

ASEAN emerging as key textiles hub: industry body

[May Kunmakara](#) | Publication date 04 June 2023 |



Garment workers were working at a factory in Kandal's Ang Snoul district earlier this year. YOUSOS APDOULRASHIM

The ASEAN region is collectively emerging as a major global supplier of textile-related goods, in a market traditionally dominated by mainland China and other players, according to ASEAN Federation of Textile Industries (AFTEX) chairman Albert Tan.

Tan, who is also deputy chairman of Cambodian AFTEX member Textile, Apparel, Footwear and Travel Goods Association in Cambodia (TAFTAC), was speaking at the AFTEX 49th Council Meeting and 47th Plenary Session in Siem Reap, held from June 1-2.

The textile-linked industries are a linchpin of many ASEAN economies and operate in highly competitive markets, he stressed. "So far, our region has performed well in terms of capturing more global market share, serving as an alternative source of supply to China and some other key supplying countries," he said.

Tan highlighted that over the past decade, the overall gap between production costs, which primarily include raw materials, labour, logistics and compliance, and FOB (free-on-board) and retail pricing has narrowed. He expects this trend to continue into the next decade.

“Keeping these costs competitively low is extremely difficult, while having price increases from the buyers and brands looks impossible, unless we can offer something special. What’s special about AFTEX? Let’s spend the day in serious discussions to bring about something meaningful and valuable for AFTEX’s future.

“Of course, AFTEX members might compete in some areas, in some shapes or forms, but surely there are areas that we need to work together on to be strong as a region and deal with changing global market forces,” he said.

Royal Academy of Cambodia economist Ky Sereyvath, stressed that these industries continue to be highly competitive and appealing in the Kingdom as well as in many of the other nine ASEAN countries due to their capacity to generate jobs and drive the economy.

Exports from the industry to the US and Europe have, however, slowed down as a result of economic turbulence, he lamented.

“We can see that the industries have played a vital role in the economy and livelihood of the populations of several ASEAN nations, including Cambodia. To encourage further investment in our country, the government has been treating the industry quite nicely by offering some tax breaks,” Sereyvath said.

The AFTEX 49th Council Meeting and 47th Plenary Session was attended by representatives of member organisations from Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand and Vietnam.

These organisations reaffirmed their commitments to work together in the ASEAN spirit and speak with a unified voice on behalf of the Southeast Asian region’s textile and apparel sectors.

Participants put together a list of projects and work plans for the coming months under Cambodia’s chairmanship, in a bid to consolidate AFTEX’s roles and spur growth of ASEAN’s textile and apparel industries.

Cambodia earned \$1.395 billion from the export of “articles of apparel, knit or crocheted” in the first four months of 2023, down 28.49 per cent year-on-year and down 40.80 per cent half-on-half (compared to July-October 2022), according to provisional Customs (GDCE) data.

This category of items, corresponding to Chapter 61 of the Harmonised System (HS) of Tariff Nomenclature, accounted for 19.28 per cent of the \$7.234 billion value of the Kingdom’s total merchandise exports over the four months – compared to 25.64 per cent and \$7.606 billion in January-April 2022, as well as 31.97 per cent and \$7.368 billion in July-October 2022.

Chapter 61 was the Kingdom's top export category of textile-linked items for the January-April period, followed by "articles of apparel, not knit or crocheted" (Chapter 62 of the HS) with \$754.727 million, "articles of leather, animal gut, harness, travel goods" (Chapter 42) with \$515.214 million and "footwear, gaiters and the like" (Chapter 64) with \$436.910 million.

Trading Economics statistics show that Cambodia was ASEAN's second largest exporter of Chapter 61 items in 2021 with \$5.82 billion, compared to Vietnam's \$15.73 billion and third-ranked Indonesia's \$4.35 billion. Mainland China, on the other hand, exported \$86.46 billion that year, the economic data provider reported, citing the UN Comtrade database.