

Apparel industry facing traditional competitors in the region

by Dr. Noor Ahmed Memon

The apparel segment is the highest value added link in the entire textile value chain. The trade in the sector accounts for 53% of the total value of global textiles trade and is consistently growing since the last two decades. Pakistan has been a major Asian player in the garment export market especially during 1990s and early 2000. Total apparel exports from Pakistan were to the tune of US\$ 1.38 billion in 2006-07. The importance of the Apparel sector in the overall economic perspective is two folds. On the one hand the sector has the potential to be the engine of Pakistan textile export growth, while on the other the sector is one of the largest sources of creating low cost employment in the country.

At present Pakistan is fast losing its share in the global apparel market because of the high cost of production. Apparel exports from Pakistan's traditional competitors in the region - Bangladesh, Sri Lanka, China and India - have picked up dramatically because exporters of those countries are getting hidden subsidies from their respective Governments.

USA and the European Union are the largest markets for garments and other apparel products with a combined share of 73% in total global clothing trade, the apparel production centres are shifting.

At present the major thrust of garments exports from Pakistan is on the USA market. The European Union is the second largest market for garment manufacturers from Pakistan. Major markets that Pakistani manufactures have so far not been able to explore are Japan, the United Arab Emirates and markets in the European Union. These markets demand high product standards and in return offer higher unit price realizations.

On the other hand Bangladesh gets duty-free access to the neighboring countries in the US then the textile exports can go up by more than 60% to \$US15 billion over the next two years or even higher. At present Bangladesh has earned \$US9.21 billion in the fiscal year to June 2007 by exporting ready-made garments. Garments accounted for three-quarters of the country's total export income. Bangladesh is in the process to get duty-free export of garments to Russia, Malaysia, India, Pakistan and the member countries of the Association of South-East Asian Nations.

Pakistan produces apparel of all pattern and styles, of the latest fashions and

quality. The industry is adequately equipped to produce latest fashions to suit tastes and needs in any part of the world. The products also include utility items such as services, uniforms, overalls, shirts, trousers, sports shirts, jeans, night suits, uniforms for schools or workers in industrial concerns and catering establishments etc.

Leading Pakistani designers, garment manufacturers and exporters display their designs and products regularly round the world in international fairs and exhibitions and in trade centres like Paris-London, New York, Tokyo and Berlin.

The readymade garment industry in Pakistan generally operates on a small and unorganized scale. According to an estimate about 80% of its units are in the unorganized sector and are established in small shops, flats and houses.

These units also do not have modern machines like over locking, creasing, collar pressing, buttoning and cutting. These units are mostly equipped with 4-10 sewing machines and 1-2 electric irons. These items are usually Pakistan-made/assembled and give satisfactory service. The useful life of a sewing machine is stated to be about eight to ten years, whereas an electric iron is expected to last one to two years only. However, their durability depends on their handling.

The industry mostly produces cotton and cotton blended shirts, T-shirts, Bush-Shirts, Pants, Children's suits, school uniforms, skirts, blouses and maxis. Among these men's shirts and children garments are widely manufactured for local markets. These are mostly made of cotton blended cloth. In cotton articles, the non-mill made cotton cloth is largely used as against mill-made cloth. The unorganized sector of the industry largely uses non-mill made cotton cloth even when it manufactures garments for exports.

Production of garments by units depends on export orders directly or indirectly. These orders have somewhat risen in terms of value, but they have fluctuated widely in terms of quantity. Export of readymade garments from Pakistan is given in Table-1.

Pakistan exports garments to a number of countries. Major buyers of readymade garments during 2006-2007 were USA, Germany, UK, Italy, France, Netherlands and Saudi Arabia. Country-wise exports of readymade garments are given in Table-2.

Table 1: Exports of Readymade Garments from Pakistan

Year	Quantity (Million Doz)	Value (US \$ Million)
1990-91	21	497
1991-92	27	613
1992-93	26	617
1993-94	27	612
1994-95	27	642
1995-96	26	649
1996-97	29	736
1997-98	27	746
1998-99	28	651
1999-00	31	772
2000-01	36	827
2001-02	41	875
2002-03	61	1,093
2003-04	28	993
2004-05	34	1,088
2005-06	37	1,310
2006-07	41	1,385

Source: Export Promotion Bureau, Government of Pakistan.

Global exports

Global ready made garments exports have experienced extraordinarily high rates of growth, along with the continual entry of new suppliers. Global export of textiles and ready-made garment (RMG) exceeds US \$ 300 billion per year, well over one-third of which is accounted for by developing countries. Growth was particularly dramatic in China with exports increasing several times over previous years, for Mexico and Turkey, for Mauritius and Jamaica, as well as the better known cases of East and South-East Asia.

China emerged as a leading exporter in the second half of the 1980s and today occupies the number one position in the world. Several developing countries such as India, Thailand, Bangladesh, Indonesia, Sri Lanka, Pakistan, East European countries and Turkey are all becoming sizeable producers of ready made garments.

According to the Pakistan Textile Exporters Association (PTEA), the domestic textile industry is confronted with surg-

ing competition from other low-cost countries in Asia, namely Bangladesh, India, China and Vietnam.

Rising energy and financial costs would explain the lack of competitiveness in Pakistan. Import tariffs for polyester fibers, dyes and other chemical products would also be too high.

In view of country's declining exports, the Trade Development Authority of Pakistan (TDAP) is to prepare a 'country-specific strategy' for each product for an effective international marketing. Official planners have proposed formulation of such a strategy and also want the TDAP to help private firms in their endeavors to build image and brand name. They believe that aggressive marketing of textile products in the global market was essential for promotion of this sector.

The image of Pakistan as supplier of quality products can be promoted through regular participation in international product exhibitions and trade fairs. Single-country fairs, road-shows and exhibitions should also be arranged to promote Pakistani products.

To capture a greater share in the rapidly expanding global market for higher value-added textile products, the textile industry must move up the value chain and increase the share of high value-

added garments and made-ups in its export portfolio.

The value chain analysis shows that low quality is evident in every process and we cannot give single one main reason. Starting from picking and storage, contamination is introduced in cotton due to non-standardized methods. The low count yarn produced by the spinning industry and fabric produced on power looms by low-skilled machine operators are the other causes of low quality. The design of fabric does the rest.

According to the recommendations, the apparel industry needs to improve quality, move up in the value chain, lay technological foundation, and strengthen global business operations to generate more employment opportunities as well as becoming a global player. Emphasis should be placed on the promotion of value added products, especially in new designs and products.

It is believed that the apparel sector would benefit more than other segments of the textile industry from foreign investment. Joint ventures with foreign apparel manufacturers would put the industry in the international supply chain, being the new technology and even help in introducing Pakistani brands in the global markets. ♦

Table 2: Country-wise export of Readymade Garments Value: US\$ 000

Country	2005-06	2006-07
USA	502,894	533,920
Germany	148,658	178,836
UK	121,620	142,379
Spain	69,716	77,522
Italy	67,837	73,605
France	58,771	70,654
Belgium	48,230	59,331
The Netherlands	47,988	55,812
UAE	54,991	45,253
Saudi Arabia	38,778	17,752
Canada	18,373	17,232
Sweden	17,936	15,370
Ireland	10,825	9,026
Turkey	3,297	13,627
Australia	7,706	8,357
Greece	8,661	7,779
Finland	3,676	4,428
South Africa	3,576	4,098
All others	75457	49794
Total	1,309,990	1,384,775

Source: Export Promotion Bureau, Government of Pakistan.

New 'Allround' Stenter for finishing Relaxation from Monforts

New multifunctional stenter and relaxation system offers a 2 in 1 product reducing investment costs, taking less space and providing increased flexibility and productivity.

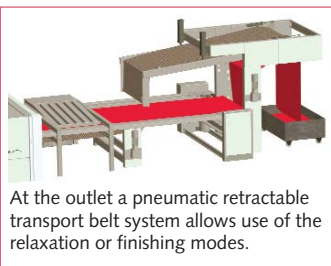
The new Montex 6500 'Allround' from A. Monforts Textilmaschinen provides for the first time, a universal stenter and relaxation system in a single unit.

The 'Allround' is a multifunctional machine incorporating a relaxation belt in between the stentering chains to provide a single machine for treating woven fabrics as well as for relaxing open width or tubular knitted fabrics.

It offers increased flexibility and productivity and provides an optimum residual shrinkage factor for the belt drying option.

As a single machine it also represents reduced investment costs for companies needing a 2 in 1 product and, as a multifunctional machine requires less space.

The new 'Allround' incorporates an overhead transport belt to convey the loose fabric into the inlet of the stenter for the relaxation effect. At the outlet a pneumatic retractable transport belt system allows use for relaxation mode or finishing mode, feeding the fabric into a folder or 'A' frame.



At the outlet a pneumatic retractable transport belt system allows use of the relaxation or finishing modes.

Depending on the process pneumatic nozzle adjustment is made for either drying or relaxation.

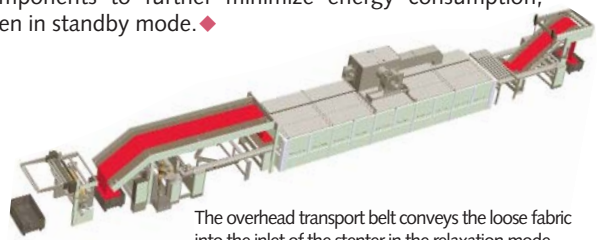
The 'Allround' stenter incorporates the proven features and benefits of the Montex 6500 including pneumatically operated lifting doors ensuring comfortable opening and closing of the treatment chambers at the push of a button. No space is required for door opening, where space may be a premium.

An integrated heat recovery system, fitted as standard on all Montex starters, comprising a compact air-to-air heat exchanger, allows up to 30% energy savings; using the exhaust gas to pre-heat the incoming fresh air entering the starter.

The new stenter also features modern electrical and electronic components to further minimize energy consumption, even in standby mode. ♦



Conventional finishing mode operation.



The overhead transport belt conveys the loose fabric into the inlet of the stenter in the relaxation mode.