Pak committee stresses on protecting local textile sector

The Pakistan Senate Standing Committee on Textile Industry stressed on the need to protect the domestic textile industry, by expanding exports from the sector. The committee also gave its recommendations on properly implementing the Rs 181 billion Trade Enhancement Package. The package announced by PM Nawaz Sharif will run for eighteen months.

The committee also recommended that the period of the trade enhancement package be extended to 60 months instead of 18 months to benefit the domestic textile sector.

Textile ministry officials informed the government had decided to give drawback on duties on processed fabrics by 5%, made-ups by 6% and on garments by 7% for the next 18 months as part of the above mentioned package.

Textile producers feel uneasy as exports drop sharply

A fall in exports has left textile producers uneasy with fears of the country's plunging global market share, saying that government discarded the largest sector from its priority index. The textile sector faces huge financial problems in the wake of non-payment of billions of rupees refunds. Textile producers claim that the government has withheld around Rs 250 billion of refunds, citing it as one of the reasons for their financial stress coupled with lower exports.

Muhammad Jawed Bilwani, Chairman, Pakistan Apparel Forum.

Chairman, Pakistan Apparel Forum, Muhammad Jawed Bilwani said that government is responsible for textile exports downfall amid excessive delays in refunds of billions of rupees to exporters, the unbridled high cost of utilities and production and the unviable business environment.

He said that the Federal textile ministry functions without a minister and blamed the government for 'delaying tactics' to hold up payment to the tune of Rs 250 billion refunds to cause financial tumult to the exporters. Citing Pakistan Bureau of Statistics, he said that the ailing textile exports suffered a fall of 2.53% in February 2017 on an annual basis. Similarly, with a monthly outlook, textiles exports slumped by 6.48%.

In the textile export group, the knitwear maintains the highest exports share and knitwear remained on top of exports list with exports of $1.56 billion while the readymade garments maintained second highest exports worth $1.49 billion from July 2016 to February 2017. He urged the government to provide enabling and favorable business environment if it really intends to achieve export targets.

Hosiery sector faces liquidity crisis due to delay in refunds

Mr. Adil Butt, Chairman, PHMA.

Pakistan Hosiery Manufacturers Association (PHMA) Chairman Adil Butt said that textile exporters are being exposed to heavy financial losses as they passed on the benefit of cut in cost to international buyers immediately after the announcement of the government's incentive package.

He expressed concern over the undue delay in refund payment to the exporters, stating that not even a single penny has been released to the export-oriented industry.

The Chairman also said that the exporters will continue to suffer losses if the Federal Board of Revenue does not release funds since they have already sold their items on 5% to 6% less margin.

The value-added textile exporters will not meet their export commitments due to severe liquidity crunch which is a major hurdle for the industry at the moment

Chinese textile units see Pakistan an ideal destination for relocation

All Pakistan Textile Mills Association (APTMA) Senior Vice Chairman Zahid Mazhar with a keen interest to accelerate Pakistan's textile industry invited Chinese investors to take advantage of the liberal trade and investment policies in the country by entering into joint ventures with Pakistani entrepreneurs in the textile industry.

Highlighting the trade and investment policies, Mazhar said the government was an advocate of open and deregulated market-driven economy and was creating an enabling environment by investing heavily in infrastructure and capacity building with a special emphasis on attracting foreign investment and duty-free import of machinery, equipment, and raw material.

Tianjin Peoples Association for Friendship with Foreign Countries Vice President Chen Weiming has said that high cost of doing business and environmental challenges in China have made Pakistan an ideal destination for the relocation of Chinese textile industry.

The APTMA Chairman, thus, welcomed Chinese interest in relocating the industry to Pakistan. Mazhar also pointed out that the cost of doing business in Pakistan was lower compared to China, calling it one of the biggest advantages for the Chinese which encouraged them to invest in the textile sector of Pakistan.

Briefing on the environment for foreign investment, he said the government had allowed foreign direct investment in all sectors, treated local and foreign investment equally, permitted 100% foreign equity investment, required no government sanction and allowed remittance of royalty, technical and franchise fee, capital, profits, and dividends.

He stressed that the recently announced export-led growth package including zero-rated sales tax for the textile industry, drawback of local taxes and levies at 4% on yarn and grey fabric, 5% on processed fabric, 6% on textile made-ups and 7% on textile garments against the realisation of export proceeds provided an added advantage for investment in Pakistan.

Chinese counterpart Chen said that as the world economy is developing in the face of new challenges and choices, the company is striving to develop import and export trade through the adjustment of industrial structure. Their aim is multidisciplinary, multiple-format, diversified development of modern textile enterprises in the future.

Ginners submit budget proposals to NA body

Chairman of Pakistan Cotton Ginners Association (PCGA), Dr. Jeso Mal said that we would not be able to run our ginning factories in next season of 2017-18 due to the burden of taxes and other crises.

PCGA Chairman demanded a bailout cum incentive oriented package for the ginners. Since cotton is an important cash crop and lifeline of textile industry millions of farmers are directly associated with cultivation and harvesting of cotton crop and sale of lint. The government should announce a National Cotton Policy with the consent of farmers, ginners, and other stakeholders before the sowing of the cotton crop and a comprehensive bailout and incentive oriented package must be announced forthwith.

There should be a complete ban on sugarcane sowing and no permission for setting up of sugar Industry in the cotton zone. There was a possibility of 20 million bales production if the proposals and recommendations of PCGA are implemented in the future.

He further said that government should take notice of continuous decline in the production of cotton. The responsible departments, researchers, and institutions must be made accountable for not performing their duties properly.

To meet that demand, the country needs to boost its cotton production, about 75% of ginning factories are in Punjab and 22% in Sindh. The total number of ginning units is around 1,221 with an installed capacity of 36 million bales of cotton on a three-shift basis. The ginning season runs for 100 to 120 days, elaborated Senior Vice Chairman Suhail Mehmood Haral. He said a typical large ginning factory produces nearly 10,000 bales per season, whereas a small one produces 5,000 bales.

Government urged to modernise textile industry

The University of Management and Technology (UMT), Lahore Rector Dr. Hasan Sohaib Murad has said Pakistan was producing one of the world's best quality cotton that could be used to manufacture the finest clothing to be sold abroad. He expressed these views while speaking at the 5th international conference on textile and clothing held at UMT.

Leading professionals from the textile industry, domestic market and researchers attended the event and shared their latest research and innovative ideas on textile products. Speakers from UK, Romania, Czech Republic, Egypt, and Italy talked about the relationship between creative ideas and the use of technology on fiber, clothing, modern and ancient textile.

Dr Hasan Sohaib Murad, Rector, UMT Lahore.

Speaking on the occasion, Dr. Hasan said the role of textiles in Pakistan's economy is important, as Pakistan is the fourth largest producer of cotton with the third largest spinning capacity in Asia after China and India. We needed to improve the quality of our textile products, bringing it up to international standard in order to attract direct foreign investment.

Ready made garments lobby fears Chinese entrance in textile sector

Pakistan seems to have placed a lot of faith in the 'game-changing' China-Pakistan Economic Corridor (CPEC), but the local business community still has some concerns.

Stakeholders of the country's textile sector are anticipating a further decline, fearing that if Chinese companies started relocating their textile units in different tax-free industrial zones in Pakistan, they would face competition within their own country.

Whenever China enters any country it damages the domestic market – it's a fact, said Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) Senior Vice President Jawad Choudhry.

He said our industry is currently facing a declining trend due to the high cost of doing business and productivity, whereas China plays with price by increasing its production.

Industry experts believe that if China locates its textile units to Pakistan they will have an edge over the existing players due to the benefits, such as tax-free zones, under CPEC. An additional benefit for them would be the energy prices as they are setting up their own power plants to feed their industries in Pakistan.

We expect the government to share CPEC cost and benefit ratio with the local industry so we can plan for our future

Ijaz Khokhar, Chairman, PRGMEA.

investments," said PRGMEA Central Chairman Ijaz Khokhar, adding that CPEC business wing should be established to safeguard the existing local industries as well as international investors.

PRGMEA Central Chairman Ijaz Khokhar said that Pakistani government should bind Chinese investors to establish new industries as a Joint Venture with local stakeholders with 49:51 equity ratios. It is not possible for existing local players to relocate their industries in tax-free zones in the current scenario.

Textile industry comes up with growth-led strategy

A multi-year tariff, determined by Nepra for the industry, should be notified without including the surcharge, which would make available electricity at the regionally competitive price of Rs7 per kilowatt-hour.

The textile industry, while highlighting the challenges being faced by millers, has come up with a set of recommendations for its true revival with the help of a growth-led strategy as exports have consistently stood weaker over a long time.

All Pakistan Textile Mills Association (Aptma) Chairman Aamir Fayyaz outlined the proposals during a meeting with Trade Development Authority of Pakistan (TDAP) office. They discussed restoration of the viability and growth of the textile industry.

Fayyaz pointed out those exports of all sectors had declined because of the high cost of doing business. The trade deficit reached $28 billion in the previous fiscal year as exports dropped to $19.5 billion from $24.5 billion in 2013.

He suggested that the government should remove customs duty on the import of cotton, allow duty-free import of all man-made fibres that were not being manufactured in the country and permit the drawback of taxes and levies at the rate of 4% on export of yarn and grey fabric, 5% on processed fabric and 6% on home textiles, made-ups and garments.

Also, the government should allow a long-term financing facility, input tax refund on packaging materials under the zero-rated regime and lift the moratorium on new gas/re-basified liquefied natural gas (LNG) connections for captive power plants.

FCCI draws attention to falling exports

Engineer Muhammad Saeed Sheikh, President, FCCI.

Faisalabad Chamber of Commerce and Industry (FCCI) President Engineer Muhammad Saeed Sheikh has said that textile is the mainstay of the national economy which is facing a steep decline for the last many years. In order to revive this foreign exchange-earning sector, the government must announce a textile package in addition to enhancing tax rebate from 0.5% to 5% with immediate effect.

He was addressing a seminar organised by Smeda on 'Production and Operation Management' at the FCCI. While, analysing the overall economy, he said that foreign exchange earnings were restricted to foreign remittances and textile exports, but textile was much more important.

The increase in the cost of doing business continues to haunt the textile sector as the package of Rs180 billion meant to give impetus to textile exports has served no purpose except surge in miseries.

EU envoy hopes Pakistan's textile industry would brave challenges

European Union (EU) Ambassador Jean Francois Cautain visited the All Pakistan Textile Mills Association (APTMA) office and met APTMA Chairman Aamir Fayyaz at the APTMA Punjab office.

He briefed the visiting envoy about the progress made by the textile industry and highlighted the prospects of future increase of textile and clothing exports to the EU.

Introducing APTMA and textile industry's significance, structure and strengths, he apprised the dignitary of various initiatives undertaken by APTMA for the sustainability and the way forward in the realization of the potential increase in exports under the GSP Plus status to Pakistan.

He also apprised him of the textile mills represented by the APTMA are fully compliant, and ready to meet challenges relating to the UN conventions, prerequisites of granting GSP Plus to Pakistan.

Aamir Fayyaz, Chairman, APTMA.

As far as Pakistan's exports to the EU are concerned, textile and clothing contribute 78 percent to the total exports. However, he added, the post-GSP Plus data has revealed that the textile and clothing exports to EU were increase by 22 percent in 2014. However, this increase dropped to 10 percent and 3 percent respectively in 2015 and 2016.

However, he said, the textile industry has not been able to realize export potential, as envisaged, in view of various constraints such as raw material shortage, energy affordability issues, policy and implementation divide and the high cost of doing business. These issues have also hindered further investment by the industry.

He said in 2013 Pakistani exporters were getting Rs 148 a euro which has dropped to Rs 112 in 2016. This has not been the case for other countries such as India, China, Bangladesh and Vietnam as they devalued their currencies to offset the impact.

Besides the inherent strengths, the industry also looks for opportunities under CPEC investment, regional integration, and GSP plus facility up to 2023 and a growing middle class.

He said the textile industry has planned $6 billion investment to create an exportable surplus so as to avail the potential of GSP Plus facility.

Speaking on the occasion, the EU ambassador hoped that Pakistan textile industry would sustain its strength in the future to overcome its challenges. However, he expressed his concerns over the issues relating to the implementation of 27 UN conventions.

He urged both the public and private sectors to resolve these issues at the earliest and continue availing the GSP Plus facility.◆