

**Speech of Naishadh Parikh
at the Inaugural Session on 18th November 2016
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Smt. Rashmi Verma, Secretary Textile,
Mr. Tiankai Wang, President, ITMF,
Distinguished Speakers, Invitees, Ladies & Gentlemen

Good Morning.

It is my privilege to address all of you at the ITMF Annual Conference 2016 being held in the "Pink City" of Jaipur and extend a very warm welcome on behalf of the Confederation of Indian Textile Industry.

The Conference this year is being held at a time when the global Textile industry is passing through trying times. Both the Developed & Emerging Economies around the world are facing challenges of economic slowdown, collapse in commodity prices, anti-globalization rhetoric and consequent increase in protectionist sentiment. The emergence of right wing political parties... long on promises and short on performance, are set to redefine the contours of international trade in a manner not known to us in the earlier years.

As you are aware, it is now almost 8 years, (*since the collapse of Lehman Brothers in 2008*) since the world economy seems to have nearly stalled. In fact, if the latest WTO forecast for this year of 1.7% holds, it will be the first time in 15 years that global trade has grown more slowly than global GDP. Growth, if any, has been anaemic in most of the major developed economies that include the USA, UK, EU, Japan, and Russia. China, while growing significantly, has seen its growth come down to 6-6.5% levels from the 8-9% levels in the 2000's. Further,

this growth has not been even in most of these countries with the top-1% (and then the top-10%) of the populations of the developed nations cornering bulk of this low growth. Brexit and recent election of Mr. Donald Trump in the USA also indicate that the world's socio-political order is undergoing several tectonic changes which most analysts and political commentators are not able to anticipate and analyse.

The second big change driver is the aging population in most of the developed nations that, among other implications, does not bode well for the consumption of lifestyle consumer products such as Textiles.

The third big change driver is the incredible impact of various technological changes. Uber, for example has earlier, in September, launched its first (relatively small) fleet of driverless cars in Pittsburgh, USA. The most valuable companies in the world are those which did not exist 2 decades ago viz. Amazon, Google, Facebook, Alibaba, and Tencent. There are others, who do not own physical assets, such as Airbnb and Uber, and yet are competing with older, most established players such as Marriott, Starwood Hotels and Hertz. 3D printing is already making its presence felt beyond rapid prototyping in diverse applications such as human body parts and aircraft components. Internet of Things (IOT) and Artificial Intelligence platforms such as Watson from IBM are also making their presence felt in diverse industries that include law, healthcare, and financial services. Indeed, the world now faces the twin threat of low or no growth, and destruction of hundreds of millions of jobs because of automation and Artificial Intelligence.

Because of these changes, even Democracy, as we have known since the signing of the Magna Carta in the 13th Century, is no longer able to manage expectations of the masses. Free trade is giving way to protectionism and bilateral trade

agreements that attempt to balance the trade balance between various participants. More and more countries are now resorting to more frequent interventions through antidumping duties and other tariff and non-tariff barriers.

Unfortunately, our world will see more such changes and challenges in the coming years and decades and there are no obvious, simple solutions in sight.

India's economic prospects certainly look far more encouraging, and we should see steady growth and increase in prosperity (and a more equitable distribution thereof) in the coming years. However, India also faces its own plethora of challenges that come with a large population of 1.30 billion.

Coming to the textile industry, it is therefore no surprise that due to some of these factors and many others, not only the global trade growth in textiles has slowed down appreciably, but there are parts of the value chain that show negative growth rates such as Yarns & Fabrics. Most of the trade growth is seen only in readymade garments and made-ups.

While India has done well in made-ups in recent years, there are some other Asian countries such as Bangladesh & Vietnam that now have apparel exports that are comparable viz. Vietnam, or significantly higher, viz. Bangladesh to that of India. I also see emergence of new significant players such as Cambodia and Ethiopia within the next decade.

Multilateral trade is taking a back seat due to its own challenges. Trade arrangements amongst Strategic blocks e.g. TPP, RCEP & Regional Trade blocks – e.g. US-EU, EU – Japan or India -EU would alter future of world trade. It would imply change in manufacturing bases etc. Growing reliance on bilateralism and

rising protectionism are increasingly sidelining the multilateral framework of WTO.

On a more micro level, there is a very clear and steady trend in change in Fibre-mix. The world is moving to 35:65 in favour of MMF led by new developments and innovations in MMF and processing of MMF fabrics. Hence, countries and companies who have a cotton dominant textile ecosystem have to adjust to this reality and strengthen / diversify their own manufacturing complex to have more new capacities based on usage of man-made fibres.

I am very confident that our formal and informal deliberations during this Conference will be of tremendous value to all the delegates and our guests.

Finally, to all our international visitors, I would like to say WELCOME AGAIN. Have a pleasant stay in India and the beautiful city of Jaipur. I do hope that all of you will take this opportunity to discover the many wonderful things, a culturally diverse country - India has to offer.

Thank you.