

## Editor's Page

### Revival of the textile industry

"The profit margins on exports have been squeezed, exports have slowed down, there have been job losses and many companies have reportedly put on hold their new investment plans. Exporters have been finding it particularly difficult to compete in the price-sensitive international markets as producers in countries such as Vietnam, Bangladesh, China and Pakistan are able to sell at much lower prices than Indian companies."

This is an analysis of the problems faced by the Indian textile industry expert S.D. Naik. The Indian textile industry has invested heavily in modernizing their outdated equipment and at present possess state-of-the-art installations ready to produce the highest quality products as demanded by the discerning Western buyers. Furthermore, a very large and evolving consumer market based on the 200 million plus middle class is fuelling a demand for quality textile goods.

Pakistan is facing increasing costs of production due to higher energy, labour, inputs and financial costs. On the other, a severely hampered global image due to the suicide bombings and terror attacks within its territory add much the worsening situation. The adverse travel advisories issued by different governments prevent foreign buyers to visit Pakistan. So far we have been reading every day other negative reports about our suffering textile sector. Is the situation is as dreary and the future as uncertain as portrayed by the economic reporters of our country. Let us examine the latest statistics released by the Trade Development Authority Pakistan.

Textile exports from Pakistan in 2006-2007 were US\$ 10.78 billion an increase of 6% over the previous year.

Statistics for the first 8 months reveal that despite all odds certain high value added categories like readymade garments, synthetic textiles and textile madeups, excluding towels and bedwear posted an impressive increase of 13.39% from July 07 to February 08.

On the other hand the categories that showed a decline in the exports are those which are directly affected by the high cost of cotton in this period, including cotton yarn, cotton fabrics and knitwear and hosiery, a sector which, along with readymade garments, had shown an increase in exports in the last fiscal year. The July 07 to Feb 08 figures reveal that the decline in exports of knitwear and hosiery was 8.4% with a total exports for this period being US\$1.2 billion. The decline in the exports of towels (-3.8%) and bedwear (-4.7%) is not phenomenal. The situation actually is difficult but not bleak.

The better performance of Pakistan's value added sector shows the strength and direction of our textile industry. This is the sector represented mainly by SMEs as per the international criteria. These are the entrepreneurs who have started small and gradually expanded their production and developed their exports. They are at the same time the most susceptible to adverse economic conditions as well as having the inherent entrepreneurship and strength to sustain the difficult times. It is true that the situation demands the survival of the fittest but our industry is well capable to survive these hard times. The key is diversification and a drastic change in the outlook. Our industry should pay more attention to develop niche markets. Exhibitions like Techtextil, Textile Asia, IGATEX, Hightex and INDEX should be visited by our industrialists to obtain new ideas for producing novel and higher value added textile products. A preview of INDEX is been prepared for our readers. Our mission at Pakistan Textile Journal is to bring to our readers the latest technological innovations even in unconventional sectors like nonwovens and technical textiles. Our reports in these sectors are highly appreciated by discerning readers.

The present issue also incorporates Swiss technology, and previews of the exhibitions Index being held in Geneva from April 15-18 and Textile Asia which is a premier exhibition showcasing textile technology held from March 4-8, 2008 at the Karachi Expo Centre.

The textile industry should gear itself to deal with the increasingly tough competition in the international market, State Bank Governor, Dr. Shamshad Akhtar stated during her address at the All Pakistan Textile Mills Association (APTMA) Head-office in Karachi. She was reported to have advised the textile barons "I request you people to seriously look into the consolidation of the sector as international and regional competitive pressures are going to further build up, and it would be larger companies that are more likely to survive". We tend to disagree. It is not only the consolidation, but setting our priorities right that will help us survive. Smaller size of SMEs means that they may be more receptive to change and may also have the flexibility and the determination needed to survive. ♦