

# Knitwear exports from Pakistan increase despite challenges

by Prof. Dr. Noor Ahmed Memon, Dean KASBIT.

**Export of Knitwear (Hosiery) increased from the US \$ 2.04 billion in 2012-13 to US \$ 2.36 billion in 2015-16, thus showing an average increase of 5% per annum.**

The popularity of knit goods has grown tremendously in the recent years because of the increased versatility of techniques, the adaptability of many new man-made fibres and the growth in the consumer demand for wrinkle resistant, stretchable, snug fitted garments, particularly in greatly expanding areas of sports wear and other casual wear-segments. Pakistan knitwear (hosiery) industry is playing a vital role in value addition of textile sector.

There is a great potential of a further development in this industry as there is substantial value addition in the form of knitwear apparel, sports wear, socks and even knitted shoes. This sector has tremendous export potential, however; the sector remained under pressure from its competitors mainly from Bangladesh, India and the Far East.

Besides locally manufactured machinery, liberal import of machinery under different modes is also being made and the capacity based on exports is being developed over the years. This sector has tremendous export potential in the highly competitive world. Pakistan has exported 110 million dozens of knitted goods worth of US\$ 2.36 billion in 2015-16.

China, India, Sri Lanka, Vietnam, Bangladesh, Korea, Bangladesh, Jordan and Kenya are among major competitors in the industry. Small units face more challenges, as they get no facilities with regards to electricity services and financing. The foreign buyers in some segments were turning towards our competitors.

Pakistani exporters were losing export earnings on one hand, while losing their credibility due to non-fulfilment of export

commitment in international markets due to load shedding and higher costs of inputs.

During the past few years, the segments of knitwear and selected items of ready-made garments have shown an appreciable rising trend in exports. The use of knitwear (hosiery) has increased primarily due to its low price, as compared to cotton woven shirts due to easy-to-wash nature. Inherent qualities like softness, coolness, sweat-absorbent and durability have made knitted garments popular especially in developed countries.

**Major Players:** Masood Textiles, Style, Klash and Sapphire in Faisalabad and Lahore. While leading knitting companies such as Eastern Garments, Proline, Al-Abbas, Haji Adam & Sons, JB Industries are based in Karachi.

The global knitting industry is growing at a faster rate and numerous technological innovations contribute to the success of the knitwear industry. Today, knitwear is also synonymous with trendy, fashionable wear for casual, sportswear as well as smart casual work wear. Pakistan knitwear (hosiery) industry is playing a vital role in value addition of textile sector. In the export field, the hosiery knitwear industry of Pakistan has managed to make a big name in many countries of the world.

At present, there are about 600 knitwear factories of various sizes with 13,372

circular knitting machines, 10,646 flat knitting and 23,241 socks knitting machines spread all over the country. The capacity utilization is approximate 70%.

Pakistan's knitwear industry is mostly export-oriented, however domestic use of garments such as vests and underwear are common in all urban groups. The products made in Pakistan include T-shirts, jogging suits, jerseys, sports shirts, children wear, gloves, track suits, sweaters and socks.

**Import of machines:** The machinery used in the knitting sector, especially for circular and flat knitting is largely imported from Europe, Japan and China. The major portion of the country's production of knitwear is exported to be valued at nearly US\$ 2.36 billion in 2015-16. Due to low-investment involvement, this industry is very easy to invest in such machines and furthermore, some of the machines and parts are also manufactured locally.

Pakistan imported mainly automatic flat and circular knitting machines of different brands. Import of various types of circular knitting, flat knitting embroidery machines in Pakistan increased from Rs 4.85 billion in 2012-13 to Rs 8.450 billion in 2015-16, thus showing an average increase of 18% per annum. Import of knitting and embroidery machines in Pakistan are given in Table 1.

**Table 1: Import of Knitwear and Embroidery Machines**

Value : Rs. Million

Machines	2012-13	2013-14	2014-15	2014-15
Circular Knitting Machines (Dia - 165 mm)	740	428	350	332
Circular Knitting Machines(Dia >165 mm)	239	434	393	313
Flat Knitting Machines (Stitch Bonding)	197	204	259	460
Multi-Head embroidery Machines.	3,397	3,728	6,152	6,892
Other Circular Knitting Machines.	274	273	503	453
<b>Total</b>	<b>4,848</b>	<b>5,067</b>	<b>7,657</b>	<b>8,450</b>

Source: Pakistan Bureau of Statistics.

**Exports**

Knitwear goods exported from Pakistan are known for their fine quality in European, American and UAE markets. It is a highly value-added item, earning much valuable foreign exchange, as per kg cotton converted into finished garments fetches better margins.

A series of new finishing processes have been incorporated with improved shades, texture and lustre. Some of the bulk export items, which have gained popularity, are 100% cotton T-shirts, vests, slippers, children's pyjama suits, sports shirts, undergarments, bathing suits, knitted garments and knitted tubular or flat fabrics.

The main items of export in knitwear from Pakistan are elegant men's T-shirts, fancy ladies T-shirts with exquisite embroidery and sequined work, night shirts for ladies and men's pyjamas sets and sportswear and jogging suit and boxer sets. Techniques of designing, printing, embroidery and dyeing of the fabric have become well developed.

Export of Knitwear (Hosiery) increased from US \$ 2.04 billion in 2012-13 to US \$ 2.36 billion in 2015-16, thus showing an average increase of 5% per annum. Exports of knitwear are given in Table 2.

In knitwear, the US market alone accounted for 41% of total knitwear with exports of \$961 million in 2015-16. About 32% of knitwear exports went to EU, while the share of rest of the world was only 27%. USA, UK, Germany, The Netherlands, Spain, Belgium, France, Italy and Canada are the top nine trade partners for Pakistan. Country-wise exports of knitwear are given in Table 3.

**Table 2: Export of Knitwear**

Year	Quantity (000 Doz)	Value (US \$ Million)
2010-11	197,144	2,306
2011-12	98,716	1,983
2012-13	97,921	2,043
2013-14	108,135	2,294
2014-15	111,068	2,406
2015-16	110,835	2,364

Source: Trade Development Authority of Pakistan.

**Challenges**

Pakistan's knitwear industry faces many challenges, as the Indian government recently has announced 13% rebate on knitwear exports. Pakistan's knitwear industry is surviving without getting any benefit of the GSP Plus status because India has effectively neutralised this advantage. Indian knitwear exporters would get a rebate to compete with Pakistan, while the knitwear exporters are running from pillar to post for the billions of genuine sales tax refunds lying with the state for more than two years.

On the other hand, knitwear exports suffered a shortage of gas and electricity for the past few years. Resultant effect was a decline in production and increase in the cost of production rendering Pakistani knitwear uncompetitive in international markets. China, India, Sri Lanka, Vietnam, Bangladesh, Korea, Bangladesh, Jordan and Kenya are among major competitors in the industry. Small units face more challenges, as they get no facilities with regards to electricity services and financing.

The buyers impose heavy penalties on late shipments that are unbearable for the exporters. Now The global furnace oil prices are at their lowest, the Pakistan government has slapped additional duty on it denying the private sector the advantage of low prices.

The knitwear industry gets electricity at a rate of around Rs 13 a unit, compared to Rs 8 to 9 per unit in rivals countries such as Bangladesh, India, Vietnam and Sri Lanka. Besides, it faces a tax burden of over 12% on its exports.

Bangladesh has over the last few years developed woven and knitted garments

**Table 3: Country-wise Export of Knitwear (Hosiery) (Value in \$ 000)**

Country	2015-16	2014-15	2013-14
U.S. America	961,035	1,095,712	1,065,623
United Kingdom	362,840	357,349	335,331
Germany	151,812	128,101	137,662
Netherlands	128,607	127,527	120,986
Spain	188,777	134,824	117,205
Belgium	138,133	110,357	47,962
France	55,375	55,779	106,157
Italy	57,587	59,733	46,965
Canada	34,642	40,578	44,996
U.A.E	44,155	50,370	43,590
Sweden	14,010	12,831	15,793
Australia	16,145	13,451	12,454
Denmark	16,771	12,131	10,678
China	14,173	10,350	10,343
Japan	13,795	10,782	9,038
Poland	13,339	9,616	8,345
All others	152,426	176,997	160,540
<b>Total</b>	<b>2,363,622</b>	<b>2,406,488</b>	<b>2,293,668</b>

Source: Trade Development Authority of Pakistan.

manufacturing industry and has achieved good results in the international market. The exports of woven and knitted garments from Bangladesh is much higher than Pakistan. Sri Lanka is another similar example. Both the countries are importing cotton and other raw materials and exporting manufactured textile products to other countries.

**References**

1. Pakistan Bureau of Statistics.
2. Pakistan Economic Survey- 2015-16.
3. Pakistan Knitwear & Sweater Exporters Association (PAKSEA).
4. Trade Development Authority of Pakistan. ♦

