

Foreword

We are delighted that the United Nations Conference on Trade and Development (UNCTAD) and the Commonwealth Secretariat, with the Centre for WTO Studies (CWS) in the Indian Institute of Foreign Trade, have collaborated to such good effect on this report, *Potential Supply Chains in the Textiles and Clothing Sector in South Asia: An Exploratory Study*.

South–South co-operation has long been an important area of work for UNCTAD and for the Secretariat. Over the years, both organisations have provided technical support programmes and facilitated the exchange of ideas among policy-makers and other stakeholders aimed at promoting trade and investment flows between developing countries. The growing significance of some developing countries in the global economy as important sources of trade and investment flows for other developing countries means that such co-operation has recently gained prominence.

Even though individual nations in south Asia are among the world's fastest growing economies, it is the least integrated as a region. Despite an impressive record of production and export growth, intra-regional commerce only accounts for about 5 per cent of south Asia's total merchandise trade. Regional co-operation must therefore extend more widely; policy-makers and advisory groups have been examining the possibilities for greater cross-border collaboration in services, including tourism, and in infrastructure development.

A striking feature of this study is its finding that in trade in goods there is potential for south Asian nations to develop advantageous supply chains utilising industrial units located in different countries. The research examines the scope for regional trade and co-operation in South Asia's textile and clothing sector. The importance of this sector for the region cannot be overstated: it provides direct employment to about 60 million people, generates an export volume of over US\$55 billion and accounts for nearly 80 per cent of total merchandise

exports of Bangladesh, 55 per cent of Pakistan, 45 per cent of Sri Lanka and 12 per cent of India.

The findings challenge the perceived notion that because they compete in world markets, south Asian countries cannot complement one another in the textiles and clothing sector. There is significant unexploited scope for intra-regional trade which would enhance the competitiveness of the region overall. By mapping production and export structures in different countries, this study identifies the potential for new cross-border linkages.

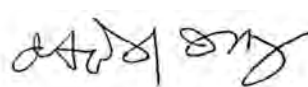
The industry-specific approach adopted allows analysis of highly disaggregated export data in order to provide information on regional supply chains. While this approach is useful for policy-makers and other stakeholders directly associated with that sector, the findings also have an important bearing on more general discourses on regional co-operation and export competitiveness in south Asia.

The study demonstrates that similar research would also benefit other sectors and parts of the developing world other than south Asia, where regional integration and South–South co-operation could be important routes to trade-led development.

We commend this study as a valuable contribution in an integrating world to understanding how co-ordinated supply chains and strengthened regional co-operation among developing neighbouring countries can promote development and economic resilience.



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