

Textile exports to US sparkle beat Re blues

NEW DELHI : Despite rupee appreciation, Indian textile and apparel exports to the US for 2007 showed a marginal increase in value terms over the previous year, even as unit value realisation came down. The US comprises 25-30% of Indian textile and apparel exports and so growth in exports to the US means exporters may have been able to successfully handle the rupee appreciation.

The steep rupee appreciation of last year had hit textile exporters earnings in rupee terms and had blunted their competitive edge in international market. As the crisis deepened many exporters were finding it tough to garner new business contracts, leading to decline in textile export figures in several months of the last year. The scene, however, seems to have improved as the year closed.

According to the latest US government data, US textile import in value terms increased 3.4% in 2007 over the previous year, while volumes increased only 1.8%, clearly showing that the per unit prices paid by US importers in dollar terms were higher in 2007 compared to the previous year. But for Indian exporters per unit realisation actually went down, as is evident in its growth figures for textile exports in value and volume terms.

Indian textile and apparel exports to the US rose in value terms to \$5,103 million in 2007, up 1.5% over previous year. The volumes, however, were marginally better. It went up 2.6% to 2,722 sq meter equivalent (SME).

"Textile and apparel exporters cut prices to retain their market share. Therefore, the unit value realisation for exporters came down even as they managed to marginally increase their export in value terms," says Confederation of Indian Textile Industry secretary general DK Nair.

In the apparel segment, however, Indian exports to US increased in volume (from 840 SME to 867SME), but declined in value (from \$3,186 million to \$3,169 million). "There is more competition in the apparel category compared to textile. We face stiff competition from low-cost producers such as China and Bangladesh," explains Mr Nair.

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