Roadmap to restore the Philippines' textile competitive edge

11 February 2019

A roadmap to improve the future of the Philippines textile industry is set to be published in March by government officials aiming to return the archipelago's sector to international prominence.

Focus will be given to arranging new free trade agreements and securing market access to the key areas of Europe, the US and Japan. The Philippines government is seeking to kickstart the sector and return its competitive edge, lost, officials claim, when the World Trade Organisation (WTO) Multi-Fibre Agreement (MFA) expired on 1 January 2005.

The MFA, which prescribed quota allocations in certain textiles and garments for export to developed countries from developing countries, was supposed to free emerging textile market manufacturers to grow freely. But, the impact in the Philippines, argues its government, was textile and garment manufacturers relying on the quota system going out of business and the sector losing its competitiveness.

Despite these setbacks, the BOI, the country's lead industry development and primary investment promotion agency, is currently renewing its initiatives to help the industry get back on its feet. The BOI has drawn up a roadmap for the garments and textile industries to chart the future of the industry's growth based on a benchmark assessment of the current situation and future economic performance and identify – and help overcome – industry roadblocks.

While the final draft is being assessed, recommendations are to include securing preferential market access through trade deals, particularly to the US; modernising the country's textile industry through the introduction of update technologies; investing in research and development; creating links to the tourism industry; using technological platforms to market the industry; developing human resources and providing performance-based, targeted, time-bound and transparent non-monetary incentives to sector representatives.

"Given these preliminary recommendations and the business models of our industry players, the resurgence of the sector would rely on new investments to fill in the supply chain gaps, modernisation of technologies used by the industry, and securing preferential market access to our top markets, particularly the US," says Evariste Cagatan, the BOI's director of manufacturing industries service.

"We're focusing on securing market access in key export markets such as Japan, Europe, and the US, on free trade agreements and preferential trade arrangements including the [USA's] Generalised System of Preferences (GSP), and the [EU's] GSP+," says undersecretary Rodolfo.

The government has also been coordinating with global leaders in textile research and manufacturing to boost the Philippines' manufacturing capabilities. Possible collaboration initiatives being considered include research into the development of textiles made from synthetic and natural fibres, training exchanges on skills development or technology training and research on the development of new applications for natural fibres, says a BOI note.

From January to November 2018, the Philippines exports of garments and textile yarns/fabrics were down by 17.6% and 16.9%, respectively, compared to the same period on 2017, says Cagatan. However, the Philippines imports of textile yarn, fabrics and made-up articles increased by 15.4% in the first 11 months of 2018 compared to the same period in 2017. “Given that bulk of the fabrics used in the production of garments are imported, this is indicative of an anticipated growth in domestic production,” she says.

Quelle: World Textile Information Network (WTiN)