Can a FTA with Africa in T&C industry save India from an economic slowdown?

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Abstract
Textile & Clothing (T&C) being a footloose industry has witnessed a continuous shift in its key players. Today where largely the comparative advantage in T&C is enjoyed by China and India, this trend is starting to change. Countries like Cambodia and Vietnam who offer even cheaper labour possess a grave threat to Indian T&C industry in years to come. With this fast shift of comparative advantage, the soon to emerge problem of unemployment across Indian economy cannot be ignored. This study therefore establishes this shift and dwells deeper into the necessary steps that the Indian state needs to take now, in order to prevent an economic slowdown in India. The study suggests that the Indian Government like the Chinese economy should tap the untapped resources of African subcontinent with a strong Free Trade Agreement (FTA), which will aid India's growth despite the shift in comparative advantage.
Keywords: Textile, India, Africa, Trade, FTA, Comparative advantage, Cambodia, Vietnam.

Introduction
Textile and Clothing industries play an indispensable role in the growth and development of an economy. These are the basic industries which has been generating employment both for skilled and unskilled workers. These industries are important both for social as well as economic reasons. Between 1450 to 1800, textile production all over the world was second only to agriculture in economic importance. T&C industries are also a major contributor to incomes for selected countries. T&C wages are also higher than those paid to agricultural workers. Overall, textile and clothing industries hold a significant position in any economy.
Recently it has been observed that less developing Asian countries like Cambodia and Vietnam are posing threats to China and India. The threat is due to the shifting of comparative advantages in the Textile and Clothing industries to Cambodia and Vietnam. Cambodia has been successful in drawing foreign investors. The major reasons are its low cost labours, preferential market access in terms of duty as well as quota free access to the US and European Union markets. Furthermore, location proximity to ASEAN markets and closeness to source countries of FDI in garments has also been facilitating the whole process. These factors are helping make Cambodia the fastest growing garments exporters in the world. Cambodia also had quota free access to the US markets as against other Asian countries, particularly China, who had to operate under restricted trade regime. The abolition of the Multi-Fibre Arrangement (MFA) regime in the year 2004 further helped the Asian producers. The MFA eliminated the imposed export quotas. And also the number of garment categories which were subject to quotas in Cambodia was much fewer compared to other

Asian Countries like China. So Cambodia retained an apparent advantage in preferential market regimes.

Vietnam is another country that holds comparative advantages in the textile and clothing industries like Cambodia. Textile companies are always looking for low cost countries. China's increasing labour cost and land cost is causing the country to lose its advantage in T&C industry towards Vietnam. The wage levels in Vietnam are about one-third of those in China's coastal regions. According to Booz Hamilton survey in the year 2008, around 63% of the companies named Vietnam as their top low cost sourcing alternative to China. It is to bear in mind that low labour cost keeps changing and today's low labour cost location is not necessarily tomorrow's viable location as well. Ig Hortsmann- a professor of Business Economics at the University of Toronto clearly pointed the above point. He said that Nike originally outsourced manufacturing to Japan. Then due to increase in labour costs it moved to South Korea and Taiwan. Then it moved to China and finally to Vietnam. Elisabeth Rolskov- a founder of RR Couture in Vietnam clearly pointed that Vietnam also has very good embroidery skills as well as needle work. There are a lot of designers and manufacturers who need embroidery skills for their apparels and Vietnam has kept in touch with its traditional roots.

The fact that comparative advantages are getting shifted to less developed countries like Cambodia and Vietnam tends to have tremendous effects on Indian economy as well as Chinese economy. Cambodia and Vietnam are making efforts to integrate themselves into the regional and global economy. But both for China and India the repercussions tend to be different.

Chinese investment in the African economy has been a much debated topic. In between 2003-2007, five major countries of Africa including Nigeria, South Africa, Algeria, Zambia and Sudan accounted for more than 70% of China's FDI (BMI Research, February 2015). Many questions have been raised if Chinese investments in African countries are growth-oriented. Some countries showed positive results in growth and development after Chinese aid began. While other countries proved that Chinese aid was not growth-oriented. Chinese Free Trade Agreement (FTA) with African economies successfully shields its Textile & Clothing (T&C) industry from any future shifts in comparative advantage towards less developed economies. Over 15 years, Chinese government has been pouring billions of dollars to drive out the competitors by investing in the textile and clothing sector of Africa. The investments have been in the form of direct subsidies, indirect subsidies as well as capital. Ms. Ciliaka Gitau- a leading lecturer at the University of Nairobi's School of Economics mentioned that Chinese companies have been establishing their subsidiaries in Africa since early 2005. These subsidiaries are widespread among countries like Ghana, Kenya, Madagascar, Lesotho, Malawi, Mauritius, Namibia, Nigeria, Tanzania and South Africa. The African Growth and Opportunity Act (AGOA) between Africa and US indirectly benefit the Chinese economy. This is because under AGOA Africa has access to US trade programs by expanding the (duty-free) benefits. The Chinese investment in Africa therefore, indirectly benefits the Chinese cloth makers who through African economy can continue to export textiles to USA. In Ethiopia, Chinese firms are renting plants and hiring local cloth workers to serve the needs and requirements of clients of US and EU. So China has been able to protect itself through

FTAs that it has signed with African economies. The tie ups are helping China to remain a major investor in African economies inspite of challenges from other Asian economies.

Textile & Clothing (T&C) being a footloose industry has witnessed a continuous shift in its key players. Today where largely the comparative advantage in T&C is enjoyed by China and India, this trend is starting to change. Countries like Cambodia and Vietnam who offer even cheaper labour possess a grave threat to Indian T&C industry in years to come. With this fast shift of comparative advantage, the soon to emerge problem of unemployment across Indian economy cannot be ignored. This study therefore establishes this shift and dwells deeper into the necessary steps that the Indian state needs to take now, in order to prevent an economic slowdown in India. It is known how India is strengthening its relations with Africa after India-Africa Summit in October 2015. The summit is the official platform for the African-Indian relations. The following paper studies how India in recent times should start working on the treaties or agreements to do exactly what China is doing i.e. protecting its economy from the emerging competitors. Finally the study suggests that the Indian Government like the Chinese economy should tap the untapped resources of African subcontinent with a strong Free Trade Agreement (FTA), which will aid India's growth despite the shift in comparative advantage.

Overview of the Indian T&C Industry

The Textile & Clothing (T&C) industry is of grave importance among developing countries, as it aids any nation's terms of trade, GDP and employment. T&C industry has contributed significantly in providing opportunities for export diversification and expansion of manufactured exports for low-income countries that can exploit their labour cost advantages and fill emerging niches and meet buyer demands. Indian economy since liberalization has enjoyed this comparative advantage in T&C industry.

The table below portrays the volume of textile exports to total exports in the Indian economy between 1992-93 to 2004-05. The data clearly shows that exports of Indian textiles (including handicrafts, jute, and coir) in 1992-93 was around Rs.146.85 billion of total exports. Since 1992 the exports of Indian textiles has witnessed an increasing trend. This trend establishes the significance of T&C industry for Indian economy. The only downfall in Indian textile exports was seen during 2001-02,which was primarily due to inadequate supply of domestic cotton and high prices of imported cotton. This resulted in a marginal decline in the volume of Indian textile exports to Rs. 487.2 billion from Rs. 517.76 billions. However, the industry picked up the trend and the volume of exports in the subsequent year 2002-03 increased from Rs. 487.2 Billion to Rs. 562.71 billion, which affirms the significance of T&C industry in the Indian economy.

TABLE 1: VOLUME OF TEXTILE EXPORTS TO TOTAL EXPORTS IN THE INDIAN ECONOMY

Year	Total Textile exports (Rs. in billion)	Total exports (Rs. in billion)
1992-93	146.85	536.88
1993-94	188.17	697.49
1994-95	237.01	826.73
	I Phase	
1995-96	285.2	1063.53
1996-97	339.2	1188.17
1997-98	344.58	1301.01
	II Phase	
1998-99	375.08	1397.53
1999-00	426.39	1595.61
2000-01	517.76	2035.71
2001-02	487.2	2090.18
	III Phase	
2002-03	562.71	2551.37
2003-04	597.21	2933.67
2004-05	613.29	3753.4

Source: DGCIS, Calcutta, 2013

Therefore, table 1 clearly depicts the strong global position that India enjoyed (having cheap labour available) in the international market for T&C industry. Although India's cotton and textile industry saw an increasing pattern in its export volume for almost over a decade (signifying the importance of the textile industry in the global economy), the picture has been registering a gradual shift now. Post 2000 period (particularly 2005 onwards) India's cotton and textile industry has witnessed sheer downfall in its volume of trade. This downward trend is clearly visible by the low growth rates of Indian textile exports post 2005 (given in table 2). .(*DGCIS, Calcutta;2013*)

TABLE 2: PERCENTAGE GROWTH OF TEXTILE EXPORTS IN THE INDIAN ECONOMY

Year	Total Textile Exports (rs. In Billion)	Growth (in %)
	IV Phase	
2005-06	755.22	23.14
2006-07	847.21	12.18
2007-08	870.74	2.78
2008-09	949.3	9.3
2009-10	1037.27	9.25
2010-11	1235.35	19.1
2011-12	1559.36	20.23
2012-13	1685.13	8.07

Source: DGCIS, Calcutta.2013

The table above clearly depicts the fluctuating growth of the Indian Textile Exports. The growth of textile exports registered a strong jump in 2005-06, increasing from 2.69% in 2004-2005 to 23.14% in 2005-2006. But India was not able to continue the same momentum in the succeeding years. In 2007-08, textiles exports recorded growth of about 2.78% compared to previous year despite of the fact that the total value of exports kept increasing. This was because the increase in value of exports was insignificant as the increase shows a diminishing rate.(*DGCIS, Calcutta;2013*)

Furthermore, not only did the value and growth of Indian T&C exports suffered, but also the representation of India as a leading textile exported back in early 1990s got affected. This is clear from table 3 where India's rank 1 in early 2000's dwindled to rank 6 in position by 2011.

TABLE 3: INDIAN RANKING OF T&C EXPORTS AS A SHARE OF ITS TOTAL EXPORTS

Item	1995-96	1997-98	2000-01	2003-04	2005-06	2006-07	2007-08	2009-10	2010-11
Agricultural Goods	2	2	4	5	6	6	6	6	5
Ores and Minerals	7	7	8	7	7	7	7	7	7
Leather Products	6	6	6	8	8	8	8	8	8
Chemicals and Related	5	5	5	4	4	4	3	4	4
Engineering Goods	4	4	3	2	1	1	1	1	1
Textile Products	1	1	1	1	2	3	5	5	6
Gems and Jwellery	3	3	2	3	3	5	4	2	3
Petroleum Products	8	8	7	6	5	2	2	3	2

Source: Economic Survey, Various Issues,2011

The above data gives a clear picture as to how over time the ranking as well as the export earning from the export of textile products steeply fell accross Indian economy post early 2000's. Table 3 clearly depicts that after 2005 the ranking of T&C exports in the share of total exports increased from 1 to 2 and then to 6 by the end of 2010-11.(*Economic Survey,2011)* This implies that the share of Indian exports in principal textile products decreased, adversely affecting the volume of its trade.

On the other hand, table 4 shows the status of export earnings of India among the export of various essential commodities. The highlighted row depicts that the export earnings from the export of textile products was quite stagnant in the early 1950s, however it shows a decreasing trend towards the early 2000s wherein 2010-11 recorded the lowes value of Rs.9.2 Billion from Rs. 25.3 Billion in 1995-96. *(Economic Survey, various issues, 2011)*

TABLE 4: INDIA 'S EXPORT EARNING SHARE IN TOTAL EXPORTS OF COMMODITIES 1991-92 TO 2010-11

Item	1995-96	1997-98	2000-01	2003-04	2005-06	2006-07	2007-08	2009-10	2010-11
Agricultural Goods	19.1	18.9	13.4	11.8	9.9	10	11.3	9.9.	9.7
Ores and Minerals	3.7	3	2.6	3.7	6	5.5	5.6	4.8	4.2
Leather and Manufactures	5.5	4.7	4.4	3.4	2.6	2.4	2.2	1.9	1.5
Chemicals and Related	11.3	12.6	13.2	14.8	14.3	13.7	13	12.8	11.4
Engineering Goods	13.8	15.2	15.3	19.4	21.1	23.4	22.9	21.4	27
Textile Products	25.3	25.9	25.3	20	15.9	13.7	11.9	11.1	9.2
Gems and Jewellery	16.6	15.3	16.6	16.6	15.1	12.6	12.1	16.2	16
Petroleum Products	1.4	1	4.2	5.6		14.7	17.4	15.8	16.5

Source: Economic Survey, Various Issues,2011

The above mentioned data in the study therefore validates the point that early 2000s' witnessed a downfall in the textile value of the Indian Textile Industry. Thia phenomena ultimately is a threat to the Indian economic growth, since its global market share is gradually decreasing. India today is facing stiff competition from global producers of T&C industry- especially from the less developed economies. On one hand economies like Vietnam and Bangladesh possess major threat to Indian T&C exports to US markets, and on the other hand economies like Turkey and Bangladesh are increasingly gaining momentum across European Markets. This is because Bangladesh & Turkey enjoys duty free access to European markets, while Indian firms have to pay 9.6% duty on their exports (*Economic Survey; 2011)*. This has put India in a disadvantageous position in the European market.

Traditionally the T&C sector was responsible for significant job numbers in developed countries, but over the last decades the sector has become the first step towards manufacturing production and employment for many developing countries. While total world employment in T&C hardly changed in recent decades, the distribution of employment changed substantially with the EU and US losing jobs and mainly Asia gaining. (ODI et al. 2002).

Table 5: Average T&C employment and contribution to growth for selected developing economy exporters (most recent data).

Country Group	Share of manufacturing employment in T&C (%)	No. employed ('000s)	Average wages in T&C production (US$million)	Share of T&C wages in MVA	Value added per employee (US$million) in T&C production
Less Developed Countries	59.1	340,862	401	35.3	536.4
Low Income	34.4	567,348	1,498.5	38.9	1,749
Lower Middle Income	35.7	994,014	3093.3	41.7	2,791.1
Upper Middle Income	28.4	206,718	3153.6	43.3	1,846.7

Source: UNIDO Industrial Statistics, World Development Indicators, and ILO Labour stats – averages are based on a selection of countries in each group, see Table A11

These averages reveal that textiles and clothing are responsible for the majority of formal jobs in a number of LDCs, and a third in low and middle income countries. However, the average picture overlooks country specific features. For low income countries such as India and Pakistan, T&C employs a relatively large share of the total employment in manufacturing (44.3% and 50.2% respectively) with relatively higher wages : $1,647 and $2,675 respectively.*(UNIDO Industrial Statistics; 2008).* This signifies that the Indian T&C industry is generating a higher proportion of employment opportunities. However, the fall in the share of export of Indian T&C industry on global level will eventually lead to a slowdown of Indian growth.

Within the lower middle income country group LDCs such as Vietnam, Cambodia, and Lesotho all have been registering a very high share of total manufacturing employment in the T&C industry (77%, 90% and 89% respectively). Therefore, given the overview of the gradual decline in the global exports of Indian T&C, and its subsequent relation with the level of employment in Indian economy it can be asserted that this fall in share of T&C industries global trade (losing the market to LDC's in global T&C) internationally is bound to affect the growth of Indian economy. The next chapter in the study therefore dwells deeper into the analysis and establish that the decline in Indian share of T&C has been matched by the rise in share of T&C among the LDC's such as Vietnam.(*UNIDO Industrial Statistics; 2008)*

Causal Relationship between Indian and Vietnamese T&C Global Trade

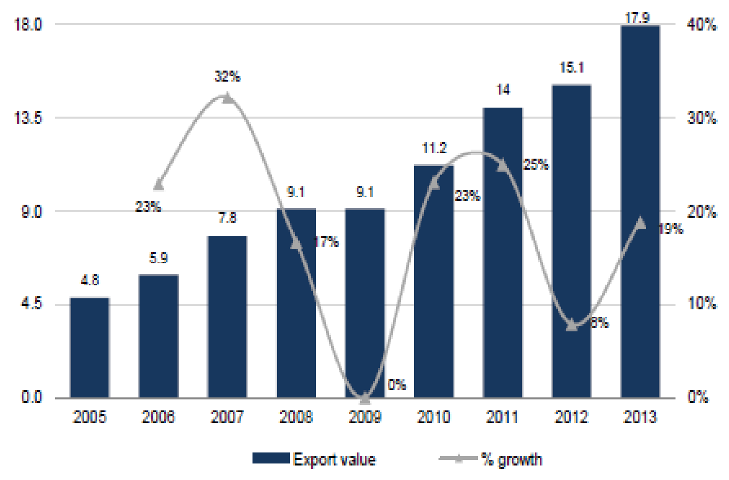
A deeper analysis of this shift in T&C industry finds that the global share of T&C industry is shifting rapidly, from historical producers like India and China to less developed economies like Vietnam and Cambodia. India’s cotton and textile industry has lost its competitiveness due to decreasing labour availability and increasing production costs.

This loss of comparative advantage has resulted in a shift of its market to other contenders having much more comparative advantage on labour such as Vietnam, Cambodia and African Economies. There are various contenders lining up to grab part of India's dominating market share in the coming years. Not all countries will benefit to the same extent from the ongoing changes in the sector however Vietnam has shown a huge increase in its export market in post 2000 period which serves as a great threat to the Indian export market for textiles and clothing industry.

Vietnam is one of the fastest growing countries of global textile and apparel sector. In 2013, the textile and apparel industry was ranked 2nd among Vietnamese largest export industries with US$17.9bn.Compared with other countries, labor productivity of manufacturing sector in Vietnam is very low. Labor productivity index of manufacturing sector in Vietnam is only 2.4; while other big apparel manufacturing countries such as China and India have index of 6.9 and 5.2 respectively.

Vietnam has already beaten India as the world’s third-largest garment exporter and the threat from the nation appears more real given the fact that the US accounted for 22-30% of India’s garment exports in recent years and Indian exporters have to pay duty in the range of 14-32% for the shipment of textiles and garments there. The TPP between the US and 11 other Asia-Pacific nations, including Vietnam, represents roughly 40% of global gross domestic product and a third of world trade.

Figure 1: The export volume of Vietnam's garment (US$ Billion)



Source: Bloomberg,2011

Textile and apparel export turnover of Vietnam increased gradually over the years, currently stands as the 2nd largest export sector. Apparel exports of Vietnam reached US$17.9bn in 2013, increasing by 18.5% over the same period; accounting for 13.6% of total export turnover in Vietnam. If fiber export value of US$2.15bn is included; total export value of garment and fiber in 2013 reached US$20.1bn; US$1.15bn lower than the highest export turnover of phones and mobile devices sector.(Bui Van Tot; April, 2014).

On the contrary, if we consider Indian export share and its growth in the market for the same time span as that of the Vietnam Industry there are massive differences between the two industries. While we see Vietnam Industry having an increasing growth pattern from merely 4.8% in 2005 to 17.9% in 2013 (Fpt Securities,2013) the growth percentage for Indian Textile Industry shows a decreasing trend over the period as discussed below:

The study therefore clearly establishes that India and China are losing their share of T&C in global markets to LDC's. This phenomena in the near future is bound to negatively affect Indian and Chinese growth through lower levels of employment in their T&C industry. The subsequent chapter in thus tries and identifies the steps that have been taken by China (a nation which is witnessing the same trend as India in its T&C industry today) to protect their economy from a similar slowdown. China is strongly integrating its economy with less developed economies like Africa (the countries now gaining the comparative advantage in T&C exports globally), to continue accessing the markets of US and EU.

Chinese Strategy to Protect Its T&C Industry Slowdown- Lesson For Indian Economy

As we have clearly identified in the above chapter the global exports of Indian T&C industry has been declining significantly. Similar declining trend has been observed by other major exporters of global T&C that is - China. Like in India, the continuity of this declining trend in China, also threatens Chinese employment level and therefore its overall growth. The study in this chapter tries to identify various steps that have already been initiated by the Chinese state to bridge the fall in their T&C exports.

China's years to an emerging global power and one of the largest exporter of T&C goods has attracted the attention as well as served alternative source of trade and finance from Africa's traditional markets. Chinese dependence on increased engagement with Africa could generate important analysis and advantages, and to design the policies necessary to maximize the developmental impact of China. One overriding consideration is that reaping the full benefits from Chinese trade and investment will require substantial improvements in governance in African economies.

In 2008, trade between Africa and China reached $100 and FDI amounted to $5.4 billion. Moreover, China's loans and concessional assistance financed a wide range reaping significant benefits through access to raw materials, expanded markets for exports of manufactures, the establishment of investment relationships which could generate significant profits over time and diplomatic influence. Chinese banks have been increasingly involved in providing financial services to facilitate trade and investment the China-Africa Development Fund (CADF) was established in 2007 by the China Development Bank (CDB) as a $5 billion equity investment fund to assist Chinese companies in expanding into Africa.

China's Impact on African Trade:

The impact of China varies according to the very diverse size, economic of governance China's impact is probably greatest on resource rich economies who benefit from China's demand for raw materials and probably smallest on more diverse African economies. Therefore with this, the impact of Chinese aid depends upon the commodity specialization of that country as well as countries that export primary commodities, industrial inputs, capital intensive goods and technology will have less threat and thus a good market for the export of these goods.

Taking the case of Africa particularly in the T&C arena, countries exporting industrial inputs to China such as Cameroon, Chad, Cote d'Ivoire, Mali, South Africa, Sudan, Tanzania etc. will enjoy increases in export volume and prices. On the other hand it does have an important impact on Africa's import prices as well where in African economies benefit from the expanded availability and lower prices of consumer goods particularly Textile and Apparel Industry comprising of countries like South Africa, Mauritius, Gambia and Nigeria.

Therefore, on the whole we can say that the rise of Chinese private investment, particularly in the manufacturing sector, could have a transformative impact on growth and development. The rise of Chinese private investment in Africa is a new and relevant phenomenon. Most interestingly, private companies are not creating establishments in government-sponsored special economic zones (SEZs), which are in fact struggling to survive. The easing of regulations on outward FDI in the mid-1990s and after the global economic crisis, coupled with the increasing saturation of the domestic market in China, are the key drivers of this development in the African nations. In many countries (e.g., Tanzania), Chinese small private firms are becoming a significant source of jobs and income and have productivity-enhancing spill overs, but they are competing with domestic firms in the local market.

Since trade with African Economies is of great significance for both the nations as a whole therefore and Free Trade Agreement (FTA) signed between China and South Africa Customs Union (SACU) is bound to have a positive and beneficial impact on both China as well as African nations. However, with the collaboration of Africa and China under the FOCAC (Forum on China-Africa Co-operation), the two already have gained quite a lot benefits with the trade practices.

The investment of China in African states have been over 40.74 % out of which 16.4% (African Development Bank Group; 2011) goes to the T&C industry and its development. Considering the benefits of trade between the two nations, the FTA asserts that Chinese imports is their domination of the market where they compete, with most of their textile, clothing and footwear imports holding a market share of at least 50 per cent. Secondly, South Africa is already a major exporter of cars and aircraft into China, but there are indications that there may be potential areas where South Africa could export to China in the T&C arena where an FTA like SACU facilitate such benefits and thirdly stimulated model indicates that an FTA would lift economic growth and welfare in China and South Africa. Overall, Chinese imports into South Africa have increased dramatically over the last ten years.

On the basis of these features of the FTA between China and Africa, we can clearly infer that how trade between the two nations in the past decade (post 2000s) have in a led to an increase in the export-import volume as well as how it will (FTA) would be cumbersome to growth.

On average, South African exports and imports accounted for 97 percent of the Southern African Customs Union's (SACU's) total merchandise trade with China over the period 2000 to 2008 (see Table 1), and the remaining SACU members (Botswana, Lesotho, Namibia and Swaziland) account for the remaining 3 percent of trade with China. The share of goods sold to China has grown more rapidly for Namibia and South Africa from less than 4 percent in 2000 to 16 percent in 2010 (see Figure 1).

On the other hand, the share of exports to China from the remaining three SACU countries did not exhibit similar growth, and remained below 4 percent over the same period most of the time. Although the share of imports from China exhibit an upward trend in all SACU countries, it has grown much more significantly in South Africa, from just under 4 percent in 2010.

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Benefits gained by China with the FTA:

As of 2010, more than 2,000 Chinese companies have invested in Africa. Most of the investment has gone into energy, mining, and textiles clothing. Between 2003 and 2007, five countries—Nigeria, South Africa, Sudan, Algeria and Zambia—accounted for more than 70 percent of China's FDI. Also, on the basis of the above mentioned background and the features of the FTA carried out between SACU-China clearly indicates that with this initiative, both the nations equally (or likely) gain form the whole practice of undergoing the FTA. African economies on one hand gain and yield the benefits of huge investments made into it by the Chinese economy by establishing a strong infrastructural base, techniques and technology, knowledge leading to skilled workforce. The billions of dollars that China commits to Africa are repayable, long-term loans. From 2009 to 2012, China provided USD 10 billion in financing to Africa in the form of "concessional loans." The head sovereign risk analyst of Export-Import Bank of China announced in November 2013 that by 2025, China will have provided Africa with USD 1 trillion in financing, including direct investment, soft loans and commercial loans.(African Development Bank Group; 2011)

The goal behind such huge investments into such an under developed economy like Africa is to utilise the potential of the African nations and to maximize the feasibility and flexibility of Chinese projects to meet local realities in the recipient country. On the contrary, not only the African nations benefit out of this FTA but it tends to be a win-win situation for both. Chinese benefits attained out of this FTA involve several factors which are indeed cumbersome to the growth of the Chinese economy.

Motive behind investments in African Nations:

The profits earned by China majorly involves their strong desire to secure a solid base of raw materials to fuel China's own rapidly growing economy as African nations are rich in resources but lack the infrastructural framework to utilize the resources. There will be and is (presently) a strong and firm global political influence of China over Africa and affiliated nations and further with this FTA the desire and control increases. Along with this the major growth opportunity presented by emerging market economies in Africa. With such an FTA the Chinese would be able to penetrate the African markets as well as secure more predictable market access for its global exports and to obtain much needed natural resources as well as raw material that will prove to be conducive to enhance the trade and growth perspective.

Taking into account more evident benefits seeping down the Chinese economy involve those factors that were decisive in China's investment decision. The motives for investing identified involve those considering the intense competition in domestic Chinese markets; transfer of excessive domestic production capability to abroad; entry into new foreign markets via exports from host; and taking advantage of African regional or international trade agreements thereby acquiring technology and skills along with diversification of risks.

With all of this, the Chinese tends towards attaining its important motive of having a political control over the African nations so as to absorb the benefits out of the FTA. Since SACU-China FTA is a Custom Union FTA, therefore it will be beneficial for both the nations to trade with each other and using the respective abundant resources: China using the cheap labour available in Africa along with the rich natural resources and raw materials (Cotton) for the development of the T&C industries: Africa on the other hand will get an access to a better infrastructure, knowledge and skill development practices and acquire an increased amount of Chinese financial inflows which is cumbersome to growth for the Under-Developed Nation.

Therefore, Chinese acquire the comparative advantage in terms if labour and raw materials from Africa which in a way will help China to emerge as a strong trading nation as well as Africa would secure itself and develop it simultaneously with all the funds and aid provided by the Chinese in accordance to the removal of the trade barriers while undergoing the trade practices and becoming a strong and solid economy.

Conclusion

Having seen in the study, it is very evident that the Indian T&C industry is losing out on its market share significantly. The emerging economies like Vietnam and Cambodia are coming out as threats to tap the T&C markets of nations like India. Therefore, it is in the need of an hour for India to take advantage of backward economies like the African nations so as to develop and protect its market share from losing.

Textile and Clothing industries play an indispensable role in the growth and development of an economy. These are the basic industries which has been generating employment both for skilled and unskilled workers. These industries are important both for social as well as economic reasons. By 2005**,** it is seen that the Indian textile industries has 425,792 registered powerloom units that produced 26,947 mn. sq. mts of cloth and employed about 4,757,383 workers (Pankaj Chandra ,2006). This shows that the early 2000 era witnessed a great deal and potential for the Industry as well as the workers in it of growth and development. However, post 2005 the industry recorded signs showing the downfall in the industry's global market share. India's textile exports declined marginally in 2015 to $36.26 billion from $37.14 billion. In apparel, Bangladesh's exports to the US grew by a whopping 12% in 2015 while Vietnam did even better as its exports rose by 14%. India, on the other hand, saw its exports grow just by 8%. (Mayank jain; 2016) Along with this, the industry's growth percent further showed a declining trend in 2005-2013 from 24.14% to a meagre 8.07% on a global level. (Greeshma Manoj; 2013).

Vietnam is encounters as one of the fastest growing countries of global textile and apparel sector. In 2013, the textile and apparel industry was ranked 2nd among Vietnamese largest export industries with US$17.9bn.Compared with other countries, labor productivity of manufacturing sector in Vietnam is very low. Labor productivity index of manufacturing sector in Vietnam is only 2.4; while other big apparel manufacturing countries such as China and India have index of 6.9 and 5.2 respectively. (Bui Van Tot; 2014). This indicates that Vietnam is indeed a big threat to the Indian textile market where it is expanding and grabbing a huge market share due to its advantage of cheap labour. Also, it has been observed that less developing Asian countries like Cambodia and Vietnam are posing threats to China and India. The threat is due to the shifting of comparative advantages in the Textile and Clothing industries to Cambodia and Vietnam. Cambodia has been successful in drawing foreign investors. The major reasons are its low cost labours, preferential market access in terms of duty as well as quota free access to the US and European Union markets.

Over the years, it has also been seen that Chinese dependence of increased engagement with Africa could generate important analysis and advantages, and to design the policies necessary to maximize the development impact of China. One overriding consideration is that reaping the full benefits from Chinese trade and investment will require substantial improvements in governance in African economies. In 2008, trade between Africa and China reached $100 and FDI amounted to $5.4 billion. China's impact is probably greatest on resource rich economies who benefit from China's demand for raw materials and probably smallest on more diverse

African economies. Therefore with this, the impact of Chinese aid depends upon the commodity specialization of that country as well as countries that export primary commodities, industrial inputs, capital intensive goods and technology will have less threat and thus a good market for the export of these goods. Also, to further strengthen its trade with African Economies an Free Trade Agreement (FTA) signed between China and South Africa Customs Union (SACU) will have positive and beneficial implications on both China as well as African nations. However, with the collaboration of Africa and China under the FOCAC, the two already have gained quite a lot benefits with the trade practices. The investment of China in African states have been over 40.74 % out of which 16.4% goes to the T&C industry and its development.(African Development Bank Group; 2011).

Although, the government's decision to incentivize textile and apparel firms to absorb more labour by offering to pay a portion of the Employees' Provident Fund for new employees will kind of attract the labour force in the industry. But to become competitive at an international level, it needs a major revamp. The issues of productivity suffered by an industry largely restricted to the small scale and unorganized sectors needs to be addressed. Incidentally, around 60% of the spindles used in India are more than 25 years old.

Meanwhile, emphasis should be laid on promotion and marketing of textiles and designs that are indigenous to India. Geographical indications could prove to be an effective means of securing a niche market for Indian handloom in foreign markets. India's muga silk used for Japanese kimonos is a case in point.

Given rising Internet penetration in the country, e-commerce could also be used to the advantage of the textile industry—to eliminate layers of middlemen and improve access. The example of the Taobao model in China where an entire village specializes in the production of a commodity and sells it at competitive prices online is relevant.

But promoting traditional industries does not mean creating a protective shield against the emerging competition from synthetic fibre through tariffs. If an industry has to successfully progress and provide network effects, it must be allowed to grow to its full potential. And for that, it is important to diversify and embrace new innovations.

Therefore, having a look at all of this it will not be wrong if we conclude that over time the Indian textile and Clothing industry have lost most of its market share on a global platform to emerging economies like Vietnam and Cambodia. Adding on to this, China; the historical leader of T&C Industry too has entered in an FTA with Africa in order to tap its natural resources as well as the comparative advantage over cheap labour. Therefore it is very important for India to step up and undergo such a strategy (like signing up an FTA with the African Nations) so as to protect its foreign market share. This will further help it get back the economical stand in terms of its T&C exports as well as have a good trade relation with the emerging nations such as African nations in order to enjoy the profits through trade.

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