The Association of Southeast Asian Nations (ASEAN) is a regional grouping founded on 8 August 1967 to promote economic growth, social progress and cultural development in the Southeast Asian region through multilateral cooperation. Today, this grouping includes 10 countries such as Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, Lao PDR, Cambodia, and Myanmar.

The region comprising ASEAN and India together represents a combined population of 8.5 billion which is the quarter of the global population and a GDP of over US$ 3.8 trillion, creating one of the largest economic spaces in the world. India has always been an integral part of the South Asian and South East Asian composition. Historically, the ASEAN and India relationship and its roots can be traced to the ancient cultural and civilizational linkages that have found evidence in various texts, religion, folklore, architecture, literature as well.

It is therefore but natural that India is renewing its focus on the existing and historical relationship with this region. The current focus is mainly on a strengthened and multi-faceted relationship that India will bolster with ASEAN through its re-engineered foreign policy as well as an outcome of the significant changes in the world’s political and economic scenario since the early 1990s and India’s own march towards economic liberalization.

Enunciation of the ‘Act-East Policy’ by the current Indian Government has made India’s engagement with the ASEAN and wider Asia-Pacific region acquire further momentum. The ethos therefore, of the Act East policy resounds the emotional bonds that India and the ASEAN region has maintained since time immemorial.

The Conference on ASEAN India Cooperation – ‘Weaving Synergies for Enhancing Trade and Investment in Textiles’ was organised by Confederation of Indian Industry (CII) in close association with the Ministry of External Affairs, Government of India. The objective of the conference was to bring together the finest minds from the Government and Industry from these two historically linked regions. As part of this initiative, panel discussions were also organised to deliberate on the various facets of increasing bilateral trade and investment, explore opportunities of building value chains and establishing an institutional framework for collaboration in the area of textiles between India and ASEAN Countries.

Inaugural Session:

Smt. Smriti Zubin Irani, Hon’ble Minister of Textiles made the Keynote Address at the Inaugural Session and said that there are enormous opportunities for collaboration with ASEAN Countries in the area of capacity building, sharing of knowledge and technology,
assisting each other in the field of education, research and development. She further added that enhancing digital and infrastructure connectivity with ASEAN Countries is a major priority for India.

Elaborating on the existing trade relations with ASEAN, Smt. Irani said that in 2016 India’s export in textiles and apparels to ASEAN was $1203 million, which is a jump of 1.2% from 2012-2015. The total export of textiles and apparels to ASEAN comprise 3% of India’s export to the world. She also highlighted that India being the largest producer of Cotton and Jute and the second largest producer of Man Made Fabrics (MMF), it has the potential to act as a reliable sourcing partner for ASEAN.

Mr U Khin Maung Cho, Hon’ble Minister of Industry, Government of Myanmar spoke about the opportunities in textile and apparel sector in Myanmar and mentioned that there is a huge opportunity for India and Myanmar to work together especially in the areas of skills and technology. Mr Cho also invited for establishment of Public Private Partnership (PPP) initiatives to engage between the regions. He further elaborated on Government of Myanmar policies and invited foreign direct investment in various sectors especially garments, textiles and agriculture.

Mr Dilip Gaur, Member – CII and Managing Director, Grasim Industries Limited, in his opening remarks congratulated on the 25th year of ASEAN India Dialogue Partnership and said that India has been one of the many sources of the steady stream of new and powerful ideas and raw materials into the South East Asian region and considering the various ways in which the Indian methods have intermeshed with the Southeast Asian textile culture needs it to be better understood to innovate further. He mentioned that in order to achieve sustainable global leadership, India and ASEAN will require significant investment to raise productivity and benchmark with the best in quality. He further elaborated on Government of India’s policies to ensure the upgradation of technology and infrastructure across various Indian states such as Scheme for promoting usage of geotechnical textiles in North East Region (NER); Integrated Skill Development Scheme; ‘Linking Textiles with Tourism’ and Amended Technology Upgradation Scheme (A-TUFS).

Session 1: ASEAN - India: “Building Value Chains in Textile Sector”

Asia has been viewed as the growth engine for global prosperity. Within Asia, India and ASEAN are expected to lead this change, thereby positioning themselves as a regional powerhouse and securing a strategic place in the world global scenario. The “Act East Policy” of India highlights the government’s renewed focus to engage with the region.

ASEAN-India have shown trade interdependence between each other since decades. Both regions have witnessed significant increase in demand for textiles after the signing of India-ASEAN CECA. While the trade and investment opportunities in the sector have been manifold, however, both the regions are yet to realise the potential of their partnership in textiles especially raw material, home textiles and fibre. This session brought experts to deliberate upon how ASEAN and India can work together for promoting textiles Industry.

Moderating the Session, Mr O P Lohia, Co-Chair, India – Thailand Business Forum and Chairman and Managing Director, Indorama Synthetics (I) Ltd suggested that an important way in which developmental objectives can be achieved between India and ASEAN is through cooperating among themselves in manufacturing of products by creating Regional Value Chains (RVCs). In the South Asian context, the conceptual underpinnings of RVCs could include: Understanding the importance of manufacturing; Facilitating creation of RVCs through adequate regional policy responses in the realms of trade and investment integration and Adopting an integrated approach towards trade in goods and services and Foreign Direct Investment (FDI). He further added that the trade, investment, and knowledge flows that underpin RVCs can provide

From L-R: Mr Aung Win, Vice Chairman, Myanmar Garment Entrepreneurs Association, Myanmar; Mr Naishadh Parikh, Chairman and Managing Director, Equinox Solutions Ltd; Mr O P Lohia, Co-Chair, India – Thailand Business Forum and Chairman and Managing Director, Indo Rama Synthetics (I) Ltd; Mr Didiet Maulana, Designer and Founder, Ikat, Indonesia; Mr Ravindra Arya, Chairman and Managing Director, Bindal Silk Mills Pvt Ltd and Ms Suwimol Tilokruangchai, Executive Director & Consul Commercial, Royal Thai Consulate General- Commercial Section
mechanisms for rapid learning, innovation and industrial upgrading. Apart from benefitting from economies of scale, firms through participation in RVCs acquire new competencies and become more quality centric.

Mr Naishadh Parikh, Chairman and Managing Director, Equinox Solutions Ltd, updated the gathering that the entire region - ASEAN and India, is home to a fifth of the world population and is considered to be the fastest growing region in the world. One of the major reasons for the competitiveness of the ASEAN economies has been the availability of cheaper and skilled labour for manufacturing. ASEAN has benefited from its ambitious regional integration initiative, but continued reform is necessary in light of rising competitive pressures. Services (particularly logistics and backbone services) are critical to GVCs. Also, most firms in ASEAN are SMEs; therefore understanding how SMEs engage in GVCs is critical to spreading the benefits from participation. Beyond financing, continued support is needed to bridge information gaps and allow SMEs to thrive. Complementary policies are needed to facilitate the adjustment process, such as well-designed labour market and social policies, investment in education and skills. Better policymaking requires better data; in particular firm-level data and for this inter-regional cooperation will enable greater participation in data mining and validation.

Dr Aung Win, Vice Chairman, Myanmar Garment Entrepreneurs Association, Myanmar, invited more investments for strengthening the supply chain for fabric and raw material under the PPP model and also to enhance trade between India and Myanmar through ASEAN India collaboration in textile sector. Dr Win mentioned that conducive policies to promote investments coupled with technology knowhow and skills could help Myanmar achieve its 10 year plan strategy to reach 20 billion in 2025.

Ms Suwimol Tilokruangchai, Executive Director & Consul Commercial, Royal Thai Consulate General-Commercial Section, India, mentioned Thailand is one of the world’s renowned producers of silk and one of the most preferred destination for textiles. She added that Thailand is in the stage of transformation with its new developed economic model Thailand 4.0 that aims to upgrade from abundant cheap, unskilled labour to an innovation “value-based economy”. Creativity and innovation will be the key elements to this process. She also said that India and Thailand have a lot of potential for collaborations and strategic partnerships in the future.

Mr Didiet Maulana, Designer and Founder, Ikat Indonesia, mentioned that ASEAN and India share their own strengths and uniqueness in the overall textiles supply chains. Mr Maulana mentioned four areas of collaboration between

Key Takeaways for ASEAN – India Cooperation in Textiles

Policy Advocacy on Government Policy
- Reduce tariff for import of raw materials;
- Reduction of transaction costs and creation of favorable business environment to spur MNC activities in the region
- Domestic policy restructuring to support RVC operations, labor laws, trade facilitation, business facilitating services, infrastructure, etc. and more initiatives for JVs in the region to promote RVCs.

Policy Advocacy on Trade and Investments
- Collaboration in Manufacturing of products between India and ASEAN for creation of Regional Value Chains (RVCs)
- Facilitating creation of RVCs through adequate regional policy measures in the realms of trade and investment integration
- Adopting an integrated approach towards trade in goods and services and Foreign Direct Investment (FDI)
- Congenial policy environment to facilitate FDI flows
- Need for conducive policies to promote investments under PPP model coupled with technology knowhow and skills especially for Myanmar
- Create opportunities for new investors and Cross investments in traditional and modern textiles esp for Indonesia

Policy Advocacy on Outreach Programmes
- Marketing and Promotion – Establish annual marketing strategy and sustained promotion programmes
- Advocate cross industry promotion as well as utilize Media and entertainment industry for textiles promotion between the two regions;
- Organize Roadshow’s beyond the realms of India and ASEAN countries

Policy Advocacy on Skills and Education
- Enhancing participation of SMEs - Beyond financing, continued support is needed to bridge information gaps and allow SMEs to thrive
- Formulation of well-designed labour market and social policies
- Investment in education and skills
- Organize integrated training programmes for operators and managers to increase performance efficiency
- Exchange programmes on new techniques of handloom, embroidery and handwoven to enhance capacities
India and ASEAN for textiles such as; **Education** – Organize integrated training for operators and managers to increase performance; Exchange programmes on new techniques of handloom, embroidery and handwoven to enhance capacity; **Marketing and Promotion** – Establish annual marketing strategy and sustained promotion programmes; Advocate cross industry promotion as well as utilize Media and entertainment industry for textiles promotion between the two regions; Organize Roadshow’s outside ASEAN and India countries; **Government Policy** – reduce tariff for import of raw materials; and **Opportunities for New Investors** - Cross investments in traditional and modern textiles.

**Mr Ravindra Arya**, Chairman and Managing Director, Bindal Silk Mills Pvt Ltd, succinctly mentioned the benefits of having an effective Regional Value Chain across the textile sector landscape. He said that both Indian and ASEAN need to step up and increase the quality of production to be able to upgrade from Regional Value Chains to Global Value Chains. He pointed out that in order to gain global competitive advantage it is important that governments in all collaborating countries be in consensus about the steps towards formalizing the RVC. Therefore the role of the government becomes all the more important in promoting the industry’s economic requirements. Private initiatives may not be sufficient to drive RVC, strategies aiming at reduction of transaction costs, creation of favorable business environment required to spur MNC activities in the region, congenial policy environment to facilitate FDI flows, Domestic policy restructuring to support RVC operations labor laws, trade facilitation, business facilitating services, infrastructure, etc. and more initiative for JVs in the region to promote RVCs should be implemented.

**Session 2: “Institutional Framework for Promoting Collaboration in Textiles between India and ASEAN Countries”**

ASEAN-India have embarked on a developmental journey towards global integration in a big way. Both the regions are cognizant of their growing need for a formal institutional framework to facilitate and step up trade and investment as a significant measure to amplify opportunities for market access. Knowledge sharing of best practices on technology, skills and success stories will also help to increase the trade basket within the region.

This session delved on measures which can be adopted to intensify dialogue between ASEAN and India through exchanges amongst officials, think-tanks and relevant stakeholders. It threw light on mechanism for institutional framework that facilitates regional value chain creation in textiles and other industries, the levers to enhance productivity and the areas of collaboration which can further strengthen the current relationship.

Session Chair **Mr Kulin Lalbhai**, Executive Director, Arvind Ltd, updated the gathering that ASEAN is a prominent trade partner which accounts for 10% of India’s total trade. The combined GDP of India and ASEAN is estimated to be at 5 trillion dollars which has a customer market for 2 billion people and hence presented an opportunity for increased consumption and accelerate growth. The textiles trade between these two regions –stands at only 2 billion dollars which is quite miniscule given that there is a 100 billion dollar trade between India and ASEAN.

Mr Lalbhai also mentioned that there are an array of opportunities to integrate value chains between India and ASEAN. He made a special mention about the Mekong Ganga Cooperation between ASEAN and India which focused on promoting tourism, capacity building, education, connectivity and culture. He further added that there are over 26 institutional mechanisms of cooperation between India and ASEAN for expanding the relationship in all its dimensions, political, security, economic as well as socio-cultural.

**Ms Kavita Gupta**, Textiles Commissioner, Ministry of Textiles, Government of India, said that it is a very prestigious occasion to commemorate the 25 Years of the ASEAN – India Dialogue Partnership. Ms Gupta outlined the various existing frameworks formulated for greater integration and sustainable development between India and ASEAN such as ASEAN India Trade Agreement (AIFTA) (2010); ASEAN India Investment Agreement (2014); ASEAN India Services Agreement (2014) etc to name a few.
She briefed that the coming into force of the ASEAN India Free Trade Area in July 2015 has enhanced our economic integration. India has also entered into bilateral CEPAs/CECAs with Japan, Korea, Singapore, and Malaysia. The signing of the agreements is reflective of India’s deep commitment to have a strong institutional architecture for economic ties with ASEAN. Regional Comprehensive Economic Partnership (RCEP) is being negotiated where ASEAN is also a negotiating partner. Substantive and text-based negotiations on the Regional Comprehensive Economic Partnership (RCEP) are under way and have gained momentum.

Ms Gupta highlighted that ASEAN needs to leverage India’s strength in terms of technical knowhow especially in spinning and skilled manpower. We are at a strategic crossroad of development, and ASEAN stands to gain a lot by collaborating with India on these areas she added.

Mr Raja M Shanmugham, President, Tirupur Export Association and Managing Partner, Warsaw International elucidated that the textile industry has a huge potential for growth as it is an ever-growing industry next to food industry. The fundamental strength of the textile industry in India is its strong production base of wide range of fibre/yarns from natural fibres like cotton, jute, silk and wool to synthetic/man-made fibres like polyester, viscose, nylon and acrylic. India ranks as No1 in cotton production and No 2 in man-made fibre thereby establishing its capability to be a key raw material supplier. The second key area of collaboration is the utilization of skilled and young workforce of India. The close knit geographies between India and ASEAN has led to the creation of a uni-market where we now have to expedite the process of synergizing the efforts and accelerate the growth of textile segment, which has enormous opportunity for growth.

Ms Ragina Leong, Group General Manager, B.U.M Marketing, Malaysia, commending the efforts of India to organize the Textiles India 2017, advocated for creation of more knowledge sharing platforms in the areas of innovation, technology and resources. India is strong in upstream sector especially man-made fibre while Malaysia in apparel manufacturing, therefore amalgamation of these two strengths would be mutually beneficial to both regions. Both Malaysia and India can also work towards enhancing the level of textiles industry – from normal manufacturing to technical textiles. She also stressed on the need to strengthen ASEAN India relations through the conclusion of Regional Comprehensive Economic Partnership (RCEP) that aims to open up trade in goods, services and investments that lead to progressive opening of markets by both Malaysia and India.

Key Takeaways :

Policy Advocacy on Trade Policy
- Industry awaits Conclusion of RCEP and ASEAN–India FTA

Policy Advocacy on Technology and Skills
- ASEAN can collaborate with India in terms of technical knowhow especially in spinning as well as skilled manpower.
- Creation of Knowledge sharing platforms in the areas of innovation, technology and resources.

Policy Advocacy on Textiles Manufacturing
- India is strong in upstream sector especially man-made fibre while Malaysia in apparel manufacturing, therefore amalgamation of these two strengths would be mutually beneficial to both regions
- India – Malaysia: Work towards enhancing the level of textiles industry – from normal manufacturing to technical textiles.
- Knowledge transfer on Indian raw material production and ASEAN manufacturing processes