

Textile Briefs

National

- ❖ Mian Zahid Aslam, Chairman Pakistan Textile Exporters Association (PTEA) said that the Pakistani textiles were rendered incompetent in the international market because the prices of Pakistani products in international market were higher as compared to the rival countries like India, China and Bangladesh. Accordingly the foreign buyers diverted their orders towards these rival countries.
- ❖ Pakistan's trade deficit went up sharply to \$3.6 billion during July-September 2007-08, which was about 13.5% higher than \$3.17 billion in the corresponding period of the last fiscal, according to the data released by the Federal Bureau of Statistics (FBS).
- ❖ Cotton export from Pakistan has surged by 47% in July-September 2007 as compared to the same period last year. In the international market, Pakistani cotton is getting more attraction due to higher quality from the traditional and non-traditional cotton importing countries, said Senior Trader Ghulam Rabbani.
- ❖ Pakistan will try to attract global manufacturers of shuttleless textile machines through the proposed 10 year tax holiday to encourage them to set-up manufacturing units in Pakistan. The proposed initiatives of the Government would result in increase in textile exports by enhancing the production capability of the textile sector.
- ❖ Prime Minister Shaukat Aziz said that the establishment of Special Economic Zones (SEZs) would help promote industrialisation, enhance Pakistan's competitiveness, generate employment and reduce poverty in the country.
- ❖ Pakistan has lost market of more than \$6 million during last calendar year due to high cost and low quality of textile products in Japan, said Seiji Kojima, Ambassador of Japan, while addressing business leaders at Rawalpindi Chamber of Commerce and Industry (RCCI).
- ❖ Fulfilling a major demand of All Pakistan Textile Mills Association (APTMA), the Federal Board of Revenue (FBR) has enhanced duty drawback on export of viscose staple fibre yarn, acrylic staple fibre yarn, 100% polyester staple fibre yarn and other textile products from September 17, 2007.
- ❖ Federal Minister for Food Agriculture & Livestock Sikander Hayat Bosan has said the country will achieve the cotton production target of 14 million bales despite mealy bug and cotton leaf curl virus (CLCV) attack. Though 0.1 million acres area of cotton crop has been affected by mealy bug and CLCV, blooming hopes and strong anticipation are still there that the country will achieve the production target.
- ❖ Big textile companies — more than two dozen that spin yarn, weave fabric and are in manufacture of home textile — are actively involved in negotiations with the bankers to get their credit issues quickly resolved amicably in anticipation of a record bumper cotton crop of 14 million bales and to gear up for Christmas and New Year demand from Europe and USA.
- ❖ The Government is exploring to acquire biotechnology from Chinese companies for developing virus-cum-pest-resistant genetically-modified cottonseeds, and the officials of the Ministry of Agriculture are said to be in negotiations with few such firms. Also involved in negotiations with the agriculture ministry is an American multinational firm Monsanto, having its offices in Lahore.
- ❖ The Towel Manufacturers Association (TMA) has urged the State Bank to rescue exporters affected by sudden wrap up of the Long Term Financing Scheme (LTFS) in the latest trade policy. The plea was made by TMA Chairman Syed Muzammil Hussain in a meeting with In-charge of LTFS at the SBP Head Office.
- ❖ The Federal Board of Revenue (FBR) has increased the rate of income tax from 1% to 1.5% on ginneries from the current cotton season, and has asked the Tax Managers to collect the tax at the revised rate. Pakistan Cotton Ginneries Association (PCGA) Chairman Suhail Mehmood Haral has strongly condemned the revision of rate on income tax on the ginneries, describing it harmful to the interests of the ginning industry.
- ❖ The Central Board of Revenue (CBR) enhanced the duty drawback rates on the export of majority of textile products included carpets, polyester staple yarn products and blankets.
- ❖ The Ministry of Food, Agriculture and Livestock (MINFAL) is opposed to import of short-staple cotton because this would cause financial loss to growers by bringing down cotton prices in the local market.
- ❖ The Economic Coordination Committee (ECC) of the Cabinet has directed the Federal Board of Revenue (FBR) not to put up any textile-related issue without prior consultation with the Ministry of Textile Industry.
- ❖ Banks have assured the textile industry to give serious thought to its proposal of two-year moratorium on payment of outstanding loans. However such an action could be on case-to-case basis instead of extending it to the whole sector.
- ❖ A delegation of All Pakistan Textile Association (APTA), led by its Chairman, Adil Mahmood, held a meeting with the Presidents of various banks and other senior bankers recently to appraise them of the current situation in the textile spinning sector.
- ❖ More than 5 million bales of cotton this season -about 30% to 40% of expected 14 to 15 million bales cotton output this autumn - is being obtained from the sowing of genetically modified seeds, which are either being smuggled from India or trans-shipped from Australia via Dubai or Hong Kong as a mis-declared item. ◆

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- ❖ The recent fall in the US dollar may not depress US apparel imports from a series of low-cost countries, as many other currencies are following the same trend value. Compared with Vietnam, Indonesia and Sri Lanka, China is losing some competitive advantage as the yuan rises. By contrast, exports from Turkey, Brazil and India are being weakened by stronger increases in their currencies.
- ❖ Cotton prices significantly increased in the past week in New York, reflecting strong demand from funds and speculators. Long-term fundamentals are indicating lower global production, after wheat, corn and soybean prices surged in the past months. On the short term, however, imminent harvest should push some strong pressure on the cotton prices.
- ❖ The polyester market was last week dominated by Sabic's decision to offer a lower price than other glycol producers, triggering a sharp decline on MEG spot markets in Asia. PTA remained very weak, forcing producers in announcing a reduction in operating rates. Although intermediate prices are falling, polyester prices began more seriously recovering in China.
- ❖ Prices of polyester staple fibers further rose in the past weeks in China while filament prices were mostly unchanged. Demand for PSF may be depressed by the fall in domestic cotton prices, however, while the current rebound in polyester lining production may help filament yarn makers in increasing prices after glycol again surged in the past week.
- ❖ Although still very stable, nylon prices may slightly increase in the near term in China, after raw material costs again surged in Asia. Caprolactam prices are boosted by tight supply as China and Taiwan continue importing large quantities and new nylon polymerization plants are being commissioned. A series of planned overhauls should further support CPL and nylon prices in the near term.
- ❖ Taiwan's exports of polyester filament fabrics were stronger in the first part of the year, thanks to surging sales to Vietnam and Brazil. Shipments to China were much weaker this year, including a fall in exports to Hong Kong. Exports to Europe could benefit from the recent rise in EU's anti-dumping duties on fabrics from China.
- ❖ There are strong reasons to worry in India after U.S. apparel imports slightly fell in the first part of the year from this country. The rise in the rupee and weakness of man-made fiber categories resulted in lower U.S. orders. With significant growth reported in categories where China is limited by U.S. quotas, Indian exporters may face more troubles after the end of next year.
- ❖ Cotton prices fell in the last week over lower demand in New York. India is expected harvesting a new record crop this year, an official U.S. report confirmed while production may also be larger than expected in China and Pakistan, further depressing prices. Harvest pressure may also be felt in the coming weeks, when large quantities from the new crop will reach local markets in the Northern Hemisphere.
- ❖ Glycol prices last week surged to unbearable levels for polyester producers, at US\$1,350 CIF China. Polyester production may rapidly decline in Asia, as China is still delaying its full return to the market, in addition. PTA further weakened but could now resist thanks to the rise in MEG prices. Glycol's ACP (Asian Contract Prices) for October gained about US\$300 in a single month.
- ❖ U.S. apparel imports from Mexico strongly declined in the first part of the year, once again. Mexican industry is, however, resisting in trouser category 347 (men and boys) and with dresses. Unit values are significantly higher in cotton than in man-made fiber categories, as reflected by series of price tables and price indexes, including comparison with China.
- ❖ Wool prices were more or less stable this week in Australia while falling in South Africa and rising in New Zealand. Australia is still waiting for an agreement with Beijing which could solve the quota issue. President Hu Jintao this week visited an Australian farm, having tea with a wool grower.
- ❖ The South Indian Mills Association (SIMA), headquartered in Tamil Nadu, is setting up a textile park at Naidupet. The state expects additional investment to the tune of Rs 45,000 crore in spinning in the next three years and targets exports worth \$5 billion in 2012.
- ❖ U.S. imports from Sri Lanka did not move in the first half this year. Still protected by U.S. quotas on Chinese products and benefiting from a fall in the currency, exporters also shifted to women's products, specializing in underwear, brassieres and other lingerie. Such a move should help the country in overcoming more Chinese competition if also getting a tariff reduction at U.S. borders.
- ❖ Wool prices significantly climbed in US\$ terms this week in Australia, reflecting very good demand despite the sharp decrease in the American currency. The strength in the euro stimulated demand from Europe which is expected continuing in the next week with sales of excellent qualities at Newcastle.
- ❖ Digital spinning machines, developed successfully by Tianjing Industrial University, recently received the approval of an experts' body. These simple-to-operate, computer-controlled spinning machines are expected to produce high quality yarns. The digital spinning machines have a practical design and are reliable and advance in their operation. Another unique feature of the new spinning machine is that it can be connected to both cotton-spinning and wool-spinning equipments.
- ❖ Polyester prices continued decreasing in the past seven days in China under a very low level in demand, as usual in August. The decline was however limited by a surge in glycol prices reaching extremely high levels. The price difference with cotton is also favoring consumption of polyester and should boost demand when China's textile will be back to full work in the very short term. ◆