The US has implemented the North American Free Trade Agreement (NAFTA) for the benefit of Mexico, the Generalized System of Preferences (GSP) for Bangladesh and guaranteed access levels (GALS) ⁵ for small suppliers. While GSP allows quota and tariff favours, GALS allows duty free entry into US for those products for which some value addition is done in US or in the Caribbean Basin. The net effect of all these measures is a much faster expansion of apparel exports to the US by the preferred group of restrained countries. India does not belong to the group and hence the market access for Indian textiles and clothing has not increased significantly. Rather anti-dumping actions, transitional safeguards and rules of origin have nullified the little market access that India gained from implementation of ATC (Ministry of Commerce 1999) and hence struggling to capture the market access.

US Import Trend:

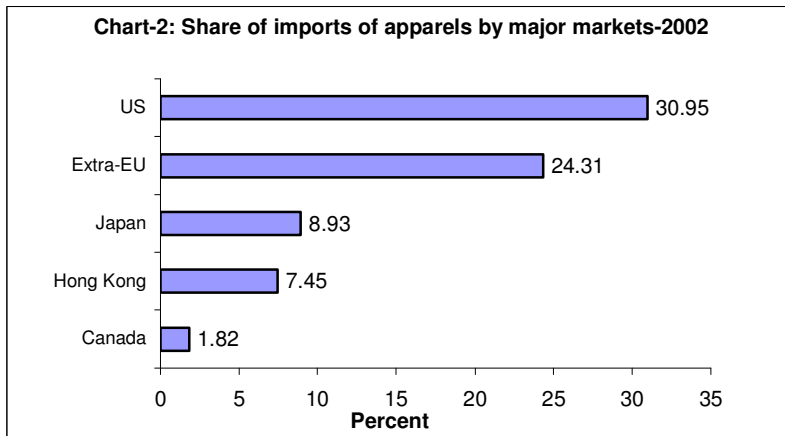
US have been the second largest importer of textiles (9.9 percent of the world share) and the largest importer of apparels (30.95 percent of the world share). In textiles, China and Hong Kong are also the major importers while in clothing



Japan, Hong Kong and Canada are the important importers other than EU and US. The textiles and clothing imports to US over the period is growing steadily. The

imports of other major suppliers do not indicate significant changes in the market shares excepting a very slow upward trend in case of EU.

In terms of MFA, the US imported 38.3 billion square metres equivalent (sme) worth US \$ 81.5 billions of MFA fibres in the year 2001. US is the largest



importer of textiles and clothing having an import share of about 22% of the world's import. The import consists of about 20% textile products and the rest 80% goes to apparel

import. Within the textile category of imports, the made-ups commanded well above 51 percent followed by fabric (39%) and yarn (10%) (Varma,2002). In 2001, US imported apparels to the tune of US \$ 66.62 billion with a unit value averaged around US \$ 2.0 and the apparel imports were heavily inclined in favour of cotton fabrics (56%). The rest of the imports consisted the man-made fibre (dominant), silk and vegetable fibre (insignificant).

There has been significant growth in US imports of textiles and clothing. Estimated increase in import is 67 percent in quantitative terms and 34 percent in value terms (US trade data). The growth of import volume as compared to value is mainly attributed to the increase in competition and Asian financial crisis⁶ effect of mid 1997 and early 1998. Weak economic activity of East Asia coupled with currency devaluation in several Asian countries⁷ effectively reduced the dollar prices of their goods in the US market.

US Apparel Import Quota:

US has restricted import of various clothing products by different levels and has applied a more protectionist measure to some of the categories of apparels such as cotton knit shirts (338/339), dresses (336/636), cotton trousers (347/348), trousers and shorts of mmf (647/648), knit shirts and blouses (638/639). The quota size during 2004 for the above categories has also not exceeded 25%, 57%, 31%, 41%, 73% and 91% of US home market respectively (Table 2). Many of the categories are star items for the exporters and feature in top 10 imports to US market. Complete removal of restrictions in these product categories in 1st January 2005 will provide a larger market to the exporting countries such as China, India, Hong Kong, Bangladesh, Korea, Indonesia, Thailand, etc.

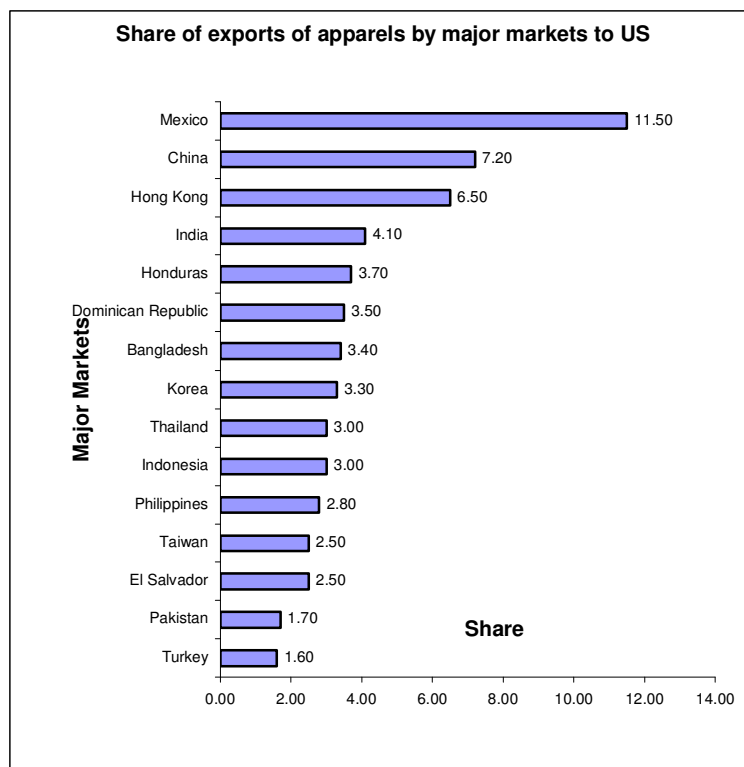
Top 10 US Apparel Imports:

The top ten categories of apparels which dominate the US import under quota are cotton knit shirts for men (338), cotton knit shirt for women (339), cotton non-knit shirts for men (340), cotton non-knit shirt for women (341), cotton trousers for men (347), cotton trousers for women (348), other cotton manufactures (369), man-made fibre coats for women (635), man-made fibre dresses (636) and other cotton apparel (359). The market shares of these categories have been steadily increasing from 31.3 percent in 1990 to over 50 percent in 2003. A simple examination of the shares of each category listed in table- 3 indicates the categories 339, 338, 347, 348 and 359 are increasing. These five categories alone contribute to an import share of 36.2 percent.

Besides the above categories, which are increasing in their import shares providing better opportunities for the supplying countries are 340 and 341, have significance in the import market, principally on account of their strength of shares. These two categories together with the previous five put the total import share at 41.9 percent, from a total top ten shares of 50.2.

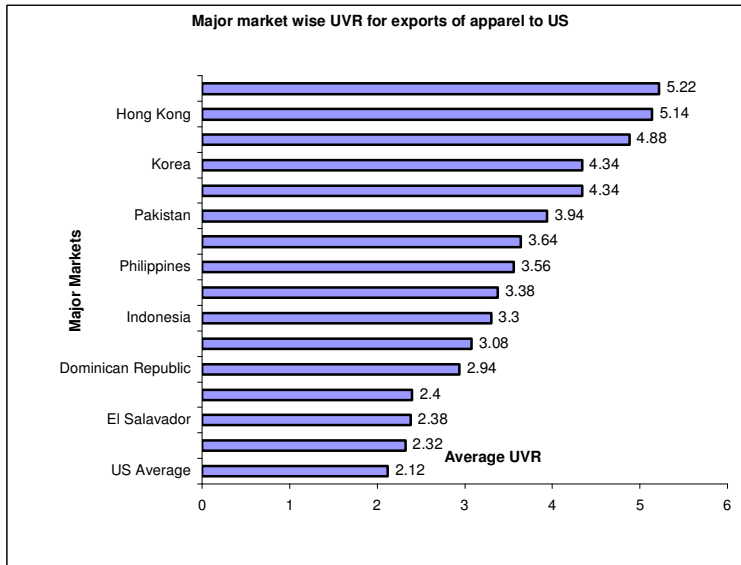
Top 15 Apparel Suppliers to US Market

Table – 4 lists the top 15 apparel suppliers and their ranks in US market both in value and quantity terms. Most of the supplies belong to the developing countries and a larger part of them belong to Asian neighbours. In terms of exports of apparel in value, the countries that figure in top 15 in order of their ranks are Mexico, China, Hong Kong, India, Honduras, Dominican Republic, Bangladesh, Korea, Indonesia, Thailand, Philippines, El. Salvador, Taiwan, Pakistan and Turkey. These countries together captured a market share of 60.2 percent. About 10 countries in the top 15 groups have shares more than 3% each. Further, Mexico, China and Hong Kong together corner more than a fourth of the US apparel market.



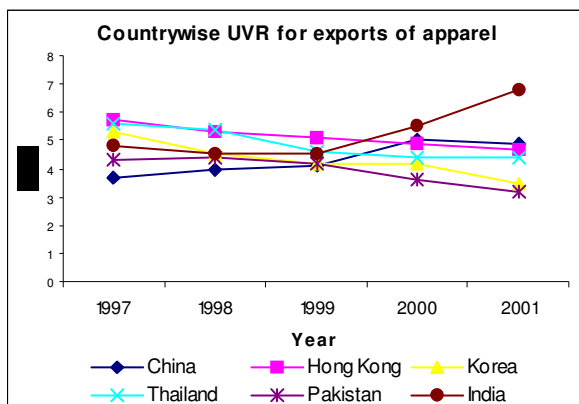
In volume terms, the top15 supplying countries together contribute to a much smaller share in the US import market as compared to the value terms. The total estimated shares due to value for these countries together are around 35.2 percent. Mexico, China, Honduras, Bangladesh, Hong Kong and El. Salvador are the major

stakeholders within 15 top suppliers. It may be noted here that the voluminous supplier not necessarily reaps a better value for the product supplied. It, therefore, necessitates examining who supplies a better value added product to the market.



The average Unit Value Realisation (UVR) of the countries as examined from the US Trade Commission data brings out a result contradictory to the general belief that India is one of the country whose UVR is relatively less as compared to many of its competitors

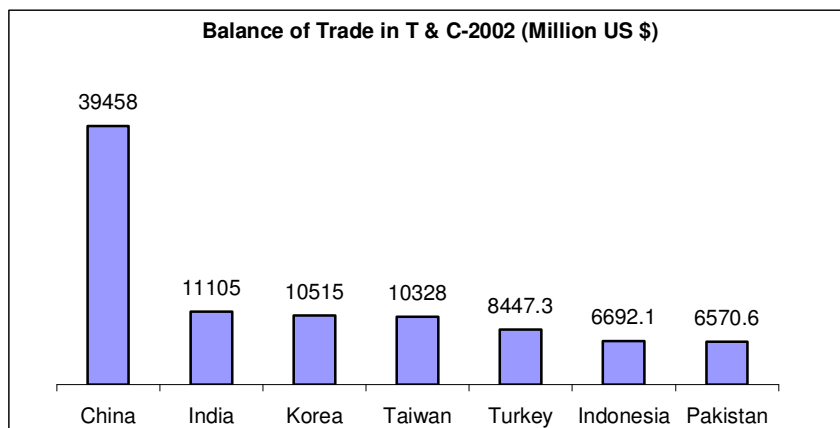
in the US market. Surprisingly, India has the highest UVR among the top 15 suppliers and shows a steady rise over the five-year period. The immediate competitors who are at close ranges are China, Hong Kong, Korea, Thailand and Pakistan. Interestingly, the Asian neighbours are losing the UVR rates during



the period. However, China who has been consolidating the position over the recent years is showing a steadily increasing trend. Since, China's market share is almost double the market share of India, besides the advantages of being a mass producer, it is possible for them to take on the market space

of India in the long run, unless US imposes any other restriction for avoiding possible trade disruptions and/or India takes strategic steps to upgrade the varieties that are likely to be poached by China. International literature also

speaks volumes of China's planned strategy to consolidate the existing market and also to tread on the market space available to others. India could be a vulnerable target. It would therefore, be wiser in our part to examine, the performance of individual category of products, which together constitute the Indian export market of clothing in US. In addition to the competitiveness of the product category and aggregate trade volumes of apparels, one needs to examine the trade balance of the competing countries to prove their sustainability in the long run. As said earlier, the Chinese textile and clothing industry is consolidating with steep rise in their international trade and have a very high trade balance in their favour. The other competing countries in the US apparel market are much smaller as compared to the China. The second category of countries that have also favourable trade balance in textile and apparels are India, Korea, Taiwan, Turkey, Indonesia and Pakistan. Among these countries, Korea and Taiwan are the countries of three 'Asian Bigs' whose performances have been significant other than Hong Kong. The third level of



countries in Asia is Bangladesh, Thailand and Philippines and CBI countries such as Dominican Republic, El Salvador and

Honduras. Besides, the above Mexico is also showing a very small favourable trade balance. US supports the CBI countries through an economic package while Mexico gets the benefit of duty free and quota free export of US under NAFTA. The studies also indicate that the CBI countries, Mexico and countries that have received a preferential treatments during the MFA period are likely to become less competitive and will lost the existing market space created by them. Therefore, carving for better market access in the globalised era will be fiercely fought among the Asian countries.

Performance of India in US apparels market.

The Indian presence in the US Market is dominated by few leading product categories and most of them (65%) belong to cotton fibre. The second important characteristic of the export market is its favourable tilt towards ladies garments. Thirdly, the UVR of India across the product categories is highest among the top 15 countries.

The cotton skirts/blouses for ladies (341/342) take the first position in the US MFA import. The cotton shirts for males (340) also do not lag much behind of 341/342. Research findings indicate the market share grew for 336 and 341. Moreover, India moved up in the value chain for category 341. (Samar Varma, 2002). Since the size of quota for 341 is close to the size of US home market, further expansion in the market share would be a difficult proposition in view of some of the competing countries. The competitor countries in these categories are Hong Kong, Bangladesh, Indonesia, Philippines, Mexico and China. Among the 15 competing countries Turkey shows high growth rate in the market shares during the last five-year period, but has the lowest ranking. It may override many of these countries in this category, since, Turkey has very favourable trade balance in Textiles and Clothing and therefore, will be capable to sustain and grow in the US market. Besides Turkey, the countries having moderate growth rates and are front-runners in ranks will continue to achieve better market access and shift positions. Since these countries have the advantage of price competitiveness, they will necessarily pose a threat to the Indian position, besides, their pre-eminent positions and relationship with US. Bangladesh, which enjoys special privileges under GSP and benefit of higher quota and lower duty, may be a potential contender to the Indian position since it has the natural strength of cotton fibre production. They enjoy the productivity advantages as compared to Indian industries and are able to supply product at shorter notices and at very competitive prices. The data further establishes the price advantage and competitiveness enjoyed by Bangladesh. The UVR of Bangladesh across all product categories is less than half of that of India and enjoys a huge price advantage of about 56 per cent over India. Besides the above countries, some of the rankers like Pakistan, whose

growth rate has been 125 percent and Korea (129 percent) will be the strong contenders to bring a larger market share to their favour.

The cotton T- shirts, knit shirts and blouses (338/339), Cotton trousers and shorts (347/348) are important categories which have been protected by US. The Indian performance for category 338 has been better than 339. The market for 338/339 has been opened to the extent of 25% only and the rest 75% of the market will be opened up in January 2005. Similarly, the categories 347/348 will have extended market of above 70% from January 2005 and we are positioned at 12th rank among the 15 top suppliers to US market. These four categories have much better opportunities to perform in the fully opened US market. Further research indicates that in 347, our unit prices have grown faster among top 15 suppliers and we can build up our strength in this product category quickly to capture the huge market that would suddenly open up in 2005. The countries that were leading in the supply of 338/339 categories are Honduras, Mexico, El Salvador and Pakistan, and the countries that are closely following India are Dominican Republic, Turkey, Philippines, Thailand, Bangladesh, China and Hong Kong. However, among these countries, the most promising countries with high growth rate are El Salvador and Honduras but countries may not be able to sustain the growth rates in the globalised market. It has also been observed that US supports these countries through special economic package and if the protection in providing an assured market access to the Central American Countries is fully phased out, they will not be competitive to China and other Asian nations. Further, Bangladesh, Mexico and Pakistan are indicating moderate growth rates in this category. Bangladesh and Mexico have been enjoying the benefits under LDC and NAFTA respectively. All of the above countries though have price advantages against India are unlikely to remain competitive in the globalised market. Several research studies indicate declining of the market shares for the countries who have been provided protecting through measure of other. The trade balance of the countries concerned is also not very encouraging. In view of the above, the Indian position could be more stable and stronger in the global market 2005. The countries, which can compete with India in this category, could be Turkey, Pakistan, China and Thailand. However, the factors which are likely to favour

India are availability of abundant raw material i.e. cotton, low labour cost, availability of skilled man-power, strong designing skill and ability to supply specialized orders. In spite of the above advantages in favour of us, India cannot afford to be complacent. The Indian position therefore, needs to be considered through moving up in the high value added products and accessing a larger market share in the category.

Market information also indicate that Vietnam, a non-WTO member has significantly consolidated its position in the US apparel market. Vietnam, US have Bilateral Trade Agreement (BTA)⁸ and under the agreement, the Vietnamese goods are imported to US with much lower duty. For example, the 2003 NTR duty rate on cotton shirts and blouses a key apparel import from Vietnam is 19.8 percent ad valorem compared to a non-NTR rate of about 45 percent ad valorem. The BTA spurred imports from Vietnam to EU and US. It is therefore expected that Vietnam could be a strong contender to occupy a larger space in this category, provided the ATC benefits are extended to them by US. But given the huge market potentiality ahead, India cannot afford to loose the opportunity. It therefore needs to capitalize on its raw material, manpower and design skills to buildup the category and move up in the value chain.

The dresses including uniform of mmf (636), ladies blouse and skirts (641/642) are the important top 10 categories in the US market. The market has been fully opened up to the size of the US home market. The India has presence in all these categories and ranks 2nd in all three categories in the top 15 suppliers. In case of 636, Mexico is the leader and the closely competing countries are Philippines, Indonesia and China. The fast moving countries are Hong Kong and Bangladesh while Philippines and China are moderately growing countries like India. Since, China and Philippines have price advantages and are growing at moderate rate, they will be the potential contenders to take the position of India. Studies indicate that the Chinese exports of garments during 2002 itself has grown 150 percent and nothing prevents it to take a predatory posture in lowering prices to out compete India in not only US market but also in global exports (Varma, 2002).

Two other categories – other cotton apparels and manufacturers (359/369) are also important in the US market. India is performing fairly well in these categories. In category 359, India is positioned in the 5th rank while it is 3rd ranker in 369. The countries leading in 359 are China, Pakistan, Mexico and Taiwan while the countries closely following are Hong Kong, Philippines, Dominican Republic and El Salvador etc. China, Mexico and Pakistan being the leaders and also have high growth rates, it will be difficult for India to compete with the above countries in this category. However, improvement of unit value realisation by producing high value products will be the only panacea to remain in the market. Other cotton manufacturers (369) are also an important to India since we have been doing well in this category. The contending countries are China and Pakistan. Both the countries have advantages of price competitiveness and high growth rates. Besides the above, both Chinese and Pakistan Textiles and Clothing industry have favorable trade balance. In addition, Pakistan is a preferred category of restraint countries in the US market. The market access and their shares in the globalised market need to be seen which is very difficult to predict at this stage. China being a late entrant into WTO, removable of quotas under ATC does not mean elimination of quotas for China. As part of China's accessing package, the US can apply selective quotas on such imports till 31st December 2008. The preferential treatment meted to Pakistan as a favoured restrained category country may not exist beyond 2004. In view of the above, the exact market access for India and its competing position in the US market needs to be observed in future. Given our strong position as a customized supplier and strength in design skills, India will further consolidate its market access ahead. The competing countries in this category could be China and Pakistan.

It is estimated that after the removal of quotas, the buyer in US will like to concentrate on 4 or 5 politically and financially stable countries. Factors that will influence the buying decision would be the strength of textile industry and its ability to supply good quality fabrics in large quantities and at low prices; assured and quick delivery; respect for human ethics such as minimum wages,

fixed hours of work, absence of child or forced labour, good working conditions. The availability of infrastructure like good telecommunication, ease of import and export documentation, quality control and testing facilities will be added the advantage. In a buyer driven market, the services expected include: full package from design to delivery of the designed product right down to the individual shops.

India with its resources like availability of raw material, skilled workforce and design capabilities is well positioned to improve its share in the world textiles and clothing trade. Some efforts to publicise the capability of the Indian textile and clothing industry has been taken in the past by Expos and trade delegations. Offices of Cotton Textile Export Promotion Council (Texprocil) at Brussels and their delegations have proved to be immensely useful in putting the Indian cotton textile Industry in a significantly high pedestal. The efforts of other export promotion councils like Apparel Export Promotion Council (AEPC) have also been very beneficial. With the removal of quotas, the US market, which is the single largest market for Indian exports of cotton textiles and apparels, is expected to grow further. The points which need serious consideration is the movement in the value chain of the important categories of demand in the US market besides strong publicity measures to familiarise the capabilities of the Indian apparel sector in international market in general and US market in particular.

Notes

1. Kathuria and Bhardwaj (1998) reported that during 1996, the Indian exporters to the United States paid an ETE of 39 percent (cotton based) and 16 percent for synthetic versus 17 percent (cotton based) and 23 percent (synthetics) in the EU market.
2. The countries that are covered under US quota but not members of WTO are Belarus, Cambodia, Laos, Nepal, Russia, Ukraine and Vietnam. These countries are not eligible for quota liberalisation under ATC. But the US president has the statutory authority to enter into agreements with foreign governments to limit their exports of such items to the United States.
3. United Nations designated Bangladesh, Haiti, Lesotho and Madagascar as Least Developed Countries (LDCs).
4. Hong Kong, India, Mexico, Taiwan and Korea are termed as newly industrialising economies (NIE) by UN, international year book of industrial statistics, 2002 (Vienna), pp.15-16 published by UNIDO.
5. Small suppliers are referred to a country's export quota accounting for 1.2 percent or less of an importing country's total quotas in 1991.
6. The four basic problems which attributed the Asian financial crisis in 1997 – 98 where (i) shortage of foreign exchange that has caused the value of currencies and equities in Thailand, Indonesia, South Korea and other Asian countries to fall dramatically, (ii) inadequately developed financial sectors and mechanisms for allocating capital in the troubled Asian economies, (iii) effects of the crisis on both the United States and the world, and (iv) the role, operations and replenishment of funds of the International Monetary Fund.
7. The Asian financial crisis was initiated by two rounds of currency depreciation that have been occurring since early 1997 and the first round was a precipitous drop in the value of the Thai baht, Malaysian ringgit, Phillipine peso and Indonesian rupiah. As these currencies

stabilized, the second round began with downward pressures hitting the Taiwan dollar, South Korean won, Brazilian real, Singaporean dollar and Hong Kong dollar. The respective governments have countered the weakness in their currencies by selling foreign exchange reserves and raising interest rates, which in turn, have slowed economic growth. The currency crisis has revealed severe problems in the banking and financial sectors of these Asian economies.

8. BTA entered into force on December 10, 2001. Under BTA, Vietnamese received conditional NTR status (subject to an annual Jackson-Vanik Waiver by President) and much lower rates of duty.

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Table 1**World Imports of Textiles (SITC 65) & Apparel (SITC 84) by Major Markets, 1997-2001**

Sr. No.	Country or Region	Million Dollars					% Share for 2001
		1997	1998	1999	2000	2001	
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)
Textiles							
1	Extra-EU Imports	17946	18974.9	17485.3	17816	17088.1	11.40
2	United States	1212	13042.9	13797.8	15476.9	14906.1	09.90
3	China	12254.1	11071.3	11064.3	12816.4	12560.4	08.40
4	Hong Kong	16191.6	13474.7	12548.8	13697.1	12152.5	08.10
5	Sub Total	47603.7	56563.8	54896.2	59806.4	56707.1	37.80
6	Total	157765.1	155224.5	146944.9	158048.2	149966.1	100.00
Apparels							
1	United States	50490.4	55990.6	59070.2	67428.5	66623.7	30.95
2	Extra-EU Imports	47511.3	49729.3	50246.1	50843.1	52331.5	24.31
3	Japan	16750.2	14736	16417.5	19744.1	19225.9	08.93
4	Hong Kong	14916.4	14219.5	14697.1	15935.1	16028.1	07.45
5	Canada	3025.6	3278.5	3286.2	3677.2	3907.8	01.82
6	Sub Total	132693.9	137953.9	143717.1	157628	158117	73.45
7	Total	194399.9	198861.5	203279	216391.9	215277.6	100.00

Source: Compiled from United Nations Data

Table - 2**Import Quota % Relative to US Market Size**

Sr. No.	Categories	1995(%)	2000(%)	2004(%)	Global Market Share
1.	338/339	22.30	22.60	25.20	2005
2.	336/636/836	30.40	43.40	57.20	2005
3.	340/640/840	71.50	87.60	106.70	2003
4.	341/641	72.50	84.20	108.90	2003
5.	342/642	63.00	79.40	103.40	2004
6.	347/348	25.90	26.70	30.50	2005
7.	638/639	57.90	70.70	90.70	2005
8.	647/648	42.60	54.90	73.20	2005

Source: Baughman Laura M. and Kara M. Olson (1997), Prospects for Exporting Textiles and Clothing to the United States over the next Decade, ITCB, as cited in Samar Varma (2002).

Table - 3**Top 10 Apparel Imports by US**

Sr. No.	Category	Description	Market Share in US Apparel Imports		
			1990	2002	2003
1.	338	Cotton knitted T-shirts and shirt for Men and Boys	3.2	8.4	8.4
2.	339	Cotton knitted T-Shirts, Shirt and Blouse for Women and Girls	4.1	8.9	9.2
3.	340	Cotton non knitted Shirt for Men and Boys	3.7	3.4	3.4
4.	341	Cotton non knitted Shirts and Blouse for Women and Girls	2.2	2.3	2.3
5.	347	Cotton Trousers for Men and Boys	4.8	8.4	8.4
6.	348	Cotton Trousers for Women and Girls	5.3	9.9	10.2
7.	359	Other cotton apparels	1.7	1.6	1.5
8.	369	Other cotton manufacturers	1.9	3.1	3.4
9.	635	Man-made fibre Coats & Jackets for Women and Girls	2.8	2.1	2.0
10.	636	Man-made fibre dresses	1.6	1.5	1.4
Top 10 Market Share			31.3	49.6	50.2

Source: Ghosh, S.K., (2004)

Table – 4

Country wise Ranks in US apparel import market during 2001

Sr. No.	Country	Export Value	Export Quantity
1.	Mexico	1	1
2.	China	2	3
3.	Hong Kong	3	5
4.	India	4	13
5.	Honduras	5	2
6.	Dominican Republic	6	6
7.	Bangladesh	7	4
8.	Korea	8	8
9.	Indonesia	9	10
10.	Thailand	10	12
11.	Philippines	11	11
12.	El Salvador	12	7
13.	Taiwan	13	9
14.	Pakistan	14	14
15.	Turkey	15	15

Note: Derived from Table – 5 & 6.

Table - 5

Country wise Exports of Apparel (SITC 84) to US

Sr. No.	Country	Million Dollars					% Share for 2001
		Year					
		1997	1998	1999	2000	2001	
1	Bangladesh	1557	1733	1812	2292	2244	3.4
2	China	3527	3654	3775	4673	4773	7.2
3	Dominican Republic	2282	2408	2403	2499	2327	3.5
4	El Salvador	1078	1199	1361	1641	1671	2.5
5	Honduras	1726	1945	2243	2463	2486	3.7
6	Hong Kong	4204	4549	4316	4523	4308	6.5
7	India	1512	1628	1698	2204	2742	4.1
8	Indonesia	1109	1232	1555	2069	1991	3.0
9	Korea	1700	2078	2259	2465	2230	3.3
10	Mexico	5595	6570	7734	8354	7641	11.5
11	Pakistan	839	938	989	1196	1127	1.7
12	Philippines	1568	1740	1754	1976	1866	2.8
13	Taiwan	2053	2043	1866	2021	1647	2.5
14	Thailand	1596	1800	1788	2050	1984	3.0
15	Turkey	651	755	846	1062	1067	1.6
	Sub Total	30997	34272	36399	41488	40104	60.2
	US Imports	50490.4	55990.6	59070.2	67428.5	66623.7	100.0

Source: Compiled from US International Trade Commission data

Table - 6

Country wise Exports of Apparel (SITC 84) to US							
Sr. No.	Country	1000 square metres equivalent					% Share for 2001
		Year					
		1997	1998	1999	2000	2001	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Bangladesh	671763	743516	773077	966612	965942	2.9
2	China	947376	910256	910407	929159	975980	3.0
3	Dominican Republic	796924	831570	857517	836582	753006	2.3
4	El Salvador	433193	482603	601720	719248	723831	2.2
5	Honduras	725982	798962	942795	1028084	1020661	3.1
6	Hong Kong	736450	862469	840948	916306	916931	2.8
7	India	315584	364260	376091	399232	402811	1.2
8	Indonesia	393554	433682	440892	522026	593736	1.8
9	Korea	320484	460075	537370	587193	631957	1.9
10	Mexico	1555103	1984577	2306888	2526814	2290142	7.0
11	Pakistan	193656	214783	237014	330206	347009	1.1
12	Philippines	445408	474932	505892	529912	553269	1.7
13	Taiwan	589586	620652	637435	670737	614130	1.9
14	Thailand	283767	334890	385769	469686	452594	1.4
15	Turkey	174149	202582	229945	297708	305709	0.9
	Sub Total	8582979	9719809	10583760	11729505	11547708	35.2
	US Imports	22894521	25944586	28614986	32864151	32809615	100.0

Source: Compiled from official statistics of the US department of Commerce, found at <http://otexaita.doc.gov/>

Table - 7

Country wise Unit Value Realisation for Exports of Apparel (SITC 84) to US

Sr. No.	Country	1997	1998	1999	2000	2001	Average
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Bangladesh	2.3	2.3	2.3	2.4	2.3	2.32
2	China	3.7	4.0	4.1	5.0	4.9	4.34
3	Dominican Republic	2.9	2.9	2.8	3.0	3.1	2.94
4	El Salvador	2.5	2.5	2.3	2.3	2.3	2.38
5	Honduras	2.4	2.4	2.4	2.4	2.4	2.4
6	Hong Kong	5.7	5.3	5.1	4.9	4.7	5.14
7	India	4.8	4.5	4.5	5.5	6.8	5.22
8	Indonesia	2.8	2.8	3.5	4.0	3.4	3.3
9	Korea	5.3	4.5	4.2	4.2	3.5	4.34
10	Mexico	3.6	3.3	3.4	3.3	3.3	3.38
11	Pakistan	4.3	4.4	4.2	3.6	3.2	3.94
12	Philippines	3.5	3.7	3.5	3.7	3.4	3.56
13	Taiwan	3.5	3.3	2.9	3.0	2.7	3.08
14	Thailand	5.6	5.4	4.6	4.4	4.4	4.88
15	Turkey	3.7	3.7	3.7	3.6	3.5	3.64
	US Average	2.2	2.2	2.1	2.1	2.0	2.12

Table – 8
Percentage Share of Import Value, Quantity and UVR

Sr. No.	Country	% Share of total US import value	% Share of total US import quantity	UVR (average of 1997 to 2001)
1	Bangladesh	3.4	2.9	2.32
2	China	7.2	3.0	4.34
3	Dominican Republic	3.5	2.3	2.94
4	El Salvador	2.5	2.2	2.38
5	Honduras	3.7	3.1	2.4
6	Hong Kong	6.5	2.8	5.14
7	India	4.1	1.2	5.22
8	Indonesia	3.0	1.8	3.3
9	Korea	3.3	1.9	4.34
10	Mexico	11.5	7.0	3.38
11	Pakistan	1.7	1.1	3.94
12	Philippines	2.8	1.7	3.56
13	Taiwan	2.5	1.9	3.08
14	Thailand	3.0	1.4	4.88
15	Turkey	1.6	0.9	3.64
	Sub Total	60.2	35.2	
	US Imports	100.0	100.0	2.12

Table – 8A
Balance Trade in Textiles & Clothing of Selected Countries during 1990 to 2002

Million US\$						
Sr. No.	Country	1990	1995	2000	2001	2002
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Bangladesh	191	488	2787	2776	2975
2	China	11548	26084	38182	39669	47449
3	Dominic Republic	782	1721	2880	2712	0
4	El Salvador	13	351	1104	1139	1196
5	Honduras	NA	NA	NA	NA	NA
6	Hong Kong	6524	5599	7931	7385	7058
7	India	4468	8117	10550	9904	10519
8	Indonesia	2102	4781	6988	6645	5963
9	Korea	11858	12238	13071	10549	8940
10	Mexico	-265	334	965	244	-457
11	Pakistan	3550	5743	6541	6502	6819
12	Philippines	809	1109	1211	1160	1258
13	Taiwan	NA	NA	NA	NA	NA
14	Thailand	2818	5327	3955	3785	3654
15	Turkey	4188	6786	7817	8444	9179

Note: NA – Not Available

Table 9**Indian Market Share in Top 9 Categories of Apparel Exports to US**

Sr. No.	Category	Description	1990	2002	2003
1	341	Cotton non knitted Shirts and Blouse for Women and Girls	22.7	26.3	25.0
2	369	Other cotton manufacturers	12.8	21.8	18.5
3	336	Cotton dresses	8.7	11.3	12.7
4	342	Cotton Ladies Skirt	10.3	8.0	9.7
5	340	Cotton Gents & Boys Shirts	6.8	8.5	9.4
6	641	Man-made fibre non-knit women & girls blouse & shirts	8.6	11.1	9.4
7	636	Man-made fibre dresses	4.8	7.2	7.2
8	642	Man-made fibre skirt	7.9	6.3	7.5
9	338	Cotton knitted T-shirts and shirt for Men and Boys	2.7	6.8	5.0
Sub-Total					

Source: Ghosh S.K. (2004)

Table 9A

India's Apparel Export to US

Value in '000 US \$									
Sr. No.	Category	1997	1998	1999	2000	2001	2002	2003	% Share for 2003
Restrained Categories									
1	334/634	20728	21662	16469	19957	23192	25072	26412	1.3
2	335/635	68796	70956	63270	69198	74145	75643	96755	4.8
3	336/636	128484	124153	101168	150522	105583	105475	110034	5.4
4	338/339	294519	289591	277471	351524	371952	364692	350009	17.2
5	340/640	186114	205291	180578	223653	204491	186774	222125	10.9
6	341	264691	265158	264370	333776	256878	376570	358477	17.6
7	342/642	74207	67003	72891	103747	72732	92787	105366	5.2
8	345	12014	13660	13971	17290	18038	13068	14177	0.7
9	347/348	51425	64336	74537	103734	121948	123347	153312	7.5
10	351/651	22604	25397	25633	37057	32788	36518	34499	1.7
11	641	60422	62838	66384	75375	55261	92572	76385	3.8
12	647/648	22977	25122	31086	58619	67288	55350	60786	3.0
Sub-Total		1206981	1235167	1187828	1544452	1404296	1547868	1608337	79.7
Non-Restrained Categories									
13	352	18121	21555	33598	30497	25344	43234	65313	3.22
14	359	47557	51540	57389	73323	47403	31605	28283	1.39
15	638	7756	15187	17097	32306	37196	38539	49163	2.42
16	639	9630	10148	12542	14915	12635	16282	24750	1.22
17	659	24106	25345	27725	48201	31231	14645	10484	0.52
18	434	4207	8578	9020	14449	20249	17362	19549	0.96
19	435	10681	7747	5208	9066	19689	15523	26269	1.29
20	443	1825	4961	7917	7486	6760	9396	12091	0.60
21	447	2936	3269	4609	9974	17136	16775	14129	0.70
22	448	8406	6966	4329	6653	8154	10827	10980	0.54
23	239-N	0	4197	20238	50068	57154	48001	38611	1.90
24	840-N	0	0	0	0	0	26004	27039	1.33
25	847-N	0	0	0	0	0	19590	13653	0.67
Sub-Total		135225	159493	199672	296938	282951	307783	340314	16.76
Total		1489000	1553800	1572800	2064000	1859200	1950800	2031200	100.00

Table - 10

India's position vis-à-vis Top 15 Competitors in US Market

Sr. No.	India's Position	Categories	Countries ahead of India	Countries behind India
(1)	(2)	(3)	(4)	(5)
1	Position 1	341	NIL	Hong Kong (2), Bangladesh (3), Indonesia (4) & Philippines (5)
		342	NIL	Mexico (2), Hong Kong (3), Bangladesh (4) & China (5)
2	Position 2	340	Bangladesh (1)	Hong Kong (3), Indonesia (4), & China (5)
		636	Mexico (1)	Philippines (3), Indonesia (4), China (5)
		641	Indonesia (1)	Mexico (3), China (4) & Bangladesh (5)
		642	China (1)	Indonesia (3), Hong Kong (4) & Dominicanan Republic (5)
3	Position 3 to 5	369	China (1) & Pakistan (2)	Bangladesh (4) & Mexico (5)
		338	Honduras (1), Mexico (2), El Salvador (3), Pakistan (4)	Dominicanan Republic (6), Turkey (7), Philippines (8), Thailand (9) & Bangladesh (10)
		359	China (1), Pakistan (2), Mexico (3) & Taiwan (4)	Hong Kong (6), Philippines (7), Dominicanan Republic (8), El Salvador (9), Honduras (9), Thailand (9) & Turkey (9)
4	Position 9	635	China (1), Mexico (2) Hong Kong (3), Bangladesh (4), Philippines (5), Thailand (6), Taiwan (7), Korea (8)	Honduras (10), Dominicanan Republic (11), Indonesia (12), Pakistan (12), Turkey (12)
5	Position 11 & 12	339	Mexico (1), Honduras (2), El Salvador (3), Hong Kong (4), Turkey (5), Dominicanan Republic (6), Philippines (7), Pakistan (8), Thailand (9), China (10)	Indonesia (13), Korea (13), Taiwan (13)
		347	Mexico (1), Dominicanan Republic (2), Bangladesh (3), Honduras (4), Hong Kong (5), Indonesia (6), Philippines (7), Pakistan (8), El Salvador (9), China (10)	Thailand (13), Taiwan (14), Korea (14)
		348	Philippines (1), Mexico (2), Hong Kong (3), Turkey (4), Dominican Republic (5), Honduras (6), El Salvador (7), Bangladesh (8), China (9), Indonesia (10), Thailand (11)	Pakistan (13), Korea (14), Taiwan (14)

Table - 11
Comparative growth trends of the competing countries in US Apparel Markets

Sr.No.	Category	Growth rate		Countries
1	338	Low	-6.9 to 2.5	Hong Kong, China, Dominican Republic, Thailand, Turkey, Indonesia, Korea, Philippines, Taiwan
		Medium	2.6 to 12.0	Bangladesh, India, Mexico, Pakistan
		High	14.6 to 21.4	El Salvador, Honduras
2	339	Low	0 to 12.6	Taiwan, Korea, Indonesia, China, Dominican Republic, Hong Kong, Pakistan, Turkey
		Moderate	12.7 to 25.3	India, Mexico, Philippines, Thailand, Bangladesh
		High	25.4 to 38.0	El Salvador, Honduras
3	340	Low	-17.8 to -5.3	Dominican Republic, El Salvador, Honduras, Taiwan
		Moderate	-5.2 to 7.3	Hong Kong, Korea, Mexico, Pakistan, Bangladesh, Thailand, Philippines, Indonesia, India, China
		High	7.4 to 19.7	Turkey
4	341	Low	-0.9 to 7.5	El Salvador, Hong Kong, China, Dominican Republic, India, Indonesia, Korea, Mexico, Pakistan, Taiwan
		Moderate	7.6 to 15.0	Bangladesh, India, Mexico, Pakistan
		High	15.1 to 24.4	Honduras, Philippines, Thailand, Turkey
5	342	Low	0 to 8.1	Dominican Republic, El Salvador, Honduras, India, Korea, Pakistan, Philippines, Taiwan, Thailand, Turkey, Mexico.
		Moderate	8.2 to 16.3	China, Hong Kong, India
		High	16.4 to 24.5	Bangladesh
6	347	Low	-6.2 to 1.0	China, Dominican Republic, Honduras, Hong Kong, Indonesia, Korea, Philippines, Taiwan, Thailand
		Moderate	1.1 to 8.3	Bangladesh
		High	8.4 to 15.6	Turkey, Pakistan, Mexico, India, El Salvador
7	348	Low	-6.2 to 18.3	China, Dominican Republic, Honduras, Hong Kong, India, Korea, Mexico, Pakistan, Taiwan, Thailand, Turkey
		Moderate	18.4 to 39.9	Bangladesh, El Salvador, Indonesia
		High	40.0 to 61.5	Philippines
8	359	Low	-9.5 to -8.2	Dominican Republic, Hong Kong, Philippines, Taiwan
		Moderate	-8.1 to 3.2	India, El Salvador, Honduras, Indonesia, Korea, Thailand, Bangladesh, Turkey
		High	3.3 to 14.4	China, Mexico, Pakistan
9	369	Low	-11.7 to 1.8	Dominican Republic, El Salvador, Honduras, Hong Kong, Indonesia, Korea, Philippines
		Moderate	1.9 to 15.4	Bangladesh, India, Mexico, Taiwan
		High	15.5 to 28.9	China, Pakistan, Thailand, Turkey
10	635	Low	-27.3 to -15.0	Dominican Republic
		Moderate	-14.9 to -2.6	Honduras, Taiwan
		High	-2.5 to 9.6	Bangladesh, China, El Salvador, Hong Kong, India, Indonesia, Korea, Mexico, Pakistan, Philippines, Thailand, Turkey
11	636	Low	28.2 to -12.1	Dominican Republic, Honduras
		Moderate	-12.0 to 4.1	El Salvador, India, Indonesia, Korea, Mexico, Pakistan, Philippines, Taiwan, Thailand, Turkey, China
		High	4.2 to 20.2	Hong Kong, Bangladesh
12	641	Low	-2.6 to 13.2	China, Dominican Republic, El Salvador, Honduras, Hong Kong, India, Korea, Mexico, Pakistan, Philippines, Taiwan, Turkey
		Moderate	13.3 to 29.1	India
		High	29.2 to 44.9	Bangladesh, Thailand
13	642	Low	22.9 to -8.8	India, Honduras
		Moderate	-8.7 to 5.4	Bangladesh, China, El Salvador, Dominican Republic, Korea, Mexico, Pakistan, Philippines, Taiwan, Thailand, Turkey
		High	5.5 to 19.6	Hong Kong, Indonesia

Table - 12**Apparel Items under Restraints in US**

APPAREL	TYPE	CAT
Other coats (M & B) cotton & MMF	KT/WVN	334/634
Coats & Jackets (W, G &I) cotton & MMF	KT/WVN	335/635
Dress including uniform cotton & MMF	KT/WVN	336/636
T-Shirts, Knit Shirts (M&B), Knit Blouse (W&G) of Cotton	KT	338/339
Gents shirts cotton & MMF	WVN	340/640
Cotton ladies blouse (other than yarn dyed)	WVN	341-O
Cotton ladies blouse (yarn dyed)	WVN	341-Y
Ladies blouse and shirt-blouse of MMF	WVN	641
Ladies skirt cotton & MMF	KT/WVN	342/642
Sweater of cotton	KT	345
Trousers/Shorts cotton & MMF	KT/WVN	347/348/647/648
Nightwear, Pyjamas cotton & MMF	KT/WVN	351/651
Wash suits, creepers, swim suits, playsuits, Rompers cotton and/or MMF	KT/WVN	237
Infants diapers cotton and/or MMF	KT/WVN	239
Gloves and Mitten	KT/WVN	331
Hosiery	KTD	332
Suit type coat (M & B)	KTD/WVN	333
Underwear including union suit	KT/WVN	352
Other apparels	KT/WVN	359
Gloves & Mittens	KT/WVN	631
Suit Type coat (M & B)	KT/WVN	633
Knit shirts (M & B), T-shirts	KTD	638
Knit shirts blouse (W & G), T-shirts	KTD	639
Suit for (M & B)	KT/WVN	643
Suit for (W & G)	KT/WVN	644
Sweaters for M & B	KTD	645
Sweaters for W & G	KTD	646
Underwear	KTD/WVN	652
Other apparel	KTD / WVN	659
Sweaters (other vegetable fibres)	KTD	845
Sweaters	KTD	846
Underwear	KTD / WVN	852
