**ASEAN textile manufacturing centres upgrade backward technologies**

Key textile manufacturing countries in southeast Asia are investing in new machinery to upgrade their textile technology, boosting backward linkages as they seek to strengthen and update local supply chains, international trade data shows. While that level of investment in imports seems to have declined in 2018, key textile manufacturing Association of Southeast Asian Nations (ASEAN) bloc countries have been importing millions of dollars of new machinery, helping them make the most of trade deals that can insist in local fabric, yarn and fibre sourcing.

Vietnam, for instance, which has negotiated a free trade deal with the European Union (EU) and membership of Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with 10 other Asia-Pacific countries, imported US$287m worth of spinning, doubling, twisting, reeling or winding machines and machines for preparing textile yarns for weaving in 2017, and US$326m worth in 2016, from all sources. Indonesian textile companies have also been beefing up their yarn-making strength with new capacity - importing US$139m worth of this equipment in 2018 and US$183m worth in 2017, according to trade data. Thailand imported less: US$23m worth last year and US$43m worth of spinning and related equipment in 2018. And Malaysia, also a CPTPP member, imported US$30m worth in 2018 and US$33m worth the previous year.

Of course, spinning only works to create backward linkages if weaving follows. And significant investments in imported new machinery have been made here, too. Vietnam imported US$84.4m worth of weaving equipment in 2017 and US$83.3m worth in 2018. Indonesia imported US$79m worth of looms in 2018 and US$62m worth in 2017. And Thailand imported US$22.4m worth last year (2018), down from US$24m, the previous year. Only Malaysia, out of these four key outsourcing centres imported lower levels of looms in recent years – US$1.4m worth of looms in 2018 and US$3.2m worth in 2017.

Knitting machine capacity is also an effective way of delivering trade deal origin requirements, given the shorter supply chains for knitwear, and here too there has been investment. Indonesia, about to undertake a ninth round of free trade negotiations with the EU this month (December) imported US$76m worth of knitting, lace, embroidery and tufting machines in 2018 and US$58m worth in 2017. Thailand, with its significant knitwear sector, imported US$31m worth in 2018 and US$45m worth in 2017. Malaysia imported US$21m worth in 2018 and US$14m worth in 2017. Vietnam imported US$23m worth from the EU alone last year, up from US$21m worth in 2017.

Finally, nonwovens production, involving technologies that can be more mature than the average utilised in emerging market countries, is also benefiting from imports, datasets indicate. Indonesia imported US$11.4m worth of machinery manufacturing nonwovens or finishing felt last year (2018) and US$7.7m in 2017. Malaysia, whose textile and nonwovens sector markets itself as being more technologically advanced than some its rivals, imported US$36.5m worth of this equipment in 2017, although just US$9.8m worth in 2018. Vietnam imported new nonwovens (and felt) making technology at significantly lower levels, datasets suggest. Thailand imported US$1m worth from the EU in 2018.

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