The Shift of Textile Industry to Asian Countries

This industry has witnessed a major shift in last 3 decades in terms of its production bases. Until 1980's production of textile and clothing was concentrated in USA and EU but over a period of time production of these commodities shifted drastically to Asian countries. This drastic shift was a result of advantages related to low cost manufacturing in developing countries. As the manufacturing of clothing's were getting unprofitable for the manufacturers in USA and Europe due to rising costs of production. Hence, Asian countries with availability of cheap manpower and abundant natural resources with attractive economic policies were the most favoured destinations for manufacturing. China has taken maximum profits from this shift. After the 1980's liberalisation of China's Industrial policy, they experienced a massive amount of boom in the industrialization and as a result China became an attraction to manufacturers across the globe.

China has ultimately emerged over this period as the biggest manufacturing base for clothing and textile industry in the world and has remained world's largest exporter of textiles maintaining a dominant market share of around% since 2000's. Other Asian counterparts such as India, Pakistan, Vietnam, Cambodia, Bangladesh and Thailand also experienced an inclination towards apparel manufacturing during this period. As seen from the image above USA and EU have become the major consumption regions as compared to the past. Global production has shifted from west to Asian countries and have become dominant in the manufacturing of clothing and textiles.

As mentioned above the major reason for the growth of Chinese industry was due to the presence of cheaper work force. But this trend is changing drastically and over the last decade the labour cost has seen an exponential growth. Wage rates have grown in double digits and expected to grow even more, making it difficult for the garment industry to keep up with the emerging market needs and will result in slower growth of manufacturing. This reduction growth will lead to the generation of a gap of US$ bn. approximately which will present or serve as an opportunity for the competing nations to improve their share in the global trade. Emerging manufacturing countries for example Bangladesh, Kenya, Vietnam etc can utilize this opportunity of Chinese growth slowdown.

As these nations not only have advantage in there manufacturing competiveness in terms of low wage and cost of resources, they also enjoy access to trade policies with major markets of USA and EU giving them an additional advantage. Comparing all nations, India is the largest and having more resources having the capability to take advantage because of lesser wage costs as well as improved infrastructure. Also the current scenario is that most of the large consumers are availing to “China plus one” sourcing. In this type they are having agreements with one another country other than China. Due to major concerns regarding political instability, higher wage growth, lesser infrastructure development few of the developing countries cannot make use of this advantage