



LXMI Global Advisory
From Capital to Cash Flow



INTERNATIONAL
COTTON
ADVISORY
COMMITTEE

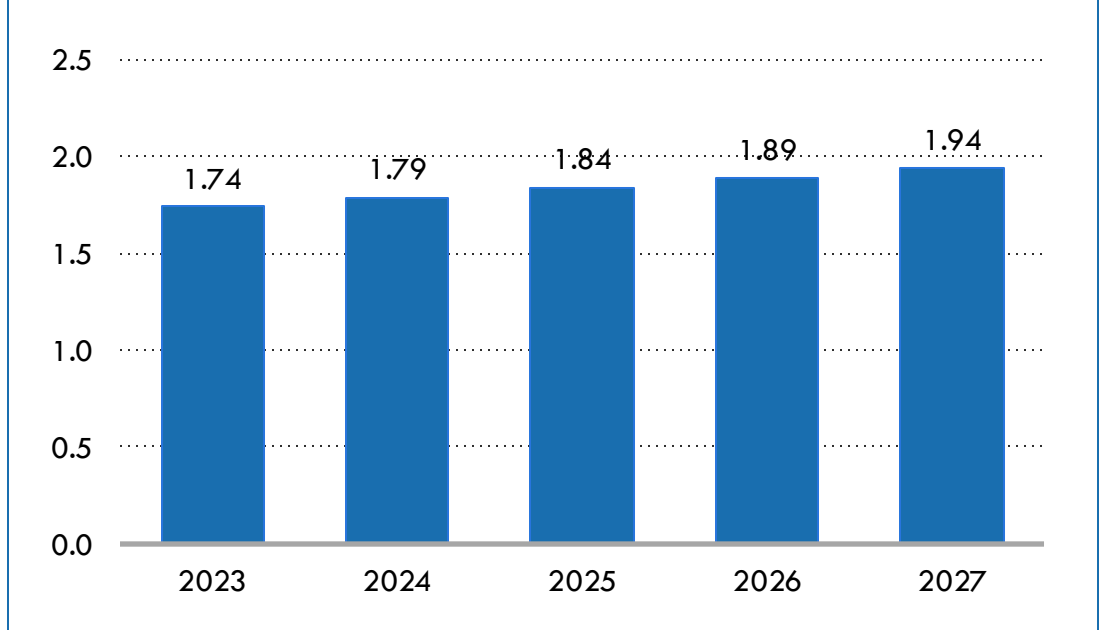
Crafting National Textiles Policies that Encourage Innovation and Enhance Global Competitiveness

83rd Plenary Meeting - March' 2026

Textile Industry Overview



Size of the apparel industry USD 1.84 Trillions

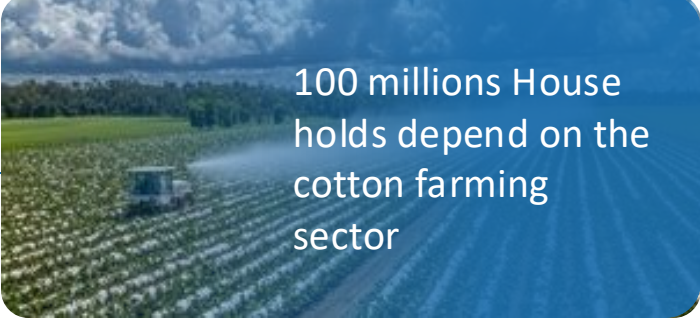


1 in 8 employed people work in textiles & apparel – 430 million.



11.9% of all workers

Global textile and clothing trade USD 879 billions



100 millions House holds depend on the cotton farming sector

Historical Peak Importance of Textiles in Developed Economies

United Kingdom



c.1831

Indicator used
Cotton textiles (Implied GDP-linked estimate)

Peak value
~7-8% of GDP

Cotton accounted for 22% of British industrial value added in 1831; combined with industry at about 34% of GDP, this implies roughly 7.5% of GDP.

United States



Mid-1830s

Indicator used
Cotton shipments shared of total exports

Peak value
>50% of exports

The clean historical GDP share is hard to isolate, but cotton-linked trade was the dominant early-growth channel and financed wider industrial expansion.

Continental Europe (Italy proxy)



1980

Indicator used
Textiles & clothing share of manufacturing employment

Peak value
17.3%

Italy is the strongest Western European textile case in OECD data, showing how large the sector remained inside manufacturing even late in the 20th century.

Japan



Pre-WWI to early 20th c.

Indicator used
Textile-linked shared total exports

Peak value
~40% of exports

Raw silk hovered around 40% of Japan's exports before WWI; cotton thread alone was 42% of total exports in 1910, making textiles a major source of foreign exchange.

Historical Peak Importance of Textiles in Developing Economies

China



Peak / strategic indicator

In 2010, clothing alone was 8.2% of China's total exports; in 2000 it was 14.5%



Impact

Textiles and apparel were a major early export engine before China shifted toward electronics and broader manufacturing.

India



Peak / strategic indicator

Large employer and major export sector; policy ambition is to raise GDP contribution toward ~5% by decade end



Impact

India has a broad, integrated textile base, but the GDP share is lower than Bangladesh because the economy is more diversified.

Indonesia



Peak / strategic indicator

Textile industry is contributing ~14% of total exports. As the 13th largest global exporter, it specializes in apparel and synthetic fibers, employing over 3.5 million workers.



Impact

Textiles were one of the stepping-stone sectors in Indonesia industrial takeoff. Man made fibre is still an important sector.

Korea



Peak / strategic indicator

Textile industry is a highly advanced, \$30 billion+ sector focused on high-performance materials, synthetic fibers, including fiber-to-fiber recycling%



Impact

Korea still leads in production and export of technical textiles, moving away from mass produced textiles of 1980's

Challenges Facing the Textile Industry



Major global challenges include:



Supply chain
disruptions



Rising
production
costs



Digital
transformation
gaps



Environ-mental
regulations



Competition from
synthetic fibers

Effective policy must address these issues.



Why National Textile Policies Matter



Effective policies can:



Strengthen Global Competitiveness

Countries compete through:

- Lower production costs
- Advanced manufacturing technologies
- Efficient supply chains
- Trade agreements



Support Employment and Industrial Growth

The textile industry supports:

- Manufacturing jobs
- Rural cotton farmers
- Export earnings



Promote Innovation

Policies can encourage:

- R&D in fibers and fabrics
- Smart textiles
- Sustainable production

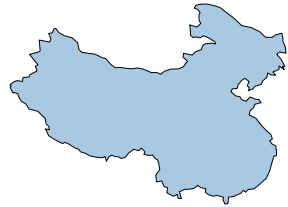
Key Pillars of a Modern Textile Policy



5 Pillars of a Modern Textile Policy

Strengthening Cotton-Textile Value Chains	Sustainability and Circular Economy	Innovation and Technology Development	Trade Facilitation and Market Access	Skills Development and Workforce Training
<p>A strong policy integrates: Countries like India, China, and Bangladesh demonstrate the benefits of integrated textile value chains.</p>	<p>Global buyers increasingly demand sustainable textiles. Example initiatives: Better Cotton Initiative Textile Exchange Sustainability improves market access to Europe and North America.</p>	<p>Governments should promote R&D investment: Many Western countries support R&D through textile-focused policy initiatives. Countries such as Germany, Japan, and South Korea lead in technical textile innovation.</p>	<p>Competitive textile exporters benefit from trade facilitation: GSP, LDC, AGOA, EBA, NAFTA, AfCFTA</p>	<p>Textile innovation requires skilled labor. governmental support in the form of training funds and creating Vocational training centers</p>

Case studies of successful Textile policies



China

- Massive textile industrial zones
- Technology upgrading
- Strong export strategy



India

- Every State has a textile policy
- Technology Upgradation Fund Scheme (TUFS),
- Production-Linked Incentive (PLI) scheme
- Encouraging SME's



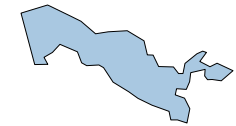
Bangladesh

- Export-oriented garment manufacturing
- Special economic zones
- Competitive labor costs



Vietnam

- Trade agreements
- Foreign investment
- Textile cluster development



Uzbekistan

- Cluster development
- Cotton subsidy
- Training funds

Policy Recommendations



Policy	Details
Tax Incentives	0% of the tax base for the first 8 years
	10% of the tax base or payment of the proportional minimum collection flat rate from the 9th year onwards
	Exemption from Value Added Tax (VAT) on the goods & services
	50% reduction in Capital Gains Tax on the transfer of shares or corporate units
Raw Material Subsidy	5% discount from international cotton price.
	Only 15% cash payment on cotton purchase; 85% payable in 90 days.
Special Economic Zone	Develop Special Economic Zone to promote investment, industrialization, and employment.
Custom Benefits	Exemption from Customs Duties & Taxes and VAT on importing of all material.
	Exemptions on importing materials for the construction of staff housing, as well as furniture and devices
	50% reduction on all customs duties and taxes, including value-added tax (VAT), when importing commercial vehicles
Labor Policy	Set minimum wages based on a 48-hour work week
	Provide a 100% wage subsidy for 24 months during employee training
Operative Input Cost	Electricity US\$ 0.07/Kwh, Natural Gas US\$ 7/MMBTU, and Water US\$ 0.25.
Housing for Staff / Labor	Government to construct low budget housing near the factories for Staff / labor
Modernization fund	Capital & Interest Subsidy for Modernization of old and existing industry
R & D Incentives	Investment in R&D and innovation to be funded by government policies

Conclusion



National textile policies play a crucial role in driving innovation, sustainability, and global competitiveness.



Advanced technology



Sustainable practices



Skilled workforce

Countries that successfully combine these points are today's leaders.



Strong cotton value chains



Supportive trade policies



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