

# Shortage of cotton impeding growth of Pakistan's textile industry

Cotton is the crop our textile industry was built upon. Over the last seven decades, Pakistan has capitalised on the abundance of the cotton crop that laid down the foundation of our textile industry. At the moment the cotton production and also the yield is not meeting the demands of the industry. The production of cotton in 2015-16 was only 10 million bales (170 kgs) against a demand of 14 million bales a drop of 27.8% against 13.9 million bales in 2014-15. To maintain the supply chain of cotton to the textile industry, the import of raw cotton saw a significant increase.

This year cotton production that was predicted to be about 14 million bales at the start of the season is not expected to reach the target once again falling short by 1.4 million bales to 12.6 million bales.

The spinning sector is facing a serious situation due to shortage and uncertain price of cotton. The price of local cotton, on one hand, is in short supply and on the other the imports of cotton from India are facing tariff and non-tariff barriers. India has surplus cotton that can reach our textile mills at a competitive price of Rs. 6000 per maund as against Rs. 7000 per maund for local cotton that is keeping our spinning sector in a dire situation. According to APTMA, All Pakistan Textile Mills Association, while cotton imports are severely restricted with the imposition of 10% levies including customs duty, sales tax and advance income tax, cotton yarn and fabrics can be freely imported into the country. Furthermore, it does not make sense to impose curbs on import of cotton that is needed to meet the requirements of the local spinning industry while the local production is falling short.

Seemingly the textile industry of Pakistan is severely hampered due to a frequent shortage of cotton besides acute shortage of energy and increasing labour cost. Gains made can be eroded rapidly when the cost of production makes it unviable to produce yarn competitively. As a result, during last few years Pakistan has lost a significant market share of the steady yarn market of China to India. India has been able to significantly increase its cotton production to successfully meet its growing demand and strong competitive position in the international market. From 24 million bales in 2005-6 India is expecting a high of 38 million bales in 2017-18.

The comfortable surplus cotton has allowed the downstream value-added industry to remain competitive making it imperative that our government allows free imports of cotton and also to take measures to reach our potential of much higher production of cotton. Numerous studies have indicated a strong and positive relationship between agricultural gross domestic product and output of cotton. A one percent increase in output of cotton crop results in the agricultural gross domestic product increase of 1.35% showing the importance of cotton crop in our economy.

Not only should the cotton production and yield be increased but also modern ginning technology should be employed to improve the quality of ginned cotton allowing higher returns for the downstream value-added sectors. If India has been able to increase the yields and production of its cotton by 60% in the last 10 years by using bollworm resistant BT cotton, such measures should be taken by our government and the industry on a priority for the profitable and sustainable future of our textile industry. ♦

