Domestic textile sales in Pakistan

According to data compiled by the All Pakistan Textile Mills Association (APTMA), the share of domestic textile has surpassed export figures. The textile sales in the local market currently stand at $13.7 billion out of the combined local and foreign sales of $26 billion. Textile exports for the year 2016-17 stood at $12.3 billion.

The textile industry's share in the local market was still below its potential, which constituted merely 32% of the textiles bought by consumers. The smuggled or informal sector accounts for 24% and imported goods (around 44%) make up the rest of the textile products sold in the domestic markets.

The textile sector contributes 8.5% to Pakistan's total economic output of $300 billion. The sector is underperforming both in domestic as well as in export markets because of several structural and external challenges.

Pakistan's global market share had declined from 2.2% to 1.7%, a fall of 23% over the past few years. Regional competitors including India, Bangladesh and Vietnam have, however, managed to increase their exports to $36.4 billion, $31 billion and $31.5 billion respectively by 2016 from $27.7 billion, $19 billion and $15.2 billion in 2010. Their share in global textile exports has increased proportionately to 4.9%, 4.2% and 4.2% respectively.

India and Bangladesh added 25 million and 4.29 million spindles respectively to their textile sector infrastructure between 2005 and 2015 along with 78,600 and 42,900 shuttles-less looms.

Aptma said the major reason behind the declining trend was the high cost of electricity. Energy costs constitute more than 30% of the total conversion cost in spinning, weaving and processing industries.

Ministry of Textiles trained more than 4,500 cotton growers

The Ministry of Textile Industry in collaboration with other stakeholders has trained about 4,514 cotton growers in order to enhance the output of major cash crop across the cotton growing areas of the country.

As many as 103 training programmes were conducted across the crop growing belt, besides airing 17 radio programmes and TV shows to create awareness among the farming community, said Dr Khalid Abdullah, Cotton Commissioner.

He said that the farmers were provided training about off-season crop management, pink ball worm pest control and cotton varieties selected for the cultivation. They were also trained in soil preparation to achieve higher per acre yield as well as maximize income by producing the clean cotton.

Cotton Commissioner, Dr. Khalid Abdullah

He further informed that 52 training programmes were organized in Punjab province, where 2,162 farmers were informed about the off-season crop management. Meanwhile, 24 training session was conducted in Sindh and 27 in Khyber Pakhtunkhwa and Balochistan provinces respectively to create crop management awareness among the farmers.

Dr Abdullah said that about 1,322 farmers of Sindh Province were provided training about off-season crop management, besides 1,030 farmers from Khyber Pakhtunkhwa and Balochistan was also trained respectively.

Dr Khalid Abdullah said that cotton crop was in good condition in the cotton belt of Punjab and Sindh, and the pest situation was also below the economic threshold level. While talking about the seed cotton prices, he said that the prices remained between Rs 2,800-3300 per 40 kg in domestic markets.

FPCCI calls for cut in production cost of textile industry

Vice President, Federation of Pakistan Chambers of Commerce and Industry, Saquib Fayyaz Magoon has urged the Federal government to bring down the present tariff rates on gas and power in the country at par with the regional competitors.

Saquib Fayyaz Magoon, Vice President, FPCCI.

He made such assertion in a meeting with Federal Secretary for Ministry of Textile Industry Hassan Iqbal, at FPCCI Head Office. Saquib Fayyaz Magoon showed concern on allowing a rebate to export of yarn which is a basic raw material for weaving industry.

He proposed that like textile machinery, the import of spare parts should also be zero-rated as these were ultimately sold to the textile industry.

Federal Secretary for Textile, in response to a query, informed that Plastic Technology Centre (PTC) Karachi as per Federal Cabinet decision would be affiliated to National Textile University (NTU), Faisalabad as its campus under the administrative control of the Ministry of Textile with the financial help of Higher Education Commission (HEC), Ministry of Finance (MOF) and Ministry of Commerce (EDF). This state-of-art Centre would be run under the guidance and in close coordination with Pakistan.

Government assures textile exporters of resolution of grievances

Federal Secretary for Textile Hassan Iqbal assured the representatives of value-added textile sector of resolving

Federal Secretary for Textile Hassan Iqbal.

their grievances relating to his ministry and also to campaign for them to get relief from other concerned government departments.

He said government had released Rs 4 billion on July 26, for payment of refund claims by exporters and industrialists.

The Secretary was speaking at a meeting with representatives of various value-added textile associations led by Muhammad Jawed Bilwani, Chief Coordinator of Pakistan Hosiery Manufacturers and Exporters Association (PHMA) and Chairman Pakistan Apparel Forum at PHMA House.

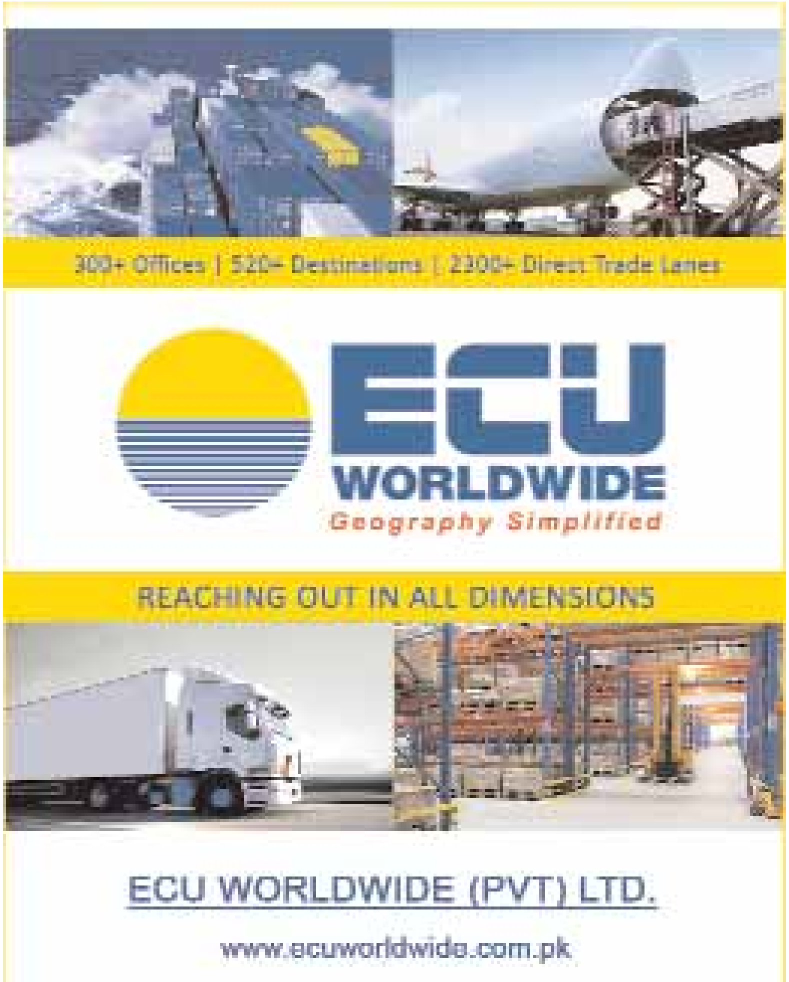
Muhammad Jawed Bilwani and Chairman, PHMA South Zone, Riaz Ahmed briefed the Secretary Textile on the issues facing the value-added textile sector and the textile industry in general. These mostly related to Federal Board of Revenue and high cost of inputs; making them uncompetitive in the international market which had caused decline in the country's exports.

They gave presentations comparing the cost of inputs and growth of textile industry and the exports against Pakistan's regional competitors including China, India, Bangladesh, Sri Lanka and Vietnam. The business leaders said that Pakistani businessmen had made investments in Sri Lanka, Bangladesh and other countries finding more incentives there.

They also demanded the payment of all the refund claims of the business community especially the exporters so that they could continue their business operations and the exports of the country might not be affected further.

Country has untapped export potential of $13 billion

The State Bank of Pakistan (SBP) reported a decline in exports from $21.9 billion in the fiscal year 2015-16 (FY16) to $21.6 billion in FY17. In this context, raw cotton, cotton yarn and cotton cloth registered a decline in exports, there was an increase in shipments of knitwear, bed wear and readymade garments.



The exports to the US declined by 1% between FY16 and FY17, exports to China fell 15% and 0.6% decline in the UK. On the other hand, exports to Germany, Belgium and The Netherlands rose. The GSP Plus status awarded by the European Union to Pakistan may have averted the decline in exports to the 28-nation bloc.

Similarly, exports to Turkey rose 16% and shipments to Thailand increased more than 40%. Exports to Indonesia and South Korea increased more than 21% and 34% respectively. Pakistan is in the process of negotiating a free trade agreement (FTA) with Turkey and the above East Asian economies. Although export promotion in major destinations is essential, Pakistan must complete the negotiations for FTA.

The International Trade Centre (ITC) estimates Pakistan has an untapped export potential of $13 billion. There is potential in home textile products, apparels, leather products and cereals such as rice. Pakistan has untapped potential in exports to important destinations such as the US, China, Germany, the UK, the United Arab Emirates, France, the Netherlands and Spain along with several other trading partners. On the other hand, Pakistan exports more than its potential to Bangladesh and Afghanistan.

Cotton sowing increases by 18%

Cotton cultivation during the current sowing season has increased by 18% across the crop growing areas of Pakistan as compared to the sowing during the corresponding period last year.

The government has fixed a target to cultivate the cotton crop over an area of 3.11 million hectares during the crop season 2017-18 to fulfil the domestic requirements of the commodity, as well as for export purposes, said Dr. Khalid Abdullah, Cotton Commissioner in the Ministry of Textile Industry.

The crop cultivation targets for Punjab were set at 2.42 million hectares and for Sindh at 0.65 million hectares. So far, cotton crop has been cultivated over 1.54 million hectares of land in Punjab, whereas the Sindh province had put around 0.299 million hectares of land under the cotton cultivation.

Cotton has been cultivated over 1.84 million hectares across the crop growing areas of the country as against the set target of 3.11 million hectares, according to the report.

Overall, the cotton crop has been cultivated over 59% area of the total targeted areas set for the current sowing season (2017-18). Punjab had achieved 63.5% crop sowing targets set for the current season, whereas Sindh was able to achieve 46% area of the total cultivable land.

The Cotton Commissioner said agriculture experts from Balochistan and Khyber Pakhtunkhwa were provided three months training in order to bring the potential areas under cotton production to enhance the local crop output. The Federal Committee on Cotton (FCC) had fixed cotton production targets at 14 million bales during the current crop sowing season.

LCCI invites Russian businessmen to explore Pakistani market

Pakistan can be the most important and beneficial partner of Russia in South Asia. Abdul Basit, President, Lahore Chamber of Commerce and Industry (LCCI) expressed these views in a meeting with Russian delegation. Members of the delegation Igor Kolesov and Elena M Kholod had a detailed discussion with the LCCI chief.

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Abdul Basit said that Russian interest in China-Pakistan Economic Corridor (CPEC) was a clear evidence of the fact that CPEC was not only a game changer but it was a change of world order. He invited the Russian businessmen to explore huge untapped Pakistani market.

He said and hoped that both Pakistan and Russian businessmen would enter into joint ventures to benefit each other in their respective businesses and would take a level of bilateral trade to new heights with a little sector-specific effort.

The LCCI President said that both the countries needed to enhance their relations for the mutual benefit of people and to play a leading role in the international arena on a sustainable basis. Pakistan's share in total foreign trade of Russia was insignificant while trade balance was also in the favour of Russia, he said, adding that although the bilateral trade between the two countries is increasing gradually, it was not satisfactory.

He said the private sector of Pakistan could definitely take the lead in exporting various types of consumer goods to Russia and in return Pakistan could supply all types of textile goods, leather and leather products, surgical goods, sports goods, agro-based products and food items, fresh fruit and vegetables, fish and fish preparations, carpets and rugs, pharmaceutical products etc.

Pak-China signed 38 agreements worth $325 million

Pakistan and China signed 38 agreements worth $325 million to promote bilateral trade. These signed documents will pave the way for enhancing the sale of Pakistani products in the Chinese market. The total value of agreements is the same to 17% of China's gross import from Pakistan. This was a step forward, correcting the balance of payment in bilateral trade between the two countries. More than 100 enterprise representatives attended the signing ceremony. The group comprised representatives of 30 companies, belonging to the textile industry, pharmaceutical, agriculture products, petrochemical industry, commercial trading and other fields.

Addressing the signing ceremony, the Ambassador said China is Pakistan's second largest export destination for the last couple of years. In 2016, Pakistan export to China stood at $1.9 billion. There has been growing trend in the bilateral trade, since the signing of free trade agreement between the two countries.

In recent years, the Belt and Road's initiative and the CPEC have provided historical opportunities to both countries to further deepen their bilateral ties in trade and economic fields. Praising Pakistan's export potential, the ambassador said Pakistan's goods including textile, mineral and agriculture-based products are well-received in the Chinese market.

Citing the growing trade between the two countries, Weidong said the export from Pakistan to China has increased from $550 million to $1.91 billion in the recent years. The net increase was by 248%. About the CPEC, he said it was bringing positive results improving the living conditions of the people. With the development of CPEC, Pakistan will be able to improve its energy, transportation infrastructure.

Pakistan loses textile export share in world market by 23%

Pakistan has lost its textile export share in the global market by 23% raising questions on economic and trade policies of government functionaries, as per the latest APTMA presentation on the restoration of viability and growth of the textile industry.

The investment in textile and clothing massively declined by 44% in 2016-17 on account of which, the country's textile production capacity has got impaired by 30%-35% owing to which 150 industrial units have become non-functional resulting in 30% unemployment. More shockingly, the textile industry of Pakistan lost 15% technological edge advantage over competitors.

The Aptma presentation also mentions as to how the other competitive countries have performed far more better than Pakistan showing that Vietnam is the country that ranked first showing 107% in growth in textile and clothing exports followed by Bangladesh with growth of 64% in exports of the said items, India with 31%, Sri Lanka 20% growth whereas Pakistan stayed in the red zone with negative growth of 11%.

The presentation also reveals that prime minister's export-led growth package has got reversed as, despite the shortage of cotton 3.8 million bales, 4% customs duty and 5% sales tax has been re-imposed. It also mentions that energy cost is more than 30% of the total conversion cost in spinning, weaving and processing industries. And the industrial gas tariff of Pakistan is 100% whereas electricity tariff is 50% higher than the regional competitors.


Aptma Chairman, Aamir Fayyaz.

Aptma Chairman Aamir Fayyaz said that the viability of the textile industry has been eroded fast but the government was not able to pay the required amount of attention to it. He pointed out that the production capacity worth $4 billion has been closed down all across the textile value chain, besides a potential $12 billion exports through conversion of basic textile into the value added garments.

He also pointed out that growth of textile and clothing exports are in the negative zone in Pakistan against an exponential growth recorded in the competing countries during 2011 to 2017.

Standing Committee asks for sales tax refund at earliest

The Standing Committee on textile industry has asked the Federal Board of Revenue for release of sales tax refund at the earliest. Pakistan textile industry is facing financial crisis due to delay in release of tax refund of around Rs 300 billion. The committee has asked the government for implementation of policies to improve exports of the industry.

The exports of the textiles and apparel sector contribute majorly in the country's revenue generation. In a meeting of the Standing Committee chaired by Khawaja Ghulam Rasool Koreja, order has been given for monthly report of the implementation of Rs 180 billion exports package announced by the Prime Minister.

Upset over the shutdown of around 30% to 40% of the textile industry in the country owing to high tariffs of power, gas rates and wages. The Committee has demanded for reduction in the charges of basic infrastructure facilities. Nominal pricing will allow Pakistan to compete in the international market. Non-availability of the basic infrastructure facilities in the textile industry has led to trade deficit between import and export.◆