

POTENTIAL SUPPLY CHAINS IN TEXTILES AND CLOTHING SECTOR IN SOUTH ASIA

An Exploratory Study



UNITED NATIONS

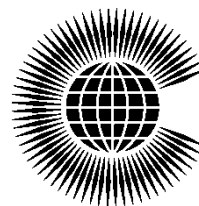


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FOREWORD

We are delighted that the United Nations Conference on Trade and Development (UNCTAD) and the Commonwealth Secretariat have effectively collaborated to prepare this important study entitled, *Potential Supply Chains in the Textiles and Clothing Sector in South Asia: An Exploratory Study*.

South-South Cooperation has been an important area of work for both UNCTAD and the Commonwealth Secretariat. Over the years the two organisations have implemented programmes to provide technical support and advice and facilitate exchange of ideas amongst policymakers and other stakeholders aimed at promoting trade and investment flows between developing countries. The importance of such cooperation, has quite rightly recently been catapulted into prominence with the growing significance of a number of developing countries in the global economy that have now become important sources of trade and investment flows for other Southern countries.

While individual nations in South Asia are amongst the world's fastest growing economies, as a region it is considered to be least integrated. Despite an overall impressive output and export growth record, the intra-regional trade in South Asia accounts for just about 5 per cent of their total merchandise trade. It is possible to expand regional cooperation beyond trade in goods, and it is in this respect that policymakers and civil society groups in the region have been assessing and emphasising on greater cross-border collaboration involving services, tourism, and infrastructure development.

However, quite interestingly and strikingly, the present study finds that even in the case of goods trade, there exists a tremendous potential for South Asian nations to build supply chains based on industrial units located in different countries. This collaborative applied policy research has considered the textile and clothing sector as a case study to understand the scope of promoting regional trade and cooperation in South Asia. The importance of the sector for the region cannot be overstated as it provides direct employment to more than 55 million people while generating an export volume of over US\$ 37 billion in 2008. It is the source of close to 80 per cent of total merchandise exports of Bangladesh followed by 55 per cent in Pakistan, 45 per cent in Sri Lanka and 12 per cent in India.

In contrast to the generally perceived notion of South Asian neighbours not having regional complementarity in the textile and clothing sector as they compete amongst themselves in world markets, this study finds some significant scope to promote unexploited intra-regional trade which can actually enhance the competitiveness of

regional supplies. It maps out the production and export structures in different countries in order to identify the potential cross-border linkages.

The industry specific approach utilised in this study, which analyses highly disaggregated export data to provide information on the regional supply chains, will be useful to policymakers and stakeholders directly associated with the relevant sector. The findings of this volume will also have important bearings on the policy discourse on regional cooperation and export competitiveness in South Asia.

The present study also shows the need for similar research involving other sectors not only in South Asia but also in other developing country regions, particularly where regional integration and South-South cooperation is considered to be an important route to trade-led development.

We hope the study will serve as a commendable addition to the existing body of knowledge on strengthening the participation of developing countries in supply chains and regional cooperation.

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ABBREVIATIONS

ADB	Asian Development Bank
APTMA	All Pakistan Textile Mills Association
BOI	Board of Investment
FDI	Foreign Director Investment
GDP	Gross Domestic Product
IIT	Intra-industry trade
LDCs	Least Developed Countries
MFA	Multi-fibre Arrangement
MMFY	Man-Made Filament Yarn
NTC	National Textile Corporation
OBM	Own Brands Model
PTS	Primary Textile Sector
RMG	Readymade garment
RIS	Research and Information System
SAFTA	South Asian Free Trade Agreement
SSIs	Small Scale Industries
SMEs	Small and Medium Enterprises
T&C	Textiles and clothing
TCO	Textile Commissioner Office
US	United States
UNCTAD	United Nations Conference on Trade and Development

EXECUTIVE SUMMARY

Background

The South Asian countries initiated a process of preferential trade liberalization with the establishment of the South Asian Association for Regional Cooperation (SAARC) in 1985. Then, it took a decade for the region to make some concrete measures for promoting trade through a regional agreement. The South Asian Preferential Trade Agreement (SAPTA) came into operation in 1996 with the expectation of moving towards a South Asian Free Trade Agreement (SAFTA), the implementation of which eventually began in 2006.¹ Despite all this, South Asia remains a least integrated region with the intra-member countries trade accounting for just about 5 per cent their total trade. Many experts however do suggest that expanded regional integration beyond trade in goods and cooperation for developing supply chains hold great promises for growth and development in the region.

While extended cooperation involving services, infrastructure development, transshipment, etc, have been discussed at different forums, both amongst policymakers and trade analysts, relatively less attention has been given to understanding the potentials for building supply sources based on industrial units located in different countries within the region. In this backdrop that UNCTAD (through its India Project Office), the Indian Government Centre for WTO Studies (CWS), and the Commonwealth Secretariat decided to collaborate on a joint project to assess the prospects for developing production linkages under South Asian regional cooperation. One salient feature of the project is that, rather than following a very general and broad approach, it looks into industry specific dynamics so that the research can be useful to policymakers and industries. As such, given its importance to the region, the textiles and clothing sector has been chosen to be the case study. The project comprises analytical research to identify the potential supply chains, and consultation workshops with the relevant stakeholders to disseminate and validate the findings and discuss policy implications. The findings have important implications for understanding the prospect of increased exports from individual South Asian countries by sourcing intermediate inputs from the region, the resultant consequences for export competitiveness, and the scope of policy support in promoting such supply chains.

South Asian Textile and Clothing Sector

The textiles and clothing (T&C) sector has been one of the leading manufacturing sectors of South Asia in terms of its contribution to output, employment and trade. The sector collectively employed over 55 million people directly and nearly 90 million indirectly in the region in 2005. South Asia's share in global trade in T&C rose from 1.5 per cent in 2002 to 4.4 per cent in 2007². The region's share in global exports of the sector increased

¹ Under the proposed tariff liberalization program (TLP), SAFTA will become fully effective for non-least developed country (LDC) member countries of SAARC by 2013 and by 2016 for LDC member countries.

² This information is extracted from the UN-COMTRADE database.

from 2.2 per cent in 2002 to 7.7 per cent in 2007 with exports reaching US\$ 45.7 billion in 2007. However, its share in global imports improved only marginally from 0.8 per cent to 1.2 per cent with imports of US\$ 6.8 billion in 2007. The importance of the sector to the region is also reflected from the share of the sector in total exports of all its major economies. In 2007, T&C constituted around 80 per cent of total exports of Bangladesh providing direct employment to 3 million people; 45 per cent of Sri Lanka employing more than 1.8 million; 55 per cent of Pakistan employing more than 15 million and around 12 per cent of India employing more than 38 million. However, with the onset of global economic crisis, South Asia as a region has experienced a slowdown in its GDP growth rate from 8.6 per cent in 2007 to 5.7 per cent in 2008. The growth has remained at 5.7 per cent in 2009³. This has resulted in 18 per cent decline in exports of T&C from South Asia, lowering its share in global exports of T&C from 7.7 per cent to 6.1 per cent. The T&C industry is a sector where competition is fierce and after the expiry of the Multi-fibre Arrangement (MFA) system in 2005 the global market is yet to settle down. South Asian countries have major rivals in every category of export items and thus improving competitiveness in this heavily labour-intensive sector has become one of the critical issues for export-led growth and poverty reduction efforts. The countries in South Asia, Particularly Bangladesh, India, Pakistan and Sri Lanka, themselves compete with one another in the global market. However, taking advantage of their current production base, effective regional collaboration could contribute to enhancing these countries competitiveness resulting in greater world market share of textiles and apparels.

The benefits of regional cooperation in T&C have been discussed by ADB and UNCTAD (2008), Robbani (2004) and Tewari (2008). ADB and UNCTAD (2008) points out the growing intra-industry trade (IIT) in the T&C sector within South Asia and the potential to increase it further. The study estimates bilateral Grubel Lloyd index for year 1991 and 2004 and finds that IIT increased for some of the sectors within the T&C sector. These are spinning, weaving and finished textiles; knitting mills; and manufactures of textiles not elsewhere classified (nec). The study also estimates gains to all countries in South Asia in the T&C sector under lowering of tariffs in SAFTA.

Research Method

The analytical work maps out the production and export structures in different South Asian countries in order to identify the potential cross-border linkages which are currently not being exploited. The methodology adopted for the purpose is based on a simple logic, which is to identify those inputs used in the T&C sector, which a country imports from outside the region, though there exists a South Asian country, which exports globally these inputs. These are the products for which both demand and supply exist in the region and thus could potentially form supply chains. Based on this principle and making use of the available disaggregated trade data (at the 6-digit of Harmonised System of trade classification), the following steps have been used to identify the potential cross-border supply chains that are currently not being exploited.

³ World Bank, (2010).

First, in Step 1 export products (destined for global markets) from four major economies in South Asia, viz. Bangladesh, India, Pakistan and Sri Lanka are identified. Only those products are considered where a country has some significant export receipts (more than US\$ 100,000). For these final products - in Step II - all inputs used (both from within the T&C sector as well as from other sectors) are identified and are labeled as stage I inputs. In Step III a trade matrix is constructed for each of the Stage I inputs, showing their imports into and exports from all the four countries. If imports of stage I inputs in a country are greater than US\$ 100,000 and South Asia as a region exports more than US\$ 100,000 of the input, the stage I input is identified as potential input in the supply chain.⁴ Two countries in South Asia with the supply capacity for the Stage I input are identified.

Once the countries which can export the stage I inputs have been identified, in Step IV, the primary inputs used in the production of the Stage I inputs are identified. These primary inputs could be, for example the chemicals used in the dyes which are used as stage I inputs in fabrics. Similar exercise (as undertaken in Step III) is then undertaken for identifying the countries, which can export the primary inputs. Therefore, the final supply chain consists of: (i) a final output which is exported by a country (X); (ii) Stage I inputs which are imported by country X from other two identified countries (Y and Z); and (iii) primary inputs which are imported by Y and Z from any two South Asian countries. Thus, the supply chain identifies the final output to be globally exported by a country, two countries that can provide the Stage I inputs used in production of the final output, and two more countries which can provide primary inputs used in the production of Stage I inputs. It should be noted that the final output to be exported may not necessarily be clothing. It could include yarn, fabrics or other upstream products.

The methodology has been implemented using disaggregated data at the six digit level of the Harmonised System (HS) of Trade Classification, as available in COMTRADE database. To avoid atypical trade flows, the trade matrix for identifying the potential exports and imports is constructed using three year averages (2005-2007). For the selected final products, the Stage I inputs are identified by making use of an input-output database at the comparable HS tariff lines that has been constructed by UNCTAD (through its India Project Office).

Key Findings

Overall scope of developing regional supply chains

There are at least three different ways of analyzing potential supply chains. First, they can be considered as the number of times a country participates in different production stages: as an exporter of final products, exporter/importer of Stage I inputs, and exporter/importer of primary inputs in the supply chains formed. The number of stages in all supply chains in which each of the four major countries in South Asia participates is reported in column 1 of Table 1. Second, supply chains can be examined by tracking the flow of inputs leading to the export products. Under this perspective each supply chain

⁴ The threshold figure of US\$ 100,000 is used to justify the existence of import demand and supply capacity in the products under consideration.

represents a unique product-country combination for export of the final product, import of Stage I inputs relevant to production of the final product and import of primary inputs relevant to the production of the Stage I inputs used. Column 2 of Table 1 reports the number of supply chains that can be formed in the region from exports of final product from each country.

Finally, supply chains could also constitute the number of unique six-digit HS tariff lines involved in the participation of a particular country in different production stages as an importer of Stage I inputs needed for producing the final products and primary inputs used in the production of Stage I inputs. Column 3 of Table 1 reports the number of unique tariff lines each country can import from the region in the potential supply chains. In addition to the above described three different ways of analyzing the potential supply chains, Table 1 also reports the number of unique final products which a country can export (column 4); inputs that may be imported as Stage I inputs from the region (column 5); and number of unique primary inputs that a country may import for production of Stage I inputs (column 6).

Table 1: Number of Potential Three Stage Supply Chains and Number of Potential Products of Import and Export

	Number of Stages a Country participates in three-stage and two-stage Supply Chains (1)	Number of Potential Three Stage Supply Chains formed by export of Final Product (2)	Total Number of Unique Six Digit Tariff Lines of imports In the Potential Three Stage and two-stage Supply Chains (3)	Number of Unique Six Digit Tariff Lines Identified as Potential Final Product for Exports in Three-Stage and two-stage Supply Chains (4)	Number of Unique Six Digit Tariff Lines Identified as Potential Imports of Stage I Inputs in Three-Stage Supply Chains (5)	Number of Unique Six Digit Tariff Lines Identified as Potential Imports of Primary Inputs in Three-Stage Supply Chains (6)
Bangladesh	245	109	65	15	19	47
India	1032	212	38	37	25	19
Pakistan	795	67	117	29	27	103
Sri Lanka	418	363	36	8	34	2

Following the first criterion above India participates in maximum number of stages (1032) in the identified supply chains followed by Pakistan (795), Bangladesh (245) and Sri Lanka (418). From this perspective, the more diverse the range of inputs exported/imported by a country the higher will be its participation in different stages of

the supply chains. In terms of the second criterion, the final product identified for global exports forms 109 supply chains in Bangladesh, 212 in India, 67 in Pakistan and 363 in Sri Lanka. The unusually low figure for Pakistan is attributable to the fact that the final products exported by Pakistan are more of textile-related items than clothing. Textiles, as compared to clothing, have lower backward linkages in terms of inputs used for production of final products. Finally, when considered the number of unique tariff lines that can be imported by a country in the identified potential supply chains, Bangladesh is found to have 65 Stage I primary inputs. The corresponding figures for India, Pakistan and Sri Lanka are respectively, 38, 36 and 117.

For Bangladesh, 15 unique tariff lines have been identified as final products for global exports that can be manufactured using regional supply chains alone. The comparable numbers for India turns out to be 37, for Pakistan 29 and for Sri Lanka 8. The unique first stage inputs identified, which can be sourced within the region, are the highest for Sri Lanka (34) closely followed by Pakistan (27) India (25) and Bangladesh (19). The number of potential primary inputs that are used in the first stage inputs can be imported are maximum for Pakistan (103) followed by India (19), Bangladesh (47) and Sri Lanka (2).

Having examined the number of unique tariff lines involved in each stage of the unique supply chains in which a country participates, the study also examined if the existing trade flows point towards the possibility of establishing regional supply chains. The results of this exercise have been summarized in Table 2 which presents country-wise global and regional imports of the tariff lines identified as stage I input or primary inputs in the potential supply chains. It is indeed interesting to find that all the four countries are mainly sourcing their imports outside the region, although regional supply capacity exists.

Table 2: Global and regional imports of identified inputs in potential supply chains (average of 2005-2007)

	Global Imports (US\$'000)	Imports from other three Countries of the Region (US\$'000)	Global Exports of Other Three Countries in the Region (US\$'000)	Imports from the Region as per cent of Country's Global Imports	Global Imports of a country as a per cent of Global Exports of the Region
Bangladesh	493,150	146,628	2,690,257	29.7	18.3
India	4,834,969	221,657	1,380,133	4.5	350.3
Pakistan	1,166,083	202,466	15,543,371	17.3	7.5

Sri Lanka	327,176	94,808	3,623,488	28.9	9.0
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It is found that Bangladesh's global imports of the identified inputs comprise only around 18.3 per cent of region's exports of these inputs. For Pakistan and Sri Lanka these are around 7.5 per cent and 9 per cent respectively. This indicates that supply capacity exists within the region to cater to the demand for the identified inputs by the region. However, the global imports of the identified inputs for India is around 350 per cent of the region's exports, indicating that India's demand for the identified inputs is much more than the region's capacity to export. This may be a result of diverse production structure of India in the T&C sector, which ranges across the entire value chain. It also indicates the role that India can play in generating demand for the inputs within the region.

The existing regional imports of the inputs compared to total import demand are found to be very low in case of India. In the case of Bangladesh and Sri Lanka the regional imports are around 30 per cent. India's regional imports are the lowest at less than 5 per cent, indicating the potential of intra-regional trade for India. However, India's export demand is significantly higher than the export capacity within the region.

Country-specific product lines for potential supply chains

The study has also identified country-specific potential supply chains with respect to exports of final output, import of Stage I and primary inputs. It includes the details of three-stage supply chains of the countries involved along with their demand inputs *vis-à-vis* regional supply side capacity. In most of the inputs identified in the potential supply chains for Bangladesh, its global imports are much higher than the imports from within the region. However, the supply capacity of the region in most of these products is found far greater more than what is globally imported by Bangladesh, indicating that the region has a supply capacity to fulfill Bangladesh's demand for the inputs in the identified lines. Out of the 65 import items that be sourced from within the region, Bangladesh has tariff rates of more than 10 per cent in 34 items while another 12 products are in the Sensitive List under SAFTA, implying that liberalization of these items are not being considered.

In the case of India, 38 tariff lines are identified as final products for exports in the potential supply chain, out of which in 36 products it has more than 10 per cent tariffs. 12 out of 38 products are listed as India's sensitive products under SAFTA. A comparison of India's sourcing of identified inputs from within and outside the region shows that in most of the cases its global imports are much higher. For 7 out of 25 Stage I inputs, India's global imports are less than the region's global exports, which indicates the insufficient supply capacity of the region to fulfill India's demand. But, in 21 out of 25 products, India's regional imports are less than 10 per cent of its total global imports. This indicates the potential of forming regional supply chains by India.

At the three-stage level, there are 67 supply chains for Pakistan. There are 27 Stage I inputs identified, of which 23 have less than 10 per cent imports from the region. In 72 out of 103 identified primary inputs, Pakistan's regional imports are less than 10 per cent, while in only 14 products Pakistan's global imports are more than region's global exports

indicating insufficient capacity. Out of 117 unique products identified for regional imports by Pakistan, in 21 products the tariffs are above 10 per cent. 17 products are in Pakistan's Sensitive List under SAFTA.

For Sri Lanka, 363 supply chains have been identified at the three stage level. It is found that in 6 out of 8 final products in the identified potential supply chains, Sri Lanka's exports are more than 10 per cent of total exports of South Asia. There are 34 inputs identified as Stage I inputs that may be imported from the region. However, unlike other countries in the region Sri Lanka is importing to a large extent from the region. Regional import in 24 out of 34 products is greater than 10 per cent. Sri Lanka has a more open trade regime compared to others in South Asia as none of the inputs of potential imports from within the region has tariffs more than 10 per cent and none of the tariff lines is in its Sensitive List under SAFTA.

While identifying the regional supply chains, an attempt was also made to assess if the intra-regional supplies would be competitive enough to provide justification for regional sourcing. The fact that in many cases South Asian countries were actually exporting Stage I and primary inputs to the rest of the world seems to suggest their being globally competitive. A comparative assessment of unit value prices of the products supplied by South Asian countries vis-à-vis other leading global suppliers also reveal that in many of the items the former may actually be lower-cost suppliers.

Issues to Consider and Policy Implications

The outcomes of the project as summarised above are likely to draw a lot of interest amongst policymakers and relevant stakeholders. There are issues both directly associated with the T&C sector and related to overall cooperation in the region that would have important implications for promoting regional supply chains. In the following some of these are briefly dealt with.

There could be one concern that regional supply chains would undermine the efforts of the countries in developing their own domestic backward linkage industries. However, the methodology devised for the analytical study rules out such a possibility. The basic premise of the analysis is whether the countries are already importing from the rest of the world and, if so, whether regional sourcing can replace those supplies. Therefore, if - for example - a country is sourcing all its import requirements from its internal backward linkage industries, there is no scope for developing regional supply chains. In other words, since global imports exist, there was no reason to believe that regional imports would hurt domestic industries.

It is also important to point out that the analysis has only considered regional imports that would be used in the export-oriented sector and not for domestic consumption. As a result, regional supply chains - at least the way they have been presented in the study - are not any threat to domestic industry.

Following from the above, it is worth mentioning that the Sensitive List under SAFTA may not be a constraint for regional supply chains. The export-oriented sectors are in most cases procuring their raw materials from the cheapest possible global sources. Even when the relevant domestic import competing sectors operate under the shield of tariffs and other support measures, exporters are allowed duty-free import of raw materials or to make use of such facilities as duty-drawback and bonded warehouse to protect their competitiveness by getting inputs from globally efficient suppliers. From this perspective, the Sensitive List maintained by different countries in the region should not be a problem for allowing their exporters to source raw materials regionally. This is an issue that deserves attention of policymakers and businesses. Notwithstanding this, inclusion of products in Sensitive List may increase the transaction costs to the importers to some extent. This suggests that for forming cost effective supply chains within the region, lower tariffs on the identified inputs may be helpful.

There might be some apprehension about compromising the export sector's competitiveness by using raw materials and primary inputs manufactured in the region. Another related concern is whether the regional supply chains could lead to trade diversions triggering welfare costs. However, as already pointed out above, South Asian countries are exporting many of these items to the world market and they compete well with other major global suppliers and as such the concern about undermining the competitiveness in the export sector may not be true in a range of product lines. On the other hand, it is important to note that the analytical study does not advocate for trade policy-induced measures (such as tariff concessions for regional partners) for promoting regional trade or supply chains. The South Asian T&C industry is overwhelming global market-oriented and exporters will have to have access to raw material supplies at world prices. Therefore, any suggestion of discriminatory tariffs on input supplies by sources is not considered, thereby eliminating the possibility of trade diversion. Nevertheless, it does not rule out the scope of policy interventions by South Asian countries as they can be more ambitious in integrating their T&C industry across the region. But, this has not been considered as part of the current study.

There are, however, other factors associated with competitiveness where regional supply chains can actually exert beneficial effects. Unlike the traditional trade theories, there is now robust evidence that transport cost reduce tradable volumes. Under ideal circumstance supplies procured within the region will involve lower transport cost improving individual South Asian countries competitiveness. With regard to the exports of textiles and apparels most South Asian countries suffer from high 'lead time' (i.e. the time spent between the receipt of export order and delivery of the order at the importer's designated port). Regional sourcing of raw materials, particularly for apparels, can greatly help mitigate the problem.

The distribution of regional export gains could also attract attention of some observers. As within the region some countries have larger supply capacity than others, concerns may be raised about unequal distribution of gains from regional supply chains. However, this argument is misconceived. According to the methodology adopted, countries are importing intermediate inputs in order to increase their exports. If countries could not

experience increased export earnings, regional imports would also not rise. Also, one should not merely focus on the distribution of regional exports; what is more important is the growth of overall exports to the global markets.

One important caveat about the supply chain assessment however must be acknowledged. Despite the use of highly disaggregated data, it has not been possible to take into account the quality variations across various suppliers. There is no denying that the quality of inputs would determine a supplier's catering to a particular market. In the case of apparels in particular, many importers often provide strict specification with regard to the inputs to be used and their preferred sources. This requirement can reduce the scope of regional sourcing. Nevertheless, the study has provided detailed and disaggregated product level information where potentials for developing regional supply chains exist. Based on this, the industry stakeholders can more precisely assess any likely effects of product heterogeneity on regional sourcing and exports.

It goes without saying that much of the existing scope of exploiting supply chains would largely depend on the progress made on overall cooperative efforts among the South Asian nations. The existence of bilateral political differences has affected the advancement of regional economic cooperation. It has been found that when it comes to regional partners, South Asian countries are more restrictive than their trade regimes with the rest of the world. Along with tariff barriers, a plethora of non-tariff measures seriously constrain intra-region trade and investment flows. Due to lack of political will, the region also suffers from relatively poor state of trade facilitation and high transaction costs associated with cross-border exchange. All this will naturally have serious implications for promoting regional supply chains.

In conclusion, this study brings out the potential of South Asia to emerge as globally more competitive suppliers of T&C through identified potential supply chains that can be formed within the region. The existing trade flows in the identified three-stage and two-stage supply chains indicate that countries in South Asia have the import demand for inputs relevant for establishing supply chains in the T&C sector but the import demand is met mainly from sources outside the region. However, the region has the supply capacity for exports and in many cases there exists lower cost suppliers in the region. Many of the identified inputs in the potential supply chains are identified as products in countries' SAFTA Sensitive List having tariffs greater than 10 per cent. This indicates that at the national level each country has policy tools to form the identified supply chains and lower its import costs from the region as compared to the world. In order to make the potential supply chain work, the SAFTA can therefore play a very important role.

1. INTRODUCTION

The supply chain or value-adding chain is an old-established concept in industrial economics and in the business studies literature, used most prominently by Michael Porter (1985, 1990) and Gereffi and Korzeniewicz (1994). Like all uses of the chain metaphor, its value lies in its emphasis on the sequential and inter-connected structures of economic activities, with each link or element in the chain adding value to the process. More recently, supply chains have been embedded in the development theory and there has emerged a stream of literature that highlights and provides evidence of the developmental role played by global and regional supply chains. Neil, et al (2004) argue that economies of scale and scope within specific regions are only advantageous to those regions - and bring about regional development - insofar as such region-specific economies can complement the strategic needs of trans-local actors situated within global production networks. Studies like Smith (2002) on clothing sector in Slovakia, and Nadvi *et al* (2004) on Viet Nam's textiles and garment industry provide evidence of the developmental role played by supply chains for these countries.

This study attempts to explore the possibility of developing regional supply chains for South Asia in the textiles and clothing sector. The T&C sector has been one of the leading manufacturing sectors of South Asia in terms of its contribution to output, employment and trade. The sector collectively employed over 55 million people directly and nearly 90 million indirectly in the region in 2005. South Asia's share in global trade in T&C rose from 1.5 per cent in 2002 to 4.4 per cent in 2007⁵. The region's share in global exports of the sector increased from 2.2 per cent in 2002 to 7.7 per cent in 2007 with exports reaching US\$ 45.7 billion in 2007.

The importance of T&C to the region is also reflected from the share of the sector in total exports of all its major economies. In 2007, T&C constituted around 80 per cent of total exports of Bangladesh providing direct employment to 5 million people; 45 per cent of total exports of Sri Lanka employing more than 1.8 million; 55 per cent of total exports of Pakistan employing more than 15 million; and around 12 per cent of total exports of India employing more than 35 million⁶.

However, with the onset of global economic crisis, South Asia as a region experienced a slowdown in its GDP growth rate from 8.6 per cent in 2007 to 5.7 per cent in 2008. The growth has remained at 5.7 per cent in 2009⁷. This has resulted in 18 per cent decline in exports of T&C from South Asia, lowering its share in global exports of T&C from 7.7 per cent in 2007 to 6.1 per cent in 2008. In contrast, the global share of China and ASEAN in 2008 improved, with their exports growing by 7.7 per cent and 5.1 per cent respectively.

⁵ Source: COMTRADE, World Integrated Solutions (WITS)

⁶ Tewari (2008).

⁷ World Bank (2010).

Given the fact that South Asia hosts the largest number of poor in the world and the capacity to generate stimulus in the region is limited for most of the countries, there is a need to improve the global competitiveness of the region, especially in sector like T&C. The need has become even more urgent given the emerging global challenges, whether due to reduced global demand or erosion of preferences due to increased number of free trade agreements or withdrawal of Generalised System of Preferences-plus schemes.

One of the ways to improve regional competitiveness in T&C can be developing regional supply chains, which will boost inter-country and intra-industry trade. The existing and potential scope for intra-industry trade is commonly measured by Grubel-Lloyd index based on commodity group transactions⁸. Literature suggests that cross-border production sharing and intra-industry trade (IIT) assist participating countries to integrate more into regional markets and may act as a catalyst to developing countries' industrialisation and growth (Rhodas-Martini 1998 and Yeats 2000). Concentrating on IIT and strengthening of cross-border vertical supply chains as mechanisms for integration could be an important step in lowering the costs, while increasing the level of specialization of countries and product differentiation within the region. Other benefits of formation of production supply chains through IIT could be: (a) creation of a larger market for the product, (b) a country can simultaneously reduce the number of products it produces and increase the variety of goods available to domestic consumers; and (c) through production of fewer varieties, a country can produce each at larger scale and thus with higher productivity.

The potential for intra-industry trade in T&C is substantially high in South Asia. Using the average of the period 2005-2007, the Grubel-Lloyd index in T&C for South Asia with respect to world is estimated to be 27.3 per cent while that with respect to South Asia is estimated to be 16.6 per cent.⁹ This indicates that within the T&C sector, South Asia's imports from the world are much higher than from the region. This is also indicative of a high potential to substantially increase intra-industry trade within the region in T&C. At present, intra-regional trade in T&C is only 3.5 per cent of South Asia's global trade in this sector.

The main objective of this study is to identify at HS six digit codes the potential supply chains that can be formed in the T&C sector (HS Chapters 50-63) within South Asia, which will enable South Asia to lower its cost of production and improve its global competitiveness. The analysis is undertaken for the four major economies of the region,

⁸ For any particular product class i , an index of the extent of intra-industry trade in the product class i between countries A and B is given by the following ratio:

$$IIT_{i,AB} = \left[\frac{(X_i + M_i) - |X_i - M_i|}{(X_i + M_i)} \right] \cdot 100$$

This index takes the minimum value of zero when there are no products in the same class that are both imported and exported, and the maximum value of 100 when all trade is intra-industry (in this case X_i is equal to M_i).

⁹ Two different types of trade are mainly captured in measurements of intra-industry trade index; horizontal trade in similar products with differentiated varieties; and vertical specialisation of production that results in trade in similar goods at different stages of production.

namely Bangladesh, India, Pakistan and Sri Lanka. The benefits of regional integration in developing potential supply chains in South Asia are also addressed.

The rest of the study is organised as follows: Chapter 2 highlights the existing trends in trade in the T&C sector in the region; Chapter 3 provides a brief profile of the T&C sector in Bangladesh, India, Pakistan and Sri Lanka; Chapter 4 provides a brief review of studies on production supply chains in South Asia; Chapter 5 discusses the methodology adopted for identifying the potential supply chains and the data sources used; Chapter 6 presents country-wise potential three-stage and two-stage supply chains; and Chapter 7 concludes with some policy and practical suggestions.

2. BROAD TRENDS IN TRADE IN TEXTILES AND CLOTHING SECTOR IN SOUTH ASIA

South Asia's global exports of textiles and clothing increased substantially from US\$ 33 billion in 2004 to around US\$ 46 billion in 2007. The growth of exports in South Asia in this period improved its global export share from 7.1 per cent in 2004 to 7.7 per cent in 2007, which was almost double the share of ASEAN as seen in Table 2.1. There has also been a rise in global imports of T&C in the region, from US\$ 7.5 billion in 2004 to US\$ 9.2 billion in 2007. Both exports and imports experienced a drastic fall in 2008, as a result of global economic slowdown. The share of South Asia in global exports declined from 7.7 per cent to 6.1 per cent in 2008, while that of ASEAN improved marginally in 2008.

Table 2.1: Share of South Asia in Global Exports of Textiles and Clothing (US\$ Billion)

Year	GLOBAL EXPORTS OF TEXTILES AND CLOTHING (US\$ Billion)	SOUTH ASIA EXPORTS IN TEXTILES & CLOTHING (US\$ Billion)	SOUTH ASIA IMPORTS OF TEXTILES & CLOTHING (US\$ Billion)	ASEAN EXPORTS OF TEXTILES AND CLOTHING	SHARE OF SOUTH ASIA IN EXPORTS OF T&C	SHARE OF ASEAN IN EXPORTS OF T&C
2004	459.7	32.83	7.52	26.7	7.14	4.06
2005	487.2	37.9	8.07	28.4	7.78	3.56
2006	537	42.99	8.42	31.6	8.01	3.58
2007	594	45.75	9.28	24.2	7.7	4.02
2008	604.5	36.85	7.66	25.2	6.1	4.15

Source: COMTRADE and ITCB for ASEAN

An examination of the trends of Bangladesh, India, Pakistan and Sri Lanka indicates that exports of T&C has risen considerably, i.e., more than 30 per cent, in all countries in the period 2003-2007. Not only exports but also imports of T&C have risen, with all the four countries importing more than US\$ 1 billion in 2007 (Table 2.2).

Table 2.2: Global Exports and Imports of Textiles and Wearing Apparels of South Asian Countries (US\$ billion)

	BANGLADESH		INDIA		PAKISTAN		SRI LANKA	
Year	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS
2003	2.58	5.51	1.93	12.50	0.74	8.30	1.48	2.59
2004	2.68	6.92	2.07	14.15	1.13	8.92	1.64	2.84
2005	2.48	7.68	2.67	17.03	1.26	10.26	1.66	2.93
2006	2.67	9.90	2.75	19.10	1.35	10.87	1.65	3.12

2007	2.61	10.66	3.04	20.97	1.90	10.74	1.73	3.38
2008			3.58	22.70	2.28	10.63	1.80	3.52

Source: COMTRADE

Looking at the competitiveness in T&C separately, it is found that the share of South Asia in exports of textiles has grown much faster than its share in wearing apparels (Table 2.3). Its share in global exports of textiles increased from 5.3 per cent in 2004 to 6.5 per cent in 2007 while its share in global exports of wearing apparels increased from 7.89 per cent in 2002 to 7.93 per cent.

Table 2.3: Share of South Asia and ASEAN in Global Exports of Textiles and Wearing Apparels

Year	SHARE OF SOUTH ASIA IN EXPORTS OF TEXTILES	SHARE OF ASEAN IN EXPORTS OF TEXTILES	SHARE OF SOUTH ASIA IN EXPORTS OF WAP	SHARE OF ASEAN IN EXPORTS OF WAP	SHARE OF SOUTH ASIA IN IMPORTS OF TEXTILES	SHARE OF ASEAN IN IMPORTS OF TEXTILES
2004	5.35	2.74	7.89	4.7	3.85	4.91
2005	5.69	2.87	8.63	3.77	4.15	4.72
2006	6.38	2.87	8.51	3.8	4.18	4.87
2007	6.5	3	7.93	4.36	4.24	5.87
2008	6.29	3.06	5.61	4.51	3.51	6.35

Source: COMTRADE

An interesting fact to note is that there exist both demand and supply of inputs of T&C within South Asia, with different countries specializing in production of final product and inputs. For example, Bangladesh and Sri Lanka have higher shares in wearing apparel in their global exports, while India and Pakistan have higher share of textiles in their global exports (Table 2.4). This complementarity in production of final product and inputs increases the potential for developing production supply chains for the sector within the region.

Table 2.4: South Asian Countries Exports of Textiles and Clothing in 2007

	GLOBAL EXPORTS IN TEXTILES (US\$ Billion)	GLOBAL EXPORTS IN CLOTHING (US\$ Billion)	SHARE IN EXPORTS OF TEXTILES IN SOUTH ASIA (percentage)	SHARE IN EXPORTS OF CLOTHING IN SOUTH ASIA (percentage)	SHARE IN EXPORTS OF T&C IN SOUTH ASIA (percentage)
BANGLADESH	1.34	9.32	6.48	37.20	23.32
INDIA	11.6	9.37	56.05	37.40	45.83
PAKISTAN	7.5	3.2	36.33	12.86	23.47
SRI LANKA	0.24	3.14	1.15	12.54	7.38

Source: COMTRADE

At country level, global exports of textiles are highest from India followed by Pakistan and Bangladesh (Figure 2.1). Bangladesh and Sri Lanka have less than US\$ 2 billion of exports throughout the period. In terms of global exports in clothing, India has the highest exports closely followed by Bangladesh. Pakistan and Sri Lanka exported wearing apparels between US\$ 2 to 3 billion in this period (Figure 2.2).

Figure 2.1: Global Exports of Textiles from South Asian Countries 2004-2008 (US\$ Billion)

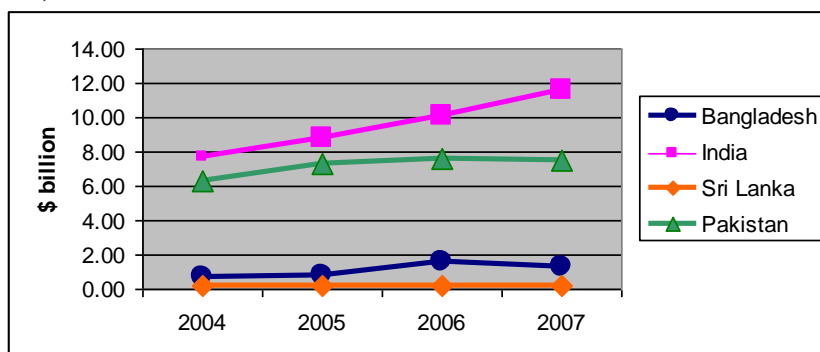
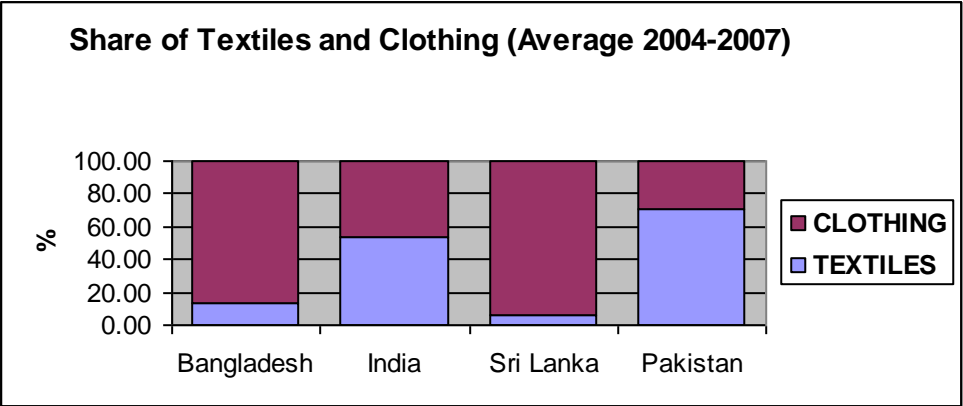


Figure 2.2: Global Exports of Clothing from South Asian Countries 2004-2008 (US\$ Billion)



From these figures, it clearly stands out that countries within the region specialize in different segments of the T&C sector. The share of textiles in the average global exports of the T&C sector is high in case of Pakistan and India, which is more than 50 per cent of the sector's exports. However, Bangladesh and Sri Lanka have very low share of textiles in the exports of this sector, which is less than 20 per cent (Figure 2.3). Bangladesh and Sri Lanka have clothing as their major sector of exports with its share crossing 80 per cent.

Figure 2.3: Share of Textiles and Clothing in Countries Total Exports of Textiles and Clothing Sector in South Asia: Country-Wise



3. BRIEF PROFILE OF TEXTILES AND CLOTHING SECTOR IN THE REGION.

The above trends highlight the increasing importance of the textiles and clothing sector in each country's total exports and the growing competitiveness of the countries in South Asia as each country witnesses rising exports over time. The trends also highlight the differences in competitiveness in the sector within the region with countries specializing in either textiles or clothing. To get a better picture of specialization of these countries, a brief profile of the T&C sector is sketched for each of the four South Asian countries.

3.1 Bangladesh's Textile and Clothing Sector: An Overview

The T&C sector is the largest manufacturing activity in Bangladesh. It provides direct employment to about than 5 million people, which accounts for 45 per cent of all industrial employment in the country. The sector contributes 10 per cent of the country's GDP, 40 per cent of industrial value addition, and 78 per cent of export earnings. Major products from this sector include basic yarn and fabrics primarily used for domestic consumption and other materials used in export-oriented garment making (clothing industry) such as polyester filament fabrics, man-made filament mixed fabrics, PV fabrics, viscose filament fabrics and man-made spun yarns. Major readymade garments exported by Bangladesh are knitted and woven shirts and blouses, trousers, skirts, shorts, jackets, sweaters and sportswear, and other fashion apparel.

Table 3.1 provides a profile of Bangladesh's T&C sector. The sector can broadly be divided into primary textile sector (PTS) and export-oriented readymade garment (RMG) making sector. The PTS comprises spinning, weaving, specialised textile units, traditional handloom sector and knitting and dyeing subsectors. Currently, there are now 350 spinning mills, 400 weaving firms, 310 dyeing and finishing units, and 4,500 garment factories.

Table 3.1: The Textile and Clothing Sector of Bangladesh at a Glance

Sub-sector	Number of units	Installed machine capacity	Production capacity	Employment
Textile spinning	350	7.5 million spindles (0.2 million rotors)	1,800 million kg	400,000
Textile weaving	400	25,000 shuttleless/shuttle loom	1,600 million metre	80,000
Specialised textile and power loom	1,065	23,000 shuttleless/shuttle loom	400 million metre	43,000
Handloom	148,342	498,000 looms	837 million metre	1,020,000

Knitting, knit dyeing	2,800	17,000 knit/Dy/M	4,100 million metre	324,000
Dyeing and finishing	310	-	1,720 million metre	33,000
Export oriented readymade garment (clothing)	4,500	-	475 million dozen	2,000,000
Other related sectors	-	-	-	600,000

Source: Information as obtained from the Bangladesh Textiles Mills Association

Traditionally, the primary textile sector was domestic market-oriented. In the 1970s, apart from the handloom sector, most other units in PTS – virtually all medium to large firms - were in the public sector. While deregulation and liberalisation policies of the 1980s and 1990s led to a significant reduction in the capacity of public sector enterprises, the private sector-led growth of PTS was still supported by pro-active policy measures, including protection provided by imposing high tariffs and quantitative restrictions on competing imports, and other fiscal and financial incentives. Although by the early 2000s, all quantitative restrictions have been abolished, and tariffs have been brought down considerably, the sector continues to enjoy significant protection.

The emergence and rapid growth of RMG sector, the export of which rose from virtually nothing in the late 1970s, to US\$ 1 billion in 1990, US\$ 6 billion in 2000, and US\$ 13 billion in 2009 has significantly shaped the development of the capital-intensive primary textile sector. The rise of the RMG industry is quite striking from two perspectives. First, traditionally many developing countries relied on the import substituting industrialization strategy for developing their manufacturing base. In the absence of a static comparative advantage, such a strategy calls for protecting ‘infant’ industry by using trade policy instruments and other support measures. Industrial units supported under import-substitution policies, as in the case of the primary textile sector mentioned above, usually target the readily available domestic markets before exploring foreign markets. In contrast, Bangladesh’s RMG industry emerged based on the demand from the foreign markets alone, which was facilitated by the Multi-fibre Arrangement (MFA) quotas that provided exporting opportunities for new suppliers by restricting imports into Europe and North America from the established suppliers such as China, Hong Kong Special Administrative Region of China, and Republic of Korea. Given its export-orientation in nature, RMG exporters were allowed duty-free imports of raw materials and capital goods and were also granted other fiscal and financial incentives.

The other interesting development was that the success of clothing exports gave an opportunity for the PTS to benefit from the integration with the RMG industry. Policy measures also helped facilitate the process. First, the Government of Bangladesh had provided cash incentives (initially 25 per cent and subsequently reduced to 15 per cent and then to 5 per cent before its complete discontinuation in the early 2000) for sourcing intermediate inputs going to export products. Perhaps more importantly, the EU’s Generalised Systems of Preference for LDCs which granted Bangladeshi exporters duty-free access to its market was precondition by the fulfillment of EU rules of origin that

strictly specified a certain stage of domestic value addition before products could qualify for such preferential treatment. These measures have certainly enhanced the primary textile sector's contributions to exports.

The changing composition of RMG exports from Bangladesh has also had important implications for domestic PTS. Until very recently clothing exports from Bangladesh was overwhelmingly dominated by woven garment products. The domestic fabric production capacity, particularly the type required for woven garment export, is limited. However, since the mid-1990s, the country had witnessed massive growth of knitwear exports, eventually surpassing woven garments by the mid-2000s. Over time the capacity in spinning sub-sector providing intermediate inputs for knitwear items has increased fast. According to informed sources, currently the domestic primary textile sector meets 80-85 per cent of intermediate input requirements in export-oriented knitwear industry, while the corresponding figure for woven garment is only 30-35 per cent.

Figure 3.1: Growth in Spinning Capacity and Yarn & Fabric Production in Bangladesh.

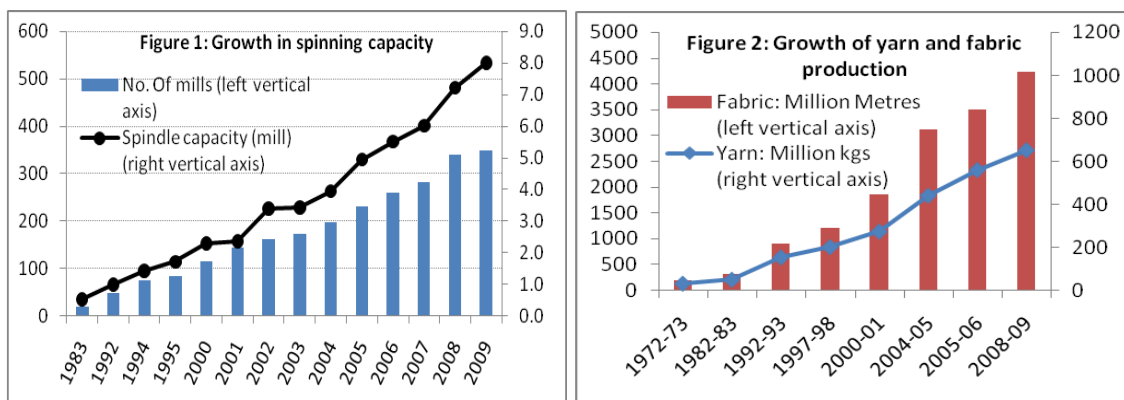


Figure 3.1 shows the growth in Bangladesh's spinning capacity both in terms of number of mills and spindles capacity. While the spinning units have doubled since 2000, the spindle capacity has more than tripled. During the same period, yarn production has increased from 272 million kilograms to 650 million kilograms, and fabric production from 1,845 million metres to 4,225 million metres. Although since 2001 the yarn and fabric production has grown at a similar rate of about 17 per cent per annum, the export of woven RMG sector remains critically dependent on imported fabrics.

Though both the spinning and weaving capacity has been increasing, the sectors are constrained by one major problem that the country does not produce enough raw materials. The primary materials used in the spinning sector are raw cotton and man-made fibers such as viscose and polyester staple fibers and the country has to rely on importing these materials. For example, raw cotton consumption in 2010-2011 is forecast at 900,000 tons almost all of which will have to be imported.

The quality of domestically produced intermediate inputs has also been questioned. Recently set up spinning and weaving mills are capable of supplying quality yarns and fabrics required for the export-oriented RMG sector, but it has been found that their prices are 10-12 per cent higher than those sourced from China and India (USDA, 2010).

Available sectoral projections show that in 2009-2010, the demand for fabrics in Bangladesh (taking into consideration of both domestic market demand and RMG export demand) stood at 9,115 million metres as against of domestic production of 4,225 million metres. On the other hand, the demand for yarn is projected at 1,519 million kilograms in comparison with the domestic supplies of 650 million kilograms. It has been estimated that to fulfill the demand-supply gaps domestically, Bangladesh would require around 200 spinning and 217 weaving units of medium to large capacity. This shows that there may be significant scope of exploiting regional supply chains as it is very unlikely that all import requirements can be sourced domestically in the near future.

3.2 Indian Textile and Clothing Sector: An Overview¹⁰

The Indian Textile and Clothing sector is one of the largest and most important sector of the Indian economy. It contributes 4 per cent to GDP, 12.5 per cent to the foreign exchange earnings and provides more than 35 million to the employment¹¹, making it the second largest provider of jobs after agriculture. The sector also creates a large volume of indirect employment, both in traditional industries (like production of cotton and other natural fibers) as well as in modern industries (like textile design and fashions).

The T&C sector in India has shown a robust growth in recent years until it was affected by the global financial crisis. During the period of 2004-2008, the sector compound annual growth rate (CGAR) was 8 per cent and it stood among the best performers of the manufacturing sectors in the country. On the external front, the export of the sector was bolstered by the buoyancy in global economic growth, the abolition of MFA (since January 2005), and rapidly growing world trade. Supply side factors such as improving cost competitiveness, expansion of multi-fibre base, rapidly growing production capacity of fibre, yarn and fabrics have also played crucial role in the robust performance of the sector.

The spinning sector is by far the most efficient and technically advanced sub-sector of the Indian T&C industry, thanks to the deregulations that was started way back in 1980s. It holds high world ranking in terms of installed capacity. Indian spinning sector is only second and third largest in terms of installed capacity of spindles for cotton and wool processing, respectively (Table 3.2). Installed capacities of both spindles and rotors have been increasing steadily over the years (Figure 3.2). Further, as much as 85 per cent of

¹⁰ Contributed by Danish A. Hashim, Director, Economic Policy & Taxation, Confederation of Indian Industry, New Delhi and Ajay Kumar, Economist, Confederation of Indian Textile Industry, New Delhi.

¹¹ Derived from Planning Commission's Employment estimates

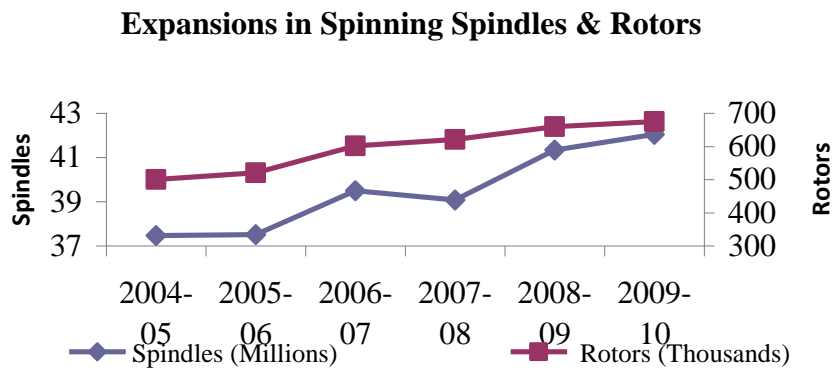
the total yarn production is contributed by the organised mill sector. There is also high presence of (43 per cent) small scale industries (SSI).

Table 3.2: Capacity Installed under Spinning Process (2007)

	World Capacity (Million)	Installed Indian Capacity (Million)	India as a percentage of World	India's Rank
1. Spindles (Cotton)	202.4	39.3	19.4	2 (China)
2. Spindles (Wool)	14.9	1	6.9	3 (China)
3. Rotors	8.7	0.6	6.9	4 (Russia)

Note: In bracket is first rank country. Source: ITMF Report, 2008

Figure 3.2: Growth of Spinning, Spindles and Rotors.



Source: O/o Textile Commissioner, GOI

Yarn production in India has increased at a moderate average growth rate of nearly 4.5 per cent per annum. since 2005-2006 (Table 3.3). The growth in production of man-made filament yarn (MMFY) (5.6 per cent) has been higher than that of spun yarns (4.2 per cent). Despite the higher growth of MMFY, spun yarn dominates the overall production share of yarn at over 73 per cent. Within MMFY, it is the polyester filament yarn, which leads the yarn production with a share of around 94 per cent. The yarn sector saw its output contracting by over 3 per cent in 2008-2009 in the wake of the global financial crisis. However, the sector experienced a sharp recovery from the crisis by recording a growth of nearly 7 per cent during 2009-2010.

Table 3.3: Production of Yarns in India (Million Kilograms)

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Average growth rate: 2005-2009
Production of Spun Yarn (SSI & Non- SSI)						

COTTON	2,521	2,824	2,948	2,898	3,073	4.3
BLENDED	588	635	677	655	706	4.0
100 per cent N.C.	349	355	378	361	408	3.3
Total Spun Yarn	3,458	3,813	4,003	3,914	4,187	4.2
Production Of Man-Made Filament Yarn						
Viscose Filament yarn	53.09	54	51	42	43	-6.5
Polyester Filament yarn	1,076	1,271	1,420	1,330	1,434	6.4
Nylon Filament yarn	37	32	28	28	30	-5.4
Poly propylene Filament yarn	14	13	11	15	15	2.9
Total MMF Yarn	1,179	1,370	1,509	1,416	1,522	5.6
Total Yarn	4,638	5,184	5,513	5,330	5,709	4.5

Source: Textiles Commissioner

The spinning sector enjoys strength from a very strong fibre base in the country. India ranks high in production of all major fibres including jute, cotton, silk, polyester, viscose, acrylic (Table 3.4). The country is the largest producer of jute fibre in the world. It is the second largest producer of cotton, silk and cellulosic fibres, though it is placed at a long distance from 1st ranker China in these cases. India has been fast catching in man-made textiles. Even though the country has yet to travel a long distance in man-made textiles, it is interesting to note that the largest producer of polyester in the world is an Indian company.

Table 3.4: India's Global Shares in Production of Fibres

Fibres Category	Production – 2009 (Billion Kilograms)	Share in world (per cent)	Rank
Jute (Jute, Kenaf and allied fibres)	1.7	56	1
Cotton	5	22	2 (China-30 per cent)
Silk	0.017	13	2 (China-82 per cent)
Cellulosic Fibre/Yarns	0.33	12	2(China-45 per cent)
Synthetic Fibres/Yarns	2.4	6	2 (China-48 per cent)

Figures in brackets are per cent shares of 1st rank country Source : O/o Textiles Commissioner, India

India's weaving sector is dominated by SSI and is the most fragmented sector of the T&C industry. This is evident from the fact that SSI contributes around 80 per cent of total fabrics and 95 per cent of total fabrics exports. Decades of restrictive government policies favouring small-scale operations have led to certain structural weaknesses in the sector. This sector is lagging in productivity to supply very high quality of fabrics both to

domestic and exports units for garmenting. India ranks first in terms of global ranking of installed capacity of looms, whether it relates to shuttle looms or handlooms. Only in shuttleless looms the country ranks relatively lower at number 4. The percentage of shuttleless looms to plain looms is hardly 3 per cent compared with the world average of 16 per cent. The low presence of shuttleless looms, which ensure high-quality fabrics, is a matter of concern for the country. Nevertheless, India may continue to enjoy high ranking in overall size of looms for many years to come as the capacity has been expanding consistently in the sector over the years (Table 3.5).

Table 3.5: Capacity Installation under weaving process in India (2007)

	World Capacity (Millions)	Installed Indian Capacity (Millions)	India as a percentage of World	India's Rank
Shuttle Looms	4.44	2.01	45.3	1
Shuttleless Looms	1.0	0.06	5	4 (China)
Handlooms	4.6	3.9	84.7	1
Total Looms	10.04	5.96	59.4	1

Fabrics production holds the high position in the value chain of the T&C sector. The production in the weaving sector has been growing at a rate of over 4 per cent since 2005-2006. The largest production of fabric is contributed by the decentralized power looms (61.6 per cent), followed by decentralized hosiery (21.7 per cent), handlooms (12.1 per cent), mills (3.3 per cent) and Khadi, wool, silk sector (1.4 per cent)¹². In term of yearly average growth, decentralized hosiery sector has grown the fastest (6 per cent) since 2005-06, followed by decentralized power loom sector (3.9 per cent) (Table 3.6).

Table 3.6: Production of Fabrics in India (Million Square Metres)

	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010	Average growth rate (2005- 2009)
Mill Sector	1656	1746	1781	1796	1961	3.7
Handloom Sector	6108	6536	6947	6677	6769	2.3
Decentralized Power Loom Sector	30626	32879	34725	33648	36644	3.9
Decentralized Hosiery Sector	10418	11504	11804	12077	13623	6.0
Khadi, Wool & Silk	769	724	768	768	768	0.6
Grand Total	49577	53389	56025	54966	59765	4.1

Source: Textiles Commissioner data

¹² Shares are averaged over 2005-2006 to 2009-2010.

The Garment sector has been the driving force for the growth of Indian T&C sector. India's garment industry is characterised by a large number of independent small-scale firms. Even in exports, scale of operation is much smaller than the internal standards. An average Indian garment exporter has around 119 machines, compared to 698 in Hong Kong Special Administrative Region of China and 605 in China.

3.3 Pakistan's Textile and Clothing Sector: An Overview¹³

The textile and clothing sector is the most important manufacturing sector of Pakistan. It contribute nearly 1/4th of industrial value addition, provides employment to about 40 per cent of industrial labor force, consumes more than 40 per cent of banking credit to manufacturing sectors and accounts for 8 per cent of GDP. The share of T&C in country's exports is around 54 per cent.¹⁴

Pakistan is the 4th largest producer of raw cotton in the world and 3rd largest consumer of raw cotton in the world. However, Pakistan ranks as 12th largest T&C exporter in the world exports. Its ranking in textiles (yarns, fabrics, bed linen, towels and other textile made-ups) was 10th in the world, with US\$ 7.37 billion exports, whereas its ranking in clothing (woven and knitted and crocheted garments) was 13th in the world, with US\$ 3.8 billion during 2007.¹⁵

The textile industry made an investment of about US\$ 7.5 billion during the last ten years (1999- 2009). The break up of total investment indicates that 50.2 per cent of investment was directed in the spinning sector, followed by 17 per cent in textile processing, 15 per cent in weaving whereas the investment in other sectors namely knitwear, made ups and synthetic textiles were at respective rates of 7.02 per cent, 4.71 per cent and 5.76 per cent.¹⁶

Cost competitiveness is the key determinant for world exports. Pakistan has an advantage of domestic raw material and robust spinning, weaving and processing capabilities. However, its ranking on other factors of production is mixed as compared to other regional competitors. Table 3.7 compares Pakistan, India, China, Bangladesh and Cambodia on six cost indicators: labor cost, labor hours, electricity cost, ocean transport, land transport and building. The hourly wage rate, labor hours and electricity cost are lowest in Bangladesh as compared to other four countries while Pakistan ranks third. The building cost is highest in Pakistan as compared to the other four countries.

¹³ Contributed by Mr. Khalid Mahmood, Executive Director, Centre for Enterprise, Trade and Development (CETAD)

¹⁴ Pakistan Economic Survey 2009-10, Textile Policy 2010, State Bank Pakistan Annual Report 2009

¹⁵ Textile Policy 2009-2014

¹⁶ Textile Commissioner Office

Table 3.7: Production Input Cost Ranking of Selected Asian Countries¹⁷

Cost Category	1	2	3	4	5
Labor cost	Bangladesh	Cambodia	Pakistan	India	China
Labor hours	Bangladesh	China	Pakistan	India	Cambodia
Electricity cost	Bangladesh	China	Pakistan	India	Cambodia
Ocean transport cost	China	Bangladesh/Cambodia	Pakistan	India	
Land transport cost	Bangladesh	Pakistan	India	China	Cambodia
Building cost	China	Bangladesh	Cambodia	India	Pakistan

Cotton is the principal raw material for the textile industry supplemented by synthetic polyester staple fiber, viscose, acrylic and other fibers for final products fabrication. The industry has increased its reliance on imports of raw cotton due to stagnant growth of domestic raw cotton crop. Table 3.8 provides the information on the domestic production and imports of raw cotton during the last five years in Pakistan. Mills consumption of raw cotton increased from 2.1 million tons in 2004-2005 to 2.5 million tons in 2008-2009. Synthetic fiber consumption increased at rapid paces as compared to raw cotton as reflected by the share of synthetic fibers which increased from 19 per cent in 2004-2005 to 21 per cent in 2008-2009.

¹⁷ Table 3.7 and 3.8 are taken from “Cost Competitiveness of Pakistan’s Textiles and Apparel Industry”, USAID, 2009.

Table 3.8: Supply and Distribution of Cotton in Pakistan

000 Bales of 375 pounds (lbs) or 170 kilograms

Years	Production	Imports	Total
2004-2005	14,265	2,249	18,511
2005-2006	13,019	1,728	18,867
2006-2007	12,856	2,952	19,427
2007-2008	11,655	2,952	18,267
2008-2009	11,819	2,659	16,885

Source: Textile Commissioner Office, All Pakistan Textile Mills Association (APTMA)

The Spinning Sector is the most important segment in the hierarchy of textile value chain. At present, it is comprised of 521 textile units (50 composite units and 471 spinning units) with 11.28 million spindles and 194 thousand rotors in operation (Table 3.9). All Pakistan Textile Mills Association (APTMA) claims of having over 50 per cent of its machinery with less than seven years age, thanks to over US\$ 6 billion investment in the textiles sector during 1998-2008.

Table 3.9: Supply and Distribution of Cotton in Pakistan: Installed Capacity (in 000)

Period	Units	Spindles	Growth (per cent)	Rotors	Growth (per cent)
2004-05	458	10485	9.31	155	6.16
2005-06	461	10437	-0.46	155	0
2006-07	461	10513	0.73	150	-3.23
2007-08	521	11834	13	188	25
2008-09	521	11280	0.12	194	3

Source: All Pakistan Textiles Mills Limited

Spinning industry is facing numerous problems, which have hampered its competitiveness. Interest rates have shot up since 2004-2005 to 14-16 per cent per annum. Inflation has caused drastic price increase in the spare parts and other operational cost. Labour wages have increased almost two folds during last five years. The industry has also been hit hard by severe gas and electricity shortages since last over two years.

Cotton crop has been a central issue for cotton spinning industry. Cotton comprises almost 2/3rd of cotton yarn product costing. Availability of sufficient cotton crop, clean cotton, less trash contents in cotton and cotton classification/grading have been core cotton issues of the industry over the last 15 years without much headway. Yarn production has registered an increase despite various market related constraints since 2002-2007. The annual growth has been ranging from 3.71 per cent in 2003-2004 to maximum 11.14 per cent during 2005-2006.

The cloth production sector is very diverse in technology and economies of scale. There are three different sub-sectors in weaving i.e., Integrated, Independent Weaving Units and Power Loom Units. Pakistan organized mills sector is reported to have over 4,000 Air-Jet looms and 24,000 shuttleless looms.¹⁸ There are reportedly over 300,000 power looms installed as well. Most of cloth produced by power loom is used for Processing Mills for textile made ups and local market consumption. Large capacity of used shuttleless looms is now fast replacing the power looms and enjoys a significant share in total cloth production.

Cloth produced by shuttle less and air-jet looms sector is of high quality and used in high end of products. The bulk of cloth produced by this sector is exported. Exports of fabrics have registered robust growth during last two decades. Table 3.10 summarise the production of cloth and its usage by domestic market and exports. A similar trend of usage like yarns prevails in the weaving as well, as around 75 per cent of cloth produced is processed and consumed locally.

Table 3.10: Production, Exports and Domestic Requirement of Cloth in Pakistan

PERIOD	MILL Sector	NON- MILL Sector	TOTAL Production	EXPORTS Qty. in Million Square .Mtrs		AVAILABLE FOR LOCAL MARKET	
				QUANTITY	Percentage OF PROD.	QUANTITY	per cent OF PROD.
2002-03	582.14	5068.38	5650.52	2005.38	35.49	3645.14	64.51
2003-04	683.39	5051.9	6833.12	2412.87	35.31	4420.25	64.69
2004-05	924.67	5556	6480.67	2751.56	42.46	3729.11	57.54
2005-06	915.26	7609	8524.26	2633.98	30.9	5890.28	69.1
2006-07	932.66	7682	8614.66	2211.74	25.67	6402.92	74.33

Figures of Non-Mill Sector are Estimated

Source : TCO

Pakistan is fairly strong in production of sheeting quality fabrics whereas its weaving sector has not been able to develop its capability to develop similar strength in shirting fabric. Further, its production has been concentrated into basic greige fabrics without a worthwhile headway into more value added jacquard and yarn dyed fabrics for higher end of shirting market. There are about 18,000 knitting machines installed in this industry.¹⁹

The Garment Industry provides highest value addition in textile sector. The industry consists of small, medium and large scale units, most of them having 50 machines and below. As per Textile Commissioner Office estimates, about 450,000 stitching machines are installed in Pakistan's textiles industry.

¹⁸ Textile Commissioner Office, APTMA

¹⁹ Textile Commissioner Office

The bulk of the ready made garments export is in bottom wear category which includes denim and other trouser product categories. But, Pakistan's share in tops is dismal due to variety of reasons. One basic factor is lack of good quality shirting manufacturing in Pakistan. Economy of scale is another important issue in marketing of shirting products to leading brands of the world. Most of garment units are small and medium size. Such fragmented capacity does not help to inspire large buyer of shirtings.

Home textile sector is a major part of value chain of processing industry which has installed capacity of processing 4.6 billion square meters fabrics annually. Pakistan is among the top three exporting country for home textiles. Pakistan is the largest exporting country in the South Asian region in home textiles and other textile made ups. Pakistan exports in home textiles and other textiles made ups (including towels) registered a growth of 33 per cent during 2003-2008.

3.4 Sri Lanka's Textile and Clothing Sector: An Overview²⁰

The textiles and clothing sector contributes 6 per cent to GDP, 46 per cent to industrial employment and nearly 40 per cent to industrial production in terms of value in Sri Lanka. Starting with 19 firms in 1973, by 2001 the T&C industry consisted of 830 firms and value of production of the sub-sector as a percentage of total industrial production increased from 10 per cent in 1977 to 44 per cent in 2002²¹.

When Sri Lanka liberalized its economy in 1977, the country's garment industry took off immediately, mainly as a result of quota-hopping East Asian garment exporters who were attracted by the country's liberal trade regime and relocated their already well-established garment businesses to Sri Lanka. This relocation encouraged local entrepreneurs to start their own garment enterprises to exploit markets guaranteed by quotas, assisted by the liberal trade regime for importation, and subsequently, incentives granted by the Board of Investment (BOI) to selected industries²². Sri Lanka did not have a well-developed export-quality textile industry base; neither did it have a base for garment industry accessories. Thus, from the very beginning, garment production was based on imported inputs and the value added remained low – close to 30 per cent. By about the early 1980s, garment exports were growing rapidly and by 1986 garments accounted for the largest share of all exports (27 per cent). By the late 1980s, garment industry in Sri Lanka was referred to as “glorified tailor shops” because, despite a decade of growth, its links with other industries remained low and the value added remained low as before.

In 1990s, the T&C industry it grew at 18.5 per cent per annum and accounted for 43 per cent of Sri Lanka's export revenue in 2008. Its contribution to industrial exports rose to 43 per cent. Most of the export revenue came from clothing as textiles contributed only 10 per cent of these export revenue.

²⁰ Adopted from Saman Kelegama, “Ready-Made Garment Industry in Sri Lanka: Preparing to Face the Global Challenges”, *Asia-Pacific Trade and Investment Review Vol. 1, No. 1, April 2005*

²¹ Bilesha Weeraratne (2004)

²² Saman Kelegama (2005)

The T&C sector has attracted large-scale investments post 1977 with the liberalisation of the economy. Tax incentives and amendment of exchange rate regulations increased investment from Sri Lankan rupees 205 million in 1985 to a staggering Sri Lankan rupees 2,632 million in 1993. Investment increased further post establishment of Board of Investment in Privatization of the state owned National Textile Corporation's (NTC), large scale Textile Mills also attracted foreign investors. Some of these privatized ventures were subsequently converted to the Board of Investment of Sri Lanka (BOI) Companies. Realized investment in BOI enterprises in textile and apparel increased to US\$ 417.86 million in 2002 from US\$ 110 million in 1992, more than half of which accrues to foreign investment.

According to the available data from BOI, foreign investors own close to 50 per cent of total garment factories and account for nearly 50 per cent of total textile and garment exports (USITC, 2004). Greater dependence on imported textile materials indicates that Sri Lanka has a large export-oriented garment sector, but a small textile industry that has low capacity to supply the quantity or quality of yarn and fabrics required by the garment industry.

Value added in the T&C sector has been increasing at an average rate of 12 per cent per annum in the period 2002-2009. However, value added in textiles has been significantly lower than the clothing sector. In 2009, the value added by clothing sector was almost 4.5 times higher than the textiles sector (Table 3.11).

Table 3.11: Value Added in Textile and Clothing Industry in Sri Lanka (Sri Lankan Rupees Million at current prices)

Category	2002	2003	2004	2005	2006	2007	2008	2009
Textile	12574	13340	15008	17425	19429	22885	25721	27197
Wearing apparel	57127	60610	67082	82167	90539	104165	117075	123084

SOURCE: Central Bank of Sri Lanka

With the increase in production and investment, employment in the textile industry has also increased. This industry provides more than 330,000 direct employment or 5 per cent of country's total employment in more than 1,060 garment factories. In 2002 alone, foreign investment in the industry resulted in creating 15,920 employment opportunities.

SMEs are an important source of employment and growth in the sector. However, unlike bigger firms, high cost financing and the lack of collateral has discouraged investment in technology. The competitive strength of the Sri Lankan garment industry is based on cheap labour (Table 3.12), a literate labour force, high labour standards, investment-friendly government policies and strategic shipping lanes.

Table 3.12: Salary of Worker By Skill And Location in Sri Lanka (US\$/Month)

	Colombo	Industrial Zone	Outstation	Suburb
Unskilled	33	39	34	33
Skilled	44	53	44	42
Technicians	97	94	77	70
Supervisors	88	95	75	83
Middle Managers	187	146	119	153
Senior Manager	432	388	263	288

Source: UNIDO Survey, 2000

Note : Converted to US\$ with 2000 average annual exchange rate.

Labour costs in Sri Lanka amount to 15 to 20 per cent of the overall cost. Many studies point out low labour productivity in Sri Lanka. Owing to the lack of a fabric and accessory base (lack of vertical integration), the turn-around time of Sri Lanka's garment industry remains close to 90-150 days compared with the ideal international lead time of around 60 days. This large turnaround time is an issue in the context of competitiveness, particularly when Eastern European countries have become major suppliers of garments to the European Union, and Mexico and Caribbean countries have become major suppliers to the United States under preferential tariff arrangements. Moreover, this problem is of particular concern at a time when "just-in-time" delivery has become an accepted principle and requirement in the global markets (Kelegama 2005).

4. BRIEF REVIEW OF LITERATURE

There exists a vast literature on regional integration in South Asia through trade, however very few identify the potential supply chains in the region. The benefits of regional cooperation in textiles and clothing have been discussed by ADB and UNCTAD (2008), Robbani (2004), USITC (2004) and Tewari (2008).

ADB and UNCTAD (2008) points out the growing intra-industry trade in the T&C sector within South Asia and the potential to increase it further. The study estimates bilateral Grubel Lloyd index for year 1991 and 2004 and finds that IIT increased for some of the sectors within the T&C sector. These are spinning, weaving and finished textiles; knitting mills; and manufactures of textiles nec. The study also estimates gains to all countries in South Asia in the T&C sector under lowering of tariffs in SAFTA.

Robbani (2004) underlines the importance of enhancing collective export competitiveness of South Asian countries through cooperation rather than competition. According to the study, the hourly compensation rate in all the four countries in South Asia is among the lowest in the world. A recent study in the US shows that a plentiful supply of low cost labour is the primary reason for sourcing by US companies from the four countries in South Asia (USITC, 2004). Apart from the low cost of labour, the region, as a whole, has some other competitive advantages over others. The main advantage is the availability of raw materials. Although Bangladesh and Sri Lanka import 70 per cent and 80 per cent of their inputs respectively, India and Pakistan are net exporters of raw materials. Textiles yarn and fabrics constitute 49.5 per cent of the total exports of Pakistan (Gereffi, 2003), which has the third-largest installed capacity of short-staple spindles for spun yarn in the world, after China and India. India is also the third-largest cotton producer in the world, after China and the United States. The availability of (cheap) raw material in the region has given a competitive advantage to the clothing industries of not only India and Pakistan but also Bangladesh, Nepal and Sri Lanka.

Given the heterogeneity in the T&C sub-sectors across the region, there might be some scope of regional co-operation. The T&C sub-sectors in Bangladesh, India, Pakistan and Sri Lanka exhibit different degrees of specialisation. While firms in Pakistan specialize in cotton textiles intermediate goods (yarn and grey fabrics), firms in Bangladesh and Sri Lanka remain export oriented apparel producers, dependent on imported inputs such as yarn and fabric. India has developed a highly complex sector, covering the entire value and production chain from fibre production to garment manufacture and packaging. India has certain unique advantages such as a wide range of fibres, both natural and man-made, production capacities from spinning right up to apparel manufacture and cheap skilled labour.

Firms in South Asia, generally, are not vertically integrated and are, for the most part, independent, privately-owned and medium-size firms. (USITC 2004). To make the huge long-term investment feasible, or to attract FDI into the sector, the region needs to be integrated in order to enlarge the economies of scale. At least three things are necessary

for large investment in modernisation of the textiles sub-sector: (a) ensured supply of raw material inputs with competitive prices, (b) necessary institutional support to integrate the entire regional market, and (c) ensured sizeable demand for the final output. The supply of raw material could be ensured by India and Pakistan and the demand for the final output could be ensured by Bangladesh and Sri Lanka. This heterogeneity of resource endowment, the differences in expertise and ensured reciprocal demand and supply indicate that there is scope for benefit through mutual cooperation.

Tewari (2008) discusses the need for regional integration through production networks in South Asia in the T&C sector. On the basis of analysis of trade data at the aggregate level and structured interviews, the paper brings out the complementarities between countries in the region and possibility of forming production network in the region in this sector. RIS (2004) argues that the region as a whole could meet the challenge collectively if it pursued horizontal integration, i.e., cooperation in the same or similar lines of production and exports. Such a South Asian strategy envisages a particular South Asian country that has gained export specialization in certain T&C product lines acting as a host for relocated plants from other South Asian countries. In this way, the T&C sector can become a regionally integrated sector as countries vacate certain lines of production and gain in other lines of production according to their relative competitive advantage in the global market. Such restructuring would promote intra-South Asian investment flows that would be trade-creating *vis-à-vis* the global and regional markets. Vertical integration from one stage of processing to another according to comparative advantage can be considered in the subsequent phase. South Asia would thus not lose in the value-added chain concludes the study.

In a study on exports of T&C and its cost on LDCs, Knappe (2005) suggests that firms and countries should accelerate South-South cooperation to tap markets in other developing countries. Moreover, increased intra-regional trade of intermediate products improves competitiveness to exploit traditional markets in the North and to participate in global production chains. Developing South-South trade has three dimensions: selling to developing country markets; sourcing intermediate products for exports to developed markets; and building relations with foreign investors. LDC businesses and governments should consider them all. Intermediary products — fibres, fabrics and trims — are available on world markets, but sourcing them from nearby countries can provide shorter delivery times. Jointly responding to market requirements for the final product needs to be the central theme of such cooperation. As it is unrealistic to assume that individual LDCs will become vertically integrated at the national level, they can look at developing regional and even inter-regional value chains to exploit complementarities. The study concludes that trade in intermediate products provides a lot of scope for cooperation between developing countries.

Magder (2005) highlights that while exporting through international supply chains was a successful way for East Asian countries to develop their textiles and apparel industries in the 1970s and 1980s, it is a less clear route for countries like Egypt trying to compete today. The challenge is particularly acute given the strength of competitors like China, and even more so in the post-MFA era. Using a supply chain model shows that

shortening lead times can have an impact on profits, but the effect is not substantive, being in the range of a 0.3 per cent to 0.9 per cent increase in profits for every week of improvement in lead times. It concludes by exploring to what extent geography, trade preferences, and local production factors may help Egypt's textiles and apparel industry carve out a role for itself in global supply chains, and provide an engine to drive industrial upgrading throughout the country.

Gereffi (2002) uses the global commodity chains framework to explain the transformations in production and trade networks, as well as corporate strategies, which have altered the global apparel industry over the past decades and changed the prospects for developing countries to enter and move up these chains. The apparel industry is identified as a buyer-driven commodity chain that contains three types of lead firms: retailers, marketers, and branded manufacturers. As apparel production became globally dispersed and competition between these firms intensified, each type of lead firm developed extensive global sourcing capabilities. While "de-verticalizing" out of production, they have fortified their activities in the high value-added design and marketing segments of the apparel chain. In Asia, some manufacturers are integrating forward from specification contracting to developing and selling their own brands (the OBM role). The possibilities for integrated local industrial development are greater in the OBM model where Asian manufacturers have developed an important form of social capital in the guise of multifaceted and dense networks utilized in full-package supply. In the outward-processing or production-sharing "assembly" pattern, the production networks are anchored in low-cost countries and they do not foster the kinds of local linkages and knowledge transfers that are needed for successful upgrading strategies.

Apart from the above studies, country specific studies have also been undertaken which have extensively discussed this issue. Kelegama (2005) emphasizes that the challenge for Sri Lanka's textiles industry lies in improving its competitiveness. One strategy is to reposition the Sri Lankan garment industry from a South Asian context and increase competitiveness by increasing vertical integration, capturing economies of scale, focusing on horizontal specialization, incorporating innovative designs and building a stake in global marketing networks.

Razzaque and Raihan (2007) highlight that an important factor influencing the competitiveness of Bangladesh is the relative cost of labour. There is an overwhelming consensus that the cost of labour in Bangladesh's apparel industry is one of the lowest in the world. Cross-country data on average wages of workers also support this consensus view.

Mahmood (2009) discusses the global value chain of EU25 in the T&C sector and points out the availability of Generalised System of Preferences-plus advantage made catalyst difference in the export flows of Pakistan to EU 27 during 2003 and 2004. But, the year 2005 being the first non-quota year exposed the intrinsic "strengths" of our T&C industry. The most competitive sectors of spinning, weaving, bed linen and towels could demonstrate resilience but, apparel sectors of knitwear's and woven could not sustain their growth.

The competitiveness of the four South Asian countries in different stages of the production supply chain in the T&C sector, as brought out in the literature, is reported in Table 4.1.

Table 4.1: Competitiveness of South Asian Countries in Textiles and Clothing from Literature

Country	Product / level of value addition where the country is competitive	Literature
India	Cotton	Chatterjee & Mohan (1993); Roy (1996); Ramaswamy & Gereffi (1998); Bhide (1998); Verma (2002); Chandra (1999)
	Textile raw material	Gereffi (2003), Robbani (2004)
	Spun yarn	Robbani(2004); Bhide (1998)
	Short & long staple spindles, open ended rotors	Robbani(2004)
	Yarns, made-ups & some categories of garments	Verma (2002)
	Low end & low value added items	Ghosh (2004)
Pakistan	Spun yarn and fabrics	Gereffi (2003)
	Textile raw material	Gereffi (2003), Robbani (2004)
Bangladesh	Knit fabrics	Robbani (2004)
	Apparel making	Robbani (2004)
Sri Lanka	Garments	Kelegama (2005)
	Apparel making	Robbani(2004)

Though there exists studies which debate and discuss the benefits of developing production supply chains in the T&C sector in South Asia, none of the studies have, as yet, identified at six-digit product level the supply chains that can be formed within the region highlighting which inputs can be imported by a country and what output can be exported. This study attempts to use product level input-output matrix and identify what final products can be exported by the four major countries of South Asia and what inputs can be imported from which country so as to improve the cost competitiveness of the export of final product.

5. METHODOLOGY FOR IDENTIFYING THE POTENTIAL SUPPLY CHAINS

The broad trends in trade of textiles and clothing sector are indicative of the existing demand and supply of inputs used in the sector within the region. The main aim of the study is to identify the potential production supply chains that can be formed within the region for improving cost competitiveness of the region as a whole. This may enable the region to increase its share in global exports of T&C and benefit each of the countries in the region in terms of enhanced exports, which may generate more output and employment in the sector and enhance overall development that benefits in particular the poor, women and youth.

The methodology adopted is based on a simple logic, which is to identify those products, which have both demand and supply available in the region. For this purpose, those inputs of T&C are identified, which a country imports from outside the region, though there exists a South Asian country, which exports these inputs globally. For such inputs, which may be from within or outside the T&C sector, both demand and supply exists in the region. Using this logic, the following steps are undertaken to form the potential supply chains:

Steps used to identify potential supply chains:

Step 1: Identify products for global exports in the T&C sector in four major economies in South Asia - Bangladesh, India, Pakistan and Sri Lanka. These products fall in HS Chapters 50 – 63. This is done by examining the global exports of each of the four countries in each of the tariff lines at HS 6-digit level. If a country exports more than US\$ 100,000 of a product, the product is selected as final product for global exports in the potential supply chain of the country concerned. The final product can be any product of the T&C sector.

Step II: For the identified final products for global exports in each country, the inputs used both from within the T&C sector and from other sectors are identified. This is done by using input-output database constructed for the T&C sector by UNCTAD (through its India Project Office). The database identifies the inputs at HS six digit codes of HS six digit tariff lines. These inputs are labeled as stage I inputs.

Step III: After identifying the stage I inputs, which may be from T&C or other sectors, a trade matrix is constructed for each of the input used. For the potential exports of a country, if global imports of stage I inputs in a country is greater than US\$ 100,000 and there exists a South Asian country which exports more than US\$ 100,000 of the input, the stage I input is identified as potential input in the supply chain. This indicates that the country exporting the final product has an import demand for the identified input and South Asia has the capacity to supply this input. Two countries in South Asia which export more than US\$ 100,000 of the stage I input are identified. To illustrate, if a final product is identified as a potential export product by India, then potential stage I inputs of the final product are identified where India is globally importing more than US\$ 100,000 and two other countries in South Asia are identified which are globally exporting more

than US\$ 100,000 each and therefore have the capacity to export the stage I input to India.

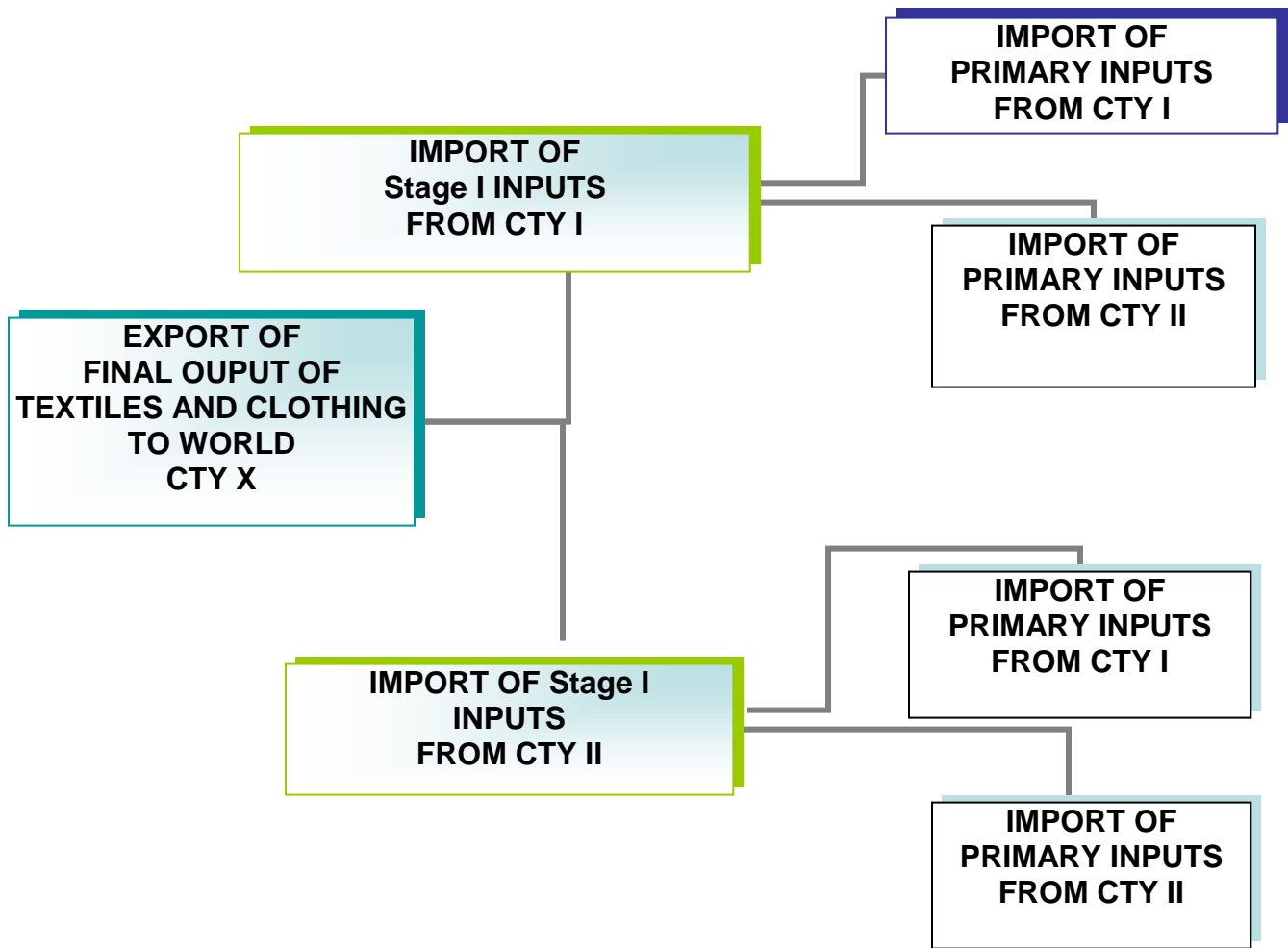
Step IV: Once the countries which can export the stage I inputs have been identified, we identify the primary inputs used in the production of the stage I input. These primary inputs could be, for example the chemicals used in the dyes which are used as stage I inputs in fabrics. Similar exercise (as undertaken in Step III) is then undertaken for identifying the countries which can export the primary inputs. Trade matrix (indicating global exports and imports of the primary inputs) is constructed. For the country, which can export the stage I inputs, its global imports of the primary inputs are reported. In addition, global exports of primary inputs of the other three countries are reported. If the global imports of a primary input is greater than US\$ 100,000 the country is identified as potential importer of the primary input. Two countries which export more than US\$ 100,000 of the primary input are identified. To illustrate, if Bangladesh is exporting the final product, it may import the stage I inputs from India or Pakistan. India in turn may import the primary inputs used in stage I inputs from Sri Lanka or Pakistan; and Pakistan may import the primary inputs from Sri Lanka or Bangladesh.

Step V: The final supply chain consists of:

- a) a final output which is exported by country X;
- b) Stage I inputs which are imported by country X from other two identified countries (Y and Z) ; and
- c) Primary inputs which are imported by Y and Z from any two South Asian countries.

The supply chain constructed for the T&C sector, based on the trade data, can be illustrated as follows (Figure 5.1):

Figure 5. 1 Constructed Potential Supply Chain in Textiles and Clothing Sector



Using the above methodology supply chains have been identified for Bangladesh, India, Pakistan and Sri Lanka at HS six digit codes. The trade matrix used for identifying the potential exports and imports is constructed using three year averages (2005-2007). The data source used for the study is COMTRADE (in World Integrated Trade Solutions). To avoid selection of any product for which there may be exports or imports due to trans-shipment in few years, trend from 2000-2007 in imports and exports is also examined for each of the identified product. The products which are selected in the supply chain either as final products or potential stage I or primary imports, which do not show consistent trend, are deleted from the supply chains.

Thus, the supply chain identifies the final output to be globally exported by a country, two countries that can provide the stage I inputs, which are used in production of the final output and two other countries which can provide primary inputs, which are used in the production of stage I inputs. It should be noted that the final output to be exported may not necessarily be clothing. It could include yarn, fabrics

or other upstream products. The stage I and primary inputs into yarn or fabrics are then identified.

There is a possibility that though the capacity to supply inputs exists within South Asia, the import may be cheaper from other countries. To consider this, the export unit values have been reported of all South Asian countries along with the export unit values of the major global exporter of the product to the country.

Further, for some products, only two stage supply chains could be formed. The two stage supply chains have been identified for all the four countries along with the final output to be exported to the world and stage I inputs to be imported. Two possible countries have been identified from where stage I input can be imported. The export unit values of all South Asian countries, which have global exports of more than US\$100,000, indicating some supply capacity are reported.

6. THREE STAGE SUPPLY CHAINS: COUNTRY-WISE

There are at least three different ways of analyzing potential supply chains. First, supply chains can be analysed from the perspective of number of times a country participates in different stages of the supply chain, either as an exporter of final product or exporter/importer of stage I input or exporter/importer of primary inputs in the supply chains formed. The number of stages in all supply chains in which each of the four major countries in South Asia participates is reported in column 1 of Table 6.1.

Secondly, supply chains can be examined by tracking the flow of inputs leading to the final exported products. For example, if a country X exports the final product (which can be apparel, made-up, fabrics etc), it will import Stage I inputs which are used in the production of the final products from country Y and country Y, in turn, will import Primary inputs used in the production of Stage I inputs from country Z. To elaborate further, two unique supply chains are formed if for exports of a particular product, country X imports one Stage I input from country Y and country Y in turn imports two Primary inputs from country Z for producing the Stage I input. However, there would be four unique supply chains if country Y imports four different Primary inputs for producing the stage I input.

In other words, under this perspective supply chains can be analysed by taking an export product and tracking imports of its Stage I inputs and thereafter-tracing imports of Primary inputs used in the production of Stage I inputs. It may be noted that under this perspective each supply chain represents a unique product-country combination for export of the final product, import of Stage I inputs relevant to production of the final product and import of Primary inputs relevant to the production of that Stage I input. Column 2 of Table 6 reports the number of supply chains that can be formed in the region from exports of final product from each country. The number of supply chains based on exports of the final products of a country that are formed should not be taken as an indicator of that country's potential to integrate in regional supply chains. A better

indicator of this potential could be the number of times a country can participate in different stages of all supply chains.

The third perspective examines the number of unique six-digit HS tariff lines involved in the participation of a particular country in different stages of all the unique supply chains as an importer, i.e., (i) as an importer of Stage I inputs linked to the final product; and (ii) as an importer of Primary inputs linked to those Stage I inputs which can be exported by that country. Column 3 of Table 6.1 reports the number of unique tariff lines each country can import from the region in the potential supply chains.

Table 6.1 presents the above described three different ways of analyzing the potential supply chains formed using the stated methodology. In addition, it also reports the number of unique final products which a country can export (column 4); inputs that may be imported as Stage I inputs from the region (column 5); and number of unique Primary inputs that a country may import for production of Stage I inputs (column 6).

Table 6.1 Number of Potential Three Stage Supply Chains and Number of Potential Products of Import and Export

	Number of Stages a Country participates in three-stage and two-stage Supply Chains (1)	Number of Potential Three Stage Supply Chains formed by export of Final Product (2)	Total Number of Unique Six Digit Tariff Lines of imports In the Potential Three Stage and two-stage Supply Chains (3)	Number of Unique Six Digit Tariff Lines Identified as Potential Final Product for Exports in Three-Stage and two-stage Supply Chains (4)	Number of Unique Six Digit Tariff Lines Identified as Potential Imports of Stage I Inputs in Three-Stage and two-stage Supply Chains (5)	Number of Unique Six Digit Tariff Lines Identified as Potential Imports of Primary Inputs in Three-Stage Supply Chains (6)
Bangladesh	245	109	65	15	19	47
India	1032	212	38	37	25	19
Pakistan	795	67	117	29	27	103
Sri Lanka	418	363	36	8	34	2

The number of stages of a country's participation in all supply chains i.e., (number of times it appears in the potential supply chains either as an exporter of final product or

exporter/importer of stage I input or exporter/importer of primary inputs) is reported in column 1 of Table 6.1. India participates in the maximum number of stages in the identified supply chains, which is 1,032; followed by Pakistan-795; Sri Lanka-418; and Bangladesh-245. From this perspective, the more diverse the range of inputs of the T&C sector exported/imported by a country, the higher will be its participation in different stages of the potential supply chains.

From the second perspective of export of final product, the details are reported in column 2 of Table 6.1. The final product identified for global exports forms 109 supply chains in Bangladesh, 212 in India, 67 in Pakistan and 363 in Sri Lanka. A plausible reason for lower number of potential supply chains formed for Pakistan is that the final products exported by Pakistan are more of textiles than clothing. Textiles, as compared to clothing, may have lower backward linkages in terms of inputs used for production of final product.

From the third perspective of number of unique tariff lines that can be imported by a country in the identified potential supply chains, Bangladesh can import 65 Stage I and primary inputs, India 38 inputs, Sri Lanka 36 inputs and Pakistan 117 inputs. Most of the inputs identified for Pakistan are non-textiles inputs which are used in the T&C sector. The more number of inputs globally imported by a country, the more number of importable inputs are identified in the potential supply chains to be formed in South Asia.

There are 15 unique T&C tariff lines identified as final product for global exports that can form supply chains within the region for Bangladesh. For India 37 unique tariff lines have been identified; 29 for Pakistan and 8 for Sri Lanka. It should be noted that the potential final product need not necessarily comprise clothing but can also be raw materials like fabrics or yarn. The unique first stage inputs identified, which can be imported from within the region are maximum for Sri Lanka (34), closely followed by Pakistan (27), India (25) and Bangladesh (19). The number of potential primary inputs that are used in the first stage inputs can be imported are the maximum for Pakistan (103), followed by Bangladesh (47), India (19) and Sri Lanka (2).

Having examined the number of unique tariff lines involved in each stage of the unique supply chains in which a country participates, it is relevant to assess whether existing trade flows point towards the possibility of establishing regional supply chains in T&C sector in South Asia. Three aspects are relevant in this assessment. First, does the country have an import demand for Stage I and Primary inputs; second, the extent to which the import demand is met from countries within and outside the region; and third, whether other countries in the region have the export capacity to meet the import demand. Table 6.2 presents country-wise global and regional imports of the tariff lines identified as stage I input or primary inputs in the potential supply chains. It is interesting to note that in respect of all the four countries, the imports of inputs are mainly from sources outside the region, although supply capacity exists within the region.

Estimating the percentage share of a country's global imports of the identified inputs to the region's global exports of these inputs, it is found that Bangladesh's global imports of

these identified inputs comprise only around 18 per cent of the region's global exports of these inputs. For Pakistan and Sri Lanka, these are around 7.5 per cent and 9 per cent respectively. This indicates that supply capacity exists within the region to cater to the demand for the identified inputs by the region.

However, India's global imports of the identified inputs is around 350 per cent of the region's global exports indicating that India's demand for the identified inputs is much more than the region's capacity to export. This may be a result of diverse production structure of India in the T&C sector, which ranges across the entire value chain. It also indicates the role that India can play in generating demand for the inputs within the region.

Table 6. 2 Global and Regional Imports of Identified Inputs in Potential Supply Chains: Average of 2005-2007

	Global Imports (US\$'000)	Imports from other three Countries of the Region (US\$'000)	Global Exports of Other Three Countries in the Region (US\$'000)	Imports from the Region as per cent of Country's Global Imports	Global Imports of a country as a per cent of Global Exports of the Region
Bangladesh	493,150	146,628	2,690,257	29.7	18.3
India	4,834,969	221,657	1,380,133	4.5	350.3
Pakistan	1,166,083	202,466	15,543,371	17.3	7.5
Sri Lanka	327,176	94,808	3,623,488	28.9	9.0

The existing regional imports of the inputs compared to total import demand are found to be very low (Table 6.2). Only in the case of Bangladesh and Sri Lanka, the regional imports are around 30 per cent. India's regional imports are the lowest at less than 5 per cent, indicating the potential of intra-regional trade for India. However, India's export demand is significantly higher than the export capacity within the region.

To analyse the reasons for low regional imports, country level analysis is undertaken of the identified inputs in the supply chain along with the export unit values of the countries in the region. Country-wise participation in supply chains is presented in the following sections. The existing tariffs on these identified products for imports in each country are reported along with the indication of whether the product appears in the sensitive list of the countries.

It should be noted that the exercise undertaken to identify supply chains is not exhaustive but is demonstrative in nature. At the country level, only those products have been

selected as final products for exports, where the country ranks either highest or second highest in terms of global exports.

6.1 Participation of Bangladesh in Potential Three-Stage and Two-Stage Supply Chains

By adopting the above methodology, three-stage supply chain, and two-stage supply chain (where only first stage inputs have been identified) for Bangladesh has been constructed. The unique tariff lines identified as final product for exports and inputs for imports in two-stage or three-stage potential supply chains are presented in Table 6.3 along with Bangladesh's demand and the region's supply capacity.

Table 6.3 highlights that in most of the inputs identified in the potential supply chains, Bangladesh's global imports are much higher than the imports from within the region. The global exports of the region emphasize the region's capacity to meet the import demand. It is also found that the supply capacity of the region in most of the products is much more than what is globally imported by Bangladesh indicating that the region has a supply capacity to fulfill Bangladesh's demand for the inputs.

There are 15 products identified as final products that may be exported by Bangladesh. These are the products that have been exported by more than US\$ 100,000 globally²³ by Bangladesh, and the country ranks as the highest or second highest exporter in the region. These products are mainly from chapter 61 (Articles of apparel and clothing accessories, knitted or crocheted) and 62 (Articles of apparel and clothing accessories, not knitted or crocheted) and include products like women and girls suits, ensembles, jackets, blazers; men's or boy's shirts; T-shirts, jersey, pullovers, cardigans; women's overcoats, capes, cloaks; men's or boys' suits, ensembles, jackets, etc. It should be noted that there may be many more products that Bangladesh exports to the world which value more than US\$ 100,000, but the identified products are those which have the potential to form supply chains in the region. In other words, there exists a possibility of regionally importing their stage I inputs and further in most of the cases, the primary inputs.

The final products for exports also include a few woven fabrics of silk and synthetic filament. These products have a low share of Bangladesh in South Asia's exports since the country that ranks highest (in this case India) has around 98-99 per cent share in the region's exports. However, these products do show a rising trend and can be considered as potential exports of Bangladesh.

The Stage I inputs that are used in production of the final products for global exports are from both the T&C sector as well as from other sectors, which are non-textile. There are 13 products identified from the T&C sector that can be regionally imported by Bangladesh since there exists a global supplier of the product in the region. In most of these products Bangladesh is importing less than 20 per cent of its global imports from the region, while the region's capacity to supply globally exists, i.e., global exports of the

²³ Using average of 2005-07

region is much higher than Bangladesh's global imports. These products are raw silk; yarn spun from silk waste; yarn of other vegetable textile fibres; synthetic filament yarn; synthetic staple fibres; wadding of textiles materials; and quilted textile products. Only in two products, namely raw silk and wadding of textiles materials, Bangladesh's global demand is higher than the region's supply.

There are six non T&C products that are used as Stage I inputs in the final products identified for global exports for Bangladesh. These are mainly synthetic organic coloring matter; lubricating preparations; finishing agents; and diagnostic and laboratory reagents. Except for lubricating preparations, Bangladesh imports from the region is less than 25 per cent of its total global imports, while the region's global exports are much higher than Bangladesh's global imports, except for finishing agents. Bangladesh's regional imports of lubricating preparations are around 26 per cent and that of synthetic organic coloring matter (320415) is 36 per cent from the region. This shows the potential that exists in term of global demand for inputs of Bangladesh, which can be met within the region, leading to effective supply chains.

There are 47 products that have been identified as primary inputs of Stage I inputs. Except for yarn spun from silk waste, all the products are from non T&C sector. Out of these, regional imports of 35 products are less than 20 per cent in Bangladesh, while only in 5 products the regional supply is insufficient compared to Bangladesh's global demand. In all other products there exists a global exporter of the product in the region.

Table 6.3: Output and Inputs of Potential Exports and Potential Imports in the Identified Three-Stage and Two-Stage Supply Chains for Bangladesh: (using averages of 2005-07)

S.No.	Final Output for Exports	Description	Bangladesh's Average global Exports (US\$'000)	Bangladesh's Share in South Asia's Exports (percentage)	Share of South Asia in Global Exports (percentage)
1	500720	Woven fabrics of silk or of silk waste(OTHER WOVEN FABRICS,CONTAINING>=85 per cent BY WT OF SILK OR OF SILK WASTE OTHR THN NOIL SLK)	140	0.4	16.0
2	510710	Yarn of combed wool, not put up for retail sale(YARN OF COMBED WOOL CONTNG>=85 per cent WOOL BY WT NOT PUT UP FOR RETAIL SALE)	250	1.0	2.0
3	540752	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 5404(WOVEN FABRICS,DYED,CNTNG BY WT>=85 per cent TEXTURED POLYESTER FILAMENTS)	2,587	2.0	2.0
4	570500	Other carpets and other textile floor	2,982	1.0	23.0

		coverings , whether or not made up(OTHR CRPTS & TXTL FLR CVRNGS,W/N MADE UP)			
5	610463	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swim wear), knitted or crocheted(TROUSERS,BIB & BRACE OVERALLS,BREECHES AND SHORTSOF SYNTHETIC FIBRES)	6,858	42.0	1.0
6	610590	Men's or boys' shirts, knitted or crocheted(SHIRTS OF OTHR TEXTILE MATERIAL)	68,234	35.0	42.0
7	610910	T-shirts, singlets and other vests, knitted or crocheted(T-SHIRTS ETC OF COTTON)	1,698,510	49.0	16.0
8	610990	T-shirts, singlets and other vests, knitted or crocheted(T-SHIRT ETC OF OTHER TEXTILE MATERIALS)	117,701	40.0	4.0
9	611011	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted(JERSEYS, PULLOVERS, CARDIGANS ETC OF WOOL)	11,731	12.0	2.0
10	611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted(JERSEYS ETC OF COTTON)	222,167	46.0	3.0
11	611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted(JERSEYS ETC OF MAN-MADE FIBRES)	159,789	83.0	1.0
12	620212	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, other than those of heading 6204(OVERCOATS,RNCOTS ETC &SMLR ARTCLS OF COTN)	5,006	32.0	2.0
13	620293	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, other than those of heading 6204(OTHER GARMENTS OF MAN-MADE FIBRES OF HEADING NO. 6202)	6,074	66.0	0.0
14	620333	Men's or boys' suits, ensembles, jackets, blazers, trousers bib and brace overalls, breeches and shorts (other than swimwear)(JACKTS & BLAZERS OF SYNTHETIC FIBRES)	133,452	63.0	13.0
15	620343	Men's or boys' suits, ensembles, jackets, blazers, trousers bib and brace overalls, breeches and shorts (other than swimwear)(TROUSERS,BIB & BRACE,OVERALLS,BREECHES & SHORTS OF SYNTHETIC FIBRS,MEN'S OR BOYS')	107,366	52.0	6.0
S.No.	Stage I	Description	Banglad	Bangladesh's	Global

	Inputs of Imports		esh's average global imports (US\$'000)	average imports from India, Pakistan and Sri-Lanka (per cent)	exports of India, Pakistan and Sri- Lanka (US\$'000)
1	320411	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(DISPERSE DYES & PREPARATIONS BASED THEREON)	9,172	8.6	16,330
2	320415	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(VAT DYES (INCL THOSE USABLE IN THAT STATE AS PIGMENTS & PREPARATIONS BASED THEREON)	5,315	35.7	33,900
3	320420	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(SYNTHETIC ORGANIC PRODUCTS OF A KIND USED AS FLUORESCENT BRIGHTENING AGENTS)	2,873	14.0	40,846
4	340311	Lubricating preparations (including cutting-oil preparations, bolt or nut release preparations, anti-rust or anti-corrosion preparations and mould release preparations, based on lubricants) and preparations of a kind used for the oil or grease treatment of (PREPNS FOR THE TREATMENT OF TEXTILE MATERIALS LEATHER FURSKINS/OTHER MATERIALS CONTNG PETROLIUM OILS/OIL OBTND FROM BITUMENS MATERIALS)	1,427	26.3	1,271
5	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or include(PREPNS USED IN TEXTILE INDUSTRY)	42,902	3.2	16,606
6	382200	Diagnostic or laboratory reagents on a	7,306	8.5	16,303

		backing and prepared diagnostic or laboratory reagents whether or not on a backing, other than those of heading 3002 or 3006 certified reference materials(COMPST DIAGNOSTIC/LABRTRY REAGNTS EXCL GOODS OF HDG. NO. 3002/3006)			
7	500200	Raw silk (not thrown)(RAW SILK (NOT THROWN))	3,598	0.0	2,604
8	500500	Yarn spun from silk waste, not put up for retail sale(YRN SPN FRM SLK WST NT PUT UP FR RETAL SLE)	2,031	0.0	5,867
9	510529	Wool and fine or coarse animal hair, carded or combed (including combed wool in fragments)(WOOL TOPS AND OTHER COMBED WOOL)	478	78.7	24,186
10	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SNGL YRN OF UNCMBD FBRS MEASURNG 714.29 DCTX/MORE(NT EXCDNG 14 MTRC NO))	43,509	99.5	500,799
11	520942	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing more than 200 g/m2(DENIM)	156,691	28.4	207,189
12	530890	Yarn of other vegetable textile fibres; paper yarn(OTHER VEG TEXTL YARN)	230	0.0	953
13	540233	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(TEXTURED YARN OF POLYESTERS)	30,725	12.7	116,748
14	550320	Synthetic staple fibres, not carded, combed or otherwise processed for spinning(STAPLE FIBRES OF POLYESTER NT CRD/CMBD)	39,011	17.4	127,279
15	550410	Artificial staple fibres, not carded, combed or otherwise processed for spinning(VISCOSE RAYON STAPLE FIBRES NT CRD/COMBD)	4,243	76.0	35,179
16	550620	Synthetic staple fibres, carded combed or otherwise processed for spinning(STAPLE FIBRS OF POLYESTERS,CARDED/COMBED)	113	13.3	745
17	550630	Synthetic staple fibres, carded combed or otherwise processed for spinning(STAPLE FIBRES OF ACRYLC/MODACRYLC,CRD/CMBD)	142	52.1	732
18	560122	Wadding of textile materials and articles thereof; textile fibres, not exceeding 5 mm in length (flock), textile dust and mill neps(WADDING OF MAN-MADE FIBRES)	704	0.0	257
19	581100	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with	351	0.0	5,072

		padding by stitching or otherwise, other than embroidery of heading 5810(QUILTED TXTL PRDCTS IN THE PIECE CMPSD OF ONE/MORE LAYERS OF TXTL MATRLS ASSMBLD WTHPDDNG BY STICHING ETC EXCPT HDG 5810)			
S.No.	Primary Inputs of Imports	Description	Bangladesh's Average global imports (US\$ '000)	Bangladesh's average imports from Pakistan, Sri Lanka and India (percentage)	Global Exports of Pakistan, Sri Lanka and India (US\$ ' 000)
1	250100	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free flowing agents; Sea water(SALT (INCL TABLE SALT & DENATRD SALT) & PURE SODIM CHLRDE W/N AQS SOLN SEA WTR)	2,918	83.6	34,890
2	280920	Diphosphorus pentaoxide; phosphoric acid and polyphosphoric acids whether or not chemically defined(PHOSPHORIC ACID & POLYPHOSPHORIC ACIDS)	8,386	50.0	5,073
3	281000	Oxides of boron;boric acids(OXIDES OF BORON BORIC ACIDS)	239	4.2	677
4	281511	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium(SOLID SODIUM HYDROXIDE (CAUSTIC SODA))	19,626	3.0	7,380
5	281512	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium(NAOH IN AQS SOLN (SODA LYE OR LQD SODA))	1,163	0.3	682
6	281520	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium(POTASSIUM HYPROXIDE (CAUSTIC POTASH))	121	2.5	2,681
7	282739	Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides(OTHER CHLORIDE; NES)	347	27.1	15,667
8	283210	Sulphites; thiosulphates(SODIUM SULPHITE)	221	3.6	1,249
9	283620	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(DISODIUM CARBONATE)	23,345	32.8	31,534
10	283640	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(POTASSIUM	132	0.0	410

		CARBONATES)			
11	284700	Hydrogen peroxide, whether or not solidified with urea(HYDROGEN PEROXIDE W/N SOLIDIFIED WITH UREA)	5,135	3.8	759
12	290330	Halogenated derivatives of hydrocarbons(FLUORNTD,BRMNTD/IODINATED DERIVATIVES OF ACYCLIC HYDROCARBONS)	247	0.0	1,028
13	290410	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated(DRVTVS CNTNG ONLY SULPHO GROUPS, THEIR SALTS AND ETHYL ESTERS)	1,440	2.8	70,667
14	290420	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated(DRVTVS CNTNG ONLY NITRO/NITROSO GRPS)	540	98.3	5,175
15	290511	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED METHANOL (METHYL ALCOHOL))	2,225	1.5	8,791
16	290512	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED PROPAN-1-OL(PROPYL ALCOHOL) AND PROPAN-2-OL (ISOPROPYL ALCOHOL))	1,363	0.4	5,556
17	290513	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED BUTAN-1-OL(N-BUTYL ALCOHOL))	127	0.0	2,858
18	290516	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATRTD OCTNL(OCTYL ALCHL)& ISMRS THEREOF)	4,389	0.0	1,363
19	290629	Cyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHER AROMATIC ALCOHOL)	123	10.6	9,839
20	290711	Phenols; phenol-alcohols(PHENOL (HYDROXYBENZENE) AND ITS SALTS)	152	6.6	4,517
21	290930	Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulphonated, nitrated or nitrosated derivatives(ARMTC ETHRS & THR HALGNTD SLPHNTD NITRATED OR NITROSATED DERIVATIVES)	200	5.0	13,060
22	291469	Ketones and Quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHER QUINONES)	128	28.1	1,158
23	291521	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their	4,928	51.2	11,916

		halogenated, sulphonated, nitrated or nitrosated derivatives(ACETIC ACID)			
24	291524	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(ACETIC ANHYDRIDE)	712	2.4	897
25	291539	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHER ESTERS OF ACETIC ACID)	1,005	0.6	30,360
26	291550	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(PROPIONIC ACID ITS SALTS AND ESTERS)	143	2.8	1,836
27	291631	Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(BENZOIC ACID ITS SALTS AND ESTERS)	470	10.9	8,146
28	291735	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(PHTHALIC ANHYDRIDE)	3,418	12.4	70,597
29	291739	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHR ARMTC PLYCRBOXYLC ACIDS THR ANHYDRDS HALIDES PEROXIDES PEROXYACDS & THR DRVTVS)	106	19.8	22,244
30	291830	Carboxylic acids with additional oxygen function and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(CRBXYLC ACIDS WTH ALDHYD/KETONE FNCTN BUT WTHOUT OTHR OXYGN FNCTN THR ANHYDRDS HALDS PEROXIDES PEROXYACIDS & THR DRVTVS)	1,550	11.5	3,210
31	291890	Other Carboxylic Acids With Oxygen Function, Their Anhydrides, Halides	863	17.4	4,068
32	292090	Esters of other inorganic acids of non-metals (excluding esters of hydrogen halides) and their salts; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTR ESTERS OF OTR INORGNC ACDS;THRSLTS ETC)	170	24.1	25,061
33	292119	Amine function compounds(OTHR ACYCLIC MONOAMINES & THEIR	129	6.2	4,889

		DERIVATIVES SALTS THEREOF)			
34	292142	Amine function compounds(ANILINE DERIVATIVES AND THEIR SALTS)	269	0.0	46,376
35	292151	Amine function compounds(O-M-P-PHENYLENEDIAMINE DIAMINOTOLUENE AND THEIR DRVTVS SALTS THEREOF)	148	90.5	19,581
36	292229	Oxygen-function amino-compounds(OTHR AMINO-NAPHTHS & OTHR AMINO-PHNLs THR ETHRS & ESTRS OTHR THN THOSE CNTNG MORE THN ONE KND OF EXYGN FNCTN SLTS THEREOF)	1,821	1.0	34,798
37	292419	Carboxamide-function compounds; amide-function compounds of carbonic acid(OTHER ACYCLIC AMIDES & THR DRVTVS,SALTS)	502	14.5	30,126
38	292429	Carboxamide-function compounds; amide-function compounds of carbonic acid(OTHR CYCLC AMIDES(INCL CYCLC CRBAMATES) & THEIR DERIVATIVES & SALTS THEREOF)	2,484	4.8	12,290
39	292700	Diazo-, azo- or azoxy-compounds(DIAZO-AZO-OR AZOXY-COMPOUNDS)	356	2.2	5,445
40	293349	Heterocyclic compounds with nitrogen hetero-atom(s) only(OTHE CMPNDS CNTNG IN STRUCTURE A QUINOLINEOR ISOQUINOLINE RING SYSTEM (W/N HYDRGNTD),NOT FURTHER FUSED)	2,438	7.3	12,064
41	300420	Medicaments(excluding goods of heading 3002,3005 or 3006) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses(including those in the form of transdermal administration systems) or in forms or packings for(MEDICAMENTS CONTAINING OTHER ANTIBIOTICS AND PUT UP FOR RETAIL SALE)	4,690	65.2	406,778
42	320417	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(PIGMENTS & PREPTNS BASED THEREON)	8,474	26.5	233,734
43	340211	Organic surface-active agents (other than soap), surface-active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of Heading 3401(ANIONIC W/N FOR RTL	5,313	5.3	24,470

		SALE)			
44	380610	Rosin and resin acids, and derivatives thereof; rosin spirit and rosin oils; run gums(ROSIN AND RESIN ACIDS:)	135	1.5	1,960
45	390750	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallylesters and other polyesters, in primary forms(ALKYD RESINS)	294	11.6	1,384
46	500500	Yarn spun from silk waste, not put up for retail sale(YRN SPN FRM SLK WST NT PUT UP FR RETAL SLE)	2,031	0.0	5,867
47	760110	UNWROUGHT ALUMINIUM(ALUMINIUM-NOT ALLOYED)	29,343	45.9	300,151

Table A.1 in the Appendix reports the unique tariff lines which are identified as potential imports of Bangladesh from the region. The Table reports the share of the Bangladesh in global imports of the region; the top exporter of the product to Bangladesh and its share in global imports of Bangladesh; export unit values of the top exporter and other three countries in the region. It should be noted that the export unit values can be taken only as indicative of the export prices of the product and may not be comparable across countries as the quality of the product may vary. However, these do indicate the presence of potential exporter of the product in the region.

Consultations with the industries of Bangladesh, India, Pakistan and Sri Lanka pointed out that, though the export prices of countries may not be comparable at six-digit level, this information of presence of suppliers of the products in the region may be useful for the importer and can be a useful tool for formation of supply chains.

There are 65 unique products identified for regional imports by Bangladesh. 13 inputs are from the T&C sector. Out of these 13 inputs, which are globally imported by Bangladesh, in 10 inputs the export unit value of at least one of the supplier in the region is lower than the export unit value of the top exporter. One of the input in which the top exporter to Bangladesh (which is Thailand) has export unit value lower than any other supplier in the region is Synthetic filament yarn, other than sewing thread (540233). 52 identified inputs are from non T&C sector, out of which in 19 inputs, the export unit value of at least one of the supplier in the region is lower than the top exporter of the product to Bangladesh. Out of the identified 65 inputs, which Bangladesh can import regionally, 12 inputs are included in Bangladesh's Sensitive List in SAFTA.

6.2 Participation of India in Potential Three- Stage and Two-Stage Supply Chain

Using the same methodology, three-stage and two-stage supply chains for India have been identified. The identified products include products for global exports; imports as Stage I inputs; and primary inputs, which are globally exported/imported above the threshold of US\$ 100,000. These do not include all exportable products of India in T&C sector with exports above the threshold, but includes only those exportable products, which have the potential for forming supply chain within the region. Also, these are the products in which India is either the highest or second highest global exporter of the region.

The analysis shows that there are 37 products for global exports from the T&C sector, which have the potential to form supply chains within the region (Table 6.4). These include silk yarn; cotton yarn; woven fabrics of cotton; synthetic filament yarn; woven fabrics of synthetic filament yarn; carpets; knitted and crocheted fabrics; women suits, jackets, blazers, etc; t-shirts, other vests, etc; other garments; shawls, scarves, and the like; other furnishing articles. Out of 37 products, in 36 products, India has more than 10 per cent share in global exports from the region. In 10 products, India's share in region's global exports is more than 90 per cent. In 13 products, the South Asia region contributes more than 10 per cent of global exports.

There are 24 products identified for imports from the region by India. These are the products which are globally imported by India, but there exists regional suppliers who are globally exporting more than US\$ 100,000. There are 18 products from T&C and 6 products from non- textiles sector. Products under T&C include woven fabrics of silk or silk waste; wool and yarn of wool; cotton, cotton yarn and woven fabrics of cotton; synthetic filament yarn; synthetic staple fibres; yarn of synthetic staple fibres; wadding of textile materials; rubber thread and cord, textile covered; quilted textile products and pile fabrics. Some of these products are produced and exported by India as well, but some differentiated products under the same tariff lines are being globally imported by India. From the non T&C sector, the products, which may be imported by India from the region are synthetic organic coloring matter, and some starches and finishing agents (from chapter 3204, 3206, 3505 and 3809). However, only in 7 out of 25 Stage I inputs, India's global imports are less than the region's global exports, which indicates the insufficient supply capacity of the region to fulfill India's demand. But, in 21 out of 25 products, India's regional imports are less than 10 per cent of its total global imports. This indicates the potential of forming regional supply chains by India.

In the list of identified primary inputs of Stage I inputs, which India may import regionally, there are 19 products, of which, 14 belong to the non T&C sector. In 16 out of 19 products, India imports less than 10 per cent regionally, while in only 4 products, India's global imports are lower than region's global exports. This indicates that though the region's supply capacity is limited in terms of fulfilling India's global demand for the inputs, whatever the given supply capacity, only a small part of it is being tapped by India.

Appendix Table A.2 reports unique tariff lines, which are identified in the potential supply chains that India can regionally import. To assess the feasibility of regional imports, export unit value of the top exporter of these products to India is reported along with export unit values of three other countries of the region. There are 38 tariff lines, of which 19 are from the T&C sector. Out of these 38 products, only in 8 products, the export unit value of the top exporter is lower than the export unit value of the regional exporters. In two of the products of the T&C sector (synthetic filament yarn and synthetic staple fibres), China has lower export unit value as compared to regional exporters. This indicates the feasibility and rationale for regional supply chains that have been identified. However, this should be taken only indicative in nature, as the export unit values may not be comparable at this level of aggregation.

It was also pointed out by the stakeholders that there can be many other factors like quality, timely delivery, etc which may influence the decision to import regionally or globally. While, this is true the fact that the regional suppliers are also global exporters, exporting more than US\$ 100,000 indicates the possibility of the regional supplier being in a position to meet the other demands of the importer. Further, the table reports that 12 out of 38 products are listed as India's sensitive products under SAFTA for non LDCs. For LDCs, 3 products are in the Sensitive List. There exists scope for India to reduce its import unit values from within the region and make its exports more competitive.

Table 6.4: Output and Inputs of Potential Exports and Potential Imports in the Identified Three-Stage and Two-Stage Supply Chains for India

S.No.	Final Output for Exports	Description	India's average global Exports (US\$'000)	Share of India's Exports in SA Exports (percentage)	Share of South Asia in world exports (percentage)
1	500400	Silk yarn (other than yarn spun from silk waste) not put up for retail sale(SLK YARNS(OTHR THN YRN SPUN FROM SLK WSTE)NT PUT UP FOR RETAIL SALE)	1,206	99.0	0.0
2	510620	Yarn of carded wool, not put up for retail sale(YARN OF CRDED WOOL CONTNG)	2,686	99.0	1.0
3	520300	Cotton, carded or combed(COTTON CARDED OR COMBED)	4,587	28.0	7.0
4	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SNGL YRN OF UNCMBD FBRS MEASURNG 714.29 DCTX/MORE(NT EXCDNG 14 MTRC NO))	353,778	70.0	68.0
5	520921	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing more than 200 g/m2(BLEACHED COTON FABRICS,PLAIN WEAVE WEIGHING MORE THN 200 GM PER SQM)	12,313	74.0	18.0
6	520931	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing more than 200 g/m2(DYED PLAIN WEAVE COTON FABRICS WEGHNG MORE THAN 200 GM PER SQM)	19,282	7.0	33.0
7	520942	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing more than 200 g/m2(DENIM)	121,929	59.0	6.0
8	540233	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(TEXTURED YARN OF POLYESTERS)	100,183	85.0	5.0
9	540239	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(OTHER TEXTURED YARN)	6,680	88.0	2.0
10	540320	Artificial filament yarn (other than sewing thread), not put for retail sale, including artificial mono filament of less than 67 decitex(ARTIFICIAL TEXTURED YARN)	1,243	25.0	20.0
11	540610	Man-made filament yarn (other than sewing thread), put up for retail sale(SYNTHETIC FILAMENT YARN)	2,280	62.0	4.0
12	540752	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 5404(WOVEN FABRICS,DYED,CNTNG BY WT>=85 per cent	115,097	97.0	2.0

		TEXTURED POLYESTER FILAMENTS)			
13	540754	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 5404(WOVN FABRICS,PRINTED,CNTNG BY WT>=85 per cent TEXTURED POLYESTER FILAMENTS)	65,437	97.0	7.0
14	550941	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale(SINGLE YRN CNTNG 85 per cent OR MORE BY WT OF OTHER SYNTHETIC STAPPLE FIBRES)	12,584	100.0	19.0
15	551030	Yarn (other than sewing thread) of artificial staple fibres, not put up for retail sale(OTHR YRN MXD MAINLY/SOLELY WTH COTTON)	4,155	76.0	7.0
16	551311	Woven fabrics of synthetic staple fibres, containing less than 85 per cent by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170g/m2(WOVEN FABRICS OF POLYESTER STAPLE FIBRES, PLAIN WEAVE,UNBLECHED OR BLEACHED)	4,833	12.0	6.0
17	551511	Other woven fabrics of synthetic staple fibres(FBRCS OF POLYESTR STPL FBRs,MXD MAINLY OR SOLELY WTH VISCOSE RAYON STPL FBRs)	148,290	99.0	10.0
18	551513	Other woven fabrics of synthetic staple fibres(FBRCS OF POLYESTR STPL FBRs MXD MAINLY/ SOLELY WTH WOOL/FINE ANIML HAIR)	28,051	100.0	5.0
19	560221	Felt, whether or not impregnated, coated, covered or laminated(FELT,NOT IMPREGNATED,COATED,COVERED/ LAMINATED,OF WOOL/FINE ANIMAL HAIR)	2,994	100.0	4.0
20	570259	Carpets and other textile floor coverings, woven, not tufted or flocked, whether or not made up, including "Kelem", "Schumacks", "Karamanie" and similar hand-woven rugs(Of other textile materials)	49,851	100.0	47.0
21	600621	Other knitted or crocheted fabrics(OTHR KNITD OR CROCHETD FBRCS OF COTTON , UNBLCHD OR BLCHD)	7,386	51.0	2.0
22	600690	Other knitted or crocheted fabrics(OTHR KNITD OR CROCHETD FBRCS OF OTHER FIBRES)	3,294	10.0	6.0
23	610463	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swim wear), knitted or crocheted(TROUSERS,BIB & BRACE OVERALLS,BREECHES AND SHORTS OF SYNTHETIC FIBRES)	4,455	27.0	1.0
24	610819	Women's or girls' slips, petticoats, briefs, panties, night dresses, pyjamas, negligees, bathrobes, dressing gowns and similar articles, knitted or crocheted(SLIPS & PETTICOATS OF OTHER TXTL MATRLS)	13,249	85.0	20.0
25	610831	Women's or girls' slips, petticoats, briefs,	171,183	72.0	16.0

		panties, night dresses, pyjamas, negligees, bathrobes, dressing gowns and similar articles, knitted or crocheted(NIGHTDRESSES AND PYJAMAS OF COTTON)			
26	610990	T-shirts, singlets and other vests, knitted or crocheted(T-SHIRT ETC OF OTHER TEXTILE MATERIALS)	95,855	32.0	4.0
27	611420	Other garments, knitted or crocheted(OTHER GARMENTS OF COTTON)	50,826	41.0	10.0
28	611430	Other garments, knitted or crocheted(OTHER GARMENTS OF MAN-MADE FIBRES)	4,114	32.0	1.0
29	611710	Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories(SHWL,SCRV,MUFLR,MANTLAS,V EILS & THE LIKE)	13,259	66.0	2.0
30	620212	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, other than those of heading 6204(OVERCOATS,RNCOTS ETC &SMLR ARTCLS OF COTN)	8,354	54.0	2.0
31	620293	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, other than those of heading 6204(OTHER GARMENTS OF MAN-MADE FIBRES OF HEADING NO. 6202)	2,352	26.0	0.0
32	620333	Men's or boys' suits, ensembles, jackets, blazers, trousers bib and brace overalls, breeches and shorts (other than swimwear)(JACKTS & BLAZERS OF SYNTHETIC FIBRES)	35,277	17.0	13.0
33	620343	Men's or boys' suits, ensembles, jackets, blazers, trousers bib and brace overalls, breeches and shorts (other than swimwear)(TROUSERS,BIB & BRACE,OVERALLS,BREECHES & SHORTS OF SYNTHETIC FIBRS,MEN'S OR BOYS')	51,713	25.0	6.0
34	621143	Track suits, ski suits and swimwear; other garments(OTHER GARMENTS OF MAN-MADE FIBRES)	19,919	84.0	2.0
35	621490	Shawls, scarves, mufflers, mantillas, veils and the like(SHWLS,SCRVS ETC OF OTHER TXTL MATERIALS)	124,116	85.0	39.0
36	621790	Other made up clothing accessories; parts of garments or of clothing accessories, other than those of heading 62 12(PARTS OF GARMENTS/OF CLOTHNG ACCESSORIES)	4,393	65.0	1.0
37	630492	Other furnishing articles, excluding those of heading 9404(OTHR FRNSHNG ARTCLS OF COTN,NT KNTD/CRCHTD)	753,504	99.0	72.0

S.No.	Stage I Inputs of Imports	Description	India's average global imports (US\$'000)	India's average imports from Bangladesh, Pakistan and Sri-Lanka (percentage)	Global exports of Bangladesh, Pakistan and Sri Lanka (US\$'000)
1	320416	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(REACTIVE DYS & PREPTNS BASED THEREON)	14,880	0.0	516
2	320417	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(PIGMENTS & PREPTNS BASED THEREON)	27,254	0.0	1,389
3	320419	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(OTHR INCL MIXR OF COLRNG MATR OF TWO OR MORE OF SUB-HDNG 320411 TO 320419)	23,223	0.0	105
4	320420	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(SYNTHETIC ORGANIC PRDCTS OF A KIND USED AS FLUORESCENT BRIGHTENING AGENTS)	13,431	0.0	186
5	320649	Other colouring matter; Preparations as specified in Note 3 to this Chapter, other than those of Headings 3203, 3204 or 3205; Inorganic products of a kind used as luminophores, whether or not chemically defined(OTHR COLRNG MATR AND OTHR PRPTNS)	12,616	0.5	966
6	350510	Dextrins and other modified starches (for example, pregelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches(DEXTRINS & OTHER MODIFIED STARCHES)	10,135	0.0	311
7	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs and other products and preparations (for example,	37,653	0.1	1,469

		dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or include (PRPNS USD IN TXTL INDUSTRY)			
8	500720	Woven fabrics of silk or of silk waste (OTHER WOVEN FABRICS, CONTAINING ≥ 85 per cent BY WT OF SILK OR OF SILK WASTE OTHER THAN NOIL SLK)	167,518	0.1	240
9	510129	Wool, not carded or combed: (OTHER DEGRESED WOOL NOT CRBNSD NOR CRDED/CMBD)	9,025	2.6	246
10	510910	Yarn of wool or fine animal hair, put up for retail sale (YARN OF WOOL/OF FINE ANML HAIR CONTNG ≥ 85 per cent BY WT OF WOOL, PUT UP FOR RETAIL SALE)	335	0.0	220
11	520100	Cotton, not carded or combed (COTTON, NOT CARDED OR COMBED)	123,874	39.6	110,079
12	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SINGL YRN OF UNCMBD FBRS MEASURING 714.29 DCTX/MORE (NOT EXCDNG 14 MTRC NO))	527	72.1	153,207
13	520942	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing more than 200 g/m ² (DENIM)	30,640	2.3	86,377
14	540233	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex (TEXTURED YARN OF POLYESTERS)	14,325	5.9	16,649
15	540269	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex (OTHER YARN, MULTIPLE (FOLDED) OR CABLED)	6,362	0.1	812
16	550340	Synthetic staple fibres, not carded, combed or otherwise processed for spinning (STAPLE FIBRES OF POLYPROPYLENE NOT CRD/CMBD)	987	1.3	301
17	550410	Artificial staple fibres, not carded, combed or otherwise processed for spinning (VISCOSE RAYON STAPLE FIBRES NOT CRD/COMBD)	6,478	0.0	348
18	550510	Waste (including noils, yarn waste and garnetted stock) of man-made fibres (WASTE ETC. OF SYNTHETIC FIBRES)	13,928	0.2	248
19	550690	Synthetic staple fibres, carded combed or otherwise processed for spinning (OTHER SYNTHETIC STAPLE FIBRES, CARDED/COMBED)	666	0.0	3,628
20	550953	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale (OTHER YARN OF POLYESTER STAPLE FIBRES MIXED MAINLY/SOLELY WITH COTTON)	598	34.3	17,035
21	560122	Wadding of textile materials and articles thereof; textile fibres, not exceeding 5 mm in	1,703	9.6	364

		length (flock), textile dust and mill neps(WADDING OF MAN-MADE FIBRES)			
22	560410	Rubber thread & cord, textile covered; textile yarn, and strip and the like of heading 54 04 or 54 05, impregnated, coated, covered or sheathed with rubber or plastics(RUBBER THREAD ANDCORD,TEXTILE COVERED)	472	2.3	133
23	581100	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 5810(QUILTED TXTL PRDCTS IN THE PIECE CMPSD OF ONE/MORE LAYERS OF TXTL MATRLS ASSMBLD WTHPDDNG BY STICHING ETC EXCPT HDG 5810)	551	1.1	2,138
24	600191	Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted(OTHER PILE FABRICS OF COTTON)	1,770	2.7	2,463
25	611780	Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories(OTHER CLOTHNG ACCESSORIES,KNITD/CRCHTD)	3,894	0.0	2,081
S.No.	Primary Inputs of Imports	Description	India's Average global imports (US\$ '000)	India's average imports from Pakistan, Sri Lanka and Bangladesh (percentage)	Global Exports of Pakistan, Sri Lanka and Bangladesh (US\$'000)
1	250100	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free flowing agents; Sea water(SALT (INCL TABLE SALT & DENATRD SALT) & PURE SODIM CHLRDE W/N AQS SOLN SEA WTR)	814	50.2	3,663
2	271019	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 per cent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic cons(OTHER PETROLEUM OILS AND OILS OBTAIND FROMBITUMINOUS MINERALS ETC)	2,568,650	5.1	818,158
3	291735	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(PHTHALIC ANHYDRIDE)	21,275	2.5	1,684
4	300420	Medicaments(excluding goods of heading	30,599	0.0	5,470

		3002,3005 or 3006) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses(including those in the form of transdermal administration systems) or in forms or packings for(MEDICAMENTS CONTAINING OTHER ANTIBIOTICS AND PUT UP FOR RETAIL SALE)			
5	310210	Mineral or chemical fertilisers, nitrogenous(UREA WHETHER OR NOT IN AQUEOUS SOLUTION)	618,315	4.9	75,560
6	320417	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(PIGMENTS & PREPTNS BASED THEREON)	27,254	0.0	1,389
7	380210	Activated carbon; activated natural mineral products; animal black, including spent animal black(ACTIVATED CARBON)	10,230	1.3	22,717
8	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or include(PRPNS USD IN TXTL INDUSTRY)	37,653	0.1	1,469
9	390410	Polymers of vinyl chloride or of other halogenated olefins, in primary forms(POLY (VINYL CHLORIDE), NOT MIXED WITH OTHR)	255,972	0.0	8,091
10	520100	Cotton, not carded or combed(COTTON, NOT CARDED OR COMBED)	123,874	39.6	110,079
11	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SNGL YRN OF UNCMBD FBRS MEASURNG 714.29 DCTX/MORE(NT EXCDNG 14 MTRC NO))	527	72.1	153,207
12	540233	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(TEXTURED YARN OF POLYESTERS)	14,325	5.9	16,649
13	690100	Bricks, blocks, tiles and other ceramic goods, of siliceous fossil meals (for example, kieselguhr, tripolite or diatomite or of similar siliceous earths(BRICKS,BLOCKS ETC OF SILICEOUS FOSSIL MEAL(KIESELGUHR ETC)/OF SMLR SILICEOUS EARTHS)	10,779	0.1	2,447
14	740400	Copper waste and scrap(COPPER WASTE & SCRAP)	366,681	1.9	31,045
15	760110	UNWROUGHT ALUMINIUM(ALUMINIUM-NOT ALLOYED)	140,651	0.6	873
16	283620	Carbonates; peroxocarbonates	17,008	0.0	584

		(percarbonates); commercial ammonium carbonate containing ammonium carbamate(DISODIUM CARBONATE)			
17	382490	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included(CHEMICAL PRODUCTS NES)	247,100	0.0	3,272
18	550320	Synthetic staple fibres, not carded, combed or otherwise processed for spinning(STAPLE FIBRES OF POLYESTER NT CRD/CMBD)	24,051	0.0	5,059
19	550410	Artificial staple fibres, not carded, combed or otherwise processed for spinning(VISCOSE RAYON STAPLE FIBRES NT CRD/COMBD)	6,478	0.0	348

6.3 Participation of Pakistan in Three-Stage and Two-Stage Supply Chain

Using the methodology described above, 29 products are identified in the potential supply chain as products for final export by Pakistan (Table 6.5). These are the products in which Pakistan appears as the top or second top exporter in the region and exports more than US\$ 100,000. These are also the products which have the potential of forming regional supply chains. These products include cotton, cotton yarn, woven fabrics of cotton, synthetic filament yarn, woven fabrics of synthetic filament yarn, other knitted or crocheted fabrics, men's or boys' shirts, knitted or crocheted, other garments, knitted or crocheted, other garments, blankets and traveling rugs and other furnishing articles. Out of 29 products, in 22 products the share of Pakistan in the region is above 10 per cent and in 8 products, Pakistan exports around 50 per cent or more of the region's total exports.

There are 27 Stage I inputs identified by the potential supply chains. Out of these 16 are from the T&C sector. These are mainly from chapter 55 (man made staple fibres). There are three tariff lines of chapter 52 (520100, 520300 and 520511) which Pakistan globally imports more than US\$ 100,000. One of these products, i.e., cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (520511) is being imported mainly from the region, while 23 Stage I inputs have less than 10 per cent imports from the region. In most of the products the region's global exports are higher than Pakistan's global imports suggesting that there exists the supply capacity within the region to cater to Pakistan's global demand for the Stage I inputs.

There are 103 primary inputs identified in the potential supply chains for Pakistan. These primary inputs are used in Stage I inputs. Pakistan's global imports in each of these inputs is greater than US\$ 100,000 and the regional supply is greater than US\$ 100,000. 97 of these primary inputs are from non T&C sector. The large number of these inputs for Pakistan indicates diversity in Pakistan's basket of global imports. In 72 out of 103 products, Pakistan's regional imports are less than 10 per cent, while in only 14 products Pakistan's global imports are more than region's global exports indicating insufficient capacity. These include products like finishing agents, prepared binders for foundry

moulds or cores; artificial staple fibres, not carded, combed or otherwise processed for spinning.

Appendix Table A.3 reports the top exporter of the inputs identified in the potential supply chain for Pakistan, along with the export unit values of the top exporter and other suppliers in the region. The Table also reports the existing tariffs and whether the input is listed in Pakistan's sensitive list under SAFTA.

There are 117 unique products that have been identified, of which in 13 products the top exporter to Pakistan is India. This indicates that in these 13 products regional supply have already been initiated. In 61 products, the export unit value of the top exporter is higher than the regional supplier. As discussed earlier, it needs to be noted that export unit values can be used only as indicative of prices as the data at this level of disaggregation may not be able to fully capture the product differentiation in terms of quality. However, these do reflect the potential and economic rationale for establishing supply chains in the region. In 45 products, Pakistan's tariffs are greater than 5 per cent while 17 products are in the SAFTA sensitive list.

Table 6.5: Output and Inputs of Potential Exports and Potential Imports in the Identified Three-Stage and Two-Stage Supply Chains for Pakistan

S.No.	Final Output for Exports	Description	Pakistan's average global Exports (US\$'000)	Share of Pakistan's Exports in SA Exports (percentage)	Share of South Asia in world Exports (percentage)
1	520300	Cotton, carded or combed(COTTON CARDED OR COMBED)	11,701	70	7
2	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SNGL YRN OF UNCMBD FBRs MEASURING 714.29 DCTX/MORE(NT EXCDNG 14 MTRC NO))	146,967	29	68
3	520921	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing more than 200 g/m2(BLEACHED COTON FABRICS,PLAIN WEAVE WEIGHING MORE THN 200 GM PER SQM)	4,093	25	18
4	520942	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing more than 200 g/m2(DENIM)	85,098	41	6
5	540233	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(TEXTURED YARN OF POLYESTERS)	16,529	14	5
6	540239	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(OTHER TEXTURED YARN)	672	9	2
7	540252	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(OTHR YARN OF POLYESTERS,SINGLE,WITH A TWIST EXCEEDING 50 TURNS/PER METRE)	688	12	3
8	540710	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 5404(WOVN FBRCS OBTND FROM HIGH TENACITY YRN OF NYLON OR OTHR POLYAMIDES,OR OF POLYESTERS)	1,813	1	21
9	540754	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 5404(WOVN FABRCS,PRINTED,CNTNG BY WT>=85 per cent TEXTURED POLYESTER FILAMENTS)	2,346	3	7
10	540822	Woven fabrics of artificial filament yarn, including woven fabrics obtained from materials of heading 5405(OTHER WOVEN FABRICS CNTNG BY WT>=85 per cent OF ARTIFICIAL	148	1	3

		FILAMENT/STRIP/LIKE,DYED)			
11	551030	Yarn (other than sewing thread) of artificial staple fibres, not put up for retail sale(OTHR YRN MXD MAINLY/SOLELY WTH COTTON)	1,280	24	7
12	551311	Woven fabrics of synthetic staple fibres, containing less than 85 per cent by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170g/m2(WOVEN FABRICS OF POLYESTER STAPLE FIBRES, PLAIN WEAVE,UNBLECHED OR BLEACHED)	36,088	88	6
13	580710	Labels, badges and similar articles of textile materials, in the piece, in strips or cut to shape or size not embroidered(LABELS BADGES & THE LIKE,WOVEN)	4,028	44	1
14	600621	Other knitted or crocheted fabrics(OTHR KNITED OR CROCHETD FBRCS OF COTTON , UNBLCHD OR BLCHD)	4,750	33	2
15	600632	Other knitted or crocheted fabrics(OTHR KNITD OR CROCHETD FBRCS OF SYN FIBRS, DYED)	920	59	0
16	600690	Other knitted or crocheted fabrics(OTHR KNITD OR CROCHETD FBRCS OF OTHER FIBRES)	26,473	82	6
17	610590	Men's or boys' shirts, knitted or crocheted(SHIRTS OF OTHR TEXTILE MATERIAL)	97,784	50	42
18	611420	Other garments, knitted or crocheted(OTHER GARMENTS OF COTTON)	69,365	55	10
19	611430	Other garments, knitted or crocheted(OTHER GARMENTS OF MAN-MADE FIBRES)	6,073	47	1
20	611599	Panty hose, tights, stockings, socks and other hosiery, including graduated compression hosiery(for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted(OTHER HOSIERY OF OTHER TEXTILE MATERIALS)	12,180	53	11
21	611692	Gloves, mittens and mitts, knitted or crocheted(OTHER GLOVES ETC OF COTTON)	29,241	85	12
22	611710	Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories(SHWL,SCRV,MUFLR,MANTLAS,V EILS & THE LIKE)	4,723	23	2
23	621143	Track suits, ski suits and swimwear; other garments(OTHER GARMENTS OF MAN-MADE FIBRES)	2,691	11	2
24	621420	Shawls, scarves, mufflers, mantillas, veils and the like(SHWLS,SCARVES ETC OF WOOL/FINE ANML HAIR)	982	2	16
25	621490	Shawls, scarves, mufflers, mantillas, veils and the like(SHWLS,SCRVS ETC OF OTHER TXTL MATERIALS)	22,108	15	39
26	630140	Blankets and travelling rugs(BLANKETS(OTHER THAN ELECTRIC	2,017	13	1

		BLANKETS) AND TRAVELLING RUGS,OF SYNTHETIC FIBRES)			
27	630190	Blankets and travelling rugs(BLANKETS AND TRAVELLING RUGS OF OTHR FIBRE)	4,137	19	17
28	630492	Other furnishing articles, excluding those of heading 9404(OTHR FRNSHNG ARTCLS OF COTN,NT KNTD/CRCHTD)	9,056	1	72
29	630790	Other made up articles, including dress patterns(OTHER MADE UP ARTICLES)	45,796	10	9
S.No	Stage I Inputs of Imports	Description	Pakistan's average global imports (US\$'000)	Pakistan's average imports from Bangladesh, India and Sri Lanka (percentage)	Global exports of Bangladesh, India and Sri Lanka (US'000)
1	281511	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium(SOLID SODIUM HYDROXIDE (CAUSTIC SODA))	3,880	0.0	7,310
2	282300	Titanium oxides(TITANIUM OXIDES)	6,158	1.1	32,397
3	320411	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(DISPERSE DYES & PREPARATIONS BASED THEREON)	13,730	4.7	16,415
4	320415	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(VAT DYES (INCL THOSE USABLE IN THAT STATE AS PPIGMENTS & PREPRATIONS BASED THEREON)	14,490	3.9	33,855
5	320416	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(REACTIVE DYS & PREPTNS BASED THEREON)	44,503	19.0	181,614
6	320417	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(PIGMENTS & PREPTNS BASED THEREON)	19,388	7.9	233,064
7	320420	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in	2,508	9.8	40,714

		Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminophores (SYNTHETIC ORGANIC PRODUCTS OF A KIND USED AS FLUORESCENT BRIGHTENING AGENTS)			
8	320649	Other colouring matter; Preparations as specified in Note 3 to this Chapter, other than those of Headings 3203, 3204 or 3205; Inorganic products of a kind used as luminophores, whether or not chemically defined (OTHER COLORING MATTER AND OTHER PREPARATIONS)	2,149	4.5	9,894
9	340311	Lubricating preparations (including cutting-oil preparations, bolt or nut release preparations, anti-rust or anti-corrosion preparations and mould release preparations, based on lubricants) and preparations of a kind used for the oil or grease treatment of (PREPARATIONS FOR THE TREATMENT OF TEXTILE MATERIALS LEATHER FURSKINS/OTHER MATERIALS CONTAINING PETROLEUM OILS/OIL OBTAINED FROM BITUMENS)	3,613	0.7	1,270
10	350510	Dextrins and other modified starches (for example, pregelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches (DEXTRINS & OTHER MODIFIED STARCHES)	1,958	2.1	9,318
11	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included (PREPARATIONS USED IN TEXTILE INDUSTRY)	19,224	3.0	15,847
12	510529	Wool and fine or coarse animal hair, carded or combed (including combed wool in fragments) (WOOL TOPS AND OTHER COMBED WOOL)	1,016	60.8	24,183
13	520100	Cotton, not carded or combed (COTTON, NOT CARDED OR COMBED)	477,043	31.1	1,027,028
14	520300	Cotton, carded or combed (COTTON CARDED OR COMBED)	2,991	3.8	4,956
15	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SINGLE YARN OF UNCOMBED FIBRES MEASURING 714.29 DCTX/MORE (NOT EXCEEDING 14 METRE CLOSER NO))	2,075	98.3	360,019
16	540220	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex (HIGH TENACITY YARN OF POLYESTERS)	451	3.8	14,942
17	540233	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67	61,566	0.1	100,303

		decitex(TEXTURED YARN OF POLYESTERS)			
18	540269	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(OTHER YARN,MULTIPLE(FOLDED)OR CABLED)	1,710	1.1	4,107
19	550130	Synthetic filament tow(SYNTHETIC FILAMENT TOW,ACRYLIC/MODACRYLIC)	9,292	0.0	3,523
20	550320	Synthetic staple fibres, not carded, combed or otherwise processed for spinning(STAPLE FIBRES OF POLYESTER NOT CARD/COMBED)	61,873	0.0	122,227
21	550410	Artificial staple fibres, not carded, combed or otherwise processed for spinning(VISCOSE RAYON STAPLE FIBRES NOT CARD/COMBED)	46,658	5.6	34,837
22	550510	Waste (including noils, yarn waste and garnetted stock) of man-made fibres(WASTE ETC.OF SYNTHETIC FIBRES)	1,144	0.0	6,071
23	550620	Synthetic staple fibres, carded combed or otherwise processed for spinning(STAPLE FIBRES OF POLYESTERS,CARDED/COMBED)	1,306	0.0	690
24	550630	Synthetic staple fibres, carded combed or otherwise processed for spinning(STAPLE FIBRES OF ACRYLIC/MODACRYLIC,CARD/COMBED)	542	0.4	498
25	550953	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale(OTHER YARN OF POLYESTER STAPLE FIBRES MIXED MAINLY/SOLELY WITH COTTON)	179	7.3	53,336
26	560410	Rubber thread & cord, textile covered; textile yarn, and strip and the like of heading 54 04 or 54 05, impregnated, coated, covered or sheathed with rubber or plastics(RUBBER THREAD AND CORD,TEXTILE COVERED)	651	0.5	358
27	600191	Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted(OTHER PILE FABRICS OF COTTON)	642	0.0	9,365
S.No	Primary Imports	Description	Pakistan 's Average global imports (US\$ '000)	Pakistan's average imports from Bangladesh, Sri Lanka and India (percentage)	Global Exports of Bangladesh, Sri Lanka and India (US\$' 000)
1	250100	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free flowing agents; Sea water(SALT (INCL TABLE SALT & DENATURED SALT) & PURE SODIUM CHLORIDE WITH/IN AQUEOUS SOLUTION SEA WATER)	226	7.1	31,521
2	250300	Sulphur of all kinds, other than sub-limited sulphur, precipitated sulphur and colloidal	1,053	0.0	11,523

		sulphur(SULPHUR OF ALL KNDS OTHR THN SUBLIMED SULPHUR PCPTD SULPHUR & COLLOIDAL SULPHUR)			
3	260700	Lead ores and concentrates(LEAD ORES & CONCENTRATES)	173	0.0	57,161
4	271019	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 per cent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic cons(OTHER PETROLEUM OILS AND OILS OBTAINED FROM BITUMINOUS MINERALS ETC)	97,779	7.7	11,715,608
5	280200	Sulphur, sublimed or precipitated; colloidal sulphur(SULPHUR SUBLIMED/PRECIPIATED COLLOIDAL SULPHUR)	1,284	0.2	12,461
6	280540	Alkali or alkaline-earth metals; rare-earth metals, scandium and yttrium, whether or not intermixed or interalloyed; mercury(MERCURY)	151	0.0	112
7	281000	Oxides of boron; boric acids(OXIDES OF BORON BORIC ACIDS)	541	0.0	674
8	281119	Other inorganic acids and other in-organic oxygen compounds of non-metals(OTHER INORGANIC ACIDS)	190	12.6	2,648
9	281511	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium(SOLID SODIUM HYDROXIDE (CAUSTIC SODA))	3,880	0.0	7,310
10	281520	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium(POTASSIUM HYDROXIDE (CAUSTIC POTASH))	443	3.4	2,676
11	282410	Lead oxides; red lead and orange lead(LEAD MONOXIDE (LITHARGE, MASSICOT))	112	0.0	276
12	282580	Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases; other metal oxides, hydroxides and peroxides(ANTIMONY OXIDES)	599	0.0	2,051
13	282710	Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides(AMMONIUM CHLORIDE)	139	0.0	916
14	282731	Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides(CHLORIDES OF MAGNESIUM)	144	2.1	386
15	282739	Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides(OTHER CHLORIDE; NES)	956	19.5	15,651
16	283110	Dithionites and sulfoxylates(DITHIONITES AND SULFOXYLATES OF SODIUM)	4,437	17.2	5,129
17	283210	Sulphites; thiosulphates(SODIUM SULPHITE)	878	13.3	1,234

18	283311	Sulphates; alums; peroxosulphates (persulphates)(DISODIUM SULPHATE)	1,827	0.2	482
19	283319	Sulphates; alums; peroxosulphates (persulphates)(OTHER SODIUM SULPHATES)	327	3.7	2,091
20	283325	Sulphates; alums; peroxosulphates (persulphates)(COPPER SULPHATE)	440	0.0	827
21	283410	Nitrites; nitrates(NITRITES)	153	0.0	1,013
22	283525	Phosphinates (hypophosphites), phosphonates (phosphites), phosphates and polyphosphates whether or not chemically defined(CALCIUM HYDROGENORTHOPHOSPHATE ("DICALCIUM PHOSPHATE"))	2,866	0.5	1,181
23	283529	Phosphinates (hypophosphites), phosphonates (phosphites), phosphates and polyphosphates whether or not chemically defined(OTHER PHOSPHATES)	461	1.3	724
24	283630	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(SODIUM HYDROGEN CARBONATE (SODIUM BICARBONATE))	1,599	0.5	2,285
25	283640	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(POTASSIUM CARBONATES)	872	0.0	410
26	283650	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(CALCIUM CARBONATE)	1,440	0.6	2,749
27	283699	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(OTHER CARBONATES PERCARBONATES)	4,337	0.1	1,904
28	284290	Other salts of inorganic acids or peroxyacids,(including aluminosilicates whether or not chemically defined), other than azides(OTHER SALTS OF INORGANIC ACIDS/PEROXYACIDS)	101	1.0	581
29	284700	Hydrogen peroxide, whether or not solidified with urea(HYDROGEN PEROXIDE W/N SOLIDIFIED WITH UREA)	16,225	0.0	736
30	290241	Cyclic hydrocarbons(O-XYLENE)	16,726	56.8	145,447
31	290290	Cyclic hydrocarbons(OTHER CYCLIC HYDROCARBONS)	1,447	0.8	28,534
32	290410	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated(DRVTVS CNTNG ONLY SULPHO GROUPS, THEIR SALTS AND ETHYL ESTERS)	2,114	80.0	70,667
33	290420	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated(DRVTVS CNTNG ONLY NITRO/NITROSO GRPS)	503	10.1	5,175
34	290490	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not	375	19.5	24,633

		halogenated(OTHR SULPHONATED NITRATED/NITROSATED DERIVATIVES)			
35	290511	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED METHANOL (METHYL ALCOHOL))	10,706	0.0	8,698
36	290512	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED PROPAN- 1-OL(PROPYL ALCOHOL) AND PROPAN-2-OL (ISOPROPYL ALCOHOL))	3,449	0.1	5,556
37	290513	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED BUTAN-1-OL(N- BUTYL ALCOHOL))	378	0.5	2,858
38	290516	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED OCTYL ALCOHOL)& ISOMERS THEREOF)	1,647	0.0	1,363
39	290711	Phenols; phenol-alcohols(PHENOL (HYDROXYBENZENE) AND ITS SALTS)	3,339	0.0	4,517
40	290715	Phenols; phenol-alcohols(NAPHTHOLS AND THEIR SALTS)	222	18.5	1,881
41	290729	Phenols; phenol-alcohols(OTHER POLYPHENOLS)	316	32.3	38,112
42	290810	Halogenated Derivatives of Phenols or Phenol- alcohols, Their Salts	266	2.6	2,679
43	291300	Halogenated, sulphonated, nitrated or nitrosated derivatives of products of heading 2912(HALOGENATED SULPHONATED NITRATED/NITROSATED DERIVATIVES OF PRODUCTS OF HEADING NO. 2912)	143	0.0	3,284
44	291421	Ketones and Quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives(CAMPHOR)	110	2.7	537
45	291469	Ketones and Quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHER QUINONES)	390	3.8	1,158
46	291470	Ketones and Quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives(HALOGENATED,SULPHONATED,NITRATED/NITROSATED DERIVATIVES OF KETONES AND QUINONES)	130	0.8	12,093
47	291511	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(FORMIC ACID)	2,621	1.8	250
48	291521	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(ACETIC ACID)	15,708	0.1	11,916

)			
49	291522	Sodium Acetate	179	22.3	1,564
50	291524	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(ACETIC ANHYDRIDE)	276	8.7	897
51	291539	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHER ESTERS OF ACETIC ACID)	2,062	1.1	30,362
52	291590	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHR SATRTD ACYLC,MNOCRBOXYLC ACDS & THR ANHYDRDS,HALDS,PEROXDS,PEROXY ACIDS & THR HALGNTD SLPHNTD NITRTD & NITRSTD DRVTVS)	2,447	11.2	15,285
53	291639	Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHR ARMTC MONOCRBOXYLC ACDS,THR ANHYDRDS HALIDES,PEROXIDES,PEROXYACIDS & THR DRVTVS)	3,618	0.2	4,831
54	291719	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHR ACYLC PLYCRBOXYLC ACDS THR ANHYDRDS HALIDES,PEROXIDES,PEROXYACDS & THR DRVTVS)	576	42.7	11,184
55	291735	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(PHTHALIC ANHYDRIDE)	3,897	24.3	68,914
56	291739	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHR ARMTC PLYCRBOXYLC ACIDS THR ANHYDRDS HALIDES PEROXIDES PEROXYACDS & THR DRVTVS)	4,002	3.3	22,227
57	291830	Carboxylic acids with additional oxygen function and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(CRBXYLC ACIDS WTH ALDHYD/KETONE FNCTN BUT WTHOUT OTHR OXYGN FNCTN THR ANHYDRDS HALDS PEROXIDES PEROXYACIDS & THR DRVTVS)	1,462	13.5	3,210
58	292111	Amine function compounds(MTHYLAMINE DI-OR TRIMTHYL AMINE & THR SLTS)	192	56.8	8,656

59	292119	Amine function compounds(OTHR ACYCLIC MONOAMINES & THEIR DEVIVATIVES SALTS THEREOF)	507	7.3	4,888
60	292121	Amine function compounds(ETHYLENEDIAMINE AND ITS SALTS)	357	0.0	421
61	292130	Amine function compounds(CYCLANIC CYCLENIC/CYCLOTRPNC MONO-OR POLYAMINS & THR DRVTVS; SLTS THEREOF)	382	0.3	1,702
62	292141	Amine function compounds(ANILINE AND ITS SALTS)	234	45.7	26,017
63	292142	Amine function compounds(ANILINE DERIVATIVES AND THEIR SALTS)	812	22.4	46,376
64	292143	Amine function compounds(TOLUIDINES AND THEIR DRVTVS SLTS THEREOF)	339	43.4	15,725
65	292145	Amine function compounds(1-NAPHTHYLAMINE 2-NAPHTHYLAMINE AND THEIR DERIVATIVES ; SALTS THEREOF)	1,471	15.2	11,397
66	292149	Amine function compounds(OTHR ARMTIC MONO AMNS & THR DRVTVS AND SLTS)	3,690	2.7	12,237
67	292151	Amine function compounds(O-M-P-PHENYLENEDIAMINE DIAMINOTOLUENE AND THEIR DRVTVS SALTS THEREOF)	943	20.8	19,581
68	292211	Oxygen-function amino-compounds(MONOETHANOLAMINE AND ITS SALTS)	787	0.1	1,310
69	292212	Oxygen-function amino-compounds(DIETHANOLAMINE AND ITS SALTS)	736	2.4	886
70	292221	Oxygen-function amino-compounds(AMNOHYDRXYNPHTHLENESLPH NC ACDS & THR SLTS)	4,166	42.0	41,154
71	292229	Oxygen-function amino-compounds(OTHR AMINO-NAPTHLS & OTHR AMINO-PHNLs THR ETHRS & ESTRS OTHR THN THOSE CNTNG MORE THN ONE KND OF EXYGN FNCTN SLTS THEREOF)	2,598	8.1	34,796
72	292429	Carboxamide-function compounds; amide-function compounds of carbonic acid(OTHR CYCLC AMIDES(INCL CYCLC CRBAMATES) & THEIR DERIVATIVES & SALTS THEREOF)	8,728	3.5	12,282
73	292700	Diazo-, azo- or azoxy- compounds(DIAZO-AZO-OR AZOXY-COMPOUNDS)	2,761	3.2	5,445
74	293090	Organo-sulphur compounds(OTHER ORGANO-SULPHUR COMPOUNDS)	9,540	0.6	13,026
75	293319	Heterocyclic compounds with nitrogen hetero-atom(s) only(OTHR HTRCYCLC CMPNDS CNTNG AN UNFUSED PYRZL RING (W/N HYDRGNTD) IN THE STRUCTURE)	1,374	26.3	22,053
76	293331	Heterocyclic compounds with nitrogen hetero-atom(s) only(PYRIDINE AND ITS SALTS)	154	30.5	56,791
77	293339	Heterocyclic compounds with nitrogen hetero-atom(s) only(OTHR CMPNDS CNTNG AN	11,970	5.8	45,197

		UNFUSED PYRDN RING(W/N HYDRGNTD) IN THE STRUCTURE)			
78	293369	Heterocyclic compounds with nitrogen hetero-atom(s) only(OTHR CMPNDS CNTNG AN UNFUSED TRIAZINE RING(W/N HYDROGENATED) IN THE STRUCTURE)	1,790	1.2	5,795
79	293500	Sulphonamides(SULPHONAMIDES)	8,091	9.9	45,138
80	320300	Colouring matter of vegetable or animal origin (including dyeing extracts but excluding animal black), whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on colouring matter of vegetable or animal origin(COLRNG MATR OF VEGTBL/ANML ORGN(INCL DYNG EXTRCT EXCL ANML BLCK) W/N CMCLY DFND)	2,745	89.8	5,267
81	320411	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(DISPERSE DYES & PREPARATIONS BASED THEREON)	13,730	4.7	16,415
82	320412	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(ACID DYS W/N PREMETALSD & PRPTNS BASED THRON MORDNT DYS & PRPTNS BASED THRON)	7,770	46.6	121,701
83	320413	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(BASIC DYES AND PRE PARATIONS BASED THEREON)	4,023	24.5	23,546
84	320415	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(VAT DYES (INCL THOSE USABLE IN THAT STATE AS PPIGMENTS & PREPRATIONS BASED THEREON)	14,490	3.9	33,855
85	320416	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(REACTIVE DYS & PREPTNS BASED THEREON)	44,503	19.0	181,614
86	320417	Synthetic organic coloring matter whether or not	19,388	7.9	233,064

		chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(PIGMENTS & PREPTNS BASED THEREON)			
87	320419	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(OTHR INCL MIXR OF COLRNG MATR OF TWO OR MORE OF SUB-HDNG 320411 TO 320419)	10,401	7.0	75,406
88	320490	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(OTHR SYNTHETIC ORGANIC COLORNG MATTER)	492	29.1	22,358
89	340219	Organic surface-active agents (other than soap), surface-active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of Heading 3401(OTHR ORNGC SRFCE-ACTV AGNTS W/N FOR RTL SL)	2,530	1.2	6,820
90	350510	Dextrins and other modified starches (for example, pregelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches(DEXTRINS & OTHER MODIFIED STARCHES)	1,958	2.1	9,318
91	380210	Activated carbon; activated natural mineral products; animal black, including spent animal black(ACTIVATED CARBON)	1,488	3.8	38,665
92	380400	Residual lyes for the manufacture of wood pulp, whether or not concentrated, desugared or chemically treated, including lignin sulphonates, but excluding tall oil of Heading 3803(RSDUL LYES FROM MNFCTR OF WOOD PULP-W/N CNCNTRTD,DESUGRD/CHMCLY TRTD,INCL LIGNIN SLPHNTS-BUT EXCL TALL OIL OF HDG 3803)	856	0.0	241
93	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or include(PRPNS USD IN TXTL INDUSTRY)	19,224	3.0	15,847
94	381512	Reaction initiators, reaction accelerators and catalytic preparations, not elsewhere specified or included(SUPPRTD CATALYSTS WTH PRCUS MTL/ITS CMPNDS)	2,921	0.1	8,187

95	382490	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included(CHEMICAL PRODUCTS NES)	50,777	1.7	47,372
96	520100	Cotton, not carded or combed(COTTON, NOT CARDED OR COMBED)	477,043	31.1	1,027,028
97	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SNGL YRN OF UNCMBD FBRS MEASURNG 714.29 DCTX/MORE(NT EXCDNG 14 MTRC NO))	2,075	98.3	360,019
98	540233	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(TEXTURED YARN OF POLYESTERS)	61,566	0.1	100,303
99	540269	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(OTHER YARN,MULTIPLE(FOLDED)OR CABLED)	1,710	1.1	4,107
100	550320	Synthetic staple fibres, not carded, combed or otherwise processed for spinning(STAPLE FIBRES OF POLYESTER NT CRD/CMBD)	61,873	0.0	122,227
101	550410	Artificial staple fibres, not carded, combed or otherwise processed for spinning(VISCOSE RAYON STAPLE FIBRES NT CRD/COMBD)	46,658	5.6	34,837
102	690100	Bricks, blocks, tiles and other ceramic goods, of siliceous fossil meals (for example, kieselguhr, tripolite or diatomite or of similar siliceous earths(BRICKS,BLOCKS ETC OF SILICEOUS FOSSIL MEAL(KIESELGUHR ETC)/OF SMLR SILICEOUS EARTHS)	633	1.4	3,891
103	790310	Zinc dust, powders and flakes(ZINC DUST)	225	0.0	8,067

6.4 Participation of Sri Lanka in Three-Stage and Two-Stage Supply Chains

The three and two stage potential supply chains identify 8 products of Sri Lanka for final export, which have the potential of forming regional supply chains (Table 6.6). These are the products where Sri Lanka is the highest or second highest global exporter in the region. These are also the products where Sri Lanka is exporting more than US\$ 100,000 and the regional exports are more than US\$ 100,000. The products are mainly from chapters 61 (Articles of Apparel and Clothing Accessories, knitted or crocheted) and chapter 62 (Articles of Apparel and Clothing Accessories, not knitted or crocheted).

There are 34 inputs identified as Stage I inputs that may be imported from the region; of these 28 inputs are from the T&C sector. These are mainly Cotton, not carded or combed; Cotton yarn; Woven fabrics of cotton; and Synthetic filament yarn. However, unlike other countries in the region Sri Lanka is importing to a large extent from the region. Regional imports in 24 out of 34 products is greater than 10 per cent. Sri Lanka's regional imports of Cotton, not carded or combed (520100) is less than 3 per cent, while the region has high global exports of cotton, not carded or combed. For some tariff lines in woven fabrics, the regional supply capacity is limited as Sri Lanka's global imports are much higher than the region's global exports.

There are 36 unique products that Sri Lanka can import regionally in either two stage or three stage identified supply chains. These products are listed in Table A.4 in the Appendix. The Table reports the top exporter of the product to Sri Lanka along with the export unit values of the top exporter and other three suppliers in the region. It needs to be reiterated that the export unit values are indicative in nature and may not reflect the true differences in the prices as quality differences may not be captured at six-digit disaggregation. Except for synthetic filament yarn (540220), which Sri Lanka is importing from the Republic of Korea, in all other products the export unit value of one of the three suppliers in the region is lower than the export unit value of the top exporter to Sri Lanka. None of the identified inputs are in Sri Lanka's sensitive list in SAFTA. This is indicative of the existing potential for regional imports for Sri Lanka.

Table 6.6: Output and Inputs of Potential Exports and Potential Imports in the Identified Three-Stage and Two-Stage Supply Chains for Sri Lanka

S.No.	Final Output for Exports	Description	Sri Lanka's Average Global Exports (US\$ '000)	Share of Sri Lanka's in South Asia's Exports (percentage)	Share of South Asia in Global Exports (percentage)
1	600632	Other knitted or crocheted fabrics(OTHR KNITD OR CROCHETD FBRCS OF SYN FIBRS, DYED)	487	31	0
2	610819	Women's or girls' slips, petticoats, briefs, panties, night dresses, pyjamas, negligees, bathrobes, dressing gowns and similar articles,	1,733	11	20

		knitted or crocheted(SLIPS & PETTICOATS OF OTHER TXTL MATRLS)			
3	610831	Women's or girls' slips, petticoats, briefs, panties, night dresses, pyjamas, negligees, bathrobes, dressing gowns and similar articles, knitted or crocheted(NIGHTDRESSES AND PYJAMAS OF COTTON)	30,537	13	16
4	611420	Other garments, knitted or crocheted(OTHER GARMENTS OF COTTON)	1,776	1	10
5	611519	Panty hose, tights, stockings, socks and other hosiery, including graduated compression hosiery(for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted(PANTY HOSE & TIGHTS OF OTHR TXTL MATRLS)	7,509	55	3
6	611599	Panty hose, tights, stockings, socks and other hosiery, including graduated compression hosiery(for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted(OTHER HOSIERY OF OTHER TEXTILE MATERIALS)	4,231	18	11
7	611692	Gloves, mittens and mitts, knitted or crocheted(OTHER GLOVES ETC OF COTTON)	2,872	8	12
8	621790	Other made up clothing accessories; parts of garments or of clothing accessories, other than those of heading 62 12(PARTS OF GARMENTS/OF CLOTHNG ACCESSORIES)	1,673	25	1
S.No.	Stage I Inputs of Imports	Description	Sri Lanka 's Average global imports (US\$ '000)	Sri Lanka's average imports from Pakistan, Bangladesh and India (percentage)	Global Exports of Pakistan, Bangladesh and India (US\$'000)
1	320411	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(DISPERSE DYES &	1,169	9.2	16,442

		PREPARATIONS BASED THEREON)			
2	320415	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(VAT DYES (INCL THOSE USABLE IN THAT STATE AS PIGMENTS & PREPARATIONS BASED THEREON)	596	30.7	33,900
3	320416	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(REACTIVE DYES & PREPARATIONS BASED THEREON)	7,419	2.3	182,124
4	320419	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(OTHER INCL MIXTURE OF COLORING MATTER OF TWO OR MORE OF SUB-HEADINGS 320411 TO 320419)	1,111	43.6	75,501
5	320420	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(SYNTHETIC ORGANIC PRODUCTS OF A KIND USED AS FLUORESCENT BRIGHTENING AGENTS)	888	23.5	40,866
6	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included(PREPARATIONS USED IN TEXTILE INDUSTRY)	10,230	10.6	16,087
7	520100	Cotton, not carded or combed(COTTON, NOT CARDED OR COMBED)	2,532	2.5	1,088,919

8	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SNGL YRN OF UNCMBD FBRS MEASURNG 714.29 DCTX/MORE(NT EXCDNG 14 MTRC NO))	18,852	99.7	506,932
9	520811	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRCS CONTNG>=85 per cent BY WT OF COTN, UNBLEACHED PLAIN WEAVE WEIGING <=100 G/M2)	12,175	94.7	182,534
10	520812	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRCS CONTNG >=85 per cent BY WT OF COTN UNBLEACHD PLAINWEAVE WEIGING > 100 G/M2)	5,710	45.8	74,334
11	520813	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG>=85 per cent BY WT OF COTN UNBLCHD 3/4 THRED TWILL INCL CROSS TWILL WEIGHNG NOT MORE THN 200 GM PER SQM)	797	84.3	25,719
12	520819	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(OTHER COTN FABRICS UNBLEACHED CONTNG 85 per cent OR MORE BY WT OF COTN WEING<=200 GM PERSQM)	18,806	95.1	382,207
13	520821	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(BLECHD PLAIN WEAVE WEIGNG <=100 G/M2)	4,290	66.9	48,597
14	520822	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT OF COTTON BLEACHD PLAIN WEAVE WEIGNG > 100 G/M2)	2,628	15.0	12,501
15	520823	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG>=85 per cent BY WT OF COTN BLECHD,3/4 THREAD TWILL	860	36.1	4,425

		INCL CROSS TWILL WEIGHING NOT MORE THN 200 GM PER SQM)			
16	520829	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(OTHER COTTON FABRICS,BLEACHED CONTNG 85 per cent OR MORE BY WT OF COTTON WEING NOT MORE THAN 200 GM PER SQM)	10,404	47.4	74,404
17	520831	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per centBY WT OF COTN DYED PLAIN WEAVE WEIGNG<=100 G/M2)	14,917	41.3	66,860
18	520832	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG>=85 per cent BY WT OF COTN DYED,PLAIN WEAVE WEIGHNG >=100 G/M2)	29,853	4.91	17,283
19	520833	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG>=85 per cent BY WT OF COTN, DYED,3/4 THRED TWILL INCL CROSS TWILL, WEIGHING NOT MORE THN 200 G/M2)	10,147	5.6	4,829
20	520839	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(OTHER COTON FABRICS,DYED CONTNG 85 per cent OR MORE BY WT OF COTTON WEIGNG NOT MORE THN 200 GM PER SQM)	15,592	44.9	53,491
21	520841	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT OF COTN PLAIN WEAVE, WEIGHING NOT MORE THAN 100 GM PER SQM OF YARN OF DIFFERENT COLOURS)	2,362	56.1	6,202
22	520842	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT OF COTN PLAIN WEAVE, WEIGHING MORE	45,208	3.9	13,120

		THAN 100 GM PER SQM OF YARN OF DIFFERENT COLOURS)			
23	520843	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS COMTMG>85 per cent BY WT OF COTN 3-THREAD/4-THREAD TWILL IMCL CROSS TWILL OF YARN OF DIFF CLRS WEIGHNG <=200 GSM)	5,230	26.0	7,003
24	520849	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(OTHER COTN FABRICS OF YARN OF DIFFERENT COLOUR WITH COTN CONTENT MORE THN 85 per cent WEIGHNG NOT MORE THN 200 GM PER SQM)	4,357	1.3	6,850
25	520851	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT OF COTN PRINTED PLAIN WEAVE WEIGNG <=100 G PER SQM)	8,179	46.2	74,211
26	520852	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT COTN PRINTED,PLAIN WEAVE WEIGHING >100 G/M2)	13,535	21.3	41,862
27	520853	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT OF COTN PRINTED 3/4-THREAD TWILL,INCL CROSS TWILL WEITHING NOT MORE THN 200 GM PER SQM)	490	33.2	4,800
28	520859	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(OTHR COTN FABRICS CONTNG>=85 per cent BY WT OF COTN,PRNTD,WEIGHING 200 G/M2)	7,258	34.0	110,264
29	540220	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(HIGH TENACITY YARN OF POLYESTERS)	2,160	1.7	14,888
30	540233	Synthetic filament yarn (other than sewing thread), not put up for retail	6,767	23.5	116,796

		sale, including synthetic monofilament of less than 67 decitex(TEXTURED YARN OF POLYESTERS)			
31	540269	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(OTHER YARN,MULTIPLE(FOLDED)OR CABLED)	776	13.7	4,819
32	550320	Synthetic staple fibres, not carded, combed or otherwise processed for spinning(STAPLE FIBRES OF POLYESTER NT CRD/CMBD)	1,314	1.1	127,274
33	550953	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale(OTHER YARN OF POLYSTER STAPLE FIBRS MIXED MAINLY/SOLELY WITH COTTON)	2,646	33.11	70,150
34	560410	Rubber thread & cord, textile covered; textile yarn, and strip and the like of heading 54 04 or 54 05, impregnated, coated, covered or sheathed with rubber or plastics(RUBBER THREAD ANDCORD,TEXTILE COVERED)	2,066	0.05	355
S.No.	Primary Inputs of Imports	Description	Sri-lanka's average global imports (US\$'000)		Global exports of Bangladesh, Pakistan and India (US\$'000)
1	310210	Mineral or chemical fertilisers, nitrogenous(UREA WHETHER OR NOT IN AQUEOUS SOLUTION)	39,462	0.03	76,073
2	740400	Copper waste and scrap(COPPER WASTE & SCRAP)	16,390	4.6	40,865

7. BROAD CONCLUSIONS AND POLICY IMPLICATIONS

7.1 Broad Conclusions

The textiles and clothing sector is a leading sector in terms of trade and employment in all major South Asian countries. It constitutes more than 40 per cent of total regional exports and provides employment to more than 10 million people in most of the countries. The steady rise in exports of this sector from South Asia was arrested by the global economic crisis of 2008 and the sector's exports declined by 18 per cent reducing its share in global exports from 7.7 per cent in 2007 to 6 per cent in 2009. The competitive pressures on the sector in the region are further growing not only due to reduced global demand but also due to erosion of preferences because of increased

number of free trade agreements, withdrawal of Generalised System of Preferences-plus schemes and other policy related developments. This makes it important to improve the cost competitiveness of the sector in the region so that all countries are able to respond positively to the existing and forthcoming global challenges. One of the ways of increasing regional competitiveness is the formation of production supply chains in the region whereby each country exports the products in which it is competitive and imports the inputs from the countries, which have cost advantage within the region.

In this context, the main aim of the study is to identify the potential production supply chains that can be formed within the region in the T&C sector so as to improve cost competitiveness of the region as a whole. This may enable the region to increase its share in global exports of T&C and benefit each of the countries in the region in terms of enhanced exports, output, and employment in the sector. The study finds that the potential for intra-industry trade in T&C is substantially high in South Asia. Using the average of the period 2005-2007, the Grubel-Lloyd index in T&C for South Asia with respect to world is estimated to be 27.3 per cent while that with South Asia is estimated to be 16.6 per cent. This indicates that in the T&C sector, South Asia's intra-industry trade with world is much higher than with the region.

What is interesting is that within South Asia, there exists both demand and supply of inputs of the T&C sector within the region as different countries specialize in different segments of the sector. Bangladesh and Sri Lanka have higher shares in clothing in their exports, while Pakistan has higher share of textiles in its exports. India, on the other hand, produces and exports across the value chain. In order to identify the potential supply chains in this sector, the methodology adopted is based on a simple logic, which is to identify those inputs used in the T&C sector, which a country imports globally but not from South Asia, though there exists a South Asian country which globally exports these inputs. For such inputs, which may be from within or outside the sector, both demand and supply exists in the region.

Using the input-output database constructed by UNCTAD (through its India Project Office) for the T&C sector (which identifies the inputs of each of the six-digit HS codes), the analysis is undertaken at HS six digit level for chapters 50-63. For each of the four countries, the final product for global exports is identified. The criterion used is existing exports of more than US\$ 100,000 (using average exports of 2005-2007). For the identified final products for exports, the stage I inputs are identified which are globally imported by the country (more than US\$ 100,000). Two South Asian country which globally export this input by more than US\$ 100,000 are identified. Using the same criterion, the study identifies the primary inputs to stage I inputs and identifies the potential exporters and importers of these inputs forming a potential supply chain.

The number of stages of identified potential three-stage supply chains in which a country may participate are 1,032 for India; 795 for Pakistan; 418 for Sri Lanka.; and 245 for Bangladesh. These three-stage potential supply chains are formed for the global export of identified final output. There are 37 unique T&C tariff lines identified as final product for export in the potential supply chain for India; 29 for Pakistan; 15 for Bangladesh; and 8

for Sri Lanka. It should be noted that the potential final output need not necessarily comprise clothing and can also be raw materials like fabrics or yarn. The unique Stage I inputs identified, which can be imported from within the region are maximum for Sri Lanka (34), closely followed by Pakistan (27), India (25) and Bangladesh (19). The number of unique primary inputs that are used in the first stage inputs can be imported are maximum for Pakistan (103), followed by India (19), Bangladesh (47) and Sri Lanka (2). These inputs comprise of both T&C and non textiles inputs like chemicals, etc. In addition the study also identifies two-stage supply chains, where the information of primary inputs used in Stage I inputs is not available.

The existing trade flows in the identified three-stage and two-stage supply chains indicate that countries in South Asia have the import demand for inputs relevant for establishing supply chains in the T&C sector but the import demand is met mainly from sources outside the region, although the region has the supply capacity for exports. Estimating the percentage share of country's global imports of the identified inputs to region's exports of these inputs, it is seen that Bangladesh's global imports of these identified inputs comprise only around 18 per cent of region's exports of these inputs. For Sri Lanka and Pakistan, these are around 9 per cent and 7.5 per cent respectively. This indicates that there exists the supply capacity within the region to cater to the demand for the identified inputs by the region. However, India's global imports of the identified inputs is around 350 per cent of the region's exports indicating that India's demand for the identified inputs is much more than the region's capacity to export.

One of the plausible constraints to the formation of the identified potential supply chain could be the availability of lower cost inputs from other global suppliers. To take this into account, the export unit values of each of the major South Asian country along with the major global supplier of the product is reported. The study shows that in many of the products identified as inputs in the potential supply chain which can be imported from within the region, countries within the region have lower export unit values as compared to the major global suppliers of the product. In spite of existence of a lowest cost exporter in the region, the global imports in all countries of many of the identified inputs are higher than the regional imports.

Many of the identified inputs in the potential supply chains are identified as products in countries' SAFTA Sensitive List having tariffs greater than 5 per cent. This indicates that at the national level each country has policy tools to form the identified supply chains and lower its import unit values from the region as compared to the world. In order to make the potential supply chain work, SAFTA can play a very important role. The lowering of tariffs and removal of the identified products of imports from a country's sensitive list under SAFTA can help in not only improving the cost competitiveness of a country's imports, but will also make its exports more competitive globally.

It is found that out of 13 inputs from the T&C sector which are globally imported by Bangladesh, in 12 inputs the export unit value of at least one of the supplier in the region is lower than the export unit value of the top exporter. For India, out of 38 potential inputs of imports from within the region, all tariff lines have import tariffs more than 5

per cent and 12 tariff lines are in India's Sensitive List under SAFTA. In Pakistan, out of 117 potential inputs of imports from within the region, in 43 inputs the export unit value of at least one of the supplier in the region is lower than the export unit value of the top exporter. All tariff lines have import tariffs 5 per cent or more and 17 tariff lines are in Pakistan's Sensitive List under SAFTA. For Sri Lanka, out of 36 potential inputs of imports from within the region, in 35 products, the export unit value of at least one of the supplier in the region is lower than the export unit value of the top exporter. However, none of the tariff lines have import tariffs more than 5 per cent and none of the tariff lines are in Sri Lanka's Sensitive List under SAFTA.

7.2 Issues to Consider and Policy Implications

The above analysis brings to the forefront an important conclusion -- despite the existence of high potential for formation of regional supply chains in the T&C sector in South Asia, market forces on their own have not been successful in developing these supply chains. Intra-regional trade still remains very low and complementarities in the region have been ignored in favour of competition, which has denied the countries in the region the opportunities of lowering the cost of production of their global exports.

Regional supply chains, if put in place, offers not only reduction in costs of production but also the advantages of reaping economies of scale as well as lowering the lead time in global deliveries. However, the formation of supply chains may give rise to an important concern, which is that these may undermine the efforts of the countries in developing their own domestic backward linkage industries. In order to address this concern, the methodology devised for this analytical study is such that it rules out such a possibility. The basic premise of the analysis is whether the countries are already importing from the rest of the world and, if so, whether regional sourcing can replace those supplies. Therefore, if for example, a country is sourcing all its import requirements from its internal backward linkage industries, there is no scope for developing regional supply chains. In other words, since global imports exist, there was no reason to believe that regional imports would hurt domestic industries.

It is also important to point out that the analysis has only considered regional imports for being used in the export-oriented sector and not for domestic consumption. As a result, regional supply chains - at least the way they have been presented in the study - are not any threat to domestic industry.

Following from the above, it is worth mentioning that the Sensitive List under SAFTA may not be a constraint for regional supply chains. The export-oriented sectors are in most cases procuring their raw materials from the cheapest possible global sources. Even when the relevant domestic import competing sectors operate under the shield of tariffs and other support measures, exporters are allowed duty-free import of raw materials or to make use of such facilities as duty-drawback and bonded warehouse to protect their competitiveness by getting inputs from globally efficient suppliers. From this perspective, the Sensitive List maintained by different countries in the region should not be a problem for allowing their exporters to source raw materials regionally. This is an issue that deserves attention of policymakers and businesses.

There might be some apprehension about compromising the export sector's competitiveness by using raw materials and primary inputs manufactured in the region. Another related concern is whether the regional supply chains could lead to trade diversions triggering welfare costs. However, as already pointed out above, South Asian countries are exporting many of these items to the world market and they compete well with other major global suppliers and as such the concern about undermining the competitiveness in the export sector may not be true in a range of product lines. On the other hand, it is important to note that the analytical study does not advocate for trade policy-induced measures (such as tariff concessions for regional partners) for promoting regional trade or supply chains. The South Asian T&C industry is overwhelming global market-oriented and exporters will have to have access to raw material supplies at world prices. Therefore, any suggestion of discriminatory tariffs on input supplies by sources is not considered, thereby eliminating the possibility of trade diversion. Nevertheless, it does not rule out the scope of policy interventions by South Asian countries as they can be more ambitious in integrating their T&C industry across the region. This however has not been considered as a part of the current study.

There are, however, other factors associated with competitiveness where regional supply chains can actually exert beneficial effects. Unlike the traditional trade theories, there is now robust evidence that transport cost reduce tradable volumes. Under ideal circumstance, supplies procured within the region will involve lower transport cost improving individual South Asian countries competitiveness. With regard to the exports of textiles and apparels, most South Asian countries suffer from high 'lead time' (i.e. the time spent between the receipt of export order and delivery of the order at the importer's designated port). Regional sourcing of raw materials, particularly for apparels, can greatly help mitigate the problem.

The distribution of regional export gains could also attract attention of some observers. As within the region some countries have larger supply capacity than others, concerns may be raised about unequal distribution of gains from regional supply chains. However, this argument is misconceived. According to the methodology adopted, countries are importing intermediate inputs in order to increase their exports. If countries could not experience increased export earnings, regional imports would also not rise. Also, one should not merely focus on the distribution of regional exports; what is more important is the growth of overall exports to the global markets.

One important caveat about the supply chain assessment however must be acknowledged. Despite the use of highly disaggregated data, it has not been possible to take into account the quality variations across various suppliers. There is no denying that the quality of inputs would determine a supplier's catering to a particular market. In the case of apparels in particular, many importers often provide strict specification with regard to the inputs to be used and their preferred sources. This somewhat can reduce the scope of regional sourcing. Nevertheless, the study has provided detailed and disaggregated product level information where potentials for developing regional supply chains exist.

Based on this, the industry stakeholders can more precisely assess any likely effects of product heterogeneity on regional sourcing and exports.

It goes without saying that much of the existing scope of exploiting supply chains would largely depend on the progress made on overall cooperative efforts among the South Asian nations. The existence of bilateral political differences has affected the advancement of regional economic cooperation. It has been found that when it comes to regional partners, South Asian countries are more restrictive than their trade regimes with the rest of the world. Along with tariff barriers, a plethora of non-tariff measures limit seriously constrain intra-region trade and investment flows. Due to lack of political will, the region also suffers from relatively poor state of trade facilitation and high transaction costs associated with cross-border exchange. All this will naturally have serious implications for promoting regional supply chains.

Nevertheless, the study identifies inputs in which the countries global exports and also have a potential to export, but they may not be the least cost supplier in the region. There is a need to develop the potential of these products within the country to increase the supply capacity and competitiveness of the countries. Apart from high tariffs and inclusion of products in countries' Sensitive Lists, other reasons for lack of supply chains in this sector in the region could be existence of non-tariff barriers. Stakeholder consultations are needed for identifying the specific non-tariff barriers designed in a manner to impede imports from within the region, which lowers the possibility of formation of supply chains. The importance of trade facilitation for improving the competence and competitiveness of the region in forming supply chains and emerging as more cost competitive supplier needs urgent attention.

To conclude, the study brings out the potential of South Asia to emerge as globally more competitive supplier of textiles and clothing through identified potential supply chains that can be formed within the region. However, there is a need for policy intervention in terms of detailed examination of sensitive lists of each country under SAFTA; a re-look on the tariffs under SAFTA for the identified products; the removal of non-tariff barriers; and emphasis on trade facilitation.

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APPENDIX

TABLE A.1: Export Unit Values of Inputs Identified for Imports in Potential Supply Chains for Bangladesh

S.No.	Tariff line	Description	Share of Bangladesh's Global Imports to South Asia's Global Exports (percentage)	Top Exporter to Bangladesh in 2007	Share of top exporter in Bangladesh's Global imports (2007) (percentage)	Top Exporter Export unit value	India's Export unit value	Pakistan's Export unit value	Sri-Lanka's Export unit value	Bangladesh's Tariff 2007	Bangladesh's Sensitive list under SAFTA
1	510529	Wool and fine or coarse animal hair, carded or combed (including combed wool in fragments)(WOOL TOPS AND OTHER COMBED WOOL)	1.98	Malaysia	50.47	8.43	8.37			5	
2	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SNGL YRN OF UNCMBD FBRS MEASURNG 714.29 DCTX/MORE(NT EXCDNG 14 MTRC NO))	8.69	India	94.75	2.71	2.71	2.00		12	
3	520942	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing more than 200 g/m2(DENIM)	75.63	China	37.81	4.55	4.55	4.55		25	SL
4	530890	Yarn of other vegetable textile fibres; paper yarn(OTHER VEG TEXTL YARN)	24.13	China	69.40	3.47	1.99			12	
5	550320	Synthetic staple fibres, not carded, combed or otherwise processed for spinning(STAPLE FIBRES OF	30.65	Taiwan, China	27.21	1.44	1.31	1.34		0	

		POLYESTER NT CRD/CMBD)									
6	550410	Artificial staple fibres, not carded, combed or otherwise processed for spinning(VISCOSE RAYON STAPLE FIBRES NT CRD/COMBD)	12.06	India	89.03	2.27	2.27	1.79		0	
7	550620	Synthetic staple fibres, carded combed or otherwise processed for spinning(STAPLE FIBRS OF POLYESTERS,CARDED/COMBED)	15.17	Thailand	50.43	1.18	1.13	1.58		0	
8	550630	Synthetic staple fibres, carded combed or otherwise processed for spinning(STAPLE FIBRES OF ACRYLC/MODACRYLC,CRD/CMB D)	19.40	India	75.74	2.18	2.18	1.62		0	
9	560122	Wadding of textile materials and articles thereof; textile fibres, not exceeding 5 mm in length (flock), textile dust and mill neeps(WADDING OF MAN-MADE FIBRES)	273.93	European Union	38.88	8.49			2.91	25	
10	581100	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 5810(QUILTED TXTL PRDCTS IN THE PIECE CMPSD OF ONE/MORE LAYERS OF TXTL MATRLS ASSMBLD WTHPDDNG BY STICHING ETC EXCPT HDG 5810)	6.92	China	38.74	4.39	10.83	3.97	16.77	25	SL
11	500200	Raw silk (not thrown)(RAW SILK (NOT THROWN))	138.17	China	100.00	24.51	29.37			12	SL
12	500500	Yarn spun from silk waste, not put	34.62	China	100.00	21.11	27.47			12	

		up for retail sale(YRN SPN FRM SLK WST NT PUT UP FR RETAL SLE)									
13	540233	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(TEXTURED YARN OF POLYESTERS)	26.32	Thailand	36.90	1.75	1.86	2.23		25	SL
14	250100	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free flowing agents; Sea water(SALT (INCL TABLE SALT & DENATRD SALT) & PURE SODIM CHLRDE W/N AQS SOLN SEA WTR)	8.36	India	77.24	0.02	0.02	0.07	6.93	18.43	SL
15	280920	Diphosphorus pentaoxide; phosphoric acid and polyphosphoric acids whether or not chemically defined(PHOSPHORIC ACID & POLYPHOSPHORIC ACIDS)	165.31	Morocco	50.17	0.47	0.30			12	
16	281511	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium(SOLID SODIUM HYDROXIDE (CAUSTIC SODA))	265.93	China	92.28	0.33	0.41	0.32		25	SL
17	282739	Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides(OTHER CHLORIDE; NES)	2.21	Japan	47.40	4.78	3.03			12	
18	283640	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium	32.20	Korea, Rep.	44.97	0.56	0.23			12	

		carbamate(POTASSIUM CARBONATES)									
19	290410	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated(DRVTVS CNTNG ONLY SULPHO GROUPS, THEIR SALTS AND ETHYL ESTERS)	2.04	Singapore	55.04	6.30	2.99			8.5	
20	291735	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(PHTHALIC ANHYDRIDE)	4.84	Korea, Rep.	95.14	1.21	1.30	0.98		5	
21	291739	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHR ARMTC PLYCRBOXYLC ACIDS THR ANHYDRDS HALIDES PEROXIDES PEROXYACDS & THR DRVTVS)	0.48	China	71.39	2.66	2.58			25	
22	292090	Esters of other inorganic acids of non-metals (excluding esters of hydrogen halides) and their salts; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTR ESTERS OF OTR INORGNC ACDS;THRSLTS ETC)	0.68	United States	35.43	4.35	0.86			8.5	
23	292119	Amine function compounds(OTHR ACYCLIC MONOAMINES & THEIR DEVIVATIVES SALTS THEREOF)	2.64	European Union	50.39	2.99	2.76			5	
24	292151	Amine function compounds(O-M-P-PHENYLENEDIAMINE DIAMINOTOLUENE AND THEIR	0.76	India	83.24	4.46	4.46			5	

		DRVTVS SALTS THEREOF)									
25	292429	Carboxyamide-function compounds; amide-function compounds of carbonic acid(OTHR CYCLC AMIDES(INCL CYCLC CRBAMATES) & THEIR DERIVATIVES & SALTS THEREOF)	20.21	China	87.44	5.20	4.94			5	
26	300420	Medicaments(excluding goods of heading 3002,3005 or 3006) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses(including those in the form of transdermal administration systems) or in forms or packings for(MEDICAMENTS CONTAINING OTHER ANTIBIOTICS AND PUT UP FOR RETAIL SALE)	1.15	India	68.36	38.81	38.81	8.92		5	SL
27	320417	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(PIGMENTS & PREPTNS BASED THEREON)	3.63	China	29.76	5.11	6.20	4.44	3.14	5	
28	320420	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as	7.03	Korea, Rep.	35.32	3.60	2.78	1.43		5	

		luminoph(SYNTHETIC ORGANIC PRDCTS OF A KIND USED AS FLUORESCENT BRIGHTENING AGENTS)									
29	340311	Lubricating preparations (including cutting-oil preparations, bolt or nut release preparations, anti-rust or anti-corrosion preparations and mould release preparations, based on lubricants) and preparations of a kind used for the oil or grease treatment o(PRPNS FOR THE TRTMNT OF TXTL MATRLS LEATHER FURSKINS/OTHER MATERIALS CONTNG PETROLIUM OILS/OIL OBTND FROM BITMNS MNRLS)	112.27	Europea n Union	32.68	1.94	1.35			5	
30	382200	Diagnostic or laboratory reagents on a backing and prepared diagnostic or laboratory reagents whether or not on a backing, other than those of heading 3002 or 3006 certified reference materials(COMPST DIAGNOSTIC/LABRTRY REAGNTS EXCL GOODS OF HDG. NO. 3002/3006)	44.81	Europea n Union	40.43	60.34	34.99			5	
31	390750	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallylesters and other polyesters, in primary forms(ALKYD RESINS)	21.24	Malaysia	60.79	1.49	1.22			5	
32	760110	UNWROUGHT ALUMINIUM(ALUMINIUM-NOT ALLOYED)	9.78	Singapor e	50.29	3.32	2.75	2.57		5	
33	281000	Oxides of boron;boric acids(OXIDES OF BORON BORIC	35.30	United States	71.39	0.50	0.96			12	

		ACIDS)									
34	281512	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium(NAOH IN AQS SOLN (SODA LYE OR LQD SODA))	170.53	China	96.77	0.19	0.32			25	SL
35	281520	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium(POTASSIUM HYPROXIDE (CAUSTIC POTASH))	4.51	China	53.43	0.57	0.8			25	
36	283210	Sulphites; thiosulphates(SODIUM SULPHITE)	17.69	China	47.99	0.26	0.89			12	
37	283620	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(DISODIUM CARBONATE)	74.03	China	66.98	0.17	0.2	0.3		5	SL
38	284700	Hydrogen peroxide, whether or not solidified with urea(HYDROGEN PEROXIDE W/N SOLIDIFIED WITH UREA)	676.55	Korea, Rep.	43.16	0.39	0.41			12	SL
39	290330	Halogenated derivatives of hydrocarbons(FLUORNTD,BRMNT D/IODINATED DERIVATIVES OF ACYCLIC HYDROCARBONS)	24.03	European Union	38.68	6.56	8.17			12	
40	290420	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated(DRVTVS CNTNG ONLY NITRO/NITROSO GRPS)	10.43	China	55.18	1.57	2.6			12	
41	290511	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED	25.31	Singapore	71.73	0.43	0.9			12	

		METHANOL (METHYL ALCOHOL)									
42	290512	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED PROPAN-1OL(PROPYL ALCOHOL) AND PROPAN-2-OL (ISOPROPYL ALCOHOL))	24.53	Singapore	70.46	1.11	1.12			12	
43	290513	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED BUTAN-1-OL(N-BUTYL ALCOHOL))	4.44	Singapore	87.36	1.34	1.99			12	
44	290516	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATRTO OCTNL(OCTYL ALCHL)& ISMRS THEREOF)	322.01	Malaysia	66.91	1.55	3.2			12	
45	290629	Cyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHER AROMATIC ALCOHOL)	1.25	China	46.55	5.62	6.65			12	
46	290711	Phenols; phenol-alcohols(PHENOL (HYDROXYBENZENE) AND ITS SALTS)	3.37	Korea, Rep.	72.33	1.31	2.59			5	
47	290930	Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulphonated, nitrated or nitrosated derivatives(ARMTC ETHRS & THR HALGNTD SLPHNTD NITRATED OR NITROSATED DERIVATIVES)	1.53	China	89.87	6.61	7.16			5	

48	291469	Ketones and Quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHER QUINONES)	11.05	China	84.14	7.79	11.66			12	
49	291521	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(ACETIC ACID)	41.36	Taiwan, China	45.34	0.65	0.89			25	
50	291524	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(ACETIC ANHYDRIDE)	79.38	Singapore	58.09	1.13	1.2			12	
51	291539	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHER ESTERS OF ACETIC ACID)	3.31	United Kingdom	47.16	2.02	3.68			12	
52	291550	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(PROPIONIC ACID ITS SALTS AND ESTERS)	7.79	China	58.77	1.41	19.9			8.5	
53	291631	Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(BENZOIC ACID ITS SALTS AND ESTERS)	5.77	China	73.74	1.57	7.19			5	

54	291830	Carboxylic acids with additional oxygen function and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(CRBXYLC ACIDS WTH ALDHYD/KETONE FNCTN BUT WTHOUT OTHR OXYGN FNCTN THR ANHYDRDS HALDS PEROXIDES PEROXYACIDS & THR DRVTVS)	48.29	China	70.11	6.15	19.27			12	
55	291890	Other Carboxylic Acids With Oxygen Function, Their Anhydrides, Halides	21.21	China	55.50	6.86	9.65			5	
56	292142	Amine function compounds(ANILINE DERIVATIVES AND THEIR SALTS)	0.58	China	99.32	2.31	2.54			5	
57	292229	Oxygen-function amino-compounds(OTHR AMINO-NAPTHLS & OTHR AMINO-PHNLS THR ETHRS & ESTRS OTHR THN THOSE CNTNG MORE THN ONE KND OF EXYGN FNCTN SLTS THEREOF)	5.23	China	75.20	2.95	6.01			8.5	
58	292419	Carboxyamide-function compounds; amide-function compounds of carbonic acid(OTHER ACYCLIC AMIDES & THR DRVTVS,SALTS)	1.67	European Union	90.21	2.52	3.45			5	
59	292700	Diazo-, azo- or azoxy-compounds(DIAZO-AZO-OR AZOXY-COMPOUNDS)	6.54	China	78.37	2.05	4.58			12	
60	293349	Heterocyclic compounds with nitrogen hetero-atom(s) only(OTHE CMPNDS CNTNG IN STRUCTURE A QUINOLINEOR ISOQUINOLINE	20.21	China	79.98	7.73	21.81			5	

		RING SYSTEM (W/N HYDRGNTD),NOT FURTHER FUSED)									
61	320411	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(DISPERSE DYES & PREPARATIONS BASED THEREON)	56.17	China	34.04	3.31	5.08			5	
62	320415	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(VAT DYES (INCL THOSE USABLE IN THAT STATE AS PPIGMNTS & PREPRATIONS BASED THEREON)	15.68	China	53.36	5.00	15.93			5	
63	340211	Organic surface-active agents (other than soap), surface-active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of Heading 3401(ANIONIC W/N FOR RTL SALE)	21.71	Korea, Rep.	38.75	1.17	1.28			18.5	SL
64	380610	Rosin and resin acids, and derivatives thereof; rosin spirit and rosin oils; run gums(ROSIN AND RESIN ACIDS:)	6.89	Vietnam	67.08	1.10	1.44			25	

65	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or include(PRPNS USD IN TXTL INDUSTRY)	258.35	Taiwan, China	23.34	1.51	1.93	1.85	1.58	5	SL
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TABLE A.2: Export Unit Values of Inputs Identified for Imports in Potential Supply Chains for India

S.No.	Tariff line	Description	Share of India's Global Imports to South Asia's Global Exports (percentage)	Top Exporter to India in 2007	Share of top exporter in India's Global imports (2007) (percentage)	Exp UV of Top Exporter	Bangladesh's Export unit value	Pakistan's Export unit value	Sri-Lanka's Export unit value	India's Tariff 2007	India's Sensitive list under SAFTA
1	510129	Wool, not carded or combed:(OTHR DEGRED WOOL NT CRBNSD NOR CRDED/CMBD)	3668.70	Turkey	42.02	1.42		0.84		15	
2	510910	Yarn of wool or fine animal hair, put up for retail sale(YARN OF WOOL/OF FINE ANML HAIR CONTNG>=85 per centBY WT OF WOOL,PUT UP FOR RETAIL SALE)	152.27	European Union	66.00	36.19		26.1		12.5	
3	520100	Cotton, not carded or combed(COTTON, NOT CARDED OR COMBED)	112.53	Bangladesh	59.94	1.30	1.30	1.11		10	SL
4	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SNGL YRN OF UNCMBD FBRS MEASURNG 714.29 DCTX/MORE(NT EXCDNG 14 MTRC NO))	0.34	Pakistan	60.61	2.00	2.19	2.00		12.5	SL
5	520942	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing more than 200 g/m2(DENIM)	35.47	European Union	44.06	10.30	3.08	4.55		12.5	
6	540269	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic	783.50	China	73.35	4.20		3.13		12.5	

		monofilament of less than 67 decitex(OTHER YARN,MULTIPLE(FOLDED)OR CABLED)									
7	550410	Artificial staple fibres, not carded, combed or otherwise processed for spinning(VISCOSE RAYON STAPLE FIBRES NT CRD/COMBD)	1861.49	China	92.05	2.28		1.79		12.5	
8	550510	Waste (including noils, yarn waste and garnetted stock) of man-made fibres(WASTE ETC.OF SYNTHETIC FIBRES)	5616.13	European Union	43.43	0.98	1.91	0.48		12.5	
9	550690	Synthetic staple fibres, carded combed or otherwise processed for spinning(OTHR SYNTHTC STAPLE FIBRES,CARDED/COMBED)	18.36	European Union	80.12	5.43		1.18		12.5	
10	550953	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale(OTHER YARN OF POLYSTER STAPLE FIBRS MIXED MAINLY/SOLELY WITH COTTON)	3.51	Vietnam	43.93	2.51		2.16		12.5	
11	560122	Wadding of textile materials and articles thereof; textile fibres, not exceeding 5 mm in length (flock), textile dust and mill neeps(WADDING OF MAN-MADE FIBRES)	467.86	European Union	48.76	8.49	3.45		2.91	12.5	
12	581100	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 5810(QUILTED TXTL PRDCTS IN THE PIECE CMPSD OF	25.77	European Union	63.58	16.80	3.37	3.97	16.77	12.5	

		ONE/MORE LAYERS OF TXTL MATRLS ASSMBLD WTHPDDNG BY STICHING ETC EXCPT HDG 5810)									
13	600191	Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted(OTHER PILE FABRICS OF COTTON)	71.86	China	78.02	7.84	4.05			12.5	SL
14	611780	Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories(OTHER CLOTHNG ACCESSORIES,KNITD/CRCHTD)	187.12	Singapor e	38.63	33.84	5.8	28.96	16.77	12.5	SL
15	500720	Woven fabrics of silk or of silk waste(OTHER WOVEN FABRICS,CONTAINING>=85 per cent BY WT OF SILK OROF SILK WASTE OTHR THN NOIL SLK)	69799.17	China	98.73	119.63				12.5	SL
16	540233	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(TEXTURED YARN OF POLYESTERS)	86.04	China	53.11	1.70		2.23		12.5	
17	550320	Synthetic staple fibres, not carded, combed or otherwise processed for spinning(STAPLE FIBRES OF POLYESTER NT CRD/CMBD)	475.41	China	61.65	1.15		1.34		12.5	
18	550340	Synthetic staple fibres, not carded, combed or otherwise processed for spinning(STAPLE FIBRS OF POLYPROPYLENE NT CRD/CMBD)	327.91	Saudi Arabia	45.62	2.10				12.5	
19	560410	Rubber thread & cord, textile covered; textile yarn, and strip and	354.89	Europea n Union	60.89	8.48				12.5	

		the like of heading 54 04 or 54 05, impregnated, coated, covered or sheathed with rubber or plastics(RUBBER THREAD ANDCORD,TEXTILE COVERED)									
20	250100	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free flowing agents; Sea water(SALT (INCL TABLE SALT & DENATRD SALT) & PURE SODIM CHLRDE W/N AQS SOLN SEA WTR)	22.22	Pakistan	56.22	0.07		0.07	6.93	12.5	
21	271019	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 per cent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic cons(OTHER PETROLEUM OILS AND OILS OBTAINED FROMBITUMINOUS MINERALS ETC)	313.96	Singapore	37.16	0.55	0.27	0.61	1.6	10	SL
22	291735	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(PHTHALIC ANHYDRIDE)	1263.36	Korea, Rep.	57.51	1.21		0.98		12.5	
23	300420	Medicaments(excluding goods of heading 3002,3005 or 3006)	559.40	European Union	52.53	124.94	10.1	8.92		12.5	SL

		consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses(including those in the form of transdermal administration systems) or in forms or packings for(MEDICAMENTS CONTAINING OTHER ANTIBIOTICS AND PUT UP FOR RETAIL SALE)									
24	310210	Mineral or chemical fertilisers, nitrogenous(UREA WHETHER OR NOT IN AQUEOUS SOLUTION)	818.31	China	44.46	0.28	0.2			12.5	
25	320416	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(REACTIVE DYS & PREPTNS BASED THEREON)	2883.72	Singapore	30.33	8.04		3.2		12.5	SL
26	320417	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(PIGMENTS & PREPTNS BASED THEREON)	1962.13	China	34.84	5.11		4.44	3.14	12.5	SL
27	320420	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as	7220.97	Switzerland	41.39	4.07		1.43		12.5	

		fluorescent brightening agents or as luminoph(SYNTHETIC ORGANIC PRDCTS OF A KIND USED AS FLUORESCENT BRIGHTENING AGENTS)									
28	320649	Other colouring matter; Preparations as specified in Note 3 to this Chapter, other than those of Headings3203,3204 or 3205; Inorganic products of a kind used as luminophores, whether or not chemically defined(OTHR COLRNG MATR AND OTHR PRPTNS)	1306.00	Europea n Union	29.06	4.81		2.55	0.56	12.5	SL
29	350510	Dextrins and other modified starches (for example, pregelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches(DEXTRINS & OTHER MODIFIED STARCHES)	3258.84	Europea n Union	49.67	1.06		0.81		50	SL
30	380210	Activated carbon; activated natural mineral products; animal black, including spent animal black(ACTIVATED CARBON)	45.03	Europea n Union	57.50	3.13			1.23	12.5	
31	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or include(PRPNS USD IN TXTL INDUSTRY)	2563.17	Singapor e	45.47	6.03		1.85	1.58	12.5	
32	382490	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those	7551.96	Europea n Union	55.29	2.97		1.7		12.5	

		consisting of mixtures of natural products), not elsewhere specified or included(CHEMICAL PRODUCTS NES)									
33	690100	Bricks, blocks, tiles and other ceramic goods, of siliceous fossil meals (for example, kieselguhr, tripolite or diatomite or of similar siliceous earths(BRICKS,BLOCKS ETC OF SILICEOUS FOSSIL MEAL(KIESELGUHR ETC)/OF SMLR SILICEOUS EARTHS)	440.50	China	65.49	0.22	0.58	0.09		12.5	
34	740400	Copper waste and scrap(COPPER WASTE & SCRAP)	1181.13	European Union	48.21	2.96	5.42	1.08	5.48	12.5	
35	760110	UNWROUGHT ALUMINIUM(ALUMINIUM-NOT ALLOYED)	16111.23	South Africa	75.32	2.60		2.57		12.5	
36	283620	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(DISODIUM CARBONATE)	2912.33	European Union	66.97	0.17		0.3		12.5	
37	320419	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(OTHR INCL MIXR OF COLRNG MATR OF TWO OR MORE OF SUB-HDNG 320411 TO 320419)	22117.14	China	40.01	1.72				12.5	SL
38	390410	Polymers of vinyl chloride or of other halogenated olefins, in primary forms(POLY (VINYL	3163.66	China	53.58	0.88	0.9			12.5	

		CHLORIDE), NOT MIXED WITH OTHR)									
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TABLE A.3: Export Unit Values of Inputs Identified for Imports in Potential Supply Chains for Pakistan

S.No.	Tariff line	Description	Share of Pakistan's Global Imports to South Asia's Global Exports (percentage)	Top Exporter to Pakistan in 2007	Share of top exporter in Pakistan's Global imports (2007) (percentage)	Top Exporter Export unit value	Bangladesh's Export unit value	India's Export unit value	Sri Lanka's Export unit value	Pakistan's Tariff 2007	Sensitive list
1	510529	Wool and fine or coarse animal hair, carded or combed (including combed wool in fragments)(WOOL TOPS AND OTHER COMBED WOOL)	4.20	India	54.26	8.37		8.37		5	
2	520100	Cotton, not carded or combed(COTTON, NOT CARDED OR COMBED)	46.45	India	42.14	1.33	1.30	1.33		5	
3	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SNGL YRN OF UNCMBD FBRS MEASURNG 714.29 DCTX/MORE(NT EXCDNG 14 MTRC NO))	0.58	India	91.39	2.71	2.19	2.71		5	
4	540269	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(OTHER YARN,MULTIPLE(FOLDED)OR	41.64	China	71.37	4.20		3.19		10	

		CABLED)									
5	550510	Waste (including noils, yarn waste and garnetted stock) of man-made fibres(WASTE ETC.OF SYNTHETIC FIBRES)	18.84	European Union	89.01	0.98	1.91	0.71		10	
6	550620	Synthetic staple fibres, carded combed or otherwise processed for spinning(STAPLE FIBRS OF POLYESTERS,CARDED/COMBED)	189.28	China	84.07	1.56		1.13		10	
7	550630	Synthetic staple fibres, carded combed or otherwise processed for spinning(STAPLE FIBRES OF ACRYLC/MODACRYLC,CRD/CMB D)	108.84	European Union	100.14	2.92		2.18		10	
8	550953	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale(OTHER YARN OF POLYSTER STAPLE FIBRS MIXED MAINLY/SOLELY WITH COTTON)	0.34	United Arab Emirates	70.36	2.66		2.35		10	
9	600191	Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted(OTHER PILE FABRICS OF COTTON)	6.86	China	100.00	7.84	4.05	3.02		25	
10	520300	Cotton, carded or combed(COTTON CARDED OR COMBED)	60.35	Tanzania	32.01	0.94	1.85	1.40		5	
11	540220	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(HIGH TENACITY YARN OF POLYESTERS)	3.02	Saudi Arabia	72.58	2.54		3.09	8.29	10	
12	540233	Synthetic filament yarn (other than sewing thread), not put up for retail	61.38	China	55.72	1.70		1.86		10	

		sale, including synthetic monofilament of less than 67 decitex(TEXTURED YARN OF POLYESTERS)									
13	550130	Synthetic filament tow(SYNTHETIC FILAMENT TOW,ACRYLIC/MODACRYLIC)	263.75	Russian Federation	42.83	1.88		2.85		10	
14	550320	Synthetic staple fibres, not carded, combed or otherwise processed for spinning(STAPLE FIBRES OF POLYESTER NT CRD/CMBD)	50.62	China	76.47	1.15		1.31		10	
15	550410	Artificial staple fibres, not carded, combed or otherwise processed for spinning(VISCOSE RAYON STAPLE FIBRES NT CRD/COMBD)	133.93	Taiwan, China	57.07	2.21		2.27		5	
16	560410	Rubber thread & cord, textile covered; textile yarn, and strip and the like of heading 54 04 or 54 05, impregnated, coated, covered or sheathed with rubber or plastics(RUBBER THREAD ANDCORD,TEXTILE COVERED)	181.84	China	37.00	2.42		4.42		10	
17	250100	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free flowing agents; Sea water(SALT (INCL TABLE SALT & DENATRD SALT) & PURE SODIM CHLRDE W/N AQS SOLN SEA WTR)	0.72	European Union	65.15	0.09		0.02	6.93	20	
18	260700	Lead ores and concentrates(LEAD ORES & CONCENTRATES)	0.30	Morocco	86.81	1.68		0.09		5	
19	271019	Petroleum oils and oils obtained from bituminous minerals, other	0.83	Singapore	38.09	0.55	0.27	0.59	1.60	14	

		than crude; preparations not elsewhere specified or included, containing by weight 70 per cent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic cons(OTHER PETROLEUM OILS AND OILS OBTAINED FROM BITUMINOUS MINERALS ETC)									
20	280540	Alkali or alkaline-earth metals; rare-earth metals, scandium and yttrium, whether or not intermixed or interalloyed; mercury(MERCURY)	134.82	European Union	100.08	16.31		7.65		5	
21	281119	Other inorganic acids and other inorganic oxygen compounds of non-metals(OTHER INORGANIC ACIDS)	7.18	European Union	49.84	2.62		1.22		10	
22	282300	Titanium oxides(TITANIUM OXIDES)	19.01	European Union	73.87	2.61		1.20		5	
23	282580	Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases; other metal oxides, hydroxides and peroxides(ANTIMONY OXIDES)	29.21	Japan	100.00	7.22		5.46		5	
24	282739	Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides(OTHER CHLORIDE; NES)	6.11	India	23.84	3.03		3.03		5	
25	283325	Sulphates; alums; peroxosulphates (persulphates)(COPPER SULPHATE)	53.20	China	62.11	1.92		1.75		5	
26	283630	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(SODIUM	69.98	China	65.57	0.15		0.17		20	SL

		HYDROGEN CARBONATE (SODIUM BICARBONATE))									
27	283640	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(POTASSIUM CARBONATES)	212.68	Thailand	58.49	0.55		0.23		5	
28	290241	Cyclic hydrocarbons(O-XYLENE)	11.50	India	85.02	1.05		1.05		5	
29	290290	Cyclic hydrocarbons(OTHER CYCLIC HYDROCARBONS)	5.07	China	83.36	5.64		2.26		10	
30	290410	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated(DRVTVS CNTNG ONLY SULPHO GROUPS, THEIR SALTS AND ETHYL ESTERS)	2.99	India	71.89	2.99		2.99		8	
31	290490	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated(OTHR SULPHONTD NITRTD/NITRSTD DRVTVS)	1.52	China	56.93	2.13		2.09		5	
32	290512	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED PROPAN- 1OL(PROPYL ALCOHOL) AND PROPAN-2-OL (ISOPROPYL ALCOHOL))	62.08	Taiwan, China	58.91	1.12		1.12		5	
33	290729	Phenols; phenol-alcohols(OTHER POLYPHENOLS)	0.83	India	51.21	6.77		6.77		5	
34	291300	Halogenated, sulphonated, nitrated or nitrosated derivatives of products of heading 2912(HALGNTD SLPHNTD NITRTD/NITRSTD DRVTVS OF PRODUCTS OF	4.35	Singapore	61.24	2.97		1.83		5	

		HEADING NO. 2912)									
35	291421	Ketones and Quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives(CAMPHOR)	20.48	China	93.82	2.14		1.98		5	
36	291470	Ketones and Quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives(HALGNTD,SULPHNTD, NITRTD/NITROSTD DRVTVS OF KETOKES AND QUINONES)	1.08	European Union	41.95	24.99		9.77		5	
37	291524	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(ACETIC ANHYDRIDE)	30.77	India	40.11	1.20		1.20		10	
38	291639	Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHR ARMTC MONOCRBOXYLC ACDS,THR ANHYDRDS HALIDES,PEROXIDES,PEROXYA CIDS & THR DRVTVS)	74.89	European Union	43.66	15.21		7.77		12	SL
39	291719	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHR ACYLC PLYCRBOXYLC ACDS THR ANHYDRDS	5.15	India	32.73	1.76		1.76		5	

		HALIDES, PEROXIDES, PEROXYA CDS & THR DRVTVS)									
40	292111	Amine function compounds(MTHYLAMINE DI-OR TRIMTHYL AMINE & THR SLTS)	2.22	India	96.34	3.36		3.36		5	
41	292119	Amine function compounds(OTHR ACYCLIC MONOAMINES & THEIR DEVIVATIVES SALTS THEREOF)	10.37	European Union	60.07	2.99		2.76		5	
42	292121	Amine function compounds(ETHYLENEDIAMINE AND ITS SALTS)	84.80	China	99.34	2.15		1.57		5	
43	292130	Amine function compounds(CYCLANIC CYCLNIC/CYCLOTRPNC MONO- OR POLYAMINS & THR DRVTVS; SLTS THEREOF)	22.44	China	47.94	9.03		6.95		5	
44	292143	Amine function compounds(TOLUIDINES AND THEIR DRVTVS SLTS THEREOF)	2.16	China	67.37	3.35		2.60		5	
45	292149	Amine function compounds(OTHR ARMTC MONO AMNS & THR DRVTVS AND SLTS)	30.15	China	67.88	4.99		3.84		5	
46	292429	Carboxamide-function compounds; amide-function compounds of carbonic acid(OTHR CYCLC AMIDES(INCL CYCLC CRBAMATES) & THEIR DERIVATIVES & SALTS THEREOF)	71.06	China	56.61	5.20		4.94		9	SL
47	293331	Heterocyclic compounds with nitrogen hetero-atom(s) only(PYRIDINE AND ITS SALTS)	0.27	India	63.93	5.23		5.23		5	
48	293339	Heterocyclic compounds with nitrogen hetero-atom(s) only(OTHR CMPNDS CNTNG AN UNFUSED PYRDN RING(W/N HYDRGNTD)	26.48	European Union	56.80	54.99	20.16	13.09		8	

		IN THE STRUCTURE)									
49	293500	Sulphonamides(SULPHONAMIDES)	17.93	European Union	46.78	146.84	57.96	8.91		14	SL
50	320300	Colouring matter of vegetable or animal origin (including dyeing extracts but excluding animal black), whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on colouring matter of vegetable or animal origin(COLRNG MATR OF VEGTBL/ANML ORGN(INCL DYNG EXTRCT EXCL ANML BLCK) W/N CMCLY DFND)	52.12	India	83.99	0.95		0.95		23	
51	320412	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(ACID DYS W/N PREMETALSD & PRPTNS BASED THERON MORDNT DYS & PRPTNS BASED THRON)	6.38	India	50.33	4.40		4.40		15	SL
52	320413	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(BASIC DYES AND PRE PARATIONS BASED THEREON)	17.09	China	48.58	4.39		3.69		5	
53	320416	Synthetic organic coloring matter whether or not chemically defined;	24.50	Korea, Rep.	30.87	4.69		3.80		15	SL

		preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminophore (REACTIVE DYES & PREPARED BASED THEREON)									
54	320417	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminophore (PIGMENTS & PREPARED BASED THEREON)	8.32	China	47.38	5.11		6.20	3.14	15	SL
55	320490	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminophore (OTHER SYNTHETIC ORGANIC COLORING MATTER)	2.20	China	48.34	5.20		4.37		20	SL
56	320649	Other colouring matter; Preparations as specified in Note 3 to this Chapter, other than those of Headings 3203, 3204 or 3205; Inorganic products of a kind used as luminophores, whether or not chemically defined (OTHER COLORING MATTER AND OTHER PREPARED)	21.72	European Union	24.87	4.81		1.64	0.56	10	
57	340219	Organic surface-active agents (other than soap), surface-active preparations, washing preparations (including auxiliary washing	37.10	China	58.96	1.30		1.16	1.26	10	

		preparations) and cleaning preparations, whether or not containing soap, other than those of Heading 3401(OTHR ORNGC SRFCE-ACTV AGNTS W/N FOR RTL SL)									
58	340311	Lubricating preparations (including cutting-oil preparations, bolt or nut release preparations, anti-rust or anti-corrosion preparations and mould release preparations, based on lubricants) and preparations of a kind used for the oil or grease treatment o(PRPNS FOR THE TRTMNT OF TXTL MATRLS LEATHER FURSKINS/OTHER MATERIALS CONTNG PETROLIUM OILS/OIL OBTND FROM BITMNS MNRLS)	284.49	European Union	54.51	1.94		1.35		20	SL
59	350510	Dextrins and other modified starches (for example, pregelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches(DEXTRINS & OTHER MODIFIED STARCHES)	21.01	European Union	46.84	1.06		0.66		17	SL
60	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or include(PRPNS USD IN TXTL INDUSTRY)	121.31	European Union	44.60	2.59		1.93	1.58	15	SL
61	381512	Reaction initiators, reaction accelerators and catalytic	35.68	United States	54.99	48.87		24.52		5	

		preparations, not elsewhere specified or included(SUPPRTD CATALYSTS WTH PRCUS MTL/ITS CMPNDS)									
62	382490	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included(CHEMICAL PRODUCTS NES)	107.19	European Union	64.37	2.97		1.19		8	
63	690100	Bricks, blocks, tiles and other ceramic goods, of siliceous fossil meals (for example, kieselguhr, tripolite or diatomite or of similar siliceous earths(BRICKS,BLOCKS ETC OF SILICEOUS FOSSIL MEAL(KIESELGUHR ETC)/OF SMLR SILICEOUS EARTHS)	16.27	China	71.46	0.22	0.58	0.10		25	
64	250300	Sulphur of all kinds, other than sub-limited sulphur, precipated sulphur and collodial sulphur(SULPHUR OF ALL KNDS OTHR THN SUBLIMED SULPHUR PCPTD SULPHUR & COLLOIDAL SULPHUR)	9.14	Saudi Arabia	52.76	0.09		0.32		5	
65	280200	Sulphur, sublimed or precipitated; colloidal sulphur(SULPHUR SUBLIMD/PRECPTATED COLLDL SULPHUR)	10.30	Korea, Rep.	79.37	0.42		1.11		5	
66	281000	Oxides of boron;boric acids(OXIDES OF BORON BORIC ACIDS)	80.27	United States	53.54	0.50		0.96		10	
67	281511	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or	53.08	China	38.67	0.33		0.41		25	SL

		potassium(SOLID SODIUM HYDROXIDE (CAUSTIC SODA))									
68	281520	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium(POTASSIUM HYPROXIDE (CAUSTIC POTASH))	16.55	Korea, Rep.	48.51	0.59		0.80		5	
69	282410	Lead oxides; red lead and orange lead(LEAD MONOXIDE (LITHARGE,MASSICOT))	40.58	China	85.81	2.34		2.45		5	
70	282710	Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides(AMMONIUM CHLORIDE)	15.17	China	40.44	0.11		0.36		5	
71	282731	Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides(CHLORIDES OF MAGNESIUM)	37.31	China	74.20	0.11		0.40		5	
72	283110	Dithionites and sulphonylates(DITHIONITES AND SULPHOXYLATES OF SODIUM)	86.51	China	77.74	0.69		1.42		5	
73	283210	Sulphites; thiosulphates(SODIUM SULPHITE)	71.15	Thailand	48.08	0.35		0.89		5	
74	283311	Sulphates; alums; peroxosulphates (persulphates)(DISODIUM SULPHATE)	379.05	China	98.75	0.07		0.15		15	
75	283319	Sulphates; alums; peroxosulphates (persulphates)(OTHER SODIUM SULPHATES)	15.64	China	40.01	0.17		0.25		10	
76	283410	Nitrites; nitrates(NITRITES)	15.10	China	64.79	0.33		0.72		5	
77	283525	Phosphinates (hypophosphites), phosphonates (phosphites), phosphates and polyphosphates whether or not chemically	242.68	China	94.27	0.32		1.19		5	

		defined(CALCIUM HYDROGENORTHOPHOSPHATE ("DICALCIUM PHOSPHATE"))									
78	283529	Phosphinates (hypophosphites), phosphonates (phosphites), phosphates and polyphosphates whether or not chemically defined(OTHER PHOSPHATES)	63.67	Saudi Arabia	59.48	0.70		2.05		5	
79	283650	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(CALCIUM CARBONATE)	52.38	Jordan	29.82	0.08		0.32		10	
80	283699	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate(OTHER CARBONATES PERCARBONATES)	227.78	Kenya	55.12	0.18		1.37		5	
81	284290	Other salts of inorganic acids or peroxoacids,(including aluminosilicates whether or not chemically defined), other than azides(OTHR SALTS OF INORGANIC ACIDS/PEROXOACIDS)	17.38	European Union	56.95	1.54		1.93		5	
82	284700	Hydrogen peroxide, whether or not solidified with urea(HYDROGEN PEROXIDE W/N SOLIDIFIED WITH UREA)	2204.48	Korea, Rep.	43.48	0.39		0.41		5	
83	290420	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated(DRVTVS CNTNG ONLY NITRO/NITROSO GRPS)	9.72	Oman	73.10	1.86		2.60		5	
84	290511	Acyclic alcohols and their	123.09	Saudi	91.77	0.22		0.90		5	

		halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED METHANOL (METHYL ALCOHOL))		Arabia							
85	290513	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATURATED BUTAN-1-OL(N-BUTYL ALCOHOL))	13.23	Malaysia	87.13	1.39		1.99		5	
86	290516	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives(SATRTD OCTNL(OCTYL ALCHL)& ISMRS THEREOF)	120.84	Malaysia	98.96	1.55		3.20		5	
87	290711	Phenols; phenol-alcohols(PHENOL (HYDROXYBENZENE) AND ITS SALTS)	73.92	Korea, Rep.	52.74	1.31		2.59		5	
88	290715	Phenols; phenol-alcohols(NAPHTHOLS AND THEIR SALTS)	11.80	China	85.86	2.82		4.35		5	
89	290810	Halogenated Derivatives of Phenols or Phenol-alcohols, Their Salts	9.93	China	81.47	2.67		3.18		5	
90	291469	Ketones and Quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHER QUINONES)	33.68	China	88.89	7.79		11.66		5	
91	291511	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(FORMIC ACID)	1048.40	China	81.14	0.61		2.07		25	SL
92	291521	Saturated acyclic monocarboxylic acids and their anhydrides, halides,	131.82	Malaysia	72.52	0.55		0.89		25	SL

		peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(ACETIC ACID)									
93	291522	Sodium Acetate	11.45	Taiwan, China	100.00	0.38		0.50		5	
94	291539	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHER ESTERS OF ACETIC ACID)	6.79	Japan	35.51	3.38		3.68		5	
95	291590	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHR SATRTD ACYLC,MNOCRBOXYLC ACDS & THR ANHYDRDS,HALDS,PEROXDS,PE ROXY ACIDS & THR HALGNTD SLPHNTD NITRTD & NITRSTD DRVTVS)	16.01	Singapore	23.62	4.79		5.20		5	
96	291735	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(PHTHALIC ANHYDRIDE)	5.65	Korea, Rep.	71.90	1.21		1.30		10	SL
97	291739	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(OTHR ARMTC PLYCRBOXYLC ACIDS THR ANHYDRDS HALIDES PEROXIDES PEROXYACDS &	18.01	Japan	94.95	2.20		2.58		5	

		THR DRVTVS)									
98	291830	Carboxylic acids with additional oxygen function and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives(CRBXYLC ACIDS WTH ALDHYD/KETONE FNCTN BUT WTHOUT OTHR OXYGN FNCTN THR ANHYDRDS HALDS PEROXIDES PEROXYACIDS & THR DRVTVS)	45.55	European Union	38.05	6.47		19.27		5	
99	292141	Amine function compounds(ANILINE AND ITS SALTS)	0.90	China	61.36	1.29		2.86		5	
100	292142	Amine function compounds(ANILINE DERIVATIVES AND THEIR SALTS)	1.75	China	78.34	2.31		2.54		5	
101	292145	Amine function compounds(1-NAPHTHYLAMINE 2-NAPHTHYLAMINE AND THEIR DERIVATIVES ; SALTS THEREOF)	12.91	China	48.80	3.11		5.43		5	
102	292151	Amine function compounds(O-M-P-PHENYLENEDIAMINE DIAMINOTOLUENE AND THEIR DRVTVS SALTS THEREOF)	4.82	European Union	48.82	4.26		4.46		5	
103	292211	Oxygen-function amino-compounds(MONOETHANOLAMINE AND ITS SALTS)	60.08	European Union	67.74	1.79		2.27		5	
104	292212	Oxygen-function amino-compounds(DIETHANOLAMINE AND ITS SALTS)	83.07	European Union	84.19	1.48		2.58		5	
105	292221	Oxygen-function amino-compounds(AMNOHYDRXYPHT	10.12	China	53.86	4.89		5.88		5	

		HLENESLPHNC ACDS & THR SLTS)									
106	292229	Oxygen-function amino-compounds(OTHR AMINO-NAPTHLS & OTHR AMINO-PHNLS THR ETHRS & ESTRS OTHR THN THOSE CNTNG MORE THN ONE KND OF EXYGN FNCTN SLTS THEREOF)	7.47	China	84.49	2.95		6.01		5	
107	292700	Diazo-, azo- or azoxy-compounds(DIAZO-AZO-OR AZOXY-COMPOUNDS)	50.71	China	57.49	2.05		4.58		5	
108	293090	Organo-sulphur compounds(OTHER ORGANO-SULPHUR COMPOUNDS)	73.24	China	62.38	2.72		11.36		5	
109	293319	Heterocyclic compounds with nitrogen hetero-atom(s) only(OTHR HTRCYCLC CMPNDS CNTNG AN UNFUSED PYRZL RING (W/N HYDRGNTD) IN THE STRUCTURE)	6.23	China	66.24	9.31		11.08		5	
110	293369	Heterocyclic compounds with nitrogen hetero-atom(s) only(OTHR CMPNDS CNTNG AN UNFUSED TRIAZINE RING(W/N HYDROGENATED) IN THE STRUCTURE)	30.89	China	41.07	1.77		16.28		5	
111	320411	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(DISPERSE DYES & PREPARATIONS BASED	83.64	China	77.06	3.31	10.72	5.08		15	SL

		THEREON)									
112	320415	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(VAT DYES (INCL THOSE USABLE IN THAT STATE AS PPIGMNTS & PREPRATIONS BASED THEREON)	42.80	European Union	48.02	5.11		15.93		5	
113	320419	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(OTHR INCL MIXR OF COLRNG MATR OF TWO OR MORE OF SUB-HDNG 320411 TO 320419)	13.79	China	61.35	1.72		5.71		5	
114	320420	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(SYNTHETIC ORGANIC PRDCTS OF A KIND USED AS FLUORESCENT BRIGHTENING AGENTS)	6.16	China	54.46	1.99		2.78		20	SL
115	380210	Activated carbon; activated natural mineral products; animal black,	3.85	China	39.74	0.77		1.08	1.23	10	

		including spent animal black(ACTIVATED CARBON)									
116	380400	Residual lyes for the manufacture of wood pulp, whether or not concentrated, desugared or chemically treated, including lignin sulphonates, but excluding tall oil of Heading 3803(RSDUL LYES FROM MNFCTR OF WOOD PULP-W/N CNCNTRTD,DESUGRD/CHMCLY TRTD,INCL LIGNIN SLPHNTS- BUT EXCL TALL OIL OF HDG 3803)	355.19	Russian Federatio n	72.02	0.14		1.28		5	
117	790310	Zinc dust, powders and flakes(ZINC DUST)	2.79	South Africa	74.79	4.18		4.24		5	

TABLE A.4: Export Unit Values of Inputs Identified for Imports in Potential Supply Chains for Sri Lanka

S.No.	Tariff line	Description	Share of Sri Lanka's Global Imports to South Asia's Global Exports (percent age)	Top Exporter to Sri Lanka in 2007	Share of top exporter in Sri Lanka's Global imports (2007) (percent age)	Top Exporter Export unit value	India's Export unit value	Pakistan's Export unit value	Bangladesh's Export unit value	Sri Lanka's Tariff 2007	Sensitive list
1	520100	Cotton, not carded or combed(COTTON, NOT CARDED OR COMBED)	0.23	United States	82.13	1.41	1.33	1.11	1.30	0.0	
2	520511	Cotton yarn (other than sewing thread), containing 85 per cent or more by weight of cotton, not put up for retail sale (SNGL YRN OF UNCMBD FBRS MEASURNG 714.29 DCTX/MORE(NT EXCDNG 14 MTRC NO))	3.72	India	96.19	2.71	2.71	2.00	2.19	0.0	
3	520811	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRCS CONTNG>=85 per cent BY WT OF COTN, UNBLEACHED PLAIN WEAVE WEIGING <=100 G/M2)	6.67	India	84.90	14.42	14.42	14.42	3.98	0.0	
4	520812	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRCS CONTNG >=85 per cent BY WT OF COTN UNBLEACHD PLAINWEAVE WEIGING > 100	7.68	Thailand	29.70	4.35	3.48	3.48	3.08	0.0	

		G/M2)									
5	520813	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG>=85 per cent BY WT OF COTN UNBLCHD 3/4 THRED TWILL INCL CROSS TWILL WEIGHNG NOT MORE THN 200 GM PER SQM)	3.10	Pakistan	79.58	4.80	4.80	4.80	2.52	0.0	
6	520819	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(OTHER COTN FABRICS UNBLEACHED CONTNG 85 per cent OR MORE BY WT OF COTN WEING<=200 GM PERSQM)	4.92	Pakistan	84.53	8.69	8.69	8.69	2.99	0.0	
7	520821	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(BLECHD PLAIN WEAVE WEING <=100 G/M2)	8.83	China	43.10	18.12	18.12	18.12	8.19	0.0	
8	520822	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT OF COTTON BLEACHD PLAIN WEAVE WEING > 100 G/M2)	21.02	China	50.78	8.81	8.81	8.81	12.35	0.0	
9	520823	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN	19.44	China	67.42	14.41	14.41	14.41		0.0	

		FABRICS CONTNG>=85 per cent BY WT OF COTN BLECHD,3/4 THRED TWILL INCL CROSS TWILL WEIGHING NOT MORE THN 200 GM PER SQM)									
10	520829	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(OTHER COTTON FABRICS,BLEACHED CONTNG 85 per cent OR MORE BY WT OF COTTON WEING NOT MORE THAN 200 GM PER SQM)	13.98	European Union	52.70	30.49	19.88	19.88	2.38	0.0	
11	520831	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per centBY WT OF COTN DYED PLAIN WEAVE WEIGNG<=100 G/M2)	22.31	China	42.32	22.70	22.70	22.70		0.0	
12	520832	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG>=85 per cent BY WT OF COTN DYED,PLAIN WEAVE WEIGHNG >=100 G/M2)	172.73	China	40.25	11.87	11.87	11.87	9.34	0.0	
13	520833	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG>=85 per cent BY WT OF COTN, DYED,3/4 THRED TWILL INCL CROSS TWILL, WEIGHING NOT MORE THN 200 G/M2)	210.13	Hong Kong, China	68.11	7.05	15.25	15.25	4.82	0.0	

14	520839	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(OTHER COTON FABRICS,DYED CONTNG 85 per cent OR MORE BY WT OF COTTON WEIGNG NOT MORE THN 200 GM PER SQM)	29.15	Pakistan	56.98	17.04	17.04	17.04	3.55	0.0	
15	520841	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT OF COTN PLAIN WEAVE, WEIGHING NOT MORE THAN 100 GM PER SQM OF YARN OF DIFFERENT COLOURS)	38.08	India	54.68	42.63	42.63	42.63	5.69	0.0	
16	520842	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT OF COTN PLAIN WEAVE, WEIGHING MORE THAN 100 GM PER SQM OF YARN OF DIFFERENT COLOURS)	344.57	China	66.03	22.14	22.14	22.14	22.14	0.0	
17	520843	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS COMTMG>85 per cent BY WT OF COTN 3-THREAD/4-THREAD TWILL IMCL CROSS TWILL OF YARN OF DIFF CLRS WEIGHNG <=200 GSM)	74.68	China	42.74	31.85	31.85	31.85		0.0	

18	520849	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(OTHER COTN FABRICS OF YARN OF DIFFERENT COLOUR WITH COTN CONTENT MORE THN 85 per cent WEIGHNG NOT MORE THN 200 GM PER SQM)	63.61	China	70.62	25.09	25.09	25.09	9.58	0.0	
19	520851	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT OF COTN PRINTED PLAIN WEAVE WEIGNG <=100 G PER SQM)	11.02	India	50.27	32.04	32.04	32.04		0.0	
20	520852	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT COTN PRINTED,PLAIN WEAVE WEIGHING >100 G/M2)	32.33	China	38.68	11.70	11.70	11.70		0.0	
21	520853	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(COTN FABRICS CONTNG >=85 per cent BY WT OF COTN PRINTED 3/4-THREAD TWILL,INCL CROSS TWILL WEITHING NOT MORE THN 200 GM PER SQM)	10.21	Pakistan	92.47	12.19	12.19	12.19			
22	520859	Woven fabrics of cotton, containing 85 per cent or more by weight of cotton, weighing not more than 200 g/m2(OTHR COTN	6.58	Pakistan	46.91	14.63	14.63	14.63		0.0	

		FABRICS CONTNG>=85 per cent BY WT OF COTN,PRNTD,WEIGHING 200 G/M2)									
23	540233	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(TEXTURED YARN OF POLYESTERS)	5.79	Taiwan, China	26.03	2.04	1.86	2.23		0.0	
24	540269	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex(OTHER YARN,MULTIPLE(FOLDED)OR CABLED)	16.10	China	66.77	4.20	3.19	3.13		0.0	
25	550320	Synthetic staple fibres, not carded, combed or otherwise processed for spinning(STAPLE FIBRES OF POLYESTER NT CRD/CMBD)	1.03	Taiwan, China	44.85	1.44	1.31	1.34		0.0	
26	550953	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale(OTHER YARN OF POLYSTER STAPLE FIBRS MIXED MAINLY/SOLELY WITH COTTON)	3.77	Thailand	29.72	2.37	2.35	2.16		0.0	
27	560410	Rubber thread & cord, textile covered; textile yarn, and strip and the like of heading 54 04 or 54 05, impregnated, coated, covered or sheathed with rubber or plastics(RUBBER THREAD ANDCORD,TEXTILE COVERED)	581.97	Taiwan, China	39.32	6.17	4.42			0.0	
28	540220	Synthetic filament yarn (other than sewing thread), not put up for retail	14.51	Korea, Rep.	35.16	2.24	3.09			0.0	

		sale, including synthetic monofilament of less than 67 decitex(HIGH TENACITY YARN OF POLYESTERS)									
29	310210	Mineral or chemical fertilisers, nitrogenous(UREA WHETHER OR NOT IN AQUEOUS SOLUTION)	51.87	Qatar	42.76	0.31	1.02		0.20	2.5	
30	320411	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(DISPERSE DYES & PREPARATIONS BASED THEREON)	7.11	Singapore	69.24	8.61	5.08		10.72	0.0	
31	320415	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(VAT DYES (INCL THOSE USABLE IN THAT STATE AS PPIGMNTS & PREPRATIONS BASED THEREON)	1.76	India	54.22	15.93	15.93			0.0	
32	320416	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agens or as luminoph(REACTIVE DYS & PREPTNS BASED THEREON)	4.07	Singapore	58.30	8.04	3.80	3.20		0.0	

33	320419	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(OTHR INCL MIXR OF COLRNG MATR OF TWO OR MORE OF SUB-HDNG 320411 TO 320419)	1.47	India	48.54	5.71	5.71			0.0	
34	320420	Synthetic organic coloring matter whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminoph(SYNTHETIC ORGANIC PRDCTS OF A KIND USED AS FLUORESCENT BRIGHTENING AGENTS)	2.17	Singapore	63.60	7.21	2.78	1.43		0.0	
35	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or include(PRPNS USD IN TXTL INDUSTRY)	63.59	European Union	29.60	2.59	1.93	1.85		2.5	
36	740400	Copper waste and scrap(COPPER WASTE & SCRAP)	40.11	Morocco	52.03	6.25	5.81	1.08	5.42	2.5	

